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★★★★ \$5.00

DJIA 35282.72 ▼ 237.40 0.67%

NASDAQ 14050.11 ▼ 0.5%

STOXX 600 471.74 ▲ 1.4%

10-YR. TREAS. ▼ 1 8/32, yield 4.011%

OIL \$80.09 ▲ \$1.31

GOLD \$1,945.40 ▼ \$23.50

EURO \$1.0980

YEN 139.49

What's News

Business & Finance

◆ **Faster economic growth** in the U.S. this spring raises the prospect of a longer postpandemic expansion despite the Fed pushing interest rates higher. GDP grew at a 2.4% annual rate in the second quarter, topping expectations. **A1**

◆ **The ECB raised** its key interest rate by a quarter percentage point but signaled it might soon pause its yearlong campaign of rate increases, sending the euro tumbling. **A8**

◆ **U.S. regulators plan** to make large banks bolster their financial footing, moves that could have an outsize effect on companies that rely on types of fee income targeted by the new rules. **B1**

◆ **The EU opened** an antitrust probe into whether Microsoft is abusing its dominant position by bundling its Teams videoconferencing app with its Office productivity software. **B1**

◆ **The Dow fell** 0.7%, ending a streak of 13 consecutive winning sessions, while the S&P 500 and Nasdaq retreated 0.6% and 0.5%, respectively. **B1**

◆ **Sequoia Capital pared back** the size of two major venture funds, including its cryptocurrency fund, as part of a downsizing the firm is undertaking amid a broad startup downturn. **B1**

◆ **Intel swung** to a quarterly profit after two quarters of record losses, boosted by a turnaround in the PC market. **B4**

◆ **Ford raised** its profit outlook for the year but warned of steeper-than-expected losses in its EV business. **B2**

◆ **Volkswagen is investing** \$700 million for about 5% of Chinese EV maker XPeng. VW cut its delivery targets as supply-chain issues persist. **B2**

World-Wide

◆ **Trump and his aides sought** to have surveillance footage from Mar-a-Lago deleted so it couldn't be turned over to a grand jury, special counsel Smith alleged in new charges related to the former president's retention of classified documents after he left the White House. **A1**

◆ **This week's military coup** in Niger threatens to disrupt the entire U.S. strategy for fighting Islamist militants as they expand across western Africa, and potentially hand Russia a strategic advantage as it tries to widen its own influence in the region. **A1**

◆ **Russia opened** a two-day meeting in St. Petersburg with top officials from dozens of African nations as Moscow looks to reassure allies about its support for the continent. **A9**

◆ **The Senate passed** its version of the annual defense-policy bill with broad bipartisan support, putting the legislation on a collision course with the House, which narrowly voted earlier this month to add contentious provisions. **A3**

◆ **The Justice Department** will open a sweeping civil-rights investigation into the Memphis Police Department, Garland said, more than six months after the fatal police beating of Tyre Nichols. **A3**

◆ **Brazil's government has** denied a request from the U.S. to extradite alleged Russian spy Sergey Cherkasov, the country's Justice Ministry said. **A9**

◆ **The Supreme Court said** work can resume on the long-stalled Mountain Valley Pipeline, overturning a lower-court ruling and potentially moving the project closer to completion as a legal fight continues. **A5**

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Kim Rolls Out the Red Carpet for Russian Brass



SHOWCASE: Russian Defense Minister Sergei Shoigu, center, is shown a weapons exhibit by North Korean leader Kim Jong Un. The Russian delegation visited Pyongyang to celebrate the anniversary of the end of armed conflict in the Korean War. **A16**

Economic Growth Accelerates, Defying Slowdown Expectations

By SARAH CHANEY CAMBON
AND CHRISTIAN ROBLES

Faster economic growth this spring raises the prospect of a longer postpandemic expansion despite the Federal Reserve pushing interest rates to a two-decade high.

Gross domestic product grew at a seasonally- and inflation-adjusted 2.4% annual rate in the second quarter, the Commerce Department said Thursday. That was faster than economists expected and above the 2% growth in the first three months of the year.

Consumer spending cooled but rose enough to drive over-

all growth alongside much stronger business investment in the second quarter. Those factors combined to buck economists' earlier expectations that a downturn would start in the middle of this year due to higher interest rates.

As inflation falls from historic highs and the labor market remains strong, solid growth adds to the prospect of a soft landing—in which inflation returns close to the Federal Reserve's 2% target without a recession.

"We've turned the corner on the risk here, and instead of being heavily weighted to recession, it's balanced be-

tween recession and not recession," said Amy Crews Cutts, chief economist at AC Cutts & Associates, before the data was released.

U.S. stock indexes moved lower Thursday. The Dow Jones Industrial Average fell 237.40 points, or 0.67%, ending a 13-session streak of gains. The broader S&P 500 index declined 0.64% and the tech-heavy Nasdaq Index fell 0.55%. The Fed raised its bench-

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◆ Greg Ip: The tricky path to a lengthy expansion..... A2

◆ Heard on the Street: Odds of recession get longer... B12

U.S. gross domestic product, change from previous quarter



Note: Seasonally and inflation adjusted at annual rates
Source: Commerce Department

Trump Indicted On More Documents Charges

Ex-president accused of seeking to delete Mar-a-Lago footage; new defendant added

By SADIE GURMAN

WASHINGTON—Donald Trump and his aides sought to have surveillance footage from the Mar-a-Lago club deleted so it couldn't be turned over to a grand jury, special counsel Jack Smith alleged Thursday in new charges related to the former president's retention of classified documents after he left the White House.

A new indictment also names Carlos de Oliveira, a maintenance worker at Trump's South Florida resort, making him the third defendant in the case.

The new charges broaden a sweeping indictment brought by a Florida grand jury in June alleging the former president held on to sensitive military secrets he knew he shouldn't have retained access to, shared them with others and directed his staff to help him evade authorities' efforts to get them back. Trump has also been bracing for separate federal charges over efforts to undo his 2020 election loss.

"This is nothing more than a continued desperate and failing attempt" by the Justice Department to "harass President Trump and those around him," Trump spokesman Steven Cheung said, adding that Smith's team was "casting about for any way to salvage their illegal witch hunt."

The stepped-up charges heighten the extraordinary legal peril facing Trump as he campaigns for the nomination

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Locked-In Low Rates Bolster Consumers

By RACHEL LOUISE ENSIGN

In the depths of the pandemic, Alex and Cynthia Durbin refinanced their mortgage at 2.75%. They built up their savings by spending less, then paid off a car loan and student debt.

That meant the family's balance sheet didn't take a hit when the Federal Reserve started aggressively raising interest rates last year in an effort to cool inflation. The Fed on Wednesday raised rates to a 22-year high, the 11th increase since March

2022. Though most things cost more now, the Durbins still have room in their budget to dine out with their three young children and go on vacation a few times a year.

"It's given us a tremendous amount of breathing room," Durbin said of his mortgage rate.

Americans locked in ultralow rates on debt such as mortgages and auto loans in the decade-plus that followed the 2008 financial crisis. Though rates on some loans such as credit cards are rising

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Barbie Has a British Rival. Its Fans Are Ready for a Fight.

* * *

Hit movie has fans of Sindy trash-talking the brasher American; 'a bit of a tacky lady'

By NUHA DOLBY

LONDON—In England, Barbie has been a touchy issue between Julee Gray and her daughter.

Gray had spent her own childhood collecting Sindy, a doll sometimes called the British Barbie, with a more reserved profile than its brasher American rival.

While Barbie ripped it up in fuchsia pageant dresses and high heels, Sindy strolled through a parallel universe of floral dresses and afternoon tea. Barbie had a pool with a slide and sun deck. Sindy's was shallow and inflatable.

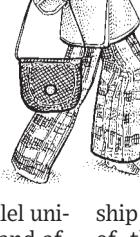
When Gray's daughter hit 6, she rejected Sindy's more modest world for Barbie.

"I was devastated, absolutely devastated," said Gray, a 50-year-old accountant who still collects Sindy dolls in the English cathedral city of Lincoln. She spent many hours trying to change her daughter's mind.

"I said, 'You don't want a Barbie, you want a Sindy,' and she said, 'Oh, no I don't,'" Gray recalled.

The mother-daughter relationship recovered, but the arrival of the new "Barbie" blockbuster has brought back Gray's old antagonism—and left other Sindy fans having a

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Niger Coup Foils U.S. Strategy, Opens Door for Russia in Africa

NAIROBI—This week's military coup in Niger threatens to disrupt the entire U.S. strategy for fighting Islamist militants as they expand across western

By Michael M. Phillips,
Benoit Faucon and
Drew Hinshaw

Africa, and potentially hand Russia a strategic advantage as it tries to widen its own influence in the region.

The centerpiece of the U.S. approach to regional security has been dispatching Ameri-

can commandos to train elite local forces to take on al Qaeda and Islamic State, whose violent ideology has spread rapidly from the Middle East and South Asia into the Sahel, the semiarid band south of the Sahara, over the past six years.

Now, with the dust still settling after military officers ousted Niger's President Mohamed Bazoum on Wednesday, the U.S. finds itself constrained by American law that prohibits it from providing most security aid to military

regimes. And with the Nigérien Armed Forces saying Thursday they backed the revolt, the worry in Washington is that the coup leaders risk ceding more ground to the militants after splitting with the U.S., and could turn instead to Russian mercenaries to help them fight back.

Bazoum, who was elected to office in 2021, had been a bedrock ally in the U.S. cam-

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◆ Putin courts African leaders at summit..... A9

INSIDE



MANSION

Luxury sellers across the country are caught in the latest sales letdown. **M1**



BUSINESS & FINANCE

Southwest revamps its schedule as airlines cope with cuts in business travel. **B1**

By DOMINIQUE MOSBERGEN

Talk about a long nap. Scientists said they have revived worms buried in Siberian permafrost for 46,000 years.

The half-dozen creatures, a type of nematode or roundworm, were last awake when Neanderthals and woolly mammoths roamed the Earth. They survived for millennia in permafrost by entering a state of suspended animation, according to a paper published Thursday in the journal PLOS Genetics. Genetic testing suggests the worms are a newly discovered species, researchers said.

"This paper could make people consider this third condition between life and death," said Teymur Kurzchalia, co-author of the study and a biologist at the Max Planck Institute of Molecular Cell Biology and Genetics in Germany.

Nematodes are among so-called microorganisms that can

survive extreme conditions including being frozen or deprived of water and oxygen by entering a state called cryptobiosis. In that state, an organism's metabolism comes to a halt and it stops reproducing, developing and repairing itself. When conditions improve, it can revive.

Scientists have awoken nematodes after long periods of cryptobiosis as well as rotifers, microscopic aquatic creatures, and tardigrades, tiny eight-legged animals also known as water bears. A rotifer was rejuvenated after being trapped in Siberian permafrost for some 24,000 years, according to a 2021 study in the journal Cell. Tardigrades found locked in frozen moss in Antarctica were revived after about 30 years of cryptobiosis, a 2016 paper in the journal Cryobiology reported.

A protein thought to be unique to tardigrades has been

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U.S. NEWS



CAPITAL ACCOUNT | By Greg Ip

The Tricky Path to a Lengthy Expansion

Economic expansions don't die of old age, economists like to say; they are murdered by the Federal Reserve.

No wonder, then, that as the Fed has raised interest rates 5.25 percentage points since early last year, including a quarter point Wednesday, forecasters have predicted a recession was imminent.

But they have postponed the recession's start date as growth remains steady. The economy grew a better-than-expected 2.4%, annualized, in the second quarter, the Commerce Department reported Thursday.

Actually, in one respect a recession in the next six months would be unusual. It would mean the current expansion, which began in April 2020, will have lasted just four years. That is less than half the 8.6-year average of the four prior expansions.

This shows what is at stake in the Fed's current balancing act. It hopes rates have risen enough to push inflation down, but not enough to push the economy into contraction—a so-called soft landing. Based on the actuarial tables, a soft landing would mean another four or five years before the next recession.

On Wednesday, Fed Chair Jerome Powell said a soft landing has long been his base case, and his confidence in it had grown. "We've seen

so far the beginnings of disinflation without any real costs in the labor market," he told reporters after the Fed's policy meeting. "That's a really good thing."

Powell also disclosed that the Fed staff, which earlier this year projected a recession, no longer does.

The second quarter report on gross domestic product also helped the case for a soft landing. The 2.4% growth rate was faster than the economy's long-run trend, mostly thanks to business investment. Consumer spending grew a relatively subdued 1.6%. Inflation excluding food and energy, by the Fed's preferred measure, was lower than economists expected, at 3.8% annualized for the quarter. Though still far above the Fed's 2% target, that was still the lowest in over two years.

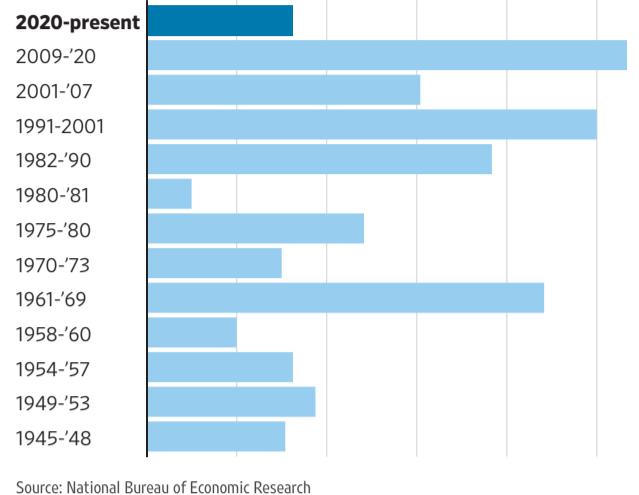
Pre- or Post-'81?

The prospects of avoiding a recession depend on what sort of business cycle this is. Since 1945, there have been 12 expansions and 13 recessions, according to the National Bureau of Economic Research.

Until 1981, expansions lasted an average of 3.7 years and usually ended because the Fed raised interest rates in response to an overheating economy and inflation.

But in 1981, then-Fed Chair Paul Volcker engineered a deep recession, and inflation began a long decline, eventually

Number of years of each U.S. economic expansion since 1945



Source: National Bureau of Economic Research

ally stabilizing around 2%. In 1984 and again in 1994, the Fed raised rates before inflation actually took off, and the economy kept growing for six more years.

Several factors extended the lifespan of expansions. Globalization, brisk labor-force growth and technology put downward pressure on costs. As the public came to expect lower inflation, they set wages and prices accordingly. Low inflation's self-sustaining nature meant less need for recessions to lower it.

The four expansions since 1981 have ranged from 6 to nearly 11 years. Instead of inflation, they usually ended with some sort of financial crackup: the technology bust in 2001, or the bursting of the housing and mortgage bubble in 2007.

The record near-11 year expansion that ended in February 2020 was unique, killed off not by inflation or a financial crisis, but by a pandemic and lockdowns. Without that, it might still be going on.

So does the current cycle have more in common with the shorter, pre-1981 vintage, or the longer, post-1981 type? If the latter, the good news is that the vulnerabilities and imbalances that led to financial meltdowns in the past seem absent now.

Higher interest rates usually lead to some unforeseen financial crunch. This time, they sank three regional banks earlier this year. But so

far, contagion has been limited and the hit to bank lending seems modest.

In a report this week, Bank of America economists said much of the risk of rising interest rates has been absorbed by either the Fed or banks through their purchases of Treasury bonds, whose prices fell as rates rose. The good news is, "the Fed has the mandate, the tools, the acumen, the data, and the experience to tackle emergent stresses in the banking system."

Different this time?

On its face, the current cycle looks a lot like those of the 1960s and 1970s: overheated, and afflicted with inflation.

When the Fed pulled off the 1984 and 1994 soft landings, unemployment was much higher than today's 3.6%. In other words, the labor market wasn't overheating. By contrast, as Powell noted, the demand for workers today is still well above the supply.

The Fed has never pulled off a soft landing when inflation was so far above its goal and the labor market this overheated.

Still, there is a plausible case this time is different. In the past, inflation was usually caused by excess demand. This time, a bigger culprit is disrupted supply—of goods, transportation, commodities,

labor—in the wake of the pandemic and Russia's invasion of Ukraine.

Supply is returning. Vehicle production, previously held back by shortage of semiconductors, soared 20%, annualized, in the second quarter. This enabled businesses to sharply boost investment in equipment, even as prices for that equipment fell for the first time in two years.

Meanwhile, robust demand for workers has been met by a surge in supply: The share of the population aged 25 to 54 either working or looking for work—the participation rate—is now higher than before the recession.

And despite tight labor markets, a wage-price spiral isn't yet apparent. Unlike before 1981, the public's long-term expectations of inflation are stable, at around 2% to 3%.

On the negative side, structural factors that restrained costs in past decades have reversed: Thanks to geopolitical tensions and protectionism, globalization has gone into reverse, and aging populations have sapped labor force growth. Maybe artificial intelligence will supercharge productivity, but for now that is purely hypothetical.

These forces mean that even if the Fed gets inflation down without killing the economy in the coming year, the stay of execution isn't guaranteed to last.

Short Burst Of Exercise Cuts Risks For Cancer

BY BRIANNA ABBOTT

To reduce your cancer risk, you don't need to make it all the way to the gym: You could start by bringing in the groceries.

People who recorded just under four minutes of daily vigorous movement had a roughly 17% reduced cancer risk compared with people who didn't log any high-intensity movement, a study published in the journal *JAMA Oncology* concluded. The link was stronger for cancers in which exercise has previously been connected to lower risks, including breast, colon, endometrial and bladder cancer.

The study followed more than 22,000 people who reported that they didn't exercise but logged minute-long bursts of activity such as walking uphill or carrying shopping bags. It adds to evidence tying physical activity to better health, even when the movement is modest.

"Short bursts of vigorous activity are clearly important for cancer risk at the population level," said Elizabeth Salerno, a biobehavioral scientist at the Siteman Cancer Center at Washington University in St. Louis, who wasn't involved in the research. "It's never too late to get moving in small ways, whether that be parking farther away at the store or taking the stairs."

Study participants who moved vigorously during the day might have been at lower risk for cancer to begin with, said William McCarthy, adjunct professor of health policy and management at the UCLA Fielding School of Public Health, who wasn't involved in the study.

"I would not assume that adults adverse to structured physical activity should be satisfied with running up the stairs several times a day as an effective cancer-prevention alternative," he said.

Exercise has been linked to lower risk of several cancers, and health groups recommend adults get at least 150 minutes of moderate exercise or 75 minutes of vigorous exercise each week to see a benefit.

Researchers used activity data from UK Biobank, a database of health information from people in the U.K., including data from wearable fitness trackers. The average age of the 22,000 nonexercisers in the study was 62.



Barbie and her British rival Sindy; a Sindy doll belonging to Julee Gray; a girl goes Sindy shopping at a department store in 1968.



READING POST/MIRRORPIX/GETTY IMAGES

licensed the doll's rights and turned her into what fans said was a Barbie knockoff.

A more glamorous Sindy developed a tighter jawline, slimmer waist, blonder hair and big blue eyes.

Mattel filed and won a lawsuit against Hasbro over the doll's new look. Sindy went back to being Sindy.

Emma Chapple grew up in Canada in the 1990s knowing both dolls, but sided with Barbie after discovering that ballerina Sindy's ballet slippers were actually molded on. Her ballerina Barbie boasted

changeable slippers.

"Ballerina Barbie cleared her," she said.

In 2003, Sindy was given her own movie, an animated tale called "Sindy: The Fairy Princess" in which she, aided by three fairies and a unicorn, battles an evil wizard to save her handsome prince.

Sindy had been beaten to screens five weeks earlier, with "Barbie of Swan Lake." In a further slight to her British competitor, the soundtrack was performed by the London Symphony Orchestra.

Sindy has fallen further on

hard times. Sales have plummeted and its maker, Pedigree, says it is currently looking for a new partner to manufacture and market the toy. Matthew Reynolds, the owner of Pedigree, said he's relying on Sindy's "achievable yet aspirational" and "iconically British" image to capture a new generation of children and their parents.

Pedigree has some work to do to cultivate Sindy's name recognition abroad.

"Who? No, I have no idea who that is," said Anna Gould, a New York Barbie fan who

saw the movie over the weekend and even questioned Sindy's name. "With an S? Come on."

The original makers chose Sindy over Cindy to stand out, Pedigree said.

Fans including Söderström, Gray and Quint said they planned to watch the "Barbie" movie—if they hadn't seen it already.

"Since I have The Little Sindy Museum, I feel I should know the 'enemy,'" Söderström said. The museum, where showings must be booked in advance, sees around 20 visitors a year. Most are Brits.

Gray saw the movie on its opening night, Friday. She brought her teenage granddaughter, who donned a pink shirt and threatened to cancel the trip if Gray brought Sindy.

Gray's daughter still mocks her mother's devotion to Sindy, though the granddaughter finds it endearing, Gray said.

Gray won't back down. The "Barbie" movie's acting, outfits and sets were "fabulous," she said, but on returning home, she looked again through her mint condition Sindy dolls in their glass cabinets and thought how she could adapt some of the best movie outfits to suit Sindy's style.

"Sindy will always be my true love," she said.

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U.S. NEWS

Defense Bill Is Passed by Senate

BY LINDSAY WISE
AND SIMON J. LEVIE

WASHINGTON—The Democratic-led Senate passed its version of the annual defense-policy bill with broad bipartisan support, putting the legislation on a collision course with the Republican-controlled House, which narrowly voted earlier this month to add contentious provisions that would restrict abortion access and transgender healthcare for troops.

The vote was 86-11.

"What's happening in the Senate is a stark contrast to the partisan race to the bottom we saw in the House, where House Republicans are pushing partisan legislation that has zero chance of passing," said Senate Majority Leader Chuck Schumer (D., N.Y.), ahead of the Senate vote. Schumer noted that the Senate process included votes on 98 amendments, many of them bipartisan.

"This is really important for our country," said Senate Minority Leader Mitch McConnell (R., Ky.).

The Senate's National Defense Authorization Act for fiscal 2024, or NDAA, does share some central similarities with the House-passed version: Both would authorize \$886 billion in spending on national security, including a 5.2% pay raise for service members and the Defense Department's civilian workforce, and green light \$300 million in security assistance for Ukraine.

But senators largely sidestepped the polarizing social issues that had roiled the House a few weeks earlier, when members of the ultra-conservative Freedom Caucus demanded and won amendment votes related to abortion and transgender care for service members.

Both amendments narrowly passed the House, mostly along party lines. One would overturn a Pentagon policy allowing troops leave and travel funds for reproductive health-care—including abortion—and the other would prevent the Defense Department or Tricare, the military's healthcare program, from providing gender-related surgeries and hormone treatments for transgender people.

Lawmakers will work behind closed doors to negotiate a compromise that combines the House and Senate NDAAAs.

—Charles Hutzler, Ryan Tracy, Andrew Duehren and Kristina Peterson contributed to this article.

First Smart Gun to Hit Market Faces Test

BY ZUSHA ELINSON

Sasha Wiesen sleeps with a .40-caliber handgun in a safe by his bed. The commercial real-estate broker from Florida recently preordered a new type of firearm he hopes will make the safe unnecessary.

The new weapon is the Colorado startup Biofire's 9mm Smart Gun, which can only be fired if it recognizes an authorized user with a fingerprint reader on the grip or a facial recognition camera on the back.

"I'm usually an early adapter," said Wiesen, 46 years old. "It might be the gadget part of me that made me buy it, but it's also the safety aspect."

Guns that use technology to ensure that they can only be fired by their owners, called smart guns, have been developed and debated since the 1990s. The Biofire Smart Gun will be the first widely available for sale if it ships in December as planned.

Proponents tout smart guns as a way to reduce accidental shootings and firearm thefts. Gun-rights supporters have been wary, in part over concern that governments could outlaw sales of weapons that don't have smart-gun technology.

Earlier efforts to bring smart guns to market have failed, largely because of pressure from gun-rights activists or because they didn't work as promised.

As with other technologies such as electric cars that changed long-established products, the question for smart guns is whether they can work at least as well as the traditional versions they replace and find customers behind affluent early adopters.

The Biofire Smart Gun costs \$1,499. Similar handguns without high-tech features typically cost between \$400 and \$800.

Many gun owners remain skeptical about a firearm with high-tech features, said Michael Schwartz, executive director of San Diego County Gun Owners.

"For most of our members, the primary purpose for owning a firearm is self-defense, so simple is better," he said. "It has to be 100% reliable."

Biofire founder Kai Kloepfer, 26, has been working on the technology since he was a teenager. He said he had built the fingerprint and facial-recognition systems so that if one function doesn't work because a person's hands are wet or the person's face isn't yet in view, the other will.

Biofire was founded in 2014 and has raised \$30 million in funding from sources including venture capitalist Ron Conway, who has promoted smart-gun technology since the Sandy Hook Elementary



gun Authorization Commission, which would make the law go into effect. "We've taken a very strong anti-mandate stance for smart guns," he said. "I firmly believe that this has to be a choice."

The firearms manufacturer Colt was among the first companies to develop a smart gun, in the 1990s. The Colt Z-40 was designed to fire only when the shooter wore a bracelet that emitted a coded radio signal. But it didn't work during a demonstration for The Wall Street Journal, and gun owners boycotted the company over its decision to develop it. The Z-40 never made it to market.

A German company, Armatix, developed a .22-caliber smart pistol in the 2010s that used a radio-frequency identification watch worn by the owner. But gun shops dropped plans to carry it in 2014 after objections from gun-rights activists.

In addition to stressing the pointlessness of smart-gun thefts, advocates for the weapons have argued that they could prevent children from accidentally firing their parents' firearms or teens from using them in school shootings or suicides. A 2003 study by gun-violence researchers found that 37% of accidental shootings could have been prevented by such technology.

A 2019 study by the Johns Hopkins Bloomberg School of Public Health found that gun-owners who already stored their guns safely were 50% more likely to buy a smart gun, suggesting that their impact might be limited. The study also found that while about eight in 10 gun owners supported the sale of smart guns, two in 10 were likely to buy one.

Other startups are working on smart guns. Tom Holland, president of Kansas-based Free State Firearms, said his company was using a radio-frequency identification ring worn by the user.

"When people hear about the fingerprint swipe, it's like, Oh, God, I can't open up my cellphone half the time," Holland said of the technology used by Biofire.

Holland said Free State plans to introduce the gun early next year. He said the weapon is being tested by half a dozen police agencies and that he has received a handful of preorders from consumers.

Wiesen, who previously worked in law enforcement, said he was drawn to the Biofire Smart Gun's customizable aesthetics as much as its safety features. He ordered his in all-white.

"There's something when you're at the range and shooting your gun, there's a cool factor involved," he said.



Biofire founder Kai Kloepfer, above, says thousands have placed preorders for the Smart Gun, available online. Smart Gun prototypes, top photo, on display at Biofire in Colorado. The Biofire Smart Gun costs \$1,499.

School shooting in 2012, and Peter Thiel's Founders Fund. The school shooting in Newtown, Conn., left 20 children and six adults dead.

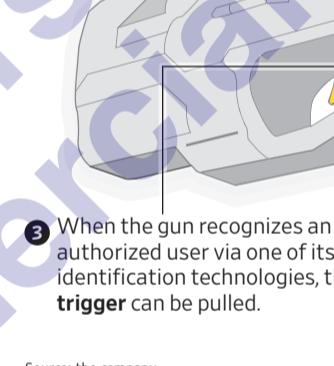
Kloepfer said thousands of people had placed preorders for the Smart Gun, which is only available online, but declined to give a specific number.

Loaded and Locked

A new smart gun developed by Biofire is designed so that only an authorized user can shoot it.

1 Grip sensors

located on the front and back wake the gun when a person picks it up.

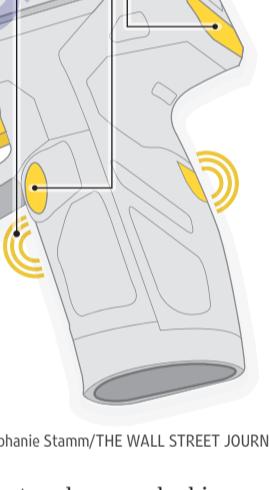


3 When the gun recognizes an authorized user via one of its identification technologies, the trigger can be pulled.

Source: the company

2 Biometric identifiers

activate the gun by recognizing the user's fingerprint or face.

4 Trigger

Stephanie Stamm/THE WALL STREET JOURNAL

During a media demonstration earlier this year, the Biofire gun malfunctioned. Kloepfer said the weapon jammed—but there were no issues with its fingerprint or facial-recognition systems.

Kloepfer said he wasn't a fan of smart-gun mandates, which some gun-control sup-

porters have pushed in an effort to spur sales.

New Jersey has a law, opposed by Second Amendment groups, mandating that all stores offer a smart gun for sale once one hits the market. Kloepfer said he wouldn't submit the Biofire Smart Gun to the state's Personalized Hand-

DOJ Launches Probe Into Memphis Police

BY MARIAH TIMMS

The Justice Department will open a sweeping civil-rights investigation into the Memphis Police Department, Attorney General Merrick Garland said Thursday, more than six months after the fatal police beating of Tyre Nichols.

Investigators with the Justice Department's civil-rights division will examine whether Memphis officers routinely violate citizens' rights, including whether the city's police use excessive force, engage in unconstitutional stops, searches and arrests or discriminate based on race.

"These disparities are not new here in Memphis," said Assistant Attorney General Kristen Clarke of the Justice Department's Civil Rights Division. "They do warrant a full investigation."

Nichols, a 29-year-old FedEx worker, was pulled over by police on Jan. 7. He died in a Memphis hospital three days later. Body-camera footage released by the city showed Nichols was repeatedly struck by officers.

His death prompted a nationwide call for review of the department.

Memphis police officers regularly escalate interactions with the public, even using ex-

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U.S. NEWS



Hunter Biden could face additional charges, including related to his foreign lobbying.

Courtroom Reversal Raises Hunter Biden's Legal Peril

GOP relishes judge's refusal to sign off on plea deal; Democrats play down the delay

A federal judge's upending of Hunter Biden's plans to wind up his legal troubles before his father's 2024 re-election campaign has heightened the legal peril for President Biden's son and could give the president's political opponents fresh ammunition in their scrutiny of the first family.

By Sadie Gurman in Wilmington, Del., and Annie Linskey and Byron Tau in Washington

In an extraordinary courtroom drama, the judge expressed concerns about a proposed plea deal under which the younger Biden would have likely served no prison time in exchange for a guilty plea on two tax charges, and avoided a gun charge by agreeing to remain drug-free and never own a firearm again.

Instead of the carefully choreographed way most plea deals roll out, U.S. District Judge Maryellen Noreika refused to approve either the tax or the gun agreement, saying they contained "atypical provisions" and needed further study. And Justice Department lawyers left open the possibility that the president's son could face additional charges, including related to his foreign lobbying, prompting a disagreement

with defense attorneys.

The Justice Department has long been investigating whether Hunter Biden or a Ukrainian consulting firm, Burisma, that hired him should have registered under the Foreign Agents Registration Act. But prosecutors have faced challenges in pursuing any such charges, including that Hunter Biden routinely hired third parties, such as lobbying and law firms, rather than getting personally involved in making things happen in Washington.

The issue of whether the Justice Department would continue to press such issues or whether his plea agreement meant the end of legal scrutiny for Hunter Biden came to a head at Wednesday's hearing. During a brief recess, Biden's lawyer, Chris Clark, could be heard telling prosecutor Leo Wise: "OK, then rip it up. We didn't realize what we were agreeing to."

After a five-year investigation and with a plea agreement signed weeks ago, the two sides entered the courtroom on very different pages. When Noreika asked what would happen if she rejected the plea, Wise said they would try Biden on the tax charges and raised the possibility of additional charges related to his taxes.

"I am not aware of any additional charges that could

validly be brought," Clark told the judge. "We've spent five years in meeting after meeting—10-hour meetings—going through my client's taxes on a line-by-line basis, and this was the disposition both parties came to."

The judge asked if the continuing investigation could yield additional charges such as violations of the Foreign Agents Registration Act.

"Yes," Wise replied.

Noreika gave both sides 30 days to provide additional information. At that point, Biden could plead guilty and formalize the agreements he had negotiated. If the judge declines to approve the deal, he would likely proceed to a court trial.

White House spokeswoman Karine Jean-Pierre said President Biden wouldn't pardon his son. She declined to comment further on the case or any contact between the president and his son. "I'm just not going to speak to any private conversation that the president has with his family," Jean-Pierre said.

Democrats played down the delay in Hunter Biden's case. "No one should interfere with this politically, ideologically, and let justice go forward," said Senate Majority Leader Chuck Schumer (D., N.Y.).

Rep. James Comer (R., Ky.), who chairs the House Com-

mittee on Oversight and Reform, praised Noreika's refusal to sign off on the agreement. "I've been saying for days that the judge should reject the plea deal. It's obvious that the president's son committed many more crimes than what he was charged by the U.S. attorney of Delaware," Comer said Wednesday. Comer pledged to double down on the investigation he is conducting from his Oversight position into the Biden family.

"There are a lot of folks who don't like the deal, and that initial reaction might have heightened the prosecutors' unwillingness to really say this is a package deal that settles everything," said Douglas A. Berman, a law professor at the Ohio State University.

On Monday, Hunter Biden's onetime business associate Devon Archer is expected to be interviewed by the Oversight committee. A person close to Archer expected him to testify that Joe Biden wasn't substantially involved in any of Hunter Biden's business dealings. The committee has been focused on the financial dealings of the president and his family. The White House has repeatedly said the president and his son were never in business together.

Republicans have sought to show that foreign governments and foreign interests funneled money to Joe Biden via his son in an attempt to buy influence. Hunter Biden received more than \$8 million from 2014 to 2019 from Ukraine, China and Romania, according to IRS officials.

5

After a five-year probe, the two sides entered court on very different pages.

rived at The Mar-a-Lago Club in January 2021," but during his interview said he "never saw anything."

The FBI agents had advised him that it was a voluntary interview, and that it is a crime to lie to the bureau, according to the indictment.

The new willful-retention charge relates to a document about a secret attack plan on a country that isn't named, but is identifiable as Iran. Prosecutors have said Trump in July 2021 bragged to a writer, publisher and two staff members at his golf club in Bedminster, N.J., about having the document, in audiotaped recordings now at the heart of the government's case.

"Isn't that amazing?" Trump told the group, adding: "Except it is, like, highly confidential." He told them he could have declassified it as president, but couldn't anymore. "This is still a secret," he said.

A federal judge has scheduled the trial in the documents case to begin May 20.

Smith's office announced the new indictment just hours after Trump's lawyers met with prosecutors to try to head off additional criminal charges related to Trump's attempts to stay in power after Biden's election win in November 2020, culminating in the Jan. 6, 2021, attack on the U.S. Capitol.

The new indictment and the meeting kept the Justice Department as the focus of political interest, a day after a

were charged with two more counts of obstruction, allegedly because they and de Oliveira attempted to "alter, destroy, mutilate and conceal" evidence and that they tried to persuade someone else to do so when they pressured another employee to delete the footage.

According to the indictment, Trump had a 24-minute phone call with de Oliveira on June 23, 2022, the day after a lawyer for the Trump Organization received a draft grand-jury subpoena requiring the production of Mar-a-Lago security-camera footage.

A few days later, de Oliveira confronted the unnamed Mar-a-Lago staffer, identified in the

indictment as the director of information technology at the resort, and told him that "the boss" wanted the footage deleted and asked, "What are we going to do?" according to the indictment.

The IT director told de Oliveira that he didn't know how to delete the server and that he didn't think he had the right to do that, according to the indictment, which doesn't say if any of the footage was actually deleted.

Surveillance footage is at the heart of the Mar-a-Lago case, with prosecutors showing it shows Nauta moving dozens of boxes in the days before Trump's boxes when they ar-

ived at The Mar-a-Lago Club in January 2021," but during his interview said he "never saw anything."

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planned plea agreement on tax charges for Biden's son, Hunter, collapsed during a court hearing at which prosecutors surprised the defense team by saying they were still investigating him and he could face new charges.

The former president's campaign was ready for an indictment, complete with email fundraising blasts. He has made the argument that he is being politically targeted, with many Republican voters and lawmakers rallying around him. Trump's schedule as he campaigns for the nomination to again run against Biden, a Democrat, could be complicated, however, as court hearings mount.

Defense lawyers often use meetings like the one Thursday morning to make last-ditch arguments against charging a client, but it couldn't immediately be determined what was discussed after Trump's lawyers John Lauro and Todd Blanche arrived at Smith's office, several miles from the Justice Department's main headquarters in downtown Washington. Prosecutors revealed little about their plans, as defense attorneys made their arguments against any charges, people familiar with the matter said.

A spokesman for Smith declined to comment.

Trump confirmed the meeting on his Truth Social platform.

—Alex Leary contributed to this article.

Senate Republicans Back McConnell After Health Issue

By LINDSAY WISE

WASHINGTON—Senate Republicans closed ranks around Minority Leader Mitch McConnell, brushing off questions about his ability to continue in his job after he froze for about 20 seconds at a press conference on Wednesday.

The incident had raised concerns about the well-being of the 81-year-old Kentucky Republican, who has been Senate Republican leader since 2007. In January, he became the longest serving Senate leader in history, having driven the party's policy priorities and political strategy through more than 16 turbulent years of intense polarization on Capitol Hill.

Recently, McConnell has been laser focused on promoting aid for Ukraine in its war with Russia, and has tried to steer the Republican Party away from the America-first isolationism championed by former President Donald Trump.

At his weekly press conference on Wednesday, McConnell stopped speaking abruptly and briefly left before returning to take questions. He said he was fine and laughed at a question about who might succeed him as leader. Later, he met with House Speaker Kevin McCarthy (R., Calif.), attended a Major League Baseball reception, returned to the Senate floor for votes and chatted with colleagues. On Thursday, he met with the prime minister of Italy, gave a speech on the Senate floor, voted, met with constituents and attended lunch with other GOP senators.

Even some Republican senators who have been known to butt heads with McConnell wouldn't say he should step aside because of his age or health.

Sen. Rick Scott (R., Fla.), who unsuccessfully challenged McConnell as leader in November, stayed away from speculation about future leadership. Asked whether he is still interested in the Senate GOP leader job, Scott said, "I'm not thinking about that right now. I've got an election."

"I didn't vote for him for leader, so you know, if you're asking me what my preference is, my preference would be for different leadership," said Sen. Josh Hawley (R., Mo.), who voted for Scott over McConnell last year. "But that doesn't really have anything to do with his health at the moment," Hawley said.



Minority Leader Mitch McConnell seen at the Capitol Thursday.

JOSE LUIS MAGANA/ASSOCIATED PRESS

U.S. NEWS

Microsoft Draws Scrutiny Over Hack

A breach disclosed this month allowed China to spy on top American officials

BY DUSTIN VOLZ
AND ROBERT MCMILLAN

Microsoft is attracting renewed scrutiny and accusations of negligent security over a hack that allowed China to spy on top Biden administration officials, as some security researchers say the breach may be worse than initially suspected.

The Chinese hack, disclosed earlier this month, compromised the unclassified Microsoft email inboxes of senior State Department officials, including the U.S. ambassador to China, as well as Commerce Secretary Gina Raimondo and others, according to U.S. officials.

Full details about the attack, including how it began, aren't publicly known, but it has prompted a number of congressional inquiries. On Thursday a leading lawmaker on cybersecurity issues, Sen. Ron Wyden (D-Ore.), asked for three separate federal probes of Microsoft's "negligent cybersecurity practices" that he said enabled a Chinese espionage campaign against the U.S. government.

"Even with the limited details that have been made public so far, Microsoft bears significant responsibility for this new incident," Wyden said in the letter, which is addressed to Attorney General Merrick Garland, Federal Trade Commission Chair Lina Khan and Jen Easterly, the director of the Cybersecurity and Infrastructure Security Agency.

Microsoft said the hackers obtained access to an obscure but critical part of its infra-



Microsoft has explained aspects of the hack but said how it unfolded is currently unknown.

structure called an MSA digital signing key, which was then used to gain access to customer data. The company has explained aspects of the hack in blog posts but said how it unfolded is currently unknown. The tech company also said it would make certain tools that can help spot cyber-attacks free, after its tiered payment system for those services drew criticism following the hack.

A Microsoft spokesman said that the company is working with government agencies and is committed to sharing information about the hack. "This incident demonstrates the evolving challenges of cybersecurity in the face of sophisticated attacks," he said.

"These signing keys are the most precious secret that you have," said Ami Luttwak, co-founder of the cloud-security company Wiz, in an interview. "It's like you have a printing machine to all of the passports in the world: You can become

anyone that you want."

Researchers at Wiz said that the digital key that was obtained had been issued in 2016 and wasn't taken out of service until a few weeks after the attack was discovered.

The Microsoft spokesman said the Wiz findings presented "hypothetical attack scenarios" that the company hasn't observed.

MSA keys can be used to gain access to Microsoft's consumer products, but because of a flaw in Microsoft's cloud, the hackers were able to use the stolen key to access government and corporate accounts, according to Microsoft.

Security experts and Wyden questioned several Microsoft practices, including apparently allowing the same MSA key to be used for years.

Federal cybersecurity guidelines, industry best practices, and Microsoft's own recommendations to customers, dictate that encryption keys be refreshed more frequently, for

the very reason that they might become compromised," Wyden said.

Digital certificates also played a role in Russia's Solar-Winds hack, discovered in 2020. Wyden also faulted Microsoft for its role in that incident.

Although experts praised Microsoft for providing some details about the Chinese hack, some have called for more disclosure, saying it is needed to determine the extent of the damage and whether it could happen again.

"My concern here is that we don't know how the key got away," said Karim El-Melhaoui, principal security architect with security company O3 Cyber.

In his letter, reviewed by the Journal, Wyden asked the Justice Department to investigate whether Microsoft violated federal law relating to cybersecurity standards for government contractors. He also asked the FTC to investi-

gate Microsoft's privacy and data-security practices, including whether the alleged security lapses at issue in the hack began before the expiration in December of a 20-year consent decree the agency imposed following an earlier security incident.

Finally, the senator asked the Cyber Safety Review Board to review the cyber-espionage campaign and why Microsoft's apparent security shortfalls weren't previously discovered by government audits.

"Holding Microsoft responsible for its negligence will require a whole-of-government effort," Wyden said.

The letter is the latest effort by lawmakers and cybersecurity experts to gain a fuller understanding of the hack, allegedly state-sponsored. U.S. officials have sought to play it down as routine espionage between adversarial nations.

Some cybersecurity specialists have deemed it an unusually powerful and impressive compromise of Microsoft's cloud-based email infrastructure. A separate bipartisan letter signed by 14 senators, sent Wednesday and earlier reported by Newsweek, asked the State Department's chief information officer for an unclassified briefing on the hack by early September.

Wiz believes that the hackers could have been able to steal data in addition to emails, such as Microsoft Teams chat messages and SharePoint documents.

The U.S. hasn't formally linked the attack to China, though Microsoft attributed it to a Chinese hacking group and officials and lawmakers have said Beijing is responsible. China has denied the allegations.

◆ Microsoft faces European antitrust probe..... B1

High Court Says Work On Pipeline Can Restart

BY DAVID HARRISON

WASHINGTON—The U.S. Supreme Court said work can resume on the long-stalled Mountain Valley Pipeline, temporarily blocking a lower-court decision and potentially moving the project closer to completion as a legal fight continues.

Earlier this month, at the request of environmental groups, the Fourth U.S. Circuit Court of Appeals, in Richmond, Va., halted work on the project while it sorted out whether it could still rule on challenges to the project.

A provision in the bipartisan debt-ceiling bill signed into law last month stripped the lower court of its jurisdiction over the natural-gas pipeline and mandated that it be completed. The provision fulfilled a longstanding goal of Sen. Joe Manchin (D, W.Va.).

Following the bill's enactment, the company behind the pipeline, **Equitrans Midstream**, asked the Fourth Circuit to dismiss two pending lawsuits against the pipeline.

The environmental groups behind the suits argued that stopping legal challenges before the Fourth Circuit violated the constitutional principle of separation of powers, in effect giving Congress the power to decide the outcome of judicial proceedings.

The Fourth Circuit agreed to pause the project while it sorted out the effect of the debt-ceiling law, prompting Equitrans Midstream to seek the Supreme Court's intervention.

As is typical in emergency orders, the Supreme Court didn't explain its ruling. There were no noted dissents.

The order didn't dismiss the legal challenges to the pipeline entirely, allowing project opponents to continue making their case before the Fourth Circuit. The appellate court was scheduled to hold a hearing on the topic Thursday.

The 303-mile Mountain Valley Pipeline in West Virginia and Virginia has aroused controversy ever since it first was proposed almost a decade ago. Opponents, including adjacent landowners and environmental groups, have challenged the project's environmental permits, delaying the project for years.

Last year, the Biden administration struck a deal with Manchin: He would agree to provide the pivotal vote for the administration's climate bill, and in exchange the White House and Senate Democratic leaders would support Manchin's efforts to get the pipeline finished.

"The Supreme Court has spoken and this decision to let construction of the Mountain Valley Pipeline move forward again is the correct one," Manchin tweeted in response to the ruling. "I am relieved that the highest court in the land has upheld the law Congress passed and the president signed."

Prehistoric Worms Are Revived

Continued from Page One shown to protect their DNA from damage, and introducing the protein to human cells has made them more resistant to radiation damage.

Single-celled organisms including bacteria have been shown to spend millions of years in a state of cryptobiosis but 46,000 years is a record for animals. "Cryptobiosis in this organism could be indefinite," Kurzchalia said.

Could the secrets of cryptobiosis help people survive being frozen or hurtled into outer space? That remains in the realm of science fiction, scientists said, but further study could reveal mechanisms such as the workings of genes or proteins that help cryptobiotic creatures survive in extreme conditions. Such insight could one day be harnessed to make people more resilient, researchers said.

"Perhaps you can develop molecules that achieve the

same things," said Craig Marshall, a biochemist at the University of Otago in New Zealand who wasn't involved in the study.

The revived nematodes were found in permafrost some 130 feet underground near the Kolyma river in eastern Russia. Researchers collected samples of the permafrost in the early 2000s and kept them frozen.

Reanimation of the nematodes was first described in a 2018 paper in the journal Doklady Biological Sciences. Researchers said they placed the frozen nematodes in petri dishes with a nutrient solution and kept them at about 70 degrees Fahrenheit for several weeks. Some nematodes awakened and started reproducing. Carbon dating determined permafrost the nematodes were found in was 30,000 to 40,000 years old, the paper said. Biologists said at the time that the samples could have been contaminated.

The new paper's authors said they tested the samples more rigorously to confirm the earlier finding and to learn more about the ancient nematodes. The permafrost samples were carbon-dated again and shown to be around 46,000 years old, the re-

searchers said.

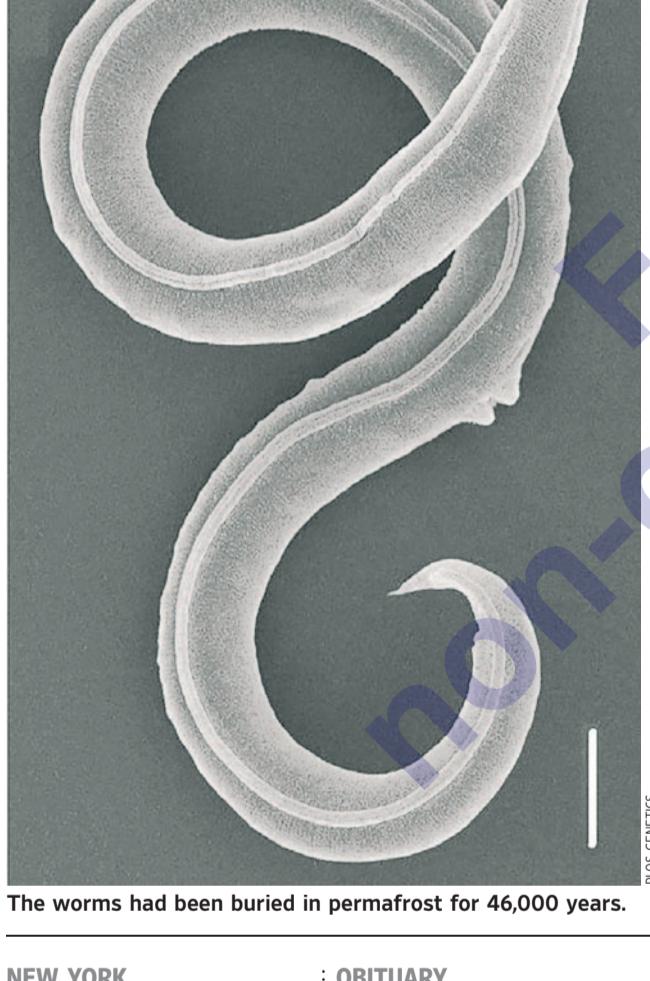
They conducted genome sequencing and phylogenetic analysis, a study of evolutionary relationships among organisms. The analyses suggested the nematodes are a newly discovered species in the Panagrolaimidae family of roundworms. They named the nematodes *Panagrolaimus kolymensis* after the river near where they were found.

None of the reanimated worms are still alive but they have progeny from asexual reproduction, researchers said.

The progeny appear to use a sugar called trehalose to guard against stressors such as dehydration, the study showed. Research in other nematodes has shown that trehalose freezes into a glasslike substance that can protect cells.

Byron Adams, a biologist at Brigham Young University and who wasn't involved in the study, said contamination was still possible because areas near the collection site and sampling equipment weren't tested to ensure younger nematodes weren't collected by mistake. Still, he said the findings were plausible.

"If I were a betting man, I would bet that it could actually happen and these things really are this old," he said.



PLOS GENETICS

The worms had been buried in permafrost for 46,000 years.

NEW YORK

Syracuse Diocese Settles

The Roman Catholic Diocese of Syracuse on Thursday announced a \$100 million settlement with people who say they were sexual-abuse victims as part of its bankruptcy proceedings.

Catholic dioceses around the state are dealing with a surge of lawsuits after New York temporarily suspended the statute of limitations to give people who say they were victims of childhood sexual abuse the ability to pursue decades-old allegations.

"I can tell you as shocking as the settlement amount may seem to leaders of our own parishes and other Catholic entities, more appalling and heart-rending to me is the pain and mistreatment experienced by the survivors of child and adult sexual abuse at the hands of those they thought they could trust," Bishop Douglas Lucia wrote in an open letter Thursday.

—Associated Press

OBITUARY

Original Eagles Member Dies

Randy Meisner, a founding member of the Eagles who added high harmonies to such favorites as "Take It Easy" and "The Best of My Love" and stepped out front for the waltz-time ballad "Take It to the Limit," has died, the band said Thursday.

Meisner died Wednesday night in Los Angeles of complications from chronic obstructive pulmonary disease, the Eagles said. He was 77.

The bassist had endured numerous afflictions in recent years and personal tragedy in 2016 when his wife, Lana Rae Meisner, accidentally shot herself and died. Randy Meisner had been diagnosed with bipolar disorder and had severe issues with alcohol, according to court records.

The baby-faced Meisner joined Don Henley, Glenn Frey and Bernie Leadon in the early 1970s to form a quintessential Los Angeles band and one of the most popular acts in history.

—Associated Press

U.S. WATCH



HEAT WAVE: A misting site in Brooklyn provided some relief Thursday as temperatures in New York City climbed into the 90s.

SPENCER PLATT/GETTY IMAGES

U.S. NEWS

Fixed-Rate Debt Buys Consumers

Continued from Page One
with the Fed's hikes, a huge chunk of consumer debt carries the low yields on offer a few years ago. That has allowed many households to continue spending, which has kept the economy going strong despite predictions of a recession. The U.S. economy grew 2.4% in the second quarter, the Commerce Department said on Thursday.

As of the first quarter, only 11% of household debt outstanding carried rates that fluctuated with benchmark interest rates, according to Moody's Analytics. That metric has hovered around this historically low level for over a decade. But it only started to matter when the Fed began its campaign.

Fixed-rate debt became more common after the 2008 crisis, when lenders turned away from products such as adjustable-rate mortgages and home-equity lines of credit that played a role in the bust. Households have also spent the past decade-plus loading up on auto and student loans, which typically carry fixed rates.

Households would have to pay 9.6% of their disposable income to stay current on their debts in the first quarter, according to the Fed. That is above where it was in the depths of the pandemic but below the postcrisis average.

The prevalence of fixed-rate debt is likely blunting the impact of the central bank's moves. Economic growth and consumer spending remain mostly solid. One popular gauge suggests that the Fed's moves are having less of an effect on financial conditions than earlier this year.

"It's one reason why consumers are hanging tough and the Fed's rate hikes have taken less of a bite out of the economy," said Mark Zandi, chief economist at Moody's Analytics. Americans who refinanced



Cynthia Durbin with her children in Ohio. Her husband Alex says the 2.75% mortgage rate for their home has provided 'a tremendous amount of breathing room.'

their mortgages for a better rate since March 2020 have saved \$42 billion on their monthly payments, Black Knight estimates.

Some who nabbed low rates do feel stuck in place: Upgrading to the next home or car is now prohibitively expensive. The national housing market is paralyzed by homeowners who aren't moving because they don't want to give up their cheap mortgages.

Alex Durbin, who is 36 and works in private-wealth management, said his family of five is outgrowing their three-bedroom home in the Columbus, Ohio, area. They bought a plot of land for a new home but, with mortgage rates around 7%, they can't afford to build the house they want.

Still, the cheap, fixed-rate debt has generally put borrowers in a better financial position. Many bought properties that have risen in value. Some are also taking advantage of higher rates on savings accounts and Treasuries—making them overall winners in the central bank's campaign.

Michael and Niki Reznicek weren't planning on buying a home in 2021. But after the pandemic prompted the Fed to cut rates to near zero and mortgage rates fell, they put their savings toward a down payment on a Chicago townhome. Their mortgage rate was around 3.25%. In today's market, they wouldn't be able to buy the same home. Their spending has mostly stayed the same. "I still go get my Starbucks, we still go out and tip 20 to 25% at restaurants," said Michael Reznicek, who is 28 and works in financial technology.

Gary Marsh, 66, paid cash to build his Sonoma County, Calif., home in 2020 and the following year took out a 2.75% mortgage on the property that provided him with a lump sum of about \$300,000.

He recently put those funds into certificates of deposit at local banks paying about 4.75%. "The low mortgage rate has allowed me to work less, travel more and mostly to feel more free than I ever have," said Marsh, a writer for real-estate companies.



Sources: Moody's Analytics (share of household debt); The Federal Reserve (household debt service payments)

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Expansion Defies Forecasts

Continued from Page One
mark interest rate on Wednesday by a quarter percentage point to a range between 5.25% and 5.5%, a 22-year high. Fed Chair Jerome Powell said any further increases would depend on whether inflation and economic activity was slowing in line with officials' forecasts.

"We have to be ready to follow the data, and given how far we've come, we can afford to be a little patient, as well as resolute, as we let this unfold," he said.

The economy has expanded at better than a 2% pace during the past year, following a mild contraction in early 2022. Economic growth is roughly in line with the rate recorded in the decade before the pandemic took hold.

Consumer spending grew at an annual rate of 1.6% in the second quarter, down from 4.2% growth in the first quarter.

Household outlays account for the bulk of economic activity and were responsible for nearly half of the total rise in GDP.

The slowdown largely reflected cooling purchases of big-ticket items after Americans snapped up vehicles at the start of the year as they flowed back onto dealership lots.

Cooler consumer spending in recent months also reflects lower gasoline prices, Visa Chief Financial Officer Vasant Prabhu said Tuesday. The average price of a gallon of regular gasoline is down about 60 cents from a year earlier, according to energy-data provider OPIS. Otherwise, spending has largely been consistent, Prabhu said.

Consumer spending "from affluent to low spend remained stable since March," he said. "Our data did not indicate any behavior change across consumer segments."

Americans are benefiting from a strong labor market in which wage gains recently surpassed cooling inflation. Initial claims, a proxy for layoffs, declined by 7,000 last week to a seasonally adjusted 221,000, the

Labor Department said Thursday. That is a historically low level that essentially matches the 2019 average, when the labor market was also strong.

Gus Ayala, a 73-year-old retired banker, is splurging on a few big purchases while trimming back on some everyday items. The El Mirage, Ariz., resident plans to buy a hybrid car later this year and will likely finance the vehicle, rather than pay in cash for it.

He and his wife's savings buffer is helping pay for his wife's coming trip to Iceland.

"We want to go spend money on what benefits us and allows us to enjoy our life," Ayala said.

A y a l a changed some of his spending habits to cope with elevated inflation.

He switched to a cheaper brand of coffee, Seattle's Best, earlier this year after the cost of a 12-ounce bag of his preferred brand shot up to \$12 from \$9 last year.

Business investment grew at an annual rate of 7.7% in the second quarter, up sharply from 0.6% in the first quarter.

Some long-term forces are helping boost investment despite higher interest rates. A surge in federal spending on chip-manufacturing plants and electric-vehicle factories is offsetting some other cutbacks.

Business spending on equipment bounced back in the second quarter, largely because of investments in air-

craft and vehicles as supply-chain snarls unravel. As that process unwinds, equipment and machinery spending will likely weaken again, said Richard F. Moody, chief economist at Regions Financial, in a note.

Net trade slightly subtracted from second-quarter growth, reflecting a sluggish global economy. Residential investment declined for the ninth consecutive quarter. Recent declines in residential investment reflect housing-market strains amid higher mortgage rates.

Still, a long-running shortage of previously owned homes is helping support new construction. The worst of the housing-market downturn could be in the past, meaning residential investment could grow in the coming months.

W h e r e consumers and businesses will spend at the same pace later this year isn't clear. High interest rates will persist, making borrowing for vehicles, appliances, factory machines and construction projects more expensive.

The chief financial officer at Unilever said consumers in North America are "starting to show signs of caution" as they spend off the excess savings built up during the pandemic.

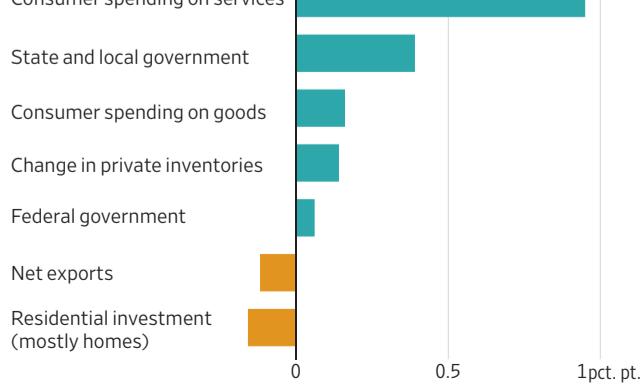
"We still think there's a possibility of a mild recession," CFO Graeme Pitkethly said.

—Nick Timiraos contributed to this article.

1.6%

Growth in consumer spending during the quarter, down from 4.2% previously

Contributions to quarterly change in GDP for select categories



Note: Seasonally and inflation adjusted at an annual rate

Source: Commerce Department

U.S. NEWS

House Panel, Zuckerberg Spar Over Documents

BY RYAN TRACY

The GOP-led House Judiciary Committee on Thursday threatened a vote on whether to recommend holding **Meta Platforms' Mark Zuckerberg** in contempt of Congress unless he turned over internal company documents, part of a long-running debate about the proper relationship between government officials and social-media companies.

Republicans say Meta and other social-media companies are censoring conservative views, sometimes under pressure from the government.

Democrats say the government must work with the companies to respond to election manipulation and other threats. The

tensions have already led to a court fight that threatens to upend how the government and social-media companies deal with perceived online threats.

Meta, the owner of Facebook and Instagram, now finds itself front and center of that debate.

On Thursday afternoon, Rep. Jim Jordan (R., Ohio) said in a tweet that the vote had been canceled because Meta had been producing documents. "To be clear, contempt is still on the table and WILL be used if Facebook fails to cooperate in FULL," he said.

Jordan, chair of the Judiciary Committee, late last year asked Meta to turn over internal documents about its content-moderation decisions—often controversial calls about

whether to ban accounts or suppress posts. The panel issued a subpoena for the documents in February.

Meta said Wednesday it has "delivered over 53,000 pages of documents—both internal and external—and have made nearly a dozen current and former employees available to discuss external and internal matters, including some scheduled this very week."

Republicans say the company has been withholding internal communications between Meta employees about how to respond when the government asked it to take down or suppress certain content. The company started turning over some of those documents Thursday, Jordan said.



Meta Platforms CEO Mark Zuckerberg on Capitol Hill in October 2019.

AL DRAGO/BLOOMBERG NEWS

Meta Squabbles With Researchers on Blame for Polarization

BY JEFF HORWITZ

A multiyear research collaboration between **Meta Platforms** and a group of scholars about social media's effects on politics stumbled into a disagreement over the conclusions before the results were even announced.

Four peer-reviewed papers from the research effort were published in the journals *Science* and *Nature* on Thursday, the beginning of what is expected to be many more based on data that Meta provided to the independent researchers.

The research examined the role of Meta's Facebook unit in politics during the 2020 election and analyzed questions such as whether the platform plays a role in polarization.

Meta has long disputed the claims of those, including some of its own researchers, who say it exacerbates divides in part by how it filters information that people see.

The studies covered in the first four articles had different focuses. They broadly showed the influence that Facebook holds over what information users consume on the platform but said, in part, that it isn't clear such content affects their political views and behavior.

An embargoed statement from Meta said the studies refute accusations that its platforms play a key role in polarizing users and inflaming political discourse. That prompted the company's academic partners, officials at *Science* and an independent observer brought in to oversee the research effort to say that Meta was overstating or mischaracterizing some of the findings.

Meta said it took issue with the title of *Science*'s print package on the findings, "Wired to Split," which it says falsely characterizes the work. Representatives of the publication said Meta and outside researchers had asked for a

question mark to be added to the title to reflect uncertainty, but that the publication considers its presentation of the research to be fair.

Using data gathered over several months around the 2020 U.S. elections, one paper found that Facebook Pages and Groups had

played an outsize role in spreading false news stories among American conservatives on the platform.

Others of the studies found that there was no clear effect on users' political opinions or behavior when researchers experimented with changes to how Facebook delivers posts to users. Those experiments included temporarily restricting reshared content in users' feeds, which tend to be more

political than those recommended by Facebook's algorithms, and temporarily showing users posts in chronological sequence rather than the algorithmically determined order Facebook usually uses.

Meta said that no other tech company has given researchers similar data access and that the studies added to a growing body of research refuting the idea that "key features of Meta's platforms alone"

cause harmful polarization. That statement was from a blog post by Nick Clegg, Meta's global affairs president, that the company prepared for publishing alongside the findings.

While the research won't

settle every debate about social media and democracy, Clegg wrote, the papers published Thursday undermine claims that the company's algorithms "serve people content that keeps them divided."

That characterization of the papers in Meta's statement triggered disagreement.

The leaders of the academics, New York University professor Joshua Tucker and University of Texas at Austin professor Talia Stroud, said that while the studies demonstrated that the simple algorithm tweaks didn't make test subjects less polarized, the papers contained caveats and potential explanations for why such limited alterations conducted in the final months of the 2020 election wouldn't have changed users' overall outlook on politics.

"The conclusions of these papers don't support all of those statements," said Stroud. Clegg's comment is "not the statement we would make."

Science warned Meta earlier this week that it would publicly dispute an assertion that the published studies should be read as largely exonerating Meta of a contributing role in societal divisions, said Meagan Phelan, who oversees the communication of Science's findings.

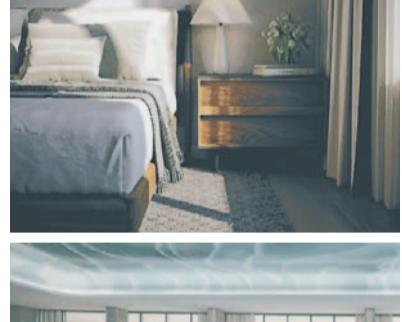
"The findings of the research suggest Meta algorithms are an important part of what is keeping people divided," Phelan told Meta's communications team Monday, according to an excerpt of her message. She added that one of the studies found that "compared to liberals, politically conservative users were far more siloed in their news sources, driven in part by algorithmic processes."

In response, Meta slightly altered Clegg's blog post but stood by its characterization of the findings, saying disagreements over research interpretation are normal.

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WORLD NEWS

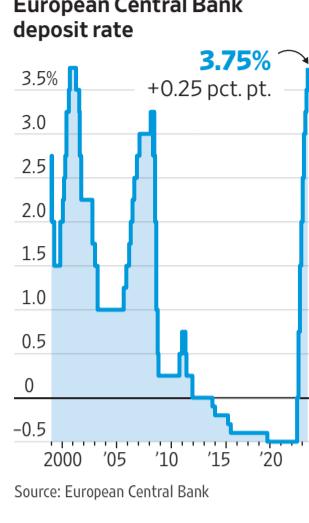
ECB Raises Interest Rate to 22-Year High

By TOM FAIRLESS

FRANKFURT—The European Central Bank raised its key interest rate by a quarter percentage point but signaled it might soon pause its yearlong campaign of rate increases, sending the euro tumbling.

The ECB's rate rise, its ninth in a row, took the bank's deposit rate to a 22-year high of 3.75% from below zero a year ago. It echoed a quarter-point raise by the Federal Reserve a day earlier, though eurozone rates remain clearly below the Fed's benchmark rate of 5.25% to 5.5%.

The ECB's signaling underlines the dilemma it faces compared with the Fed. Inflation is higher in the eurozone than in the U.S., and growth is much weaker, partly reflecting the shock of Russia's war in Ukraine. The ECB needs to



a cent against the dollar, to just below \$1.10, and the yields on eurozone government debt fell, as investors concluded that the ECB would be cautious about further rate rises. The euro's slide was exacerbated by data showing the U.S. economy grew faster than expected last quarter, which lifted the U.S. dollar against foreign currencies.

ECB President Christine Lagarde acknowledged that the outlook for the eurozone economy has deteriorated, particularly in the manufacturing sector. "We have an open mind as to what decisions will be in September and subsequent meetings," Lagarde said.

That ambiguity reflects the uncertainty facing Europe's central bankers as the growth outlook darkens, inflation declines at different speeds in different places, and past rate increases hit household and

business spending with a lag. Around the world, central banks are signaling that interest rates are approaching a peak after more than a year of aggressive rate increases. But they are wary of declaring victory over inflation, which has proven a more stubborn foe than expected in the past two years.

While the U.S. economy is growing robustly, the eurozone has been stalling since late 2022. Business surveys point to more pain ahead, especially in Germany, the currency area's largest economy. Bank lending is deteriorating, with demand for business loans at a low.

Europe's economic headwinds should help tame inflation, which declined to 5.5% in the eurozone in June, the lowest level in nearly 18 months, though still far above the ECB's target of 2%.

JAPAN'S TARGETS STAY AS IS

TOKYO—The Bank of Japan on Friday kept its interest-rate targets unchanged but said it would operate its interest-rate policies more flexibly.

Despite considerable speculation about a policy change ahead of Friday's meeting, the Japanese central bank decided to maintain its cap on the 10-year Japanese government bond yield at 0.5%. It also kept short-term interest rates unchanged at minus 0.1%.

However, it said that it would enforce the 0.5% cap with greater flexibility and consider the upper bound

as a reference point, not a rigid limit.

The move highlights the continued contrast between Japan's ultra-easy policy and the policies of the U.S. Federal Reserve and the European Central Bank, both of which further raised their benchmark interest rates this week.

Many investors had expected the Bank of Japan to lift its 10-year bond yield cap or end its control over the Japanese government bond yield curve to ease side effects on the market.

—Megumi Fujikawa

Israelis Vow to Intensify Protests Against New Judicial Legislation

By DOV LIEBER

TEL AVIV—Israelis returned to the streets of Tel Aviv on Thursday for a mass demonstration, after protest leaders called to increase unrest in response to Prime Minister Benjamin Netanyahu's judicial overhaul.

"This is a war. You lose the battle, but you go on until you win," said 66-year-old Eyal Sassoon, one of thousands marching along Tel Aviv's Rothschild Street.

The protest comes on one of the most somber fast days on the Jewish calendar, Tisha B'Av, commemorating the destruction of the first and second ancient temples in Jerusalem. The protest organizers have played off the timing of the fast, saying Netanyahu is causing the third destruction of the Jewish homeland.

"Every single thing that is legal and nonviolent is on the



Demonstrators marched against the government's judicial-reform law in Tel Aviv on Thursday.

table," said Shikma Bressler, an Israeli physicist and one of the leaders of the protest movement. She said that could mean more strikes, and trans-

portation disruptions.

On Monday, Israel's parliament passed the first part of a broader plan to limit the powers of the Supreme Court and hand

more control to lawmakers.

Proponents of the plan say the court is controlled by liberal justices who too quickly overturn the will of the people.

and must be reined in to restore a proper balance between the branches of government. Opponents say the effort is aimed at weakening the court so Netanyahu's coalition of right-wing, ultranationalist and religiously conservative political parties can enact legislation that would destroy Israel's liberal democracy and pass legislation that would trample on minority rights and impose more religion in the public sphere.

Netanyahu and his allies say they are carrying out the will of their voters. Some coalition members have cast some of the protesters as anarchists.

"In no way is carrying out the will of the voter 'the end of democracy,'" Netanyahu said in a national address Monday. "It is the essence of democracy."

Vivian Sahar, one of the protesters out on Thursday

night, said the vote was a tipping point. "We have to topple this government. We understand now that it's 100% corrupt," she said.

The Knesset begins a summer recess Sunday, and won't return until mid-October. Netanyahu said he would continue to advance the overhaul in the fall, but would seek compromise with the opposition after failed negotiations in the spring and summer.

"The opposition won't be part of talks that are just an empty show," said Israeli opposition leader Yair Lapid on Monday.

Right-wing groups supporting the judicial legislation also have come out in big numbers at times, although there have been no large demonstrations in favor of the overhaul since the legislation passed. Many supporters of the plan say they feel vindicated by the law's passage.

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WORLD NEWS

In St. Petersburg, Putin Courts African Leaders At High-Profile Summit

By ANN M. SIMMONS
AND GABRIELE STEINHAUSER

At a two-day meeting in St. Petersburg that began Thursday with top officials from dozens of African nations, Russian President Vladimir Putin is under pressure to reassure some of Russia's closest allies that his war in Ukraine hasn't compromised the Kremlin's ability to provide military and political support to the continent.

Putin is meeting with officials from 49 African nations, according to the Kremlin—a summit that comes at a particularly delicate time for Russian-African relations.

While Putin has looked to some African nations as crucial allies in the face of Western isolation, a recent threat to his leadership at home and his decision last week to withdraw from an international deal that facilitated grain exports from Ukraine could erode that relationship.

Meanwhile, Moscow could struggle to retain its status as the biggest supplier of munitions to African nations given the enormous demands the Ukraine conflict is placing on the Russian arms industry.

Shifting relations

These pressures come as both the U.S. and China are working to increase their influence on the continent. Indeed, Chinese and U.S. trade and investment in Africa far outstrips that from Russia, whose much smaller economy is now further constrained by Western sanctions and the war effort.

"Since the invasion of Ukraine and sanctions...we have seen Russia really ramp up its engagement in Africa," said Joseph Siegle, director of research at the National Defense University's Africa Center for Strategic Studies in Washington, D.C. "The summit is a very high-profile opportunity and symbol to show that Russia isn't isolated, it maintains many friends and can conduct business as usual."

Relations between Africa and Moscow have shifted in the wake of the war, with

many African nations reluctant to condemn the invasion—a conflict that has weighed on the economies of some poor countries.

Some African nations—that share in Putin's antagonism to a U.S.-led world order—are eager to buttress Moscow in return for its continued support of their autocratic regimes. Others have adopted a neutral stance on the war, similar to many developing countries worldwide.

At the United Nations, African countries have been split on whether to support or abstain on various resolutions condemning Russia's aggression in Ukraine.

Grain deal at issue

The gathering is conspicuously smaller than the 2019 Russian-African summit. More than 40 heads of state attended that meeting, compared with 17 the Kremlin said are attending this week.

The current summit, initially scheduled for four days, was shortened to two days. Roscongress, the event's organizer, didn't respond to a request for comment to explain the reason for the truncated agenda.

Earlier this month, Putin pulled out of a summit with other major emerging markets set to be hosted by South Africa in August because of a warrant for his arrest for alleged war crimes in Ukraine issued by the International Criminal Court. South Africa would have been obliged to arrest him upon his arrival.

The fate of a U.N.-brokered grain deal will be a central topic at the summit. Last week, Russia pulled out of the agreement with Ukraine and Turkey that permitted Ukraine—one of the biggest producers of farm goods—to ship corn, wheat, sunflower oil and other goods from its ports.

Russia's withdrawal caused wheat futures prices to rise 3.4% to \$6.84 a bushel in Chicago and rattled African nations that have struggled with food insecurity and soaring agricultural prices since the 2022 start of the Ukraine war.



A missile strike on Odesa's Transfiguration Cathedral has turned more residents of the Russian-speaking city against Moscow.

Russia Destroys Its Legacy in Odesa

By MATTHEW LUXMOORE

ODESA, Ukraine—The missile razed an entire wing of Odesa's soaring Transfiguration Cathedral to the ground. The columns holding up a vast cupola that once overlooked the altar now stand at a slant, ready to give way. Murals of Christian saints are charred beyond recognition.

For the clergy of Odesa's main Orthodox church, the Russian rocket that slammed through one of its golden domes last week was a symbol of how Russia is destroying its own historic legacy in this storied city.

"They shot at themselves," said Father Yevhen Gutyr as he walked among repair and cleanup crews and surveyed the damage. "This cathedral was a symbol of Russia's presence in this city. And now the same country that blessed this church is destroying it."

Odesa has been in the crosshairs of a Russian bombing campaign since Moscow this month announced it was pulling out of an international pact allowing Ukraine to resume the grain exports that are critical for much of the world. It has been targeted with suicide drones and rockets.

Ukrainian officials say the recent strikes have deliberately targeted the port, damaging key infrastructure. The port now sits idle, hobbling Ukraine's struggling wartime economy and leaving millions of tons of foodstuffs to rot.

The bombardment also has hit the heart of the historic city center, devastating architecture that Russia considers a proud part of its own history. Odesa was founded in the 18th century by Russian empress Catherine the Great and was long considered a jewel of the empire, a melting pot of ethnic groups that descended on the Black Sea port to engage in trade.

Now, it is scarred by rockets launched by Russia.

"I want to scream for the whole world to hear: People, open your eyes—those who still sympathize with Russia, have you gone crazy?" Odesa Mayor Hennadiy Trukhanov said in an interview. "Come to Odesa and visit a bomb shelter and look into the eyes of the children and the elderly who sleep there."

Odesa's historic center was named a Unesco World Heritage site in January, in what the United Nations agency said was an effort to ensure the city is preserved from further destruction. Russia at the time condemned the decision, saying the only threat to its heritage comes from "the nationalist regime in Ukraine."

The blast wave from a rocket that slammed into a residential block near Town Hall during a missile barrage Sunday caused severe damage to several 19th-century buildings including the House of Scientists, a venue for concerts and gatherings that was preparing a museum exhibition to celebrate the anniversary of its founding.

Trukhanov, the mayor, said the city is still assessing the damage and will work with Unesco to restore it. He said the Russian strikes are an attempt to sow panic in the population and force Kyiv into talks. Instead the city remains defiant, he said, and his administration is focusing on increasing the number of bomb shelters.

Trukhanov approved the

dismantling of a statue of Catherine the Great in the city, and says he is overseeing changing Russian street names.

The strike on the cathedral, he said, has turned even more residents of Odesa, a Russian-speaking city, against Moscow. The shift is particularly symbolic because the church was until last year affiliated with the Russian Orthodox Church, whose leader, Patriarch Kirill, has backed Russia's invasion.

The Russian Orthodox Church hasn't commented on the attacks. The Russian Defense Ministry said without evidence that it was targeting places where attacks on Russia were being prepared.

"We rebuilt this church, and it became the heart of the city," said Metropolitan Agafangel, the head of the Odesa diocese. "And now a Russian rocket has destroyed everything that was created through our joint efforts, turning it into a symbol of death and hatred."

'The same country that blessed this church is destroying it.'

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Watch a Video

 Scan this code for a video on Ukraine's use of DIY drones against Russia.

Brazil Denies U.S. Extradition Request for Alleged Spy

By LUCIANA MAGALHÃES
AND LOUISE RADNOFSKY

SÃO PAULO—Brazil's government has denied a request from the U.S. to extradite alleged Russian spy Sergey Cherkasov, the Justice Ministry said Thursday.

The decision on what to do with the 37-year-old, who was indicted in the U.S. in March, is preliminary and subject to review by Brazilian authorities, a top government official said Thursday. The U.S. has charged

Cherkasov with acting as a foreign agent, visa fraud, bank fraud and wire fraud.

Brazilian authorities, who said they didn't immediately notify the U.S. of the decision, declined to elaborate on the reasons for the denial. The U.S. Justice Department declined to comment.

The denial is a blow to hopes that Cherkasov could be included in a prisoner exchange between the U.S. and Russia to free Americans the Biden administration considers wrongfully detained.

A U.S. citizen accredited to work as a journalist in Russia, Gershkovich is being held on a charge of espionage that he and the Journal vehemently deny. The Biden administration says Gershkovich isn't a spy, and it has designated him as wrongfully detained.

The extradition denial, re-

ported Wednesday by Brazilian news site Metrópoles, comes on the heels of a court ruling Monday to cut Cherkasov's prison sentence—for document fraud—from 15 years to five years. The court's reasoning was that Cherkasov's crime was a single continuous act, rather than different offenses, which entitled him to a shorter sentence.

Brazilian and U.S. authorities say Cherkasov is a native of the Russian city of Kaliningrad. He was arrested in 2022 in São Paulo, convicted in the same

year and is in a Brasília prison.

Cherkasov's lawyers told the Journal they have asked the court to let him finish his sentence outside of prison.

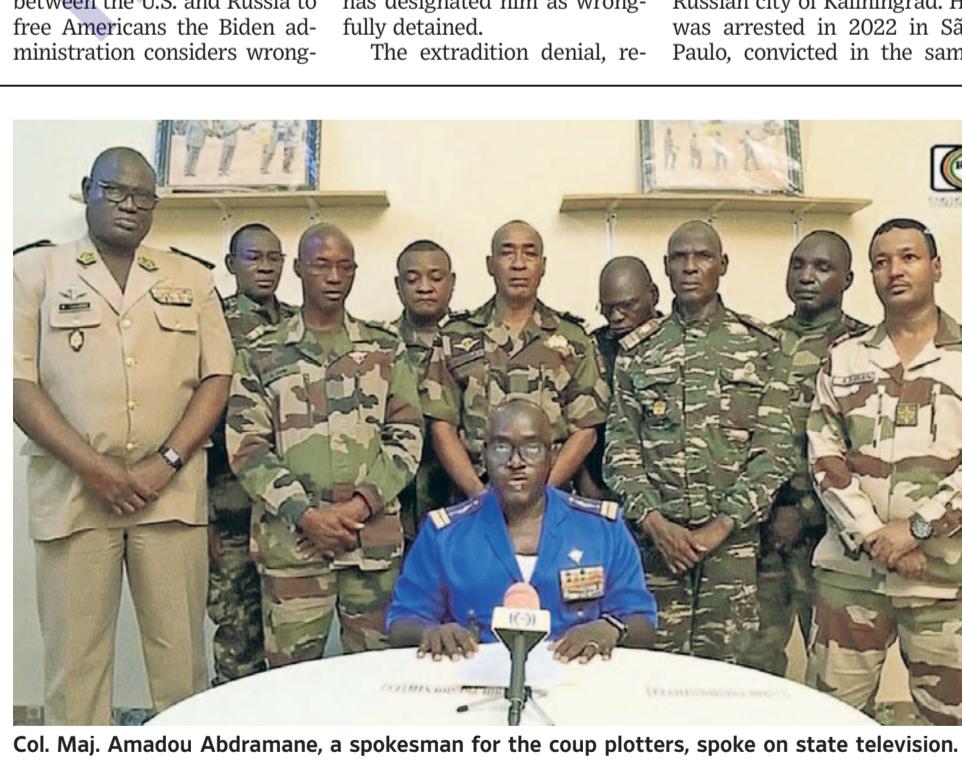
Prosecutor Janice Ascari confirmed she was told of the court's decision to reduce his penalty, and said her office might appeal.

The Justice Ministry also said it was suspending plans to carry out Cherkasov's extradition to Russia, which had been conditionally agreed to by Brazil's Supreme Court. Moscow re-

quested his extradition last year, saying he is wanted on drug-trafficking charges.

Cherkasov remains under investigation in Brazil for alleged espionage, Brazil's Supreme Court said. Brazil's justice minister, Flávio Dino, tweeted on the denial of the U.S. extradition request, saying Cherkasov would remain jailed for now.

Paulo Ferreira, one of Cherkasov's lawyers, said his client admitted to using false personal documents but denied he is a Russian spy.



Col. Maj. Amadou Abdramane, a spokesman for the coup plotters, spoke on state television.

in Niger a coup d'état, such a move seems likely.

After seizing power, militaries in both Mali and Burkina Faso ousted troops from France, the former colonial power in much of West Africa. Mali hired hundreds of Russia-linked Wagner Group fighters, who have been accused of massacring civilians and pillaging the country's natural resources.

"Niger is the last domino that we hope doesn't fall,"

said a senior U.S. intelligence official. "If it falls, I don't exactly know what you're going to do." The official said Niger was the "last major footprint" in the Sahel for U.S. and French forces.

American commanders are worried the coup will embolden militants, particularly from al Qaeda, who have launched thousands of attacks in Mali, Niger and Burkina Faso since 2017 and are now pressing south into northern areas of

Ivory Coast, Togo and Benin. U.S. and Ghanaian officials worry militants also have their eye on Ghana, a regional economic and political powerhouse with a large Muslim population in its relatively poor north.

"The political instability in Niger remains a major concern," said a senior military officer from Benin, a coastal country whose northern reaches border both Burkina Faso and Niger. "From now on, we might face increasing

activity by terrorist groups along our common border."

While U.S. officials held out vague hope Thursday that the Niger coup might yet be reversed, evidence from the ground suggests Bazoum's ouster was final. The junta faced limited opposition from loyalist segments of the army, but now has the upper hand, said former senior Niger and European officials briefed on the coup.

In a statement circulated Thursday, the Nigerian Armed Forces said its top officers decided to support the revolt to "preserve the physical integrity of the president and his family and avoid bloody confrontations" between branches of the armed forces, said Gen. Abdou Sidikou Issa, a military spokesman.

Col. Maj. Amadou Abdramane, a spokesman for the coup plotters, said in a televised announcement Thursday that all political parties had been suspended. He accused France of violating an order to close the country's airspace by landing a military aircraft at the capital Niamey's airport. Many of the foreign troops in Niger, including some of the 1,100 U.S. soldiers based there, are stationed on the military side of the airfield.

The senior U.S. intelligence

official suggested that Niger's military may still want close cooperation with the West. But, given the restrictions imposed by U.S. law, the uprising seems likely to drive a wedge between Washington and Niger.

"It's a massive blow to the U.S.," said Cameron Hudson, former chief of staff to the U.S. special envoy for Sudan. "We have vouched for this leader like no other in the region."

Secretary of State Antony Blinken visited Niger in March to announce \$150 million in humanitarian aid in what U.S. diplomats described as an attempt to showcase the benefits of choosing the U.S. over Wagner.

A post-coup break with the West could give Moscow a chance to step in with weapons and mercenaries, the way it has in Mali, according to analysts.

"Niger is now in play," said Hudson, now a senior associate at the Center for Strategic and International Studies in Washington. "It went firmly from the Western camp to a model for Russian opportunism."

Russian Foreign Minister Sergei Lavrov said the coup against Bazoum was unconstitutional. "In such cases, we always take a clear position," he said in comments posted on the ministry's website.

—Ann M. Simmons contributed to this article.

ARTS IN REVIEW



FILM REVIEW | KYLE SMITH

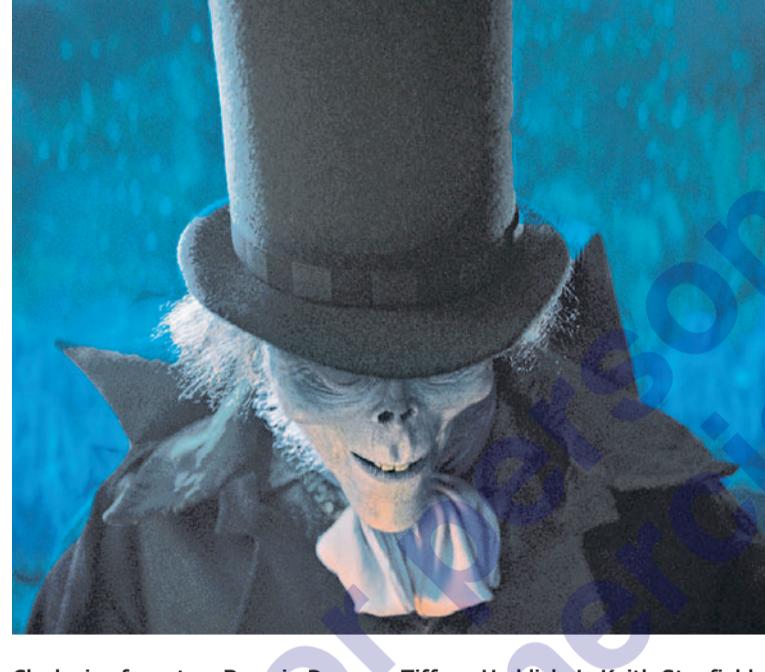
Disney Jumpstarts Spooky Season

'Haunted Mansion' is a quaint adaptation of the theme-park ride

The horror-comedy "Haunted Mansion" ventures into some appropriately scary subjects: spectral possession, lethal poltergeists and the bed-and-breakfast industry. Like the Disney theme-park attraction upon which it's based, at its best it's entertaining in a quaint, late-'60s way, which makes it a pleasant summer surprise.

The ride was made into a movie once before: 2003's "The Haunted Mansion," which told a completely different story in which Eddie Murphy played a real-estate agent hoping to sell a spooky manse. The new iteration doesn't fully renovate a creaky idea in the way that the original "Pirates of the Caribbean" movie did, and it therefore seems unlikely to generate a multibillion-dollar film franchise. Still, its throwback corniness (at one point characters trade egg puns) is appealingly contrary to the disagreeable push in Hollywood to frantically cobble together a movie composed of one blowout action scene after another.

The standout in the cast is the ever-boyish Owen Wilson as a sketchy New Orleans priest and exorcist named Father Kent who tries to help a New York doctor (Rosario Dawson) who has moved to the bayou with her young son, Travis (Chase W. Dillon), after buying a large, disused house she intends to turn into a B&B. A ghost infestation scuppers that plan, and when the priest proves unable to be of service, he tracks down a depressed former astro-



Clockwise from top: Rosario Dawson, Tiffany Haddish, LaKeith Stanfield and Owen Wilson; Jamie Lee Curtis; and an effects-laden Jared Leto as the ghost responsible for the mansion's sinister shenanigans

physicist named Ben (LaKeith Stanfield) who was working on a system for photographing spectral entities but collapsed into grief after his wife died. Ben doesn't believe in any supernatural gibber-jabber, though, and his investigation consists of pretending to take a few pictures. When he leaves, he discovers—yikes—that anyone who has crossed the threshold of the haunted mansion will forever be plagued by its resident spirits. Aided by a shady me-

dium (Tiffany Haddish) who specializes in bar mitzvah soothsaying and a jittery professor (Danny DeVito) who studies haunted houses, the crew set about uncovering the secrets of the estate in hopes of settling the souls of the ghostly dyspeptics who moaningly wander its halls.

Mr. Wilson's trademark loopy cheerfulness is the strongest element here. His Father Kent may

not be much of a clergyman—

"God, give us a break," he says as



a prayer—but he drives the plot forward with his hopeful scheming.

"There are so many bad people in the world—haunt them!" he

pleads with the ghosts. Mr. Stanfield also does good work, giving the movie its heart with a character arc that traces the stages of grieving, though the movie avoids being too morbid. Katie Dippold, who wrote the script, and director Justin Simien devise a neat way, involving a cat, to illustrate Ben's recovery process. Ms. Haddish, however, one of the funniest actresses working today, doesn't get enough opportunities, and the presence of two Oscar winners, Jamie Lee Curtis and Jared Leto, in small roles seems superfluous. Ms. Curtis (or rather her head, contained in a crystal ball) plays Madame Leota, the ghost of a psychic who explains the house's history, and Mr. Leto, barely recognizable, is the ghost who started all the shenanigans and is responsible for the long string of murders at the house.

No one involved here, including Disney, whose marketing machine seems to have shifted into low gear for the movie, is asking us to make too much of this production, which aims only to be a passable

diversion aimed mainly at little kids (and those of us old enough to remember "Bedknobs and Broomsticks," which had a similar feel and thrilled me when I was 5). I appreciated the throwback energy and old-school special effects, such as a scene in which an armchair zooms around and another in which a poltergeist interferes with breakfast by unscrewing the cap on a bottle of spices.

Like many of Disney's superhero movies, however, "Haunted Mansion" unfortunately turns into a special-effects extravaganza in its final act, which drags on for 30 minutes or so of chaos as the humans fight off a ghost army of 999 deceased wanderers who are eager to add, under the light of a full moon, a 1,000th restless soul (though what exactly will be accomplished with that round number is left a bit vague). A movie that should have wrapped up at 100 minutes instead goes on for two hours as the script runs through seemingly made-up-on-the-fly rules about the behavior of the ghosts, who despite their homicidal reputations don't actually seem to be trying to kill anyone. The more digital dead people crowd the screen, the less lively the story feels.

TELEVISION REVIEW | JOHN ANDERSON

In 'R.M.N.', Hatred Poisons the Mind

A Romanian film depicts a town's uprising against the hiring of Sri Lankans



Marin Grigore and Mark Blenyesi as father and son

ore), working the night shift at a slaughterhouse in Germany, gets a call that Rudi has stopped speaking and is ordered back to work by his boss, who calls him a "lazy [expletive deleted] Gypsy" and is promptly head-butted for his managerial aplomb. Matthias immediately flees back to Romania, police presumably on his trail.

Matthias has been absent from

sides a tutorial in survivalist skills, when the boy needs therapy and a modern future.

The personal stories are entryways into the movie, but the Gypsy slur is the first hint of what Mr. Mungiu is after in a grander sense. Mapping out the traffic patterns of European labor, Mr. Mungiu gives us a village where many—proud to have "driven the Gypsies out"—have left

themselves for jobs in other EU countries. The remaining employables won't work for minimum wage, which is what the local bakery can afford to pay without raising the price of bread. So its supervisor, Csilla, and its owner, Mrs. Dénes (Orsolya Moldován), advertise the jobs, no one applies, they look outside, and their broker comes back with the Sri Lankans. The locals recoil—they are largely Romanian-speaking Hungarians, although some, like Matthias, actually seem to have come out of the Roma gene pool and the entire town is a mix of ethnicities and languages that are overshadowed by race. Who wants black hands in their bread?

There's a mystical element to "R.M.N."—what did Rudi actually see?—and that includes a brief dive into Romanian traditions, including a Christmas pageant, and a mock battle between medieval "warriors" that involves "the uphills versus the downhills." Which is a bit like

those sheep—a gesture of metaphorical overkill by Mr. Mungiu on a point he otherwise makes with a great deal of grace and no shortage of tension or mystery.

R.M.N.
Friday, AMC+

Mr. Anderson is the Journal's TV critic.

ARTS IN REVIEW

THEATER REVIEW | CHARLES ISHERWOOD

A Bedroom Farce on Broadway

Jason Alexander directs Sandy Rustin's 'The Cottage,' a sex comedy set in 1920s England



The bedroom farce has had a wobbly history on American stages. The celebrated French farceur Feydeau was virtually never revived. The British have always had a healthier appetite for the genre, but one of the most successful of such comedies, Ray Cooney's 1983 "Run for Your Wife," which lasted nine years in the West End, was a quick fizz on Broadway, playing less than two months.

So Sandy Rustin, the author of "The Cottage," a sex farce in the classic British mold, which is even set in England, in 1923, deserves a cheer or two for bringing this rarely seen style of

comedy back to Broadway, even if the play doesn't rise into a soufflé of delightful door-slapping and tangled romantic confusion.

Performed with boisterous gusto by a cast featuring "Will and Grace" star Eric McCormack, and directed by Jason Alexander, whose years on "Seinfeld" have taught him a thing or two about comedy, the play had me smiling indulgently more often than clutching my belly. (With the exception of Michael Frayn's "Noises Off," an ingenious farce-within-a-farce seen on Broadway in three separate productions, and returning to London in September, I have never been much enamored of the form.)

"The Cottage" takes

place in an expensive-looking but not overly grand house in the countryside outside London. Paul Tate dePoo III has designed it in a cozy-cluttered style that seems appropriate, although I doubt that even a house that comes to resemble a high-end version of a hotel renting rooms by the hour would feature as the centerpiece of its drawing room a louche-looking Empire chaise longue, bright red and trimmed in gold.

As the play begins, Mr. McCormack's suavely debonair Beau and Laura Bell Bundy's lavishly affectionate Sylvia are billing and cooing—well, mostly she is—after what we learn is their once-a-year, one-night adulterous tryst. As Sylvia pouts at how little time she gets to spend with Beau, they are interrupted by the arrival of Sylvia's husband, Clarke (a funny fluster Alex Moffat, of "Saturday Night Live"), who also happens to be Beau's brother, and Marjorie (Lilli Cooper, on a sly simmer), the object of Clarke's apparently more ardent and constant adulterous affections. The awkwardness barometer has by now begun skyrocketing, since Marjorie is, ahem, Beau's wife—and she's heavily pregnant, but by whom?

While they try to sort out the disorienting ramifications of these revelations, upper lips remain stiff, cocktails and tea are dispensed, and cigarettes are smoked in large quantities. The cigarette boxes and lighters, in absurd forms, become a running gag, as when Clarke casually picks up a miniature of Michelangelo's David and appears to light his cigarette from the statue's genitalia.

But before this quartet can establish any equilibrium, two more characters join the gathering: Dierdre (a nicely daffy Dana Steingold), who is of a lower class than the rest of the characters—in fact she eventually and blithely admits she is a for-

mer prostitute—and later the husband she has just divorced, Richard (an impassioned Nehal Joshi), who may or may not be a ruthless killer. According to Dierdre, he has bumped off a series of her lovers. I won't spoil things by revealing how Dierdre and Richard figure into the plot.

The cast throw themselves into the proceedings with admirable energy; they deploy respectable British accents, although some blossom into overripeness. (I'm looking at, or rather listening to, you, Ms. Bundy.) Mr. Alexander mostly keeps the timing appropriately brisk—farce relying on bullet-train

velocity to fulfill its comic potential—and while the play isn't particularly rich in physical comedy, the occasional pratfalls are handled with aplomb.

Ms. Rustin, who wrote the popular stage adaptation of the movie and board game "Clue," widely seen at regional theaters, has clearly studied the form well. And yet "The Cottage" doesn't sustain the kind of adrenaline needed to keep non-farce-lovers from lapsing into lethargy. Once the characters are all assembled, the play slips into a lower gear as they begin exchanging quips and earnestly discussing the flaws

Laura Bell Bundy, Alex Moffat, Lilli Cooper, Eric McCormack and Dana Steingold

in their various relationships, at times repeating back to one another details the audience has long since absorbed. What began as a series of gobsmacking revelations threatens to turn into a group therapy session, minus the therapist.

It is not an inspiring sign, for instance, when the biggest laugh generated derives from a clamorous burst of flatulence, suggesting the playwright felt the need to stoop to vulgar means to goose the by-now-flagging action.

The cast performs with boisterous gusto—and mostly respectable British accents.

By the play's end the comic machinations have mostly subsided, as at least one of the women, disillusioned by the games of romantic musical chairs, finds a path to self-empowerment, and in turn inspires others to self-reflection. "One can only know one's self, when one's self is free from the restraints others impose," says perhaps the least likely character to be evincing a sudden philosophical bent.

Given the year the play is set, these developments seem more a matter of pandering to contemporary ideas than anything else. But linear logic is not a hallmark of farce, good, bad or, as in this case, indifferent.

The Cottage
Hayes Theater, 240 W. 44th St., New York, \$49-\$169, 212-239-6200, closes Oct. 29

Mr. Isherwood is the Journal's theater critic.

PUZZLE CONTEST

- 25 Rests are needed for those who are this
27 Before, to bards
28 AL-only players until 2022
30 Giant Mel
31 By way of
33 Rattled off
35 Boston paper
36 Doomed one
37 Any ABBA member, e.g.
39 "Dee-lish!"
40 Diminutive Duracells
42 Turf
43 Messi's nat.
44 "Leave ___ of this!"
46 Enjoys oneself
47 Biggest course
49 Camp craft
50 Emirati's neighbor
51 Found underground
52 Wall worker
55 Narrow opening
56 Campbell of "Party of Five"
59 Grainy photo flier
60 Writer Fleming
61 Train stop: Abbr.
62 ___ Day (May 1, in Hawaii)
63 RB stats

The WSJ Daily Crossword | Edited by Mike Shenk



FOOD GROUP | By Matt Gaffney

- The answer to this week's contest crossword is something you might say after you've gotten the contest answer.
- Across**
- 1 Peak on Armenian money
 - 7 Urgent letters
 - 11 "May I help you?"
 - 14 Japanese liqueur
 - 15 Where the congregation sits
 - 16 Hard wood
 - 17 Group that includes the Cascade, Olympic and San Gabriel Mountains
 - 19 Silicon Valley job title, briefly
 - 20 Scoped out
 - 21 Try again on, as a piece of steak
 - 23 Daybreak
 - 26 Texas and Tennessee, for two
 - 29 Tavern option
 - 30 Eavesdrop successfully
 - 32 7 a.m., noon and 5 p.m., often
 - 34 Meats are often paired with them at breakfast
 - 38 Tokyo airport
 - 39 Hibiscus relative
 - 41 "The ___ the limit"
 - 42 Diane Chambers's boss
 - 45 Algebra class tools
 - 48 Rectangular furniture
 - 49 Appear intermittently
 - 52 Trifling
 - 53 Surrounded by
 - 54 Annapolis sch.
 - 57 Photog Goldin
 - 58 How I hope you don't try to solve most contest crosswords... except this puzzle
 - 64 Binary digit
 - 65 Org. whose current champ is Man City
 - 66 Election Day sticker words
 - 67 Amman holiday
 - 68 Light gas
 - 69 Coed sport, when playing mixed doubles
 - 73 Daybreak
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SPORTS



Annemiek van Vleuten, left, is the defending champion of the Tour de France Femmes.

JASON GAY

Tour's Most Feared Rider Is Retiring

Reigning world champion Annemiek van Vleuten intends to step off her bike at season's end

 You all know I like to spend part of each July prattling on about the Tour de France, its history, and its staggering bike riders. The men's race ended in Paris this past Sunday, and I suspect the exhausted finishers treated themselves to a slice of pizza and at least half a flute of Champagne before sleeping for 100 hours straight.

But there's still a Tour de France going on—the women's race, the eight-stage Tour de France Femmes. And in this field, there's a 40-year-old cyclist from the Netherlands who has a persuasive case as the planet's best women's stage racer.

I don't say this as a hot take. I say this because she wins all the women's stage races.

Her name is Annemiek van Vleuten, and at the moment, she's

the champion of the La Vuelta Femenina in Spain, the Giro Donne in Italy, and is the defending champ at the Tour de France. That's a clean sweep (red jersey, pink jersey, yellow jersey) of the three major women's stage races.

Van Vleuten also wears the rainbow jersey as the world champion in road racing, and she's the current Olympic champion in the individual time trial. Her résumé is up there with legends of the sport, like her still-active Dutch competitor, Marianne Vos.

"An incredible career," said the Dutch men's rider Wout Poels, who won a stage at this year's men's Tour. "Annemiek's won almost everything there is to win."

Now van Vleuten, who races for the Spanish team Movistar, has a real shot to go back-to-back in France, where the Tour concludes this weekend with her two favorite endeavors: a long mountain

climb on Saturday and a time trial on Sunday.

But when the 2023 season wraps, so will van Vleuten. She's given notice that she's retiring, and she's having no second thoughts.

"No, I'm not doubting it," van Vleuten told me. "I'm in the world champion's jersey, so there's no better way. I'm happy to say goodbye. I'm making the decision—not my body."

It's a fair point. Few star athletes are able to leave on their own terms. What's unusual here is that van Vleuten is still at the peak of her sport. Like her former Dutch teammate Anna van der Breggen did in 2021, she's quitting while she can still win the biggest races.

Watch the Tour, where there's really only one question: *Where's Annemiek?* Van Vleuten's ability to suddenly leap from the pack on a

climb and ride away—she pedals hunched over, head down, looking like a bull terrier doing a 50-meter butterfly—can change the race in an instant.

Veronica Ewers, an Idaho-born rider for Team EF Education First-Easypost, has a term for a van Vleuten attack: "the 'Annemiek Bomb.'"

"It's very obvious when she's going to attack, and it's incredible that you just can't follow," said Ewers, who finished a surprise ninth in the 2022 Tour. "It's inevitable and people just try to hang on."

"Annemiek's just going to do her thing," she said. "It feels like death."

In the current Tour, van Vleuten's main rival is likely Demi Vollering, a 26-year-old Dutch rider on the powerhouse team SD Worx. Vollering, who currently leads van Vleuten by eight seconds in the

overall grand classification (the Tour winner is the cyclist who finishes with the lowest aggregate time over the week), is the rare rider who might be able to hang with "AVV" during Saturday's monster ascent of the Col du Tourmalet in the French Pyrenees.

Van Vleuten is a late bloomer—she was a university student who got a master's degree in epidemiology before taking up the sport professionally in her mid-20s. "I think it helped me to have a period in life where [I] had the freedom to develop myself as a person, without the stress of physical performance," she said of her academic life.

Originally a specialist in single-day races, van Vleuten struggled with the mental focus required for longer stage races. Until a few years ago, she was best known for a serious accident at the 2016 Olympic Games in Rio, where she was leading the race and headed to a gold medal until crashing on a late descent. Setbacks sharpened her mentally, and she's turned that tenacity into her racing edge.

"She knows how to suffer more," said the Spanish racer Mavi Garcia of the team Liv Racing Teqfind.

"Every minute you have a whole bunch of people looking for an opportunity to take time away from you," van Vleuten explained. "You need to be super sharp."

The mental aspect of high achievement is a topic which fascinates van Vleuten. She began working with her own mental coach more than a decade ago, and wants to work in the field upon her cycling retirement. "It's more interesting than the physical side," she said. She's not just interested in advising athletes.

"Young professionals in business can also be high performers," she said. "They have the same tendencies. They strive to be perfect. But one of the lessons I learned is that, if you strive to be perfect, you don't get a lot of happiness."

I tried circling back to the retirement question.

Next year is an Olympic summer, with the 2024 Games taking place in Paris. Van Vleuten acknowledged that had the Olympic course been a long mountain grind like Alpe d'Huez, she might have considered giving it a go. Instead it's a punchy, hilly course in the city, which doesn't play to her strengths.

She's made her decision. She will ride away, hopefully in another yellow jersey, after a signature "Annemiek Bomb."

"It's a good moment," van Vleuten said. "I feel strong."

ALEX BROADWAY/GETTY IMAGES

Colorado Is Set to Move From Pac-12 to Big 12

BY LAINE HIGGINS

THE NEVER-ENDING realignment of big-time college sports is poised to take another major step, as the University of Colorado has taken steps toward leaving the Pac-12 Conference to join the Big 12 for the 2024-25 academic year. The university's Board of Regents held a special session on Thursday and voted unanimously to authorize the move.

The move, when it is completed, would continue a years-long reshuffle in which schools seek to align themselves with the most powerful and lucrative conferences, sometimes at the expense of decades of tradition. Recent summers have seen Oklahoma, Texas, UCLA and Southern California announce plans to relocate.

In this case, Colorado will rejoin

The Big 12 is looking to keep pace with the Big Ten and SEC

Pac-12.

It's also unclear what happens next to the Pac-12, which for the moment has only nine members committed to staying in the league.

The Big 12's membership was already in a period of bracing transition. The conference will comprise 14 teams for the upcoming 2023 season, then shrink back to 12 ahead of the 2024-25 academic year. The Big 12's new television contract with Fox and ESPN, worth approximately \$2.28 billion over six years, takes effect in 2025. It is not clear if adding a 13th member would change the value of the deal.

Colorado's departure is the latest domino to fall in an age of major college athletics during which a handful of marquee programs have



Colorado will rejoin the Big 12, which had been the Buffaloes' home before it bolted for the Pac-12 in 2011.

renounced their conference affiliations every summer since the pandemic began in 2020. First in 2021, Texas and Oklahoma bolted from the Big 12 to the SEC, sparking a flurry of moves at the mid-major level as the Big 12 backfilled their departing members with BYU, Central Florida, Cincinnati and Houston.

Then, in 2022, UCLA and Southern California bucked geographic convenience in the Pac-12 to join the Big Ten, a better resourced league on its way to signing a record television deal. Unlike the Big 12, however, Pac-12 commissioner George Kliavkoff didn't immediately move to add new members and signaled that his league's remaining 10 schools were in lock-step about their future.

Last week, at the Pac-12's football media day in Las Vegas, Kliavkoff reiterated that message. "We are bullish about the Pac-12's future and our opportunities for long-term growth, stability and

success," he said in his opening remarks.

Kliavkoff, however, didn't have an update on the conference's efforts to strike a new television broadcast deal, which he has been working on for over a year. The Pac-12's current agreement with ESPN and Fox, worth approximately \$3 billion over 12 years, expires in 2024.

"We already have significant interest from potential partners including both incumbents and new traditional television and most importantly digital media partners," Kliavkoff said.

He acknowledged a gap in per-school revenue that exists between members of the Pac-12 and college sports' richest conferences.

According to federal tax filings, the Pac-12 distributed roughly \$37 million to member schools during the 2021-22 fiscal year; SEC schools received between \$49.7 and \$50.4 million in conference distributions during that period and stand to

make significantly more once the league's new contract takes effect in 2024.

In this age of TV deals that pay conferences hundreds of millions per year, being aligned with the league that distributes the most money is seen as the easiest way to ensure a program's finances and, in turn, ability to field championship caliber teams.

This figures to be a driving force behind Colorado's restlessness.

In May, Colorado athletic director Rick George said in an interview with BuffZone, "In a perfect world, we'd love to be in the Pac-12, but we also have to do what's right for Colorado at the end of the day."

Kliavkoff acknowledged this last week, saying that he had spent much of the summer "trying to defend against grenades that have been lobbed in from every corner of the Big 12 trying to destabilize our remaining conference."

DAVID ZALUBOWSKI/ASSOCIATED PRESS

OPINION

Hunter's Sweetheart Plea Deal



POTOMAC WATCH
By Kimberley A. Strassel

U.S. Attorney David Weiss is now offering to testify publicly in front of the House, and Republicans may need to book him for a week. It could take that long for the Delaware prosecutor to unwind his office's growing list of Hunter Biden special favors, not to mention its half-truths and outright dissembling.

The latest example came Wednesday in a Wilmington courtroom, as U.S. District Judge Maryellen Noreika exposed the gaping irregularities in what the press had insisted was a routine plea deal with Hunter Biden. The Justice Department had refused to release the agreement, so it was extraordinary when the judge explained that the provisions giving Hunter a wrist-slap for tax and gun charges were "not straightforward," "atypical," without legal precedent and potentially unconstitutional. Not only does the Justice Department stand accused of treating the young Mr. Biden with kid gloves; a federal judge now says the president's son received a sweetheart plea deal like no other.

This included Hunter's deal related to his gun offense, in which the charge would be dropped so long as Hunter didn't use drugs or own a firearm for two years in a diversion program. In normal cases, Justice Department personnel would decide whether terms had been violated. But Hunter's team, worried that a

future Republican administration would get to make that call, netted a unique deal that put the judge in charge of the question. Defense lawyer Chris Clark acknowledged this was a special proviso for Hunter, given the controversy surrounding the case and the potential for a "politicized" decision down the road. Yet Judge Noreika said the perk was so unusual as to be potentially unconstitutional, as it essentially granted her prosecutorial powers that belong to the executive branch.

Justice Department officials didn't count on IRS whistleblowers or a skeptical judge.

The judge was also taken aback by a deal that was structured to require her to "rubber stamp" pretty much all of it—stripping out a judge's usual ability to modify or reject provisions. How many defendants cajole their prosecutors into attempting to insulate them from a judge's oversight? Not many who aren't named Biden.

But the big moment came when Judge Noreika asked about a curious immunity clause that would appear to shield Hunter from additional charges tied to the conduct described in the plea agreement. She asked if he might still face prosecution for, say, a violation of the Foreign Agents Registration Act. Mr. Weiss's team—having publicly claimed that its investigation is "ongoing"—clearly felt it

had no choice but to acknowledge he might. This shocked Hunter's defense team, which objected. Things fell apart from there.

Blame this mess, yet again, on prosecutors. There's good reason to believe the Team Hunter surprise about immunity was legit. What defense lawyer allows his client to sign a plea deal—to negotiate away any leverage—knowing that even tougher charges may still come? Whatever its public statements, Mr. Weiss's office had clearly led Hunter's team to believe the probe was wrapped up. Judge Noreika's demand for legal clarity looks to have exposed a wink-nod deal.

The claim of an "ongoing investigation" has been highly convenient for the Delaware U.S. attorney. It allows the Justice Department to keep dodging congressional questions about the investigation of Hunter's business activity—since officials claim they can't talk about active probes. The need for such stonewalling has grown more acute now that two Internal Revenue Service whistleblowers have provided detailed testimony on the irregularities of the investigation. It's so acute that the Weiss team decided that maintaining the claim of a continuing probe was worth the risk of jettisoning whatever handshake immunity agreement they had made with Hunter's team.

Yet with the deal now in limbo, Mr. Weiss has an even bigger mess. Judge Noreika instructed the parties to return in several weeks with clarity on her role and details about Hunter's risk of further prose-

cution. This gives Republicans more time to inform the judge about problems with the investigation. It's also entirely possible that Hunter's team won't agree to any revised provisions that treat their client like other mere mortals.

The Justice Department on Monday offered to make Mr. Weiss available for public testimony in front of the House Judiciary Committee on specific dates in September and October. The letter was sent on the presumption that the Hunter plea deal would by then be done and dusted, which would have allowed Mr. Weiss to speak to this settled "justice" while artfully dodging questions about live issues. Now the Hunter deal remains open, its special perks in focus, and Mr. Weiss is under pressure to give the court even more ugly details.

In short, the Justice Department has been caught playing games—and has no good answers. That's because it never expected to have to give any. The Hunter deal was always premised on the notion that nobody would see the sausage. The Justice Department would release the bare bones of an agreement, the press would infuse it with credibility, and the judge would sign off. It didn't count on two whistleblowers providing evidence of political favoritism, or on a court that questions why prosecutors are acting as a Hunter favor factory.

All the more reason for House Republicans to double down on their own investigation. Lady Justice isn't operating blind.

Write to kim@wsj.com.

Muslims vs. Democrats: A Story of Betrayal

HOUSES OF WORSHIP
By Shadi Hamid

Hamtramck, Mich., a Detroit enclave with 28,000 people, has the first all-Muslim City Council in American history. When it was inaugurated in January 2022, no one expected it to get crosswise with local Democrats. Yet local liberals have erupted against the council in a clash that is a microcosm of the national battle over religious freedom, tolerance, and the future of the Democratic Party.

The council passed a resolution in June prohibiting gay-pride flags from being displayed on city property. Former Mayor Karen Majewski described the decision as a "betrayal." She and other Democrats felt they deserved gratitude for defending and supporting Muslims against Donald Trump's travel ban on some Muslim-majority countries.

The Trump era brought major gains for American Muslims. After Barack Obama largely kept them at arm's length during his presidency, the Democratic Party embraced Muslims as a core constituency in its patchwork coalition of minority groups. For a time, being loudly and ostentatiously pro-Muslim was a reliable way to signal one's anti-Trump bona fides. According to a 2016 survey by my Brookings Institution colleague Shibley Telhami, few things predicted partisan affiliation

more accurately than attitudes toward Muslims and Islam.

But Muslims who were brought into the Democratic tent didn't necessarily align themselves with the party's evolving views. Asma Uddin, in her book "When Islam Is Not a Religion," describes "a tacit agreement that Muslims, as religious believers, will never challenge any of the rights championed by the Left, such as a progressive vision of gender or sexual equality."

Muslims became an integral part of the party not as a faith community with distinct theological commitments but as a "marginalized" group requiring protection from Republican bigotry.

For a time the bargain appeared to be holding and even solidifying. According to a Pew Research Center survey, in 2017 only 27% of American Muslims said homosexuality should be "accepted by society." By 2016 that number had jumped to 52%. Many Muslims justified the shift by arguing that while same-sex relationships may be *haram*—forbidden by Islamic law—they weren't so under American law.

But during the Trump years, the Democratic Party veered sharply to the left on social and cultural issues. The Republican Party lost interest in Muslims, with Mr. Trump neglecting to antagonize them during his 2020 re-election bid. The new enemy was "wokeness," and a growing

number of Muslims found themselves on the GOP side of that divide. According to the AP VoteCast Survey, as many as 35% of Muslims voted for Mr. Trump in 2020, compared with 8% to 13% in 2016.

The Democratic Party's cultural turn has intensified. In March the Montgomery County Board of Education—the largest school district in Maryland, in a Democratic

Disputes over sexual ideology put to a test the left's commitment to cultural diversity.

stronghold with a significant Muslim population—informed parents that they would no longer be notified when their children were reading from the school's approved "selection of over 22 LGBTQ+-inclusive texts," and that no opt-outs would be tolerated. Hundreds of Muslim parents have since sounded out in protest, some of them joining Christians in filing a First Amendment lawsuit against the mandate.

The kind of Islamophobia not so long ago associated with the GOP is now making an appearance among Democrats. Montgomery County Council member Kristin Mink said that this issue casts "some Muslim families on the same side of an issue as white supremacists and outright big-

ots." In Hamtramck, Ms. Majewski, who lost her re-election bid in 2021, sounded a similar tune: "We supported you when you were threatened—and now our rights are threatened, and you're the one doing the threatening."

The left's dismissal of Muslims as bigots echoes old right-wing insinuations that Muslims were more loyal to Shariah than to their country. Yet when Hamtramck's City Council passed its ordinance, it did so by appealing to love of country and liberal neutrality, letting only national, state, city and prisoner-of-war flags to be flown. Mayor Amer Ghalib argued that the city government should maintain neutrality on contentious religious, racial and political questions.

Republicans doubtless sense an opportunity to make common cause with minorities while driving a wedge in the Democratic coalition. It's easy enough for the left to dismiss white evangelical Trump supporters. But when the party does the same to Muslims, who for years had been loyal Democrats, it demonstrates its disrespect for actual cultural diversity.

Mr. Hamid is a senior fellow at the Brookings Institution, research professor at Fuller Seminary and author, most recently, of "The Problem of Democracy: America, the Middle East, and the Rise and Fall of an Idea."

Heavy Reading at Books by the Pound

By Bob Greene

Summer reading season is at its peak, and a buddy who lives in central Arkansas was telling me about the books he plans to enjoy while the sun is high in the sky.

It wasn't the titles of his selections that intrigued me, though—it was the place where he said he'd purchased them: a store called Books by the Pound.

I thought he was kidding. But in the town of Searcy, Ark., population 23,000, a stand-alone store is doing something that might jolt the traditions of the genteel literary world.

As Americans feel the pinch of inflation and reconsider their spending habits, Books by the Pound sells used books the way a grocery sells ground beef or a deli sells chicken salad. Instead of "Give me a pound

and-a-half of pastrami" or "I'll take 2 pounds of cole-slaw," though, it's "Give me 3 pounds of William Faulkner and a couple pounds of Mary Higgins Clark."

"My business background is in recycling, not books," said Richard Howell, the store's co-owner. He explained that millions of books each year go unsold in retail outlets or are tossed out by their owners and end up in garbage cans or crushed into pulp. Second-hand shops and online merchants have become the final home for many of them.

In Searcy, he and his co-owners have made a bet on a different business model. The price on the cover of a book is irrelevant at Books by the Pound. The only way a customer can purchase books is by weighing them on the scales by the cash registers.

"It's \$1.50 a pound," Mr. Howell said. "The best deal

for customers is the empty boxes we provide, which can hold 40 or more pounds of books. It's \$30 for a box of books, flat fee. You can get at least 40 books into one of those boxes."

At a store in Searcy, Ark., volumes are measured by weight.

There are around 100,000 books always in stock, and each week an additional truck full of used books pulls up to the store's loading dock. Inside, the store's shelves and bins are divided into categories: religion, fiction, history, romance, sci-fi, biography, Westerns and many more. But some customers just ask for a random box of books from mixed categories. For \$30, they figure it's like a treasure hunt—

there's bound to be something in the box they'll enjoy.

"People love to read, but money can be tight these days," Mr. Howell said. Selling literature by the pound means that a slim volume by a Nobel laureate will be less expensive than a 400-page guide to refrigerator and air-conditioning repair, but he feels there is nothing undignified about the store's business model. The important thing, after all, is that books end up being read.

The store in Searcy is currently a one-off, but the owners are talking about expanding to other towns where readers might like to take home six or seven pounds of leisure reading. "It sounds like a simple concept," said Mr. Howell. "But sometimes those are the best."

Mr. Greene's books include "Chevrolet Summers, Dairy Queen Nights."

BOOKSHELF | By Benjamin Shull

All Rise For the Judge

62: Aaron Judge, the New York Yankees, and the Pursuit of Greatness

By Bryan Hoch
(Atria, 350 pages, \$29.99)

Two stars of Major League Baseball's American League had spectacular seasons last year. Aaron Judge, the slugging outfielder for the New York Yankees, broke the AL's single-season home-run record with 62 longballs. Shohei Ohtani, the two-way phenom for the Los Angeles Angels, hit 34 homers while winning 15 games as a pitcher, posting an excellent 2.33 earned-run average and striking out 219 batters.

Judge was named the AL's Most Valuable Player; Ohtani's dual performance, remarkable though it was, merely drew eyes to a franchise that otherwise floundered

all year. Judge's heroics helped the Yankees, who got off to a rollicking start, survive a lackluster second half and hold on to a playoff spot. He was key to the team's success.

Breaking home-run records is a Yankees business. Babe Ruth swatted 60 homers during the 1927 season, which ran 154 games. That record stood for 34 years, until Roger Maris hit 61 during the 162-game 1961 season. (He broke the record during a 163rd game, played to make up for a tie in

April.) Though National League sluggers Mark McGwire, Sammy Sosa and Barry Bonds put up cartoonish home-run totals at the height of the steroid era in the late '90s and early 2000s, Maris's AL mark stood until last October, when Judge belted his 62nd dinger of the year against the Texas Rangers at Globe Life Field in Arlington.

Bryan Hoch, who covers the Yankees for MLB.com, recounts the magic in "62: Aaron Judge, the New York Yankees, and the Pursuit of Greatness." The book, which features an admiring foreword by Roger Maris Jr., follows the arc of one of the most impressive offensive seasons in recent memory. Judge also happens to be one of the most likable and admirable figures in baseball, an ideal face of the game.

A three-sport athlete from Linden, Calif., Judge, now 31, was drafted by the Yankees in 2013. He made his major-league debut in 2016 and set a single-season rookie record with 52 home runs in 2017, a tally broken a couple of years later by fellow New York slugger Pete Alonso of the Mets. Though Judge would battle injuries over the next few years, he was a reliable home-run threat, though he never challenged the gaudy total he put up in 2017. Until last year.

Mr. Hoch alights on all 62 of Judge's home runs, listing the exit velocity, distance traveled and launch angle of each, as well as the opposing pitcher and number of runners batted in. The approach underscores the full extent of Judge's home-run prowess. His 10th homer was a three-run walk-off shot at home against the Blue Jays in May that left the bat at 112.5 mph. His 19th was a solo shot off Ohtani in a June game against the Angels. In July he crushed his 36th homer 465 feet in Camden Yards, the home of the Baltimore Orioles. His 42nd, by contrast, was a 364-foot line drive into the shallow right-field porch at Yankee Stadium. Launched at a 22-degree angle, it would not have been a home run in any other major-league park.

A homer-by-homer recap of New York Yankees slugger Aaron Judge's record-breaking 2022 season.

At the start of the season, Mr. Hoch points out, Judge turned down a \$213.5 million offer; he would later express some frustration that the Yankees' front office made the number public. Judge's decision to test out free agency paid off in the wake of his MVP season. After some off-season drama about where he'd land—for a moment it seemed he was going to be a San Francisco Giant—Judge signed with the Yankees for nine years and \$360 million. His record-breaking year was not only a performance for the ages, but a massively lucrative bet on himself.

Judge tied the record in Toronto with his 61st longball off the Blue Jays' Tim Mayza on Sept. 28. It took him another week to break the record in Arlington against the Rangers' Jesús Tinoco in the penultimate game of the regular season. The most palpable feeling, aside from jubilation, was sheer relief. Roger Maris Jr. chimed in on Twitter, declaring Judge the new "clean" home-run king, and lauding the slugger as "all class" and "someone who should be revered."

Aside from interludes revisiting the elder Maris's 1961 season, much of the book consists of a day-to-day recap of the 2022 Yankees season, with Judge's home-run chase as the throughline. The author's inclusion of advanced metrics will please stat nerds, though the book is also padded with a lot of game summaries and quotes, from Judge and teammates, of a similar nature. At times it can feel as drawn out as, well, a full season of major-league baseball.

The book, like the 2022 Yankees, has a sad and familiar denouement—defeat in the playoffs to the hated Houston Astros, who also beat the Yankees in 2017 and '19. Mr. Hoch quotes manager Aaron Boone after his team got swept in the league-championship series: "I said we needed to slay that dragon. We haven't done it yet, and that hurts." Judge's historic season was a small consolation in the immediate aftermath of another playoff exit at the hands of Houston.

Judge figures to be a Yankee for life, and was named the team's 16th captain after signing his massive deal in December. He was having another remarkable year (19 homers!) before a toe injury sidelined him in early June. The Yankees offense has sputtered without him, though he now appears close to returning. He's been missed.

Mr. Shull is a books editor at the Journal.

Coming in BOOKS this weekend

William F. Buckley Jr., sailor and adventurer • The 'Project State' and its rivals • Ann Patchett's novel of kiss-and-tell • An artists' community in midcentury Manhattan • A Nobel laureate's mad Madrid • Tom Nolan on mysteries • & more

OPINION

REVIEW & OUTLOOK

Ron DeSantis at a Crossroads

The headlines say Ron DeSantis's presidential campaign is in an unrecoverable dive, even as the primaries are months away. But the Florida Governor can still decide to run as the successful executive he is, if he broadens his public appeal and articulates a governing vision and agenda to revive the country.

Gov. DeSantis has let go about one-third of his campaign staff, as the press has noted with obvious delight. The Governor is polling at about 18% in the Real Clear Politics average, down from 30% in January. Democrats have since made an in-kind donation to Donald Trump's campaign by indicting the former President, which no doubt revived some of his support in the polls.

* * *

Why isn't Gov. DeSantis breaking through? Florida is booming, and Americans are pouring over the border seeking asylum from progressive states. The Governor was brave and correct on a major test of executive leadership: The Covid-19 pandemic. He had the courage to open schools and businesses in 2020, and he was vindicated on the merits and rewarded by voters. He's won the Hispanic voters Republicans need to prevail in national politics.

The mystery is why the Governor has been running a narrow campaign aimed at a fraction of GOP primary voters. An illustration was the odd decision to launch his campaign in a Twitter chat with Elon Musk. Most Americans have the good sense not to spend time on Twitter, and he missed a chance to introduce himself to new voters in a speech that explained his reasons for running.

The Governor has too often catered to putative conservative populists who want to unleash the force of government to "own the libs" and win the culture war. Take the example of Bud Light. The beer's sales have been in free fall since a brouhaha involving a marketing campaign and a transgender social media personality.

Gov. DeSantis might have simply noted that Americans don't want to be lectured about gender identity while drinking beer, and offered the case as a cautionary tale for corporate executives wading into live political debates. Mission accomplished. But no. The Governor is now threatening to pummel Anheuser-Busch InBev with lawsuits.

This week the Governor has been hooted

down for floating in an interview that as President he might unleash anti-vaccine crusader Robert F. Kennedy, Jr. on the Food and Drug Administration or the Centers for Disease Control and Prevention. Running against the measles vaccine is not a platform that will excite suburban America. Many voters will conclude Mr. DeSantis is simply pandering to what a small but loud faction of Republicans wants to hear.

This was an unforced error that raises larger questions about the Governor's ability to beat Mr. Trump. The former President is a target-rich environment for criticism. But Mr. DeSantis has for some reason decided to attack Mr. Trump on vaccines and as a "pioneer" in promoting "gender ideology."

Gov. DeSantis is set to give a speech on the economy, and it's an opportunity for a fresh start. Americans don't feel better off than they were four years ago, and President Biden's gusher of federal spending that fueled inflation is one reason.

Mr. DeSantis can flesh out his "great American comeback" into a plan for price stability, lower taxes for all rather than for the politically favored, lower prices from unleashing American energy, and healthcare reform to give Americans more choices. He can set a target of 3% growth in GDP without inflation to lift the real wages of all Americans.

He can also connect economic revival with restoring American defenses in a dangerous world. The Governor has said China is the biggest threat to America, and he'd be doing the country a favor if he made rebuilding a vulnerable military and winning economic competition with China a central theme. So far he's settled for gimmicks like blocking the purchase of U.S. land by Chinese nationals.

* * *

Gov. DeSantis's many accomplishments in Florida—on school choice, public unions, and more—will have greater political resonance when they are part of a larger message of national renewal. The Governor can't beat Mr. Trump by running as a more competent, sane version of Trump. He has to offer voters something better.

Mr. DeSantis turned a narrow first gubernatorial win into a blowout re-election in a competitive state. A record that compelling would be a terrible thing to waste on a campaign based on right-wing grievances.

A Mountain Valley Pipeline Miracle

The Mountain Valley Pipeline's legal saga may be coming to a close at long last after the Supreme Court on Thursday vacated a Fourth Circuit Court of Appeals order halting construction. This is a welcome rebuke to willful lower-court judges and a bow to Congress's clear statement in law.

The 304-mile pipeline to deliver natural gas from Appalachia to the Southeast was first proposed nine long years ago. While the pipeline is now 94% complete, its costs have since doubled to \$6.6 billion amid legal snarls. The same three Fourth Circuit judges—Stephanie Thacker, James Wynn and Roger Gregory—have repeatedly struck down permits.

Enter Congress, which inserted a provision in the debt-ceiling legislation in June requiring the U.S. Army Corps of Engineers to issue all necessary permits and exempting government approvals from judicial review. The law also vested the D.C. Circuit Court of Appeals with exclusive jurisdiction to hear constitutional challenges to the law.

Congress couldn't have been clearer: Courts were prohibited from reviewing any agency approval "whether issued prior to, on, or subsequent to" the law's enactment and "any law-

suit pending in a court." The D.C. Circuit "shall have original and exclusive jurisdiction over any claim alleging the invalidity" of the measure or "an action is beyond the scope of authority conferred" by it.

Nonetheless, environmental groups challenged the pipeline's federal permits, as they always do, arguing that the debt-ceiling measure is unconstitutional because it allegedly mandates "legal victory" for the pipeline—never mind that Congress can restrict the jurisdiction of lower courts. The three Fourth Circuit judges again ordered a halt to construction.

Pipeline developer Equitans Midstream Corp. appealed to the High Court, warning that even a short pause on construction would prevent the pipeline's completion in time to "deliver natural gas to the customers who need it this winter." The Biden Administration submitted a brief arguing the Fourth Circuit's conclusions are "demonstrably incorrect."

The High Court's order on Thursday effectively removes the final legal barriers to the pipeline's completion. But note to Congress: It shouldn't take nine years to build a pipeline. Reforming the 1970 National Environmental Policy Act is needed to avoid similar fiascoes.

The Resilience in the GDP Data

It's been a while since one could use the word "normal" to describe the U.S. economy, which makes Thursday's gross domestic product data welcome. What's emerging is a picture of a resilient American marketplace—if Washington doesn't get in the way.

The economy grew 2.4% on an annual basis in the second quarter, according to the Commerce Department's first estimate, up from 2% in the first quarter. Consumer spending again was a big contributor to growth, accounting for 1.12 percentage points. This is down from the consumption share of GDP in the first quarter, which saw a surge in purchases of durable goods, but it's notable that consumers still spent more even after a bumper quarter.

Private investment filled the gap from the slower increase in household spending. A contraction in such investment, especially for business equipment, dragged down growth in the first quarter. Not this time, with nonresidential fixed investment growing 7.7% at an annual rate and contributing almost a full percentage point to gross domestic product.

The caveat is that some of this, especially investment in nonresidential structures such as factories, may be a response to Washington's industrial policies such as the Chips Act. This will steal growth from the future if some of these projects turn out to be uneconomical, as

often happens when government subsidies are involved.

The U.S. economy almost looks normal for the first time in a while.

Still, this quarter's data offer a tease of what a healthy U.S. economy would look like. The key is strong household consumption, along with a pivot out of residential real-estate (that perennial economic sugar high that fell 4.2% on an annual basis in the quarter) and into business investment that can increase productivity, create jobs and boost wages in the future.

One lesson is that this is possible with higher interest rates—or perhaps because of them. To the extent higher rates are pulling capital out of unproductive uses and creating incentives to save and invest rather than spend, the GDP report shows how to reduce inflation without causing a recession. Personal-consumption-expenditure inflation excluding food and fuel, the measure the Federal Reserve follows, was 4.4% compared to the same quarter last year, down from 4.6% last quarter.

The economy has grown 2.6% in the last year since it barely dodged recession in the first half of 2022, and the onus is on Washington to let the economic momentum roll. Seeing how private investment can help buoy the economy, the trick will be to encourage more of it with fewer rules and taxes and let companies and entrepreneurs find the best opportunities.

LETTERS TO THE EDITOR

Teachers Are Leaving. Students Are Left Behind

Your editorial "The Post-Pandemic Teaching Loss" (July 21) reminds me that this year is the 40th anniversary of the landmark Education Department report "A Nation at Risk." It famously concluded, "If an unfriendly foreign power had attempted to impose on America the mediocre educational performance that exists today, we might well have viewed it as an act of war." What, if anything, has changed over the past four decades?

We are now raising our third generation of students and second generation of teachers in this system. We talk of "education reform" as if there is something left to reform. I grew up in this system too, yet the most important books I ever read came from my dad's bookshelf, not the classroom.

NATE BRADEN
Denver

low, it's no wonder many teachers are choosing less stressful, more appreciated work elsewhere.

My question is: Who is going to teach in all the private schools popping up to take advantage of vouchers? I've worked in private and public schools, and private schools pay much less and have poor or non-existent retirement benefits. What makes your editorial board so certain vouchers are the answer if good teachers are already so hard to find?

SARA STEVENSON
Austin, Texas

The educational system in New York was having enough trouble before Covid. Now, serious issues face the postpandemic classroom. Where the money allocated to address these issues ended up is a mystery to me. Let me give you some examples:

In my college classroom, I have seen students who couldn't add 50-plus-30, or compute 10% of 1,000, without aid of a calculator. Most of my students are one to three years behind in the "three Rs": reading, writing and arithmetic.

I was told by a New York City teacher that she had a student in the fourth grade who couldn't write her full name on a piece of paper. She was functionally illiterate.

ERIC ROTHENBURG
Brooklyn, N.Y.

All in the President's Family: Can We Judge?

How clever of Lance Morrow to dodge responsibility for his own views by invoking the Greek historian Herodotus as the hypothetical teller of the story of the personal tragedies of President Biden ("The Tragedy of Hunter Biden and the Daughter He's Never Met," op-ed, July 24). It then seems effortless for Mr. Morrow to profess that he knows the most righteous path of behavior for Mr. Biden to cope with immense sorrow and tragedy. Mr. Morrow entertains us with detachment, and without the burden of empathy, in his proposed solutions to the personal devastation within the Biden family.

WILLIAM GOLDMAN
Los Angeles

but I think Mr. Morrow is much too lenient on the rest of the Biden family. First lady Jill Biden's allowing six Christmas stockings to be hung for grandchildren—and one for the dog—was insulting. The president boasts that he has six grandchildren and loves them with all his heart.

As a mother of four, grandmother of seven and great-grandmother of 10, I can attest that the supply of love is inexhaustible and not something that can be stretched only so far. Jesus said, "Suffer the little children, and forbid them not, to come unto me." The Bidens would do well to heed that admonition. Regardless of any dirt Congress can dig up on the Bidens, their treatment of little Navy Joan says all we need to know about the Biden family.

Joyce Coles
Winder, Ga.

I agree on Hunter Biden's mistreatment of his daughter, the president's unacknowledged seventh grandchild,

Behind the Protests in Israel for 'Democracy'

Regarding your editorial "Israel's Judicial Panic Attack" (July 25): If we strip away all the rhetoric and demagoguery, most everyone in Israel knows that the country's judicial branch needs rebalancing. Opposition leader Yair Lapid said as much a few years ago.

What is really behind the protests is fear of an autocratic and theocratic government, real or imagined, and the possible loss of power for the first time in the nation's history of

Whitehouse's Hypocritical Attack on the Supreme Court

Your editorial "The Sheldon Whitehouse Ethics Mirror" (July 22) objects to partisan efforts to smear Supreme Court justices with an "ethics" bill and points out the oddity that the bill's loudest advocate, Sen. Sheldon Whitehouse (D., R.I.), criticizes justices whose wives are politically active. The senator's criticism is odd because his own wife has earned more than \$3 million from nonprofits whose legislation he's supported, as our Influence-Watch website documents.

There is nothing inherently wrong with having a spouse working in a related field. That's common in Washington and in many industries. But if Mr. Whitehouse wants to make this an ethics issue, without hypocrisy, he'll have to ask his wife to abandon her career so he can pursue his.

KEN BRAUN
Capital Research Center
Washington

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there will be real negotiations in this period. If not, then the straw man will be exposed for all to see.

FRED EHRMAN
New York

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RUTH BEEDLE
Platte Woods, Mo.

Gen Z's Flight From Anxiety

Once again, I enjoy Suzy Welch's writing about generational issues. Her latest on "Lazy Girl Jobs' Won't Make Gen Z Less Anxious" (op-ed, July 24), brings to mind a scene in "A League of Their Own":

Dottie: "It just got too hard."

Jimmy: "It's supposed to be hard."

If it wasn't hard, everyone would do it. The hard is what makes it great."

Most of us find that the greatest satisfaction in life comes from facing the greatest challenges. There is always a measure of anxiety in doing so.

PHILIP J. SCHNEIDER
Scottsdale, Ariz.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Remember to reach behind those back molars."

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OPINION

How Biden Can Get Antitrust Right

By Jason Furman

And Carl Shapiro

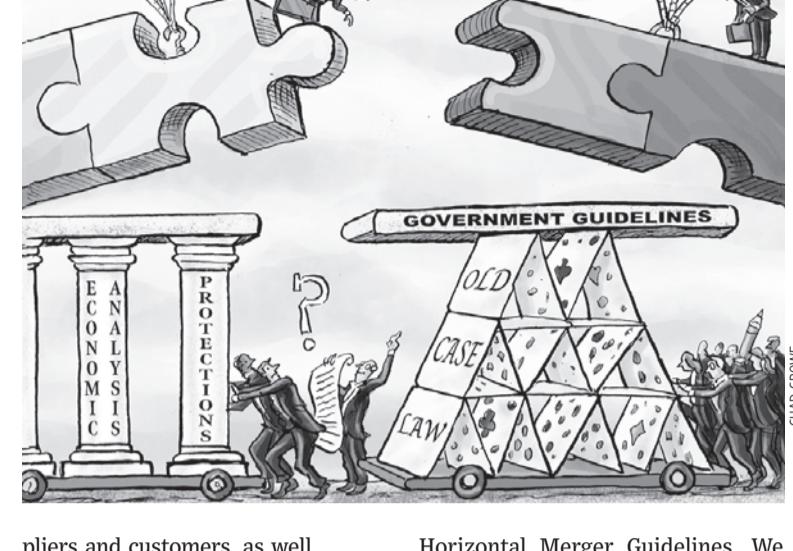
President Biden has rightly put a renewed emphasis on merger enforcement, but his antitrust enforcers have compiled a weak record in federal court. Updated merger guidelines could help turn this around and advance Mr. Biden's goal of more-vigorous competition enforcement. But a draft released last week focuses on outdated legal precedents and a presumption that growth by large and successful firms is undesirable. Regulators should revise the draft to focus more on economic analysis that is consistent with case law and the goal of protecting consumers and workers.

Merger enforcement is a balancing act. Mergers can give companies leverage to raise prices, squeeze employees and reduce innovation. But they can also reduce prices, benefit workers and accelerate innovation by allowing companies to replace weak managers and

New draft competition guidelines released last week need revision. Not all mergers are bad.

exploit economies of scale and scope. Mergers can advance competition by ensuring that smaller competitors are viable or enabling firms that are successful in one market to inject more competition into related markets.

Antitrust law has developed to balance these competing considerations by grounding merger enforcement in fact-based economic analysis. Guidelines issued by the Justice Department and Federal Trade Commission since 1968 have been fundamental to that process. Enforcement has focused on horizontal mergers, which combine rivals, but regulators have stopped some vertical mergers, between sup-



pliers and customers, as well.

Merger guidelines aren't enforceable regulations. They have also never attempted to be a legal brief or offered an interpretation of the case law. Instead they have described widely accepted economic principles that the Justice Department and the FTC use to analyze mergers. As a result, the guidelines have commanded widespread respect and bipartisan support. Amazingly, for at least 25 years, when regulators have challenged mergers in court, the merging firms themselves have accepted the framework articulated in the guidelines.

The new draft guidelines depart sharply from previous iterations by elevating regulators' interpretation of case law over widely accepted economic principles. The guidelines have long helped courts use economic reasoning to evaluate government challenges to mergers. They shouldn't become a debatable legal brief or, worse, a political football.

Regulators say the guidelines are out of date and need to be updated to reflect the modern economy. Yet their draft draws heavily on *Brown Shoe Co. v. U.S.* (1962), a widely criticized Supreme Court case.

Many of the specific draft guidelines build on and improve the 2010

Horizontal Merger Guidelines. We agree, for instance, that "mergers should not eliminate substantial competition between firms"—although we worry that the courts may not see it that way. The discussion of mergers involving multi-sided platforms reflects recent advances in economic thinking. The treatment of mergers that eliminate potential competitors is also timely and valuable, especially for the pharmaceutical industry and tech.

Unfortunately, other parts of the draft lack an adequate economic foundation. They contain a structural presumption against many vertical mergers unsupported by theory or evidence. The proposed guideline on acquisitions of products or services that rivals may use to compete includes legal wishful thinking about how commitments made by the merging parties are treated, as the recent court rebuke of the FTC's attempt to block Microsoft's acquisition of Activision illustrates.

Likewise, a new guideline states that "mergers should not entrench or extend a dominant position," where a "dominant position" means a market share of at least 30%. As we read this guideline, many non-horizontal deals that enable the acquiring firm to become more effi-

cient, and thus gain market share or compete more effectively in adjacent markets, would be considered illegal even if they benefit consumers and workers. If this isn't the intention, revisions are needed.

We're pleased to see that antitrust regulators will continue to consider efficiencies when they review mergers, especially since FTC Chairwoman Lina Khan has said that efficiencies and pro-competitive effects can't "rescue an otherwise unlawful transaction." But we are troubled by the draft guidelines' claim that efficiencies won't be counted, even if they benefit consumers and workers, for a merger that furthers a trend toward horizontal concentration or vertical integration. Imagine if regulators had applied such a rule to the automobile industry in the 1910s.

"Anti-competitive mergers can hurt people and drive up costs as well," President Biden said while announcing the release of the draft guidelines on July 19. Preventing harm to the public should be regulators' North Star as they revise their merger guidelines. They should rely less on the belief that mergers are bad—and less on old case law—and instead focus on how mergers affect people's economic lives. But even the best guidelines can't restore proper merger enforcement. That will require Congress to provide more funding and a judiciary that is more open to enforcement and less enamored of laissez-faire antitrust theories.

Mr. Furman, a professor of the practice of economic policy at Harvard, was chairman of the White House Council of Economic Advisers, 2013-17. Mr. Shapiro is a professor of economics at the University of California, Berkeley and a former CEA member. He served as deputy assistant attorney general for economics in the Justice Department's Antitrust Division (2009-11) and led the drafting there of the last version of the horizontal merger guidelines in 2010.

A Special Counsel For Hunter Biden

By Joseph Ziegler

Hunter Biden's plea deal on gun and tax charges fell apart Wednesday, most likely because the Justice Department rushed to charge the case and failed to follow standard investigative processes. I urge Attorney General Merrick Garland to appoint a special counsel so an independent reviewer can examine what I believe were deficient investigative steps and improper decisions.

Justice officials prevented investigators from following the evidence. Appointing a special counsel would create a path for the investigation to continue with integrity. I hope transparency will restore public confidence in the idea that every U.S. taxpayer receives equal treatment under the law. Sweetheart deals shouldn't be handed out like candy to the rich, powerful and politically connected.

The Justice Department obstructed the IRS probe of the president's son.

I've worked at the Internal Revenue Service as a special agent for more than a decade. I am also a Democrat. Last week I put my career on the line to testify about the Hunter Biden investigation before the House Oversight Committee. I was raised a Christian. My parents consistently pressed me to do what was right, a mantra I carry with me to this day. Experience has taught me that doing what is right sometimes makes you unpopular. My decision to come forward was solely based on the hope that my testimony would serve as a call for accountability and reform.

Throughout my career, I have worked with some of the best prosecutors in the country. I have been the lead IRS case agent on many complex financial-crime cases leading to convictions, some carrying prison sentences of more than 15 years. I have also been the affiant (author) of numerous search and seizure warrants that have helped recoup millions of dollars for American taxpayers. I swore to the truth and accuracy of the statements in those affidavits.

In every case I worked, we followed standard operating procedure. We went by the book, and every taxpayer we investigated received fair and equitable treatment.

I came forward because in my opinion, Hunter Biden received preferential treatment. Although some in Congress tried to explain away my concerns, what I saw during the investigation was entirely outside the norm. I have disagreed with prosecutors in the past. In some cases I didn't get my way. But those disagreements always followed the normal investigative process. I was always allowed to follow concrete evidence and investigate a case without being handcuffed or slow walked by the Justice Department.

Looking back on my five-year tax investigation of Hunter Biden, I recall many disagreements between prosecutors and investigators. These involved the search warrants of Hunter Biden's residence and storage unit, the verification of WhatsApp messages that seemingly detailed Joe Biden's presence during business discussions, and delayed or blocked interviews with members of the Biden family. I would characterize the Justice Department's behavior as obstruction.

Things reached a breaking point when Gary Shapley and I were sidelined after a disagreement with U.S. Attorney David Weiss. Four assigned prosecutors and Mr. Weiss had agreed to recommend the approval of misdemeanor and felony charges for 2017-19 before Mr. Weiss ultimately claimed he wasn't the deciding person on whether to file charges. When Biden-appointed U.S. attorneys in the District of Columbia and the Central District of California declined the case after only a brief review, and refused to allow Mr. Shapley or me to brief them on our findings, I knew I had to blow the whistle.

Coming forward has already proved costly. It is unlikely that my personal or professional life will ever return to normal. But I have no regrets. I hope that anyone who witnesses corruption or abuse of power in the federal government comes forward as I did.

When I took my oath as a federal law enforcement officer, I pledged to perform my duties with integrity, professionalism, and impartiality. As I sat before Congress I thought about my vow. I can confidently say that in sharing my story, I fulfilled it.

Mr. Ziegler is an IRS special agent.

Inflation Slows, but Don't Expect Political Relief



POLITICAL ECONOMICS
By Joseph C. Sternberg

on inflation. Many politicians appear to be breathing sighs of relief. Oh no, *mes amis*: Your struggles are only beginning.

The trouble is that too often economists and politicians on one side and households full of voters on the other talk past each other on this all-important economic phenomenon. The so-called professionals fixate on the rate of change—the inflation rate. But what matters to anyone who actually buys anything is the price.

We can all agree that rapid increases in prices from one month or year to the next cause households and businesses considerable distress.

The pros too easily forget that the distress lingers for as long as the level of prices remains higher relative to incomes, no matter whether the rate of increase has slowed. This has become an important political fact around the world.

Spain offers the latest example. Incumbent Prime Minister Pedro Sánchez avoided a total wipeout in last weekend's election, but the notable outcome of that vote was a resurgence of the center-right Popular Party. The party's rise baffled Mr. Sánchez's Socialist supporters and left-wing political analysts even before the election. All economic indicators appeared to be positive for an incumbent. Allies alert to the political hazards of inflation were quick to remind at every opportunity that Spain's inflation rate had fallen to 1.9% in the year leading up to June, the lowest of any major economy in the European Union.

Yet surveys consistently found that the economy, and specifically

inflation, ranked among voters' top concerns headed into the election. The data tell Spanish voters they're no longer suffering severe price increases. But they appear to have voted as if they are. For all the media cheer, Mr. Sánchez didn't get sufficient credit for his allegedly good economic performance to avoid the embarrassment of a hung parliament. Why?

One answer to this riddle is the price level. A lower inflation rate today obscures that Spain's consumer price index rose 15% between January 2021 and June 2023. Nominal wages grew around 10%. No wonder voters seemed to be in a sour mood about the Sánchez economy, since these two data points in combination point to a noticeably lower standard of living.

Before Spain, there was the U.K. Superficially, a mystery of British politics has been the persistent rebelliousness of the electorate even at times when the economy was growing and inflation appeared to be under control. Most conspicuously, the inflation rate hadn't exceeded 2% in the 2½ years leading up to the June 2016 Brexit referendum. Yet that narrow surprise result was attributed in part to previously unrecognized discon-

tent with the economy. Britain's problem then as now was the price-level hangover from earlier bouts of inflation. After the 2008 financial panic and the ensuing monetary easing, the inflation rate maxed out at 5.2% in autumn 2011. But over the full length of an

As Spain and other places show, the real problem is a lack of growth, causing wages to lag behind prices.

inflationary cycle, from early 2008 to late 2013, the level of the consumer price index rose a cumulative 21%.

Thanks to another post-referendum inflation surge during which the price index rose 5.6% from 2017 to 2018, median inflation-adjusted household earnings excluding social transfers didn't return to their pre-crisis level until the 2019-20 fiscal year. By the way, the U.K. price level has increased another 21% since January 2021, with no offsetting real-wage recovery in sight.

Now let's do America. Consumer-price inflation has fallen to

3% as of June. But the underlying consumer-price index, reflecting the absolute price level, is 17% higher than it was in January 2021 and getting higher every month that the inflation rate is positive. Income hasn't kept up, with inflation-adjusted weekly earnings around 2% lower than in January 2021. No wonder President Biden is struggling to convince voters they're better off economically than they were when he took office. They're not.

The implication for politicians is that they've been getting the politics of prices all wrong. The inflation rate is not their electoral problem—anemic productivity growth is. Following several years in which policy makers allowed prices to spiral out of control, only a sustained increase in productive business investment can support the inflation-adjusted wage growth households around the world require to overcome fully the damage they've suffered to their quality of life.

Given that most policy makers across the globe are desperately short of ideas for how to accomplish such a productivity transformation, they shouldn't expect slowing inflation rates to make their political lives any easier.

Striking Actors Have Lost the Plot

By Matthew Hennessey

Nobody cares. That's my message to the Hollywood writers and actors who are on strike. You assume Americans are on your side because we love the shows you create and the characters you play. The faceless, fatcat studio heads seem like natural villains. But if you think that means we're rooting for you, you're mistaken. Nobody cares.

For one thing, people are busy. We have our own business to attend to. Most of us find time to fit in a bit of electronic entertainment at the mar-

gins of our daily doings. Somebody recommends a movie or TV show and maybe we take a chance on it—that is, if we get the dishes done and the kids don't need extra help with their homework.

If we get hooked on a series, maybe we recommend it to someone else. Maybe not. Despite what your agent says, most of us can live quite happily without seeing your pretty face every night.

It's Shark Week, after all. We have options.

But here's the main thing: Your cause isn't as righteous as you think it is. Rep. Alexandria Ocasio-Cortez may enjoy playacting as Norma Rae on the picket line, but don't get carried away by the radical drama of it all. Actors aren't saints. Writers don't wear halos. You're looking to "secure the bag" just like the producers on the other side of the negotiating table. Let's not pretend this is the Dust Bowl and that Fran Drescher is Ma Joad.

Yes, you say you are fighting for the little guy—for the background player whose image and likeness gets computerized and copied by artificial intelligence without remuneration. But the Writers Guild and SAG-Aftra are trade unions. Their primary function is to force studios to hire their members and only their members. I suppose some lucky thespian who books a part with a few lines is the

little guy compared with Disney and Warner Bros. But the actor slinging drinks, waiting tables and wondering how he'll ever get a union card is an even littler guy. Full disclosure: That was once me.

The striking unions say they seek "fairness" but an unavoidable show-business reality is that the number of jobs is limited and the supply of talent is limitless. Somebody's always willing to step in and play the part. This is the dynamic through which the producers acquire their power. It isn't fair, but such is life. Producers frequently make bets that don't pay off. Writers and actors don't lose money when a picture flops yet they want in on the upside. How is that fair?

The streaming era has complicated many contracts and business arrangements that were once straightforward. Among the concerns of those on strike is the matter of residuals—money paid to performers and writers for reruns of their movies and shows. Personally, I would like to earn a residual payment every time someone reads one of my articles. That sounds fair to me.

I could grab a bullhorn and shout about it down by the newsstand, but would anyone join me? Probably not. Nobody cares.

Mr. Hennessey is the Journal's deputy editorial features editor and a former actor.

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WORLD NEWS

Venezuelans Defy U.S. Border Rules

Desperate refugees are flocking north to escape dire economic conditions

New border-enforcement measures by the Biden administration have decreased illegal crossings, but millions of Venezuelan refugees across Latin America, many of them heading north, still pose a challenge to the U.S.

By Michelle Hackman, Juan Forero and Santiago Pérez

More than 7.3 million Venezuelans have left their country, making them the biggest refugee group, ahead of Ukrainians and Syrians who fled their war-torn homelands.

About 6.4 million have settled up and down Latin America, a recent report by the Migration Policy Institute shows. Many are now on the move, escaping Venezuela's economic crisis or the countries where they went, discouraged by a lack of jobs and, in some cases, facing hostility. More than any other nationality, Venezuelans are flowing north through Central America, and many are attempting to cross the U.S.-Mexico border despite the tougher consequences, government data show.

The number of Venezuelan migrants trekking through Panama's Darién Gap, a crucial corridor for U.S.-bound Venezuelans, is expected to hit 200,000 people this year, 50,000 more than in 2022, according to Panamanian authorities. That would be half of the 400,000 people from all countries that Panamanian migration authorities said they expect this year. Last year the total, including Venezuelans, was 284,000.

"We are running from our country, running to find a livelihood," said Eusebio Castillo, a 41-year-old Venezuelan, at the edge of the Darién Gap recently.

Castillo, headed to the U.S., said he tried to make it in Ecuador and Colombia before



More than 7.3 million Venezuelans have fled their country, making them the largest refugee group, ahead of Ukrainians and Syrians.

giving up. Without working papers, he said, he could barely make ends meet.

"You can't even live day to day. You live a calamity," said Castillo, a former army sergeant. "I want stable work, a dignified job."

The Biden administration's border measures—a series of carrots and sticks designed to redirect migrants away from the border in favor of several newly created legal options to enter the U.S.—have overall had the intended effect. Illegal border crossings have dropped since May 11, when a pandemic-era measure known as Title 42 expired.

But a program the administration launched in January targeted at migrants from three autocracies—Cuba, Nicaragua and Venezuela—hasn't worked as well for Venezuelans as it has for the other two nationalities.

Under that program, would-be migrants can apply to move to the U.S. on a two-year work

permit as long as they find a private sponsor, a path meant to prove more alluring than trying to cross illegally. Though Venezuelans have made use of that program, 78,000 have still attempted to cross illegally since it was launched, compared with just under 10,000 Cubans and about 5,000 Nicaraguans.

Venezuelan migrants say that attempts to enter illegally reflect their desperation. Migration officials note that many Venezuelans are still fleeing their own country, where poverty afflicts the majority of people and a slight improvement in the economy in 2022 turned out to be short-lived. A de facto dollarized economy makes it hard for poor Venezuelans to make ends meet. The majority of

Venezuelans, earning local currency, struggle with inflation that economists say tops 400%.

Others had long considered their displacement temporary, but are now dismissing the idea of going home.

"We're at a moment where many Venezuelans are realizing that they may be displaced forever, and some are looking for opportunities where perhaps life could be a little bit easier in the future," said Andrew Selee, president of the Migration

Policy Institute, a nonpartisan Washington, D.C., think tank, and a co-author of its recent report.

As people lose hope of ever being able to return, Selee said, reaching the U.S. is a more appealing option. Jobs are more plentiful and lucra-

tive, making it possible to send money to relatives back in Venezuela, where a third of households rely on remittances to survive, according to the Inter-American Dialogue in Washington. Frozen relations between the two governments mean Venezuelans found ineligible for asylum in the U.S. can't easily be deported to their home country. And the more Venezuelans who succeed in the U.S., Selee said, the more they pass the word on to others hoping to try.

In May, 18-year-old Melany Melesio joined a group of neighbors from her hometown of Maracay in central Venezuela and trudged through the Darién Gap. Five months' pregnant and struggling to get by on the \$20 a week she earned as a vendor, she left her country because she said she wants her baby to grow up in the U.S. "I want him to have a better life, an education," she said. "I want to give him everything I never had."

'You live a calamity...I want stable work, a dignified job,' says ex-soldier.

India Faces Scrutiny Over Video Of Assault

BY KRISHNA POKHAREL AND TRIPTI LAHIRI

Graphic footage of an alleged sexual assault committed in India's restive northeast has put a spotlight on a festering ethnic conflict there, putting pressure on the government of Prime Minister Narendra Modi to intervene to halt deadly clashes.

The video showed two women being assaulted as they were dragged naked by a mob along a dirt road in the state of Manipur. Police are investigating allegations that one of the women in the video was raped, and that the brother and father of that woman were murdered trying to protect her from the mob.

The country's top court has ordered the government to explain to it what it is doing to protect women in the state and to quell unrest there before a hearing set for Friday. Tribal groups are planning a protest in the capital the same day.

The women assaulted in the video are from a minority ethnic tribe in the state, the Kukis, while the alleged perpetrators were from the majority Meitei ethnic group, according to a police complaint filed on May 18 by the chief of the village where the attack took place.

The two groups have been at loggerheads since early May after grievances over land and representation boiled over. The assault allegedly occurred on May 4, a day after clashes erupted in Manipur, and was reported to the police by the village chief two weeks later. No arrests were made until the video surfaced last week.

The Manipur chief minister's office said that it wasn't aware of the attack in question until the video emerged. Since then, seven people have been arrested in connection with the attack and others identifiable in the video are being sought, his office said on Tuesday.

Following the outrage generated by the video, which went viral online, Modi spoke about Manipur for the first time since the clashes there began this spring. Modi condemned the assault as "a shameful act for any civilized society."

"What happened to the daughters of Manipur can never be forgiven," he said.

In this statement, Modi didn't refer to the ethnic violence that has roiled the state, whose history is marked by insurgency and separatist movements.

India's Supreme Court said it was "deeply disturbed by the visuals" in the video.

The prime minister, whose Bharatiya Janata Party controls Manipur, has faced criticism for staying silent as interethnic battles have riven the state, claiming 150 lives and displacing 60,000 people from their homes since May. Opposition politicians have this week been pressing Modi to make a statement in Parliament on the conflict and take questions. The office of the prime minister didn't respond to requests to comment.

The immediate trigger for the ethnic clashes was a state court ruling in late March that asked the state to propose that the federal government officially recognize the largely Hindu Meiteis as a tribe under the Indian Constitution. That would help Meiteis access certain jobs and be eligible for education quotas reserved for recognized tribes such as the Kukis, but experts say the bigger issue is over rights to land.

The Meiteis make up just over half the population in the state of three million, but say they are confined to just 10% of its land, as most of the state is made up of forested hills, where only recognized tribes can hold land. That has become a major point of resentment among Meitei nationalists.

The mainly Christian Kukis, who are ethnically and culturally linked to tribes in other parts of the northeast and the Chin in neighboring Myanmar, dispute that label.

India's home minister, who visited the state at the end of May, appointed a committee on June 4 to inquire into how the violence spiraled.

China and Russia Help Kim Mark Korean War Anniversary

BY DASL YOON

SEOUL—North Korea welcomed senior officials from China and Russia to celebrate the anniversary of the end of armed conflict in the Korean War, the latest expression of the three countries' tightening bonds as the U.S. military boosts its presence in the region.

Thursday marked the 70th anniversary of the truce that ended three years of fighting in the Korean War. North Korea held an evening military parade in downtown Pyongyang.

Under that program, would-be migrants can apply to move to the U.S. on a two-year work

yang, where the country flaunted its latest intercontinental ballistic missile, dubbed the Hwasong-18, and other new advances, state media reported.

As part of the celebrations, Kim Jong Un, North Korea's 39-year-old dictator, welcomed groups this week led by Russian Defense Minister Sergei Shoigu and a Chinese Politburo member, Li Hongzhong. All three attended the military parade.

North Korea had sealed off its borders since the start of the Covid-19 pandemic. The

only outsider formally allowed into the country since then was the new Chinese ambassador to Pyongyang, who came earlier this year. Even North Korean nationals, such as laborers in Russia, have been prevented from entering their home country because of pandemic fears.

Facing an increasing U.S. military presence in the region, Pyongyang has deepened its alignment with Beijing and Moscow for a much-needed economic lifeline and a shield against international punishment for its illegal weapons

tests. China, Russia and North Korea increasingly have stuck up for each other, as they increase confrontations with the U.S. and its allies.

Despite North Korea launching more than 100 ballistic missiles since last year, China and Russia have blocked U.S.-led efforts at the United Nations Security Council for additional sanctions.

On July 27, 1953, the U.S.-led United Nations Command, North Korea and China signed the armistice that ended military hostilities in the Korean War. A peace treaty wasn't

signed, meaning the North and South technically remain at war.

In Pyongyang's account, the country fended off an invasion by U.S. forces, with July 27 celebrated as "Victory Day."

But U.S. and South Korean historical records show North Korean leader Kim Il Sung initiated an attack on the South.

The Chinese army, aided by the Soviet air force, backed North Korea during the war.

South Korea doesn't consider July 27 to be a holiday, referring to it as the anniversary of the armistice.

PAKISTAN

Pair Set Mark For Climbing

A Norwegian woman mountain climber and her Nepali Sherpa guide have set a record by scaling the world's 14 highest peaks in 92 days, said a Pakistani mountaineering official.

On Thursday, Kristin Harila and Tenjen Sherpa summited K2 on the Chinese-Pakistani border in the Karakorum Range—considered to be among the most dangerous peaks for mountaineers.

All the peaks the two summited are above 8,000 meters (about 26,000 feet), said Karan Haidri, the secretary at the Pakistan Alpine Club.

The previous record-holder, Nirmal Purja, a Nepali-born U.K. citizen, had scaled the 14 peaks in 189 days in 2019.

"A big congratulations to Kristin Harila and Tenjen Sherpa on this remarkable achievement," said Haidri.

Considered extremely difficult to climb, K2 isn't only the second-highest mountain after Mount Everest, its ascent and descent are considered to be much more challenging.

Harila, 37 years old, first attempted to break the record and climb all 14 top peaks in 2022 but summited only 12 of them after Chinese authorities restricted access to foreign climbers during the coronavirus pandemic.

—Associated Press

PHILIPPINES

Ferry Capsizes, 26 Are Dead

A small Philippine ferry turned upside down when passengers suddenly crowded to one side in panic as fierce winds pummeled the wooden vessel, and at least 26 people died, while 40 others were rescued, officials said Friday.

Coast guard and police said search and rescue efforts had resumed after a pause Thursday night. Officials said it remained unclear how many people were aboard the M/B Princess Aya, which capsized Thursday in Laguna de Bay in Rizal province east of Manila.

When people rushed to one side of the vessel amid severe winds, the boat tilted and its outrigger broke, then the boat capsized shortly after leaving the town of Binangonan for nearby Talim island, police and the coast guard said. The accident happened only about 150 feet from shore, officials said.

"This is really a tragic event that has to be investigated," coast guard Rear Adm. Hostilio Arturo Cornelio told reporters. The ferry was supposed to carry a maximum of 42 passengers and crew but was overloaded, Cornelio said. He said investigators would look into reports that the passengers weren't wearing life vests.

—Associated Press

WORLD WATCH



MOURNING: Iranian Shiite Muslim women took part in a mourning ritual ahead of Ashura, the holiest day on the Shiite calendar, in Tehran on Thursday.

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Friday, July 28, 2023 | B1

Industrials' Hot Streak Comes to an End

Stocks remain on pace for modest weekly gains as Treasury yields climb

BY CHARLEY GRANT

The Dow Jones Industrial Average fell Thursday, ending a streak of 13 consecutive winning sessions.

The Dow's run of gains was

the longest since 1987 and the second-longest on record. The blue-chip index fell 237 points on Thursday, or 0.7%. The S&P 500 fell 0.6%, while the tech-heavy Nasdaq Composite dropped 0.5%. Stocks were in the green for much of the session, losing steam in the afternoon.

The major indexes were little changed for the week, as investors weighed continued economic strength and stron-

ger earnings than many on Wall Street had expected.

U.S. government bond prices fell, sending yields higher. The yield on the 10-year Treasury note settled at 4.01%, up from 3.85% Wednesday, marking the biggest one-day climb since September. The two-year Treasury yield, which tends to be more sensitive to policy expectations, rose to 4.939% from 4.825%. The 30-year

Treasury bond yield rose to 4.058% from 3.927%.

The possibility of a sharp economic slowdown has been a long-running concern for investors, as the Federal Reserve raised interest rates to their highest level in 22 years. The Fed moved rates a quarter percentage point higher on Wednesday, and Chair Jerome Powell said the central bank's next steps will depend on how the economy

fares in the coming months.

But the U.S. economy has so far steered well clear of a recession. Gross domestic product grew 2.4% in the second quarter, the Commerce Department said on Thursday. That was more than economists had expected and a higher rate than the first quarter's 2% expansion.

Investors are betting the Fed's campaign to raise rates may continue if inflation re-

mains sticky. "Our own view is that Fed rates have peaked," said Seema Shah, chief global strategist at Principal Asset Management. But with rising commodity prices and a low unemployment rate, she said, "we can't entirely rule out the possibility of an inflation resurgence lurking around the corner."

Foreign central bankers are also tightening monetary policy.

Please turn to page B11

Microsoft Faces European Antitrust Probe

BY KIM MACKRAEL

BRUSSELS—The European Union opened an antitrust investigation into whether **Microsoft** is abusing its dominant position by bundling its Teams videoconferencing app with its popular Office productivity software, marking the first formal EU probe of the software giant in more

than a decade.

The bloc's executive body, the European Commission, said it is concerned that Microsoft may be giving Teams an unfair advantage by not allowing customers to choose whether access to the product is included when they subscribe to the company's productivity software. "We will continue to cooperate with the commission and remain committed to finding

limited interoperability between its productivity suites and other products that compete with Teams, the commission said.

Microsoft said it respects the European Commission's work on the case and takes its responsibilities very seriously. "We will continue to cooperate with the commission and remain committed to finding

solutions that will address its concerns," a spokesman said.

The investigation stems from a 2020 complaint lodged by business messaging app Slack Technologies, which alleged that Microsoft was forcing companies to install Teams and blocking its removal. Slack is now owned by the business-software company **Salesforce**. German vid-

econferencing company **Alfaview** filed a similar complaint last week, saying Microsoft's bundling practices give its Teams software a competitive advantage that is "difficult to catch up without intervention by antitrust authorities."

Microsoft's antitrust battles in both Washington and Brus-
Please turn to page B4

Regulators Propose Expanding Safety Net For Banks

BY ANDREW ACKERMAN

WASHINGTON—U.S. regulators plan to make large banks bolster their financial footing, moves that could have an outsize effect on companies such as **American Express** and **Morgan Stanley** that rely on types of fee income targeted by the new rules.

Banking regulators on Thursday proposed new rules that could raise overall capital requirements by roughly 20% at the largest banks, officials said. The precise amount will depend on a company's business activities, with the biggest increases expected to be reserved for U.S. megabanks with big trading businesses.

Banks that depend on certain types of fee income, such as from wealth-management business, also would face heightened requirements, regulators said. That is because the plan treats such activities as sources of so-called operational risk—a broad category that includes the potential to lose money from flawed internal processes or from external threats such as cyberattacks.

Capital is the buffer banks hold to absorb potential losses. The new rules aim to more explicitly guard against the risks of a broader array of activities. The industry argues many of these activities are benign and plans to fight the changes.

Banks broadly criticized the plan, saying it needlessly increases capital for banks, lacks sufficient economic analysis
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Sequoia Slashes Crypto Fund

BY BERBER JIN

Sequoia Capital pared back the size of two major venture funds, including its cryptocurrency fund, as part of a dramatic downsizing the storied venture firm is undertaking amid a broad startup downturn.

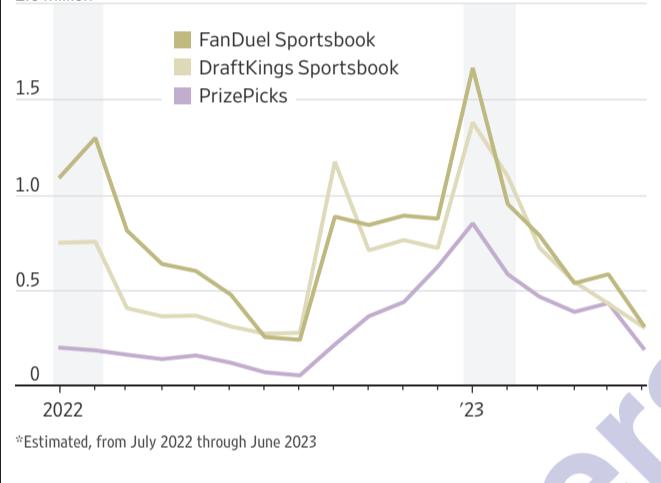
Sequoia cut the size of its cryptocurrency fund to \$200 million from \$585 million, according to people familiar with the matter. It also slashed the size of its so-called ecosystem fund, which invests in other venture funds, to \$450 million from \$900 million, the people said.

Sequoia told fund investors in March it made the decision to reduce the funds to better reflect the changed market. The cryptocurrency fund, for example, will focus more on backing young startups after an industry crash wiped out opportunities to back larger companies.

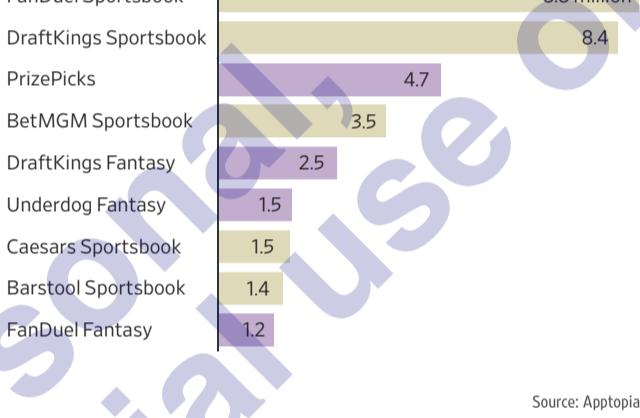
By paring back the fund sizes, Sequoia is lowering the amount of committed capital required from investors, known as limited partners, who are already seeing lower returns from venture funds and are bracing for further markdowns.

The changes show the difficult cuts venture firms are making during one of the roughest years in recent memory for the startup industry. They are trying to undo the breakneck expansion and liberal spending that characterized a historic startup boom, which no longer makes sense as deal-making slows and funds struggle to raise more cash.

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Downloads over the past year*



This Startup Is Making It Easier for Young People to Put Cash on Sports

BY KATHERINE SAYRE

strikeouts recorded.

Jackson Smith wanted to bet on sports as soon as he turned 18 and legally became an adult. A basketball fan, Smith was blocked from using **DraftKings** and **FanDuel** apps because sports betting isn't legal in his home state of Minnesota. Then he heard about PrizePicks, an app that lets players put money down on predictions of how individual athletes will perform in games, such as the number of points scored or

With the surge of sports betting in the U.S., a crop of new companies like PrizePicks are capitalizing on the demand, offering a sports-betting-like experience that falls outside of gambling laws. The tactic has drawn throngs of new users, including young adults and people who live in states where

sports betting isn't legal.

Atlanta-based PrizePicks, which has attracted new users at a fast clip over the past year, says it offers fantasy-sports games, not gambling, and that it operates only in states where its products are legal.

Over the past year, the PrizePicks app has been downloaded more than the sports-gambling apps for **Barstool Sports** and **Caesars Entertainment**, and it has been gaining ground on the top two competitors in sports betting, FanDuel

and DraftKings, according to estimates by data tracker Appopia.

PrizePicks said in September of last year that it had paid out \$500 million in prizes since it was launched in 2017. PrizePicks, which is a private company, declined to release its annual revenue.

The company's ascent has contributed to growing tension in the rapidly evolving U.S. sports-betting industry, where fantasy apps and gambling
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Musk's Plan for a Super App Won't Be Easy

Elon Musk has waxed poetic about turning X, the social-media platform formerly known as Twitter, into an "everything app," capable of handling massive financial operations for users, and this week, he set an ambitious deadline.

"In the months to come, we will add comprehensive communications and the ability to conduct your entire financial world," Musk tweeted Monday.

While the idea of a super

app is appealing to companies that want more ways to make money and grow their user base, it is easier said than

By Alexa Corse,
Meghan Bobrowsky
and Peter Rudegeair

done—even on a yearlong timeline. No app in the U.S. has been able to successfully become a super app, though many companies have talked

about it, including PayPal, Snap and Twitter co-founder Jack Dorsey's Block.

The story is different in Asia, where Chinese internet giant Tencent's WeChat app is considered the archetypal super app and is used for everything from ride-hailing and e-commerce to mobile payments and government services.

X didn't comment.

Theories vary on why a super app hasn't taken off in the

West. One is that by the time the concept became popular in Asia, Western consumers were accustomed to using a slate of apps and websites, said Yory Wurmser, principal analyst at research firm Insider Intelligence.

Credit cards were more widespread in the West, which made a mobile-payment service less necessary, he said.

That made it tougher to change users' behavior. "You're

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INSIDE



AUTOMOBILES

VW invests in Chinese EV maker Xpeng in a renewed push into the country's market. B2



EARNINGS

McDonald's Grimace Shake fuels sales along with a social-media frenzy. B3

Air Carriers Are Going Through Business Travel Withdrawal



KIICHIRO SATO/ASSOCIATED PRESS

BY ALISON SIDER

Airlines are finding ways to live without business travelers.

Appetite for travel has roared back in the last two years as pandemic-era restrictions began to fall away, and airline executives have reported soaring demand. But carriers are still navigating what they say might be long-term shifts in who is traveling, when and why.

The big companies whose employees once filled weekday flights, often paying top dollar for last-minute tickets and premium seats, aren't back in full force. Leisure travel, and an emerging type of trip combining pleasure and work, have taken on more importance.

Southwest Airlines has made a push to capture more business travel in recent years and said it is still winning market share. However, executives said Thursday people who are traveling for work aren't doing so as often, and they expect corporate travel demand to lag behind leisure for the foreseeable future.

"It's clear that travel patterns postpandemic are not what they were prepandemic," Chief Executive Bob Jordan said Thursday.

Southwest plans to revamp its flight schedule next year to adapt, adjusting where it plans to fly, what time of day,

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Ford Lifts Profit Outlook Despite Steeper Electric-Vehicle Losses

BY NORA ECKERT

Ford Motor delivered healthy profits for the second quarter and raised its profit outlook for the full year, the latest sign that the car business continues to defy Wall

Street's gloomy forecasts heading into the year.

At the same time, Ford warned Thursday of steeper-than-expected losses in its electric-vehicle business, which has been buffeted by stiff price competition in some parts of

the EV market. Ford now expects its EV division to lose \$4.5 billion this year, up from an earlier forecast of \$3 billion.

The automaker's net income in the latest quarter nearly tripled to \$1.9 billion. Pretax profit, excluding one-time

items, was \$3.8 billion, up about 2% from a year earlier. On a per-share basis, pretax earnings came to 72 cents a share, eclipsing the average forecast of 54 cents among analysts polled by FactSet. Revenue rose 12% to \$45 billion.

In its EV division, Ford lost about \$1.1 billion, widening from its loss of roughly \$700 million in the previous quarter.

Ford raised its annual pretax-profit guidance to a range of \$11 billion to \$12 billion, up from its previous projection of

\$9 billion to \$11 billion. Rival **General Motors** also reported strong results earlier this week and raised its full-year profit forecast for the second time this year, citing stronger-than-expected consumer demand, executives said.

App Users Put Cash On Sports

Continued from page B1

companies are pursuing sports enthusiasts who are new to betting. Fantasy-sports apps are increasingly making products that are similar to sports betting, but are more lightly regulated.

Fantasy sports have largely been considered by states to be a game of skill, requiring research and knowledge to be competitive. Sports betting is considered gambling as a game of chance.

Gambling is regulated state by state, with different rules governing sports betting and fantasy sports; some states haven't regulated fantasy sports at all.

For many consumers, there is no distinction between the two.

"I have a bunch of college friends, and they all sports-bet," Smith said. "I could ask 100 of them, 'What app do you guys use?' Ninety-nine would say PrizePicks," said the now-20-year-old, who attends the University of Wisconsin.

Some gambling regulators and rival companies say that PrizePicks' model is making sports betting available to a younger audience, as well as in states where it hasn't been legalized or regulated with consumer protections. In most states, sports betting has a minimum age of 21, while daily fantasy-sports games typically

have a minimum age of 18. PrizePicks, which in March raised its minimum age to 19, said it made the change to keep high-schoolers from playing.

PrizePicks has built an avid fandom for its simple "pick 'em" style games focused on individual athletes. Customers build what PrizePicks calls an entry by predicting how several athletes from different teams will perform in a game. The prediction is whether each player will exceed or miss a benchmark set by the company, such as whether a basketball player will score more or fewer than 25 points in a game. The winning cash payout is known as a prize.

It is similar to sports-betting-app offers in which gamblers make several bets on how players will perform, in what is known as a parlay.

On a recent day, a PrizePicks player could make a \$20 entry for a potential \$100 payout on whether three Major League Baseball pitchers would get more than a certain number of strikeouts.

On DraftKings' sports-betting app, a \$20 bet on the same scenario had a \$107 payout.

"There are companies today posing as fantasy-sports operators, and they are running illegal sportsbooks," Cesar Fernandez, FanDuel's head of state-government relations said at a recent conference of lawmakers from states with legalized gambling.

Jason Barclay, PrizePicks'

chief legal officer, said the company has "no interest in being a sportsbook" and that sports-betting companies can offer many wagers that PrizePicks can't as a fantasy company, such as the outcome or score of a single game or a single team.

The average age of PrizePicks' customers has been 28, and moved closer to 29 after the minimum age was increased, the company said.

PrizePicks said its major driver of new customers has been referrals from existing customers. The company has marketing deals with the Atlanta Falcons of the National Football League, Major League Soccer team Atlanta United and

NASCAR.

Critics of PrizePicks say that offering users the ability to put money down on the likelihood of athlete actions versus having users compete against other fans puts its products in the realm of gambling.

Maryland and West Virginia gambling regulators last year told PrizePicks to stop operating in those states because it was offering sports wagering without a sports-betting license.

John Myers, director of the West Virginia Lottery, which oversees sports betting in the state, issued a cease-and-desist letter to the company in January 2022, according to a copy of the letter viewed by The Wall Street Journal. A lottery spokeswoman declined to comment.

"The product offerings of PrizePicks described herein are not games of skill," Myers said in the letter. "Rather, they are games of chance."

PrizePicks shut down operations in Maryland and West Virginia. The company said the two states are outliers and that its fantasy contests are approved "by the vast majority of regulators in states that license and regulate daily fantasy sports."

PrizePicks operates in 31 states and the District of Columbia, including in states such as California, Georgia and Texas, where sports-betting initiatives have failed.



PrizePicks bills itself as a fantasy-sports company.

BUSINESS & FINANCE

Volkswagen Makes China EV Play

BY CLARENCE LEONG AND LIZA LIN

SINGAPORE — Volkswagen has heaped praise on China's homegrown electric-vehicle makers for their speed and innovation. Now the company is taking a stake in one of them as it seeks to reclaim its position as the bestselling automaker in the world's largest car market.

The German carmaker is investing \$700 million for about 5% in Chinese electric-vehicle maker **XPeng**. They will jointly develop two new electric vehicles for the Chinese market under the Volkswagen brand, with a rollout expected in 2026, Volkswagen said Wednesday.

Investors piled into Xpeng's shares following the news, with its Hong Kong-listed stock soaring 34% on Thursday.

The investment is a boost for XPeng, which saw months of falling sales earlier this year despite offering discounts of more than 10% as a price war raged in China's slowing EV market.

Volkswagen also said it would be working with its existing Chinese partner, Shanghai-based **SAIC Motor**, to develop premium EV models.

Volkswagen's hold on China, its largest single market, has eroded in recent years as consumers increasingly shift their purchases to EVs and plug-in hybrids from conventional gasoline sedans. Nimble Chinese EV startups have capitalized on the rapid adoption of such vehicles, in-



The automaker's investment is a boost for China's Xpeng.

memo to staff.

In China, "the dynamics and speed of innovation are now many times higher than in Europe or the U.S.A.," Brandstätter wrote in a message to staff, which was reviewed by The Wall Street Journal. "No other market offers anywhere near this growth potential and this speed of innovation."

Chinese companies were able to introduce a new product to the market in a little more than 2½ years, he wrote, compared with Volkswagen, which takes about four years.

Volkswagen's move is a recognition by the German auto giant that the company was unlikely to catch up with local peers without the help of Chinese know-how, said Tu Le, the managing director of industry researcher Sino Auto Insights. It is also a validation that China's electric-car industry is now globally competitive, said the Shanghai-based Le.

Local automakers outsold their foreign rivals in the first half of the year as sales of so-called new-energy vehicles rose, according to data from industry body the China Passenger Car Association. Domestic brands made up 54% of China's wholesale car market during the period.

Not all have found it easy going. XPeng saw sales dip despite offering discounts on several vehicle models since January and launching a new model with more advanced self-driving capabilities.

◆ Heard on the Street: EV bet makes sense B12

DELIVERY TARGETS CUT AS SUPPLY-CHAIN ISSUES LAST

Volkswagen said some supply-chain bottlenecks were easing, including pressure on semiconductor supplies, but warned that transportation delays persisted as it lowered its deliveries target for the year.

The German car giant said it would deliver 9 million to 9.5 million vehicles this year, down from its previous estimate of 9.5 million. It also logged higher revenue and lower profit for the second quarter.

In an earnings report Thursday, Volkswagen said

supply-chain disruptions continued to ease in the second quarter, relative to some of the extreme shortages the auto industry suffered through during the pandemic and its aftermath and the war in Ukraine.

The German car giant said after-tax profit was €3.79 billion, equivalent to \$4.2 billion, compared with €3.91 billion in the second quarter of last year. Pretax earnings were €5.45 billion, up from €5.14 billion, and revenue grew to €80.06 billion from €69.50 billion.

Introducing new models packed with the latest technology and features to attract Chinese buyers.

Ralf Brandstätter, Volks-

wagen's China chief who was brought over in August to head the company in China, has previously praised China's swift speed of innovation in a

shift to \$11 billion. Rival **General Motors** also reported strong results earlier this week and raised its full-year profit forecast for the second time this year, citing stronger-than-expected consumer demand, executives said.

BUSINESS NEWS



The burger chain said menu price increases and more customer orders helped boost its U.S. sales in the quarter.

Grimace Shake Is a Frozen Asset, Powering McDonald's Sales Rise

By HEATHER HADDON

Grimace delivered for McDonald's.

A meal celebrating the "birthday" of the retro purple mascot last month helped drive McDonald's U.S. same-store sales up 10.3% in its second quarter from a year earlier.

Consumers trying the meal's Grimace shake and then posting video clips of their reactions on TikTok translated into a surprising boost for the chain, according to McDonald's. The burger company has outperformed many of its U.S. rivals this year with new marketing campaigns and a focus on core menu items such as burgers and chicken.

McDonald's said menu price increases and more customer orders also helped boost its U.S. sales.

Chain executives Thursday, however, said that the macroeconomic picture remains challenging around the world, with inflation hurting restaur-

rant operators and customers.

"There continues to be a lot of pressure on consumers,"

McDonald's chief financial officer Ian Borden told investors

Thursday.

Company shares closed up

1.2% to \$295.19.

Inflation is still high but

starting to moderate for

McDonald's restaurants, the company said. U.S. prices remain elevated from before the pandemic after restaurants pushed through increases last year in response to escalating costs for food, materials and labor, McDonald's said.

McDonald's said it is planning to build more restaurants this year and is experimenting with new types of formats. The chain said Thursday that it would start a new concept, called CosMc's, named after an alien mascot featured in past McDonald advertisements. McDonald's will open some of the smaller-format sites in a handful of areas early next year, the company said.

The burger company's U.S. sales during its second quarter benefited from a tribute meal to Grimace, which turned 52 years old on June 12. Videos of customers drinking the signature Grimace Milkshake and pretending to die went viral, with posts tagged #grimaceshake generating billions of views on TikTok.

The chain has had recent successes with its marketing and meals tied to celebrities. Its Cactus Plant Flea Market Box, a Happy Meal geared toward adults, generated U.S. sales last year.

Chicago-based McDonald's on Thursday reported net income of \$2.3 billion for the quarter ended June 30, up 94% from a year earlier. Earnings per share were \$3.17 when adjusting for charges related to layoffs conducted by McDonald's earlier this year and other one-time items. Analysts polled by FactSet expected \$2.78 a share.

The burger company reported \$6.5 billion in sales for the most recent quarter, exceeding analysts' expectations of \$6.3 billion.

Watch a Video

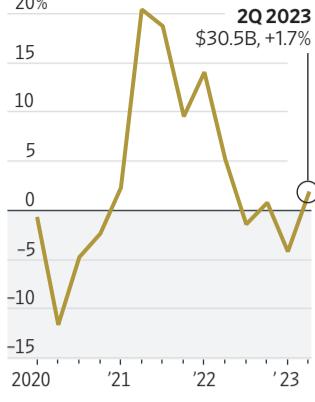
Scan this code for a video on McDonald's international menu strategy.



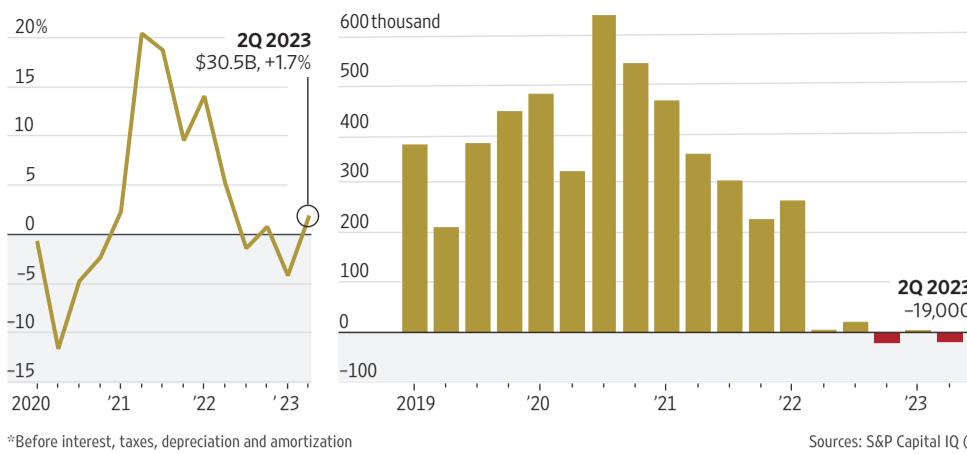
TECHNOLOGY

WSJ.com/Tech

Comcast's quarterly revenue, change from a year earlier

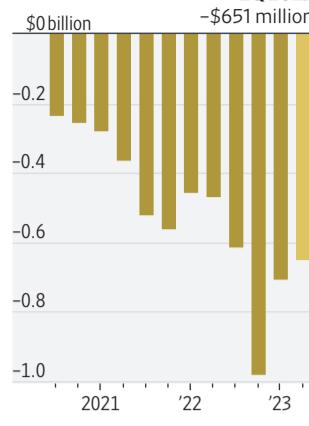


Net new broadband subscribers, quarterly



*Before interest, taxes, depreciation and amortization

Peacock's adjusted losses*



Sources: S&P Capital IQ (revenue); the company (subscribers, Peacock losses)



The company's revenue growth was propelled in part by the successful performance of 'The Super Mario Bros. Movie.'

Comcast Gets Boost From 'Super Mario,' Theme Parks

By PATIENCE HAGGIN

Comcast's studio and theme-park units helped power growth at the cable and entertainment company in the second quarter, while the Peacock streaming service posted another steep loss.

The Philadelphia company, which owns NBCUniversal, the Sky TV business and Xfinity-branded cable services, said it lost 19,000 domestic broadband subscribers. Those losses were less severe than some analysts forecast, and broadband revenue still increased.

The wireless business posted solid gains, while the film business was driven by the release of "The Super Mario Bros. Movie."

Profit increased because of growth in certain businesses and lower expenses in areas such as programming and marketing.

On an earnings call, Comcast President Mike Cavanagh knocked down industry speculation that Comcast might buy a stake in ESPN and enter a joint venture with Walt Disney or swap any of the company's assets for part or all of ESPN.

Shares rose 6% Thursday to \$45.35.

Comcast's revenue grew by 1.7% year over year to \$30.51 billion in the second quarter, with gains from theme parks, the theatrical business and wireless operations partially offset by declines in areas such as cable TV and advertising.

Net profit rose 25.1% year over year to nearly \$4.25 billion, or \$1.02 a share. Adjusted net income was up 4.8%. The company reported \$3.42 billion

in free cash flow, up 8% from the year-earlier quarter.

Analysts polled by FactSet expected \$30.11 billion in revenue and net profit of \$3.98 billion, or 90 cents a share.

Comcast said a decline in advertising revenue within its residential-connectivity business was due to a weak market and lower spending on political ads, while softer ad revenue within its media unit was the result of lower revenue from its networks. The last time Comcast lost domestic broadband subscribers was the fourth quarter

of 2022, when the company blamed the loss on temporary service disruptions caused by Hurricane Ian. Comcast said it would have added domestic broadband subscribers in that quarter but for the disaster.

This is the first quarter in Comcast's history that it reported a loss in total domestic broadband subscribers without the impact of a natural disaster. Its customer loss was less severe than the 73,000 customers that analysts polled by FactSet had expected Comcast to shed.

The company told analysts it expects to return to subscriber growth over time.

Despite the customer losses, Comcast increased the amount of revenue each domestic customer generates by 4.5%. Comcast said in recent quarters that it expected revenue per

broadband subscriber, rather than customer additions, to drive growth in the broadband business.

Continued cord-cutting contributed to a loss of 543,000 domestic video customers. Comcast's Xfinity Mobile service added 316,000 lines. Xfinity Mobile generated \$869 million in revenue, up 20.4% from a year earlier.

NBCUniversal's streaming service added two million paid subscribers during the second quarter, boosting its base of customers to 24 million, nearly double its total a year earlier.

Some of Peacock's subscriber growth came from a policy shift—Comcast cut off free Peacock subscriptions for Xfinity subscribers a few days before the quarter's end

and now requires them to agree to pay for a plan.

Peacock lost \$651 million before interest, taxes, depreciation and amortization in the second quarter, 40% more than its loss in the year-earlier quarter but less than in the first quarter. Comcast has said it expects Peacock's annual losses to peak around \$3 billion this year, then steadily improve thereafter.

Peacock's second-quarter revenue increased nearly 85% to \$820 million.

Revenue at Comcast's content and experiences segment—which is primarily NBCUniversal—rose 4.0% year over

year. The revenue growth was propelled in part by the successful theatrical performance of "The Super Mario Bros. Movie."

Comcast's theme-park revenue increased 22.4%, with growth at Universal parks in Beijing, Hollywood and Japan.

Profitability within Comcast's content and experiences unit rose 7.5% to nearly \$2.19 billion in the second quarter.

Simultaneous strikes by the Screen Actors Guild and the Writers Guild of America halted the production of new films and TV shows and dried up studios' spending on content.

Cavanagh said the studios' impact on Comcast was "manageable" and it will shift the studios' working capital "out of the near term and into the future."

Cavanagh said the company is committed to reaching a fair deal with the guilds as soon as possible.

"For all involved in the industry broadly, a prolonged work stoppage—and the longer it goes, the worse it'll be—is obviously going to have a negative impact all around," he said.

Disney CEO Robert Iger said earlier this month he is interested in a joint venture for ESPN to help transition it to a direct-to-consumer model, spurring industry speculation that Comcast could swap its one-third stake in Hulu for a stake in ESPN.

"That is very improbable," Cavanagh said.

Such swaps or joint ventures come with "tremendous issues," as well as tax consequences, he said.

22.4%
Increase in
theme-park revenue
during the second
quarter

and now requires them to agree to pay for a plan.

Peacock lost \$651 million before interest, taxes, depreciation and amortization in the second quarter, 40% more than its loss in the year-earlier quarter but less than in the first quarter. Comcast has said it expects Peacock's annual losses to peak around \$3 billion this year, then steadily improve thereafter.

Peacock's second-quarter revenue increased nearly 85% to \$820 million.

Revenue at Comcast's content and experiences segment—which is primarily NBCUniversal—rose 4.0% year over

Intel Returns to Profit as Recovery In PCs Lifts Chips

By ASA FITCH

Intel shares soared Thursday as a resurgent personal-computer market helped it bounce back from two quarters of record losses and it forecast new demand from the artificial intelligence boom.

The \$1.5 billion profit defied analysts' expectations of another loss. It came after the \$2.76 billion shortfall that Intel reported the previous quarter, the worst ever recorded for the chip maker.

Chief Executive Pat Gelsinger said the company was on track with an ambitious turnaround plan articulated when he took the helm more than two years ago. He said demand for AI was poised to boost PC and data center divisions that have languished in recent quarters.

Intel's revenue rose in the second quarter compared with the previous one, reaching \$12.9 billion and exceeding Wall Street forecasts. Revenue was 15% lower than during the same quarter a year earlier.

Intel shares rose 8% in af-

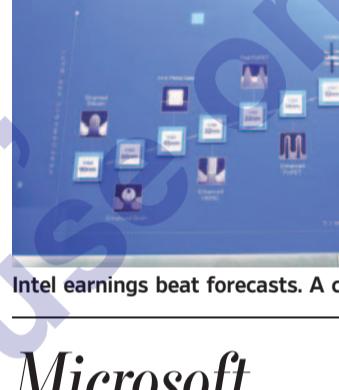
ter-hours trading following its results announcement.

The company forecast \$12.9 billion to \$13.9 billion of revenue in its current quarter, ahead of Wall Street estimates.

Intel has been stung by a sharp fall in sales of the PCs that drive a large share of its revenue. Sales boomed during the depths of the pandemic, when people bought electronics to work and learn from home. That reversed last year as people reverted to old routines, leading to a glut of chips on manufacturers' shelves.

The PC market has been showing signs of recovering in recent months as manufacturers run through chip inventories and make new orders. PC shipments declined 13.4% in the second quarter, according to International Data Corp., a more modest fall than the 29% rout in the first quarter.

Gelsinger said Intel believed it gained market share in PC chips during the quarter and that the inventory situation had improved. "The PC as a category is now healthy again," he said.



Intel earnings beat forecasts. A chart of chip development.

Microsoft Faces EU Probe

Continued from page B1

Brussels also is expanding its oversight of the tech industry more broadly, with new laws that will allow it to monitor some of the world's biggest tech companies and enforce new competition and online content rules on a continuing basis.

Microsoft, though, hasn't been a significant target for antitrust authorities since its earlier battles, though it has faced scrutiny over its deal making. Microsoft recently secured regulatory approval for its proposed acquisition of games giant **Activision Blizzard** in the EU. That deal is still being scrutinized in the U.S. and the U.K.

Opening a formal investigation is a key step in European competition probes. The commission can file formal charges if it finds evidence of wrongdoing, or it can drop the case.

In recent years, Microsoft has largely stayed out of the sights of Washington and Brussels regulators. Authorities on both sides of the Atlantic turned their scrutiny toward a new wave of tech giants, including **Meta Platforms'** Facebook, Apple, **Amazon.com** and Alphabet's Google, investigating them and others, mostly U.S. firms, for a range of issues including tax, privacy and antitrust concerns.

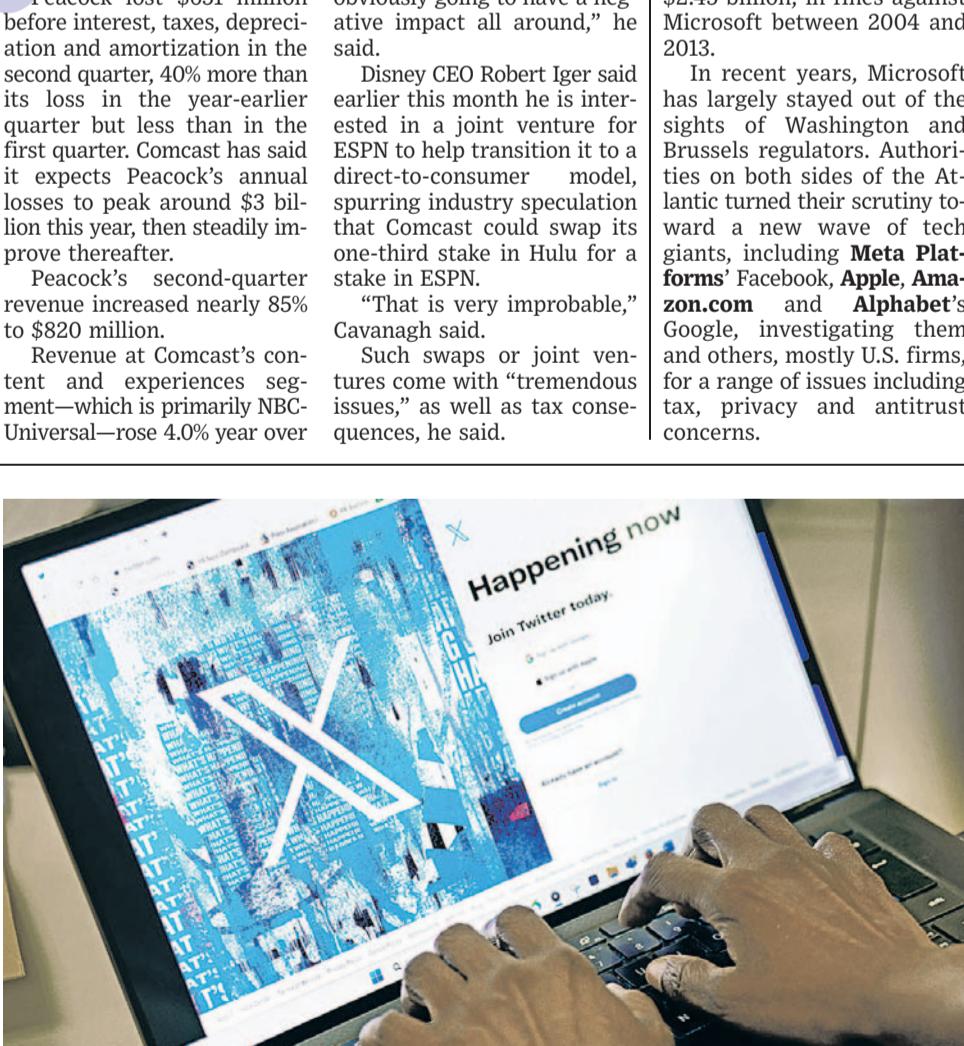
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Workplace collaboration software such as Teams and Slack grew in importance during the Covid-19 pandemic, when many people began working from home.

Microsoft's Teams, which has functions including messaging, videoconferencing and file sharing, has more than 300 million monthly active users, the company said earlier this year.

—Laurence Norman contributed to this article.



Twitter explored some payment features before Elon Musk's takeover of the company.

than you would expect," said Morgan Beller, a former Facebook employee who co-founded Libra. Meta declined to comment for this article.

Beller said X could have a shot because Musk tends to run the company like a startup, despite it being an established platform with hundreds of millions of users.

"It's being run by a cowboy who's going to ask for forgiveness, not permission," said Beller, who now works as a general partner at venture-capital firm NFX.

Snap, the company behind Snapchat, toyed with the idea of payments. In 2014, the app launched Snapcash—a way for users to send money to their friends—in partnership with the mobile-payment company now known as Block. Snap shut down the feature four years later.

Twitter explored some payment features before Musk's takeover. In 2021, the company rolled out a tipping feature that directs users to third-party services, like PayPal's Venmo and Block's Cash App, to send and receive money.

Everything App Won't Be Easy

Continued from page B1

not adding a huge amount of convenience by taking all these different things onto one platform," Wurmser said.

"WeChat arose in a country that was digitizing for the first time, almost exclusively via the smartphone, which meant no incumbent competition from traditional websites, banking rails like credit cards, or alternative social networks," wrote analyst Ben Thompson, who writes the Stratechery newsletter. "Twitter/X exists in a particular context that makes the WeChat idea inaccessible to anyone, much less a company that has to expend the limited resources it still has just to keep the lights on."

Another challenge is getting into financial services means Musk's company will have to

contend with far more regulation than it ever faced for moderating content. Companies that lend or move money are subject to oversight from a number of state and federal agencies, and they face penalties for not complying with rules around preventing money laundering and reimbursing users for the cost of fraud.

Over the past several months, Twitter has been applying for licenses in U.S. states to operate as a money transmitter, according to regulators and people familiar with the matter. Those licenses would allow the platform to store and transfer money for users. So far the company obtained licenses in at least four states, according to the Nationwide Multistate Licensing System, a registrar of nondepository financial services: Arizona, Michigan, Missouri and New Hampshire. While it is a start, getting licensed across the U.S. can take up to a year or more, industry veterans said.

Musk has a history of setting ambitious deadlines, but ultimately emphasizing his big

vision more than any specific date. Tesla last year began delivering a promised electric truck—three years after Musk initially said it would arrive.

X isn't the first social-media company to try venturing into payments. Facebook parent **Meta Platforms** offers Meta Pay, a way to send and receive money via its messaging app and pay for goods online. Some more ambitious projects founded. In 2019, Facebook unveiled a cryptocurrency project called Libra, later renamed Diem, that it pitched as a way for the social network's users, even those without bank accounts, to easily pay for online purchases and transfer money.

and pay for goods online.

Some more ambitious projects founded. In 2019, Facebook unveiled a cryptocurrency project called Libra, later renamed Diem, that it pitched as a way for the social network's users, even those without bank accounts, to easily pay for online purchases and transfer money.

It never took off. Regulators around the world fretted it could be misused by money launderers and terrorist financiers.

Lawmakers called Mark Zuckerberg to testify about why Facebook should be trusted with users' money. The project was wound down in early 2022. "Moving money in and out of countries is more painful



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Larissa May
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BUSINESS & FINANCE

Extreme Summer Heat Is Testing Airlines

BY ALISON SIDER

Travelers and crew members endured sweltering temperatures as their plane waited on the tarmac. Carriers supplied baggage handlers with ice and extra breaks. Airlines lightened jets to aid takeoff in the lighter air.

A heat wave that engulfed swaths of the U.S. in recent weeks is putting up fresh challenges for airlines amid the hectic summer travel season.

Christopher DeBoer was a passenger on Delta Flight 555, scheduled to fly July 17 from Las Vegas to Atlanta. The flight was on the ground for about three hours in the 111-degree heat before it was canceled. "It was incredibly uncomfortable," he said. "You could kind of smell the mustiness."

The Transportation Department is investigating the incident. **Delta Air Lines** said it is cooperating with the investigation and looking into what led to the uncomfortable temperatures in the cabin.

For airlines that navigated a

sparse of disruptive summer storms, the record-breaking heat hitting parts of the U.S. is creating additional difficulties. Workers who sling bags outside need more frequent breaks. When temperatures surge, planes sometimes need longer runways or must reduce weight to take off in the less dense air.

Delta, American Airlines, United Airlines, Southwest Airlines and other carriers said workers are encouraged to take breaks and keep hydrated during the hot summer months. American Airlines said it has had a "very small number" of flight diversions and delays related to high temperatures, but has worked to avoid a more significant impact.

"We're really taking this seriously, and we're going to have to as we go forward," American Airlines Chief Executive Robert Isom said during an earnings conference call last week.

Carriers say they work to ensure planes have appropriate air conditioning before passengers board. They pump chilled air through hoses at the gate to cool cabins and can run auxil-

iary power units for air conditioning, particularly when planes are taxiing.

Passengers and crew members at times complain that planes can start to feel like ovens as they linger on the ground with the sun beating down.

"It's a consistent issue. It comes up every single summer," said Taylor Garland, a spokeswoman for the Association of Flight Attendants-CWA, which represents flight attendants at several airlines. Auxiliary power units can break or aren't turned on soon enough, and airports might not always have enough cooling units, she said.

AFA in 2018 petitioned the Transportation Department to set cabin-temperature standards. That year the group, along with the union that represents Southwest Airlines' flight attendants, launched an app for flight attendants to report extreme temperature readings. No limits have been set.

A provision in a bill to reauthorize the Federal Aviation Administration, passed in the



Water is delivered to grounds crew at Sky Harbor International Airport in Phoenix.

House last week, calls for a study of the effect on passengers and crew when temperatures inside planes reach extreme levels. Companion legislation set to be debated in the Senate includes a similar measure.

Following the July 17 flight, Delta awarded passengers 20,000 SkyMiles and refunded their fares, in addition to providing meal and hotel vouchers to the customers stuck in Las Vegas overnight.

"We recognize that you endured a very poor cabin experience due to a taxi delay and

high cabin temperatures attributable to the scorching temperatures in the Las Vegas area on your day of travel," the airline later wrote in a note to passengers. "We deeply regret the conditions on board flight 555."

A flight attendant and passenger were treated at a local hospital, a Delta spokesman said.

A domestic flight that has been delayed on the ground has three hours before it has to start moving to a location where passengers can exit, and airlines can rack up fines for violations. The Delta flight's time

on the ground included periods when it returned to the gate, the airline said.

Carriers have to maintain a "comfortable cabin temperature" during lengthy ground delays, but regulations don't set a temperature range.

The Transportation Department's inspector general has said the lack of a set definition of a comfortable cabin temperature has made it difficult for the department to enforce those rules, and recommended nearly a decade ago that the department enshrine the definition in regulations.

Carriers' Business Travel Lags

Continued from page B1

and what days of the week.

The drop-off in flying from Monday to Tuesday and Wednesday will be sharper. Southwest will pivot from some short-haul routes aimed at business travelers to longer

routes with more potential leisure traffic. And it said it would shift some flights from the early morning or late night hours, favored by road warriors jetting to and from meetings.

Major airlines have said their revenue hit record levels during the three months ended June 30, and Southwest was no exception. But airlines are also facing questions about whether the surging demand of the last two years can be sustained, and pressure from rising wage rates as they strike new labor deals with employees. Southwest shares

closed down 9% Thursday.

Carriers including **Delta Air Lines** have said they still expect gradual improvement in corporate travel, especially as offices fill up. But changes in how people work are also facilitating more travel. "The less that people are in the office, the more they travel, the more mobile they are," Delta CEO Ed Bastian said this month.

American Airlines has said the share of its revenue coming from pure business travel has declined. The same people who once spent four days a week on the road are often

spending as much or more on vacations or hybrid trips, the company said. That has informed a new strategy—the airline let a chunk of its corporate sales staff go and has been playing down the role of corporate travel agencies and corporate contracts.

Frontier Airlines, a discounter, has also said Tuesdays and Wednesdays—when people are more likely to be at their desks—have become lackluster days for vacationers. The airline earlier this year said it would reorient its schedule to fly more on peak

days and less during the mid-week trough.

There are some indications that domestic demand has cooled off as more travelers have looked abroad, something analysts say could pose a challenge for airlines like Southwest with less exposure to far-flung locales.

Southwest said it expects the third quarter to bring another revenue record, but it said that revenue per seat flown a mile could be as much as 7% lower than in the same period in 2022.

The airline said it is tough

to live up to last year when pent-up demand for travel was first unleashed.

Alaska Airlines, another primarily domestic leisure carrier, said this week that ravenous appetite for international travel has diverted some would-be domestic travelers, which has been a drag on domestic fares. Alaska's shares also sold off sharply after it reported earnings on Tuesday.

Southwest reported a profit of \$683 million in the three months ended June 30, down about 10% from the same period a year earlier.

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CLASS ACTION

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re TALKSPACE, INC. SECURITIES LITIGATION : Civil Action No. 1:22-cv-00163-PGG
x : CLASS ACTION

x SUMMARY NOTICE OF PROPOSED
SETTLEMENT OF CLASS ACTIONS

TO: (1) ALL PERSONS THAT PURCHASED OR OTHERWISE ACQUIRED TALKSPACE, INC. F/K/A HUDSON EXECUTIVE INVESTMENT CORP. ("TALKSPACE" OR THE "COMPANY") SECURITIES BETWEEN JUNE 11, 2020 AND NOVEMBER 15, 2021, INCLUSIVE; AND (2) ALL HOLDERS OF TALKSPACE COMMON STOCK AS OF THE RECORD DATE FOR THE SPECIAL MEETING OF SHAREHOLDERS HELD ON JUNE 17, 2021 TO CONSIDER APPROVAL OF THE MERGER BETWEEN TALKSPACE AND HUDSON EXECUTIVE INVESTMENT CORP. (THE "MERGER") OR WHO WERE ENTITLED TO VOTE ON THE APPROVAL OF THE MERGER ("CLASS" OR "CLASS MEMBER")

THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.

YOU ARE HEREBY NOTIFIED that a hearing will be held on October 30, 2023, at 10:00 a.m., before Judge Paul G. Gardephe at the United States District Court, Southern District of New York, in Courtroom 705 of the Thurgood Marshall United States Courthouse, 40 Foley Square, New York, NY 10007 to determine whether: (1) the proposed settlement (the "Settlement") of the above-captioned action (the "Action") as set forth in the Stipulation of Settlement ("Stipulation")¹ for \$8,500,000 in cash should be approved by the Court as fair, reasonable, and adequate;² (2) the Judgment as provided under the Stipulation should be entered dismissing the Action with prejudice; (3) to award Lead Counsel attorneys' fees and expenses out of the Settlement Fund (as defined in the Notice of Pendency and Proposed Settlement of Class Actions ("Notice"), which is discussed below) and to award Plaintiffs' reimbursement of their time and expenses pursuant to 15 U.S.C. §78u-4(a)(4) in connection with their representation of the Class, and, if so, in what amounts; and (4) the Plan of Allocation should be approved by the Court as fair, reasonable, and adequate.

The Court may decide to conduct the Settlement Hearing by video or telephonic conference, or otherwise allow Class Members to appear remotely at the hearing, without further written notice to the Class. In order to determine whether the date and time of the Settlement Hearing have changed, or whether Class Members must or may participate by phone or video, it is important that you monitor the Court's docket and the Settlement website, www.TalkspaceSecuritiesSettlement.com, before making any plans to attend the Settlement Hearing. Updates regarding the Settlement Hearing, including any changes to the date or time of the hearing or updates regarding in-person or remote appearances at the hearing, will be posted to the Settlement website, www.TalkspaceSecuritiesSettlement.com. Also, if the Court requires or allows Class Members to participate in the Settlement Hearing by remote means, the information for accessing the hearing will be posted to the Settlement website.

IF YOU PURCHASED OR OTHERWISE ACQUIRED TALKSPACE SECURITIES BETWEEN JUNE 11, 2020 AND NOVEMBER 15, 2021, INCLUSIVE, OR IF YOU HELD TALKSPACE COMMON SHARES ON MAY 19, 2021, THE RECORD DATE FOR THE VOTE ON THE MERGER, YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF THE ACTIONS.

To share in the distribution of the Settlement Fund, you must establish your rights by submitting a Proof of Claim and Release form ("Proof of Claim") by mail (**postmarked no later than October 23, 2023**) or electronically (**no later than October 23, 2023**). Your failure to submit your Proof of Claim by October 23, 2023, will subject your claim to rejection and preclude your receiving any of the recovery in connection with the Settlement of the Actions. If you are a Member of the Class, and do not request exclusion from the Class, you will be bound by the Settlement and any judgment and release entered in the Actions, including, but not limited to, the Judgment, whether or not you submit a Proof of Claim.

If you have not received a copy of the Notice, which more completely describes the Settlement and your rights thereunder (including your right to object to the Settlement), and a Proof of Claim, you may obtain these documents, as well as a copy of the Stipulation (which, among other things, contains definitions for the defined terms used in this Summary Notice) and other Settlement documents, online at www.TalkspaceSecuritiesSettlement.com, or by writing to:

Talkspace Securities Settlement
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 301171
Los Angeles, CA 90030-1171

Inquiries should NOT be directed to Defendants, the Court, or the Clerk of the Court.

Inquiries, other than requests for the Notice or for a Proof of Claim, may be made to Lead Counsel:

ROBBINS GELLER RUDMAN & DOWD LLP
Ellen Gusikoff Stewart
655 West Broadway, Suite 1900
San Diego, CA 92101
Telephone: 1-800-449-4900
settlementinfo@rgrdlaw.com

- OR -

ROLNICK KRAMER SADIGHI LLP

Marc B. Kramer

1251 Avenue of the Americas

New York, NY 10020

Telephone: 1-212-597-2838

IF YOU DESIRE TO BE EXCLUDED FROM THE CLASS, YOU MUST SUBMIT A REQUEST FOR EXCLUSION. THIS NOTICE IS POSTMARKED BY OCTOBER 9, 2023, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE. ALL CLASS MEMBERS WILL BE BOUND BY THE SETTLEMENT EVEN IF THEY DO NOT SUBMIT A TIMELY PROOF OF CLAIM.

IF YOU ARE A CLASS MEMBER, YOU HAVE THE RIGHT TO OBJECT TO THE SETTLEMENT. THE PLAN OF ALLOCATION, THE REQUEST BY LEAD COUNSEL FOR AN AWARD OF ATTORNEYS' FEES ON BEHALF OF ALL PLAINTIFFS' COUNSEL NOT TO EXCEED 30% OF THE \$8,500,000 SETTLEMENT AMOUNT AND EXPENSES NOT TO EXCEED \$75,000 AND AWARDS TO PLAINTIFFS NOT TO EXCEED \$25,000 IN THE AGGREGATE IN CONNECTION WITH THEIR REPRESENTATION OF THE CLASS. ANY OBJECTIONS MUST BE FILED WITH THE COURT AND SENT TO LEAD COUNSEL AND DEFENDANTS' COUNSEL BY OCTOBER 9, 2023, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE.

DATED: June 30, 2023

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

Shell's Shareholder Payouts Rise Despite Energy Slump

BY MARI NOVIK
AND JENNY STRASBURG

LONDON—Weaker oil and natural-gas prices and softer demand for everything from chemicals to U.S. renewable power took a bite out of **Shell's** second-quarter profit a year after the war in Ukraine supercharged commodity prices, fueling a record haul for Europe's biggest energy company.

Still, the U.K.-based company on Thursday increased its dividend and said it would buy back \$3 billion more in shares this quarter, reflecting new Chief Executive Wael Sawan's quest to keep cash-thirsty investors happy amid energy-price drops and economic uncertainty.

Shell's adjusted earnings for the quarter, which strip out certain commodity price adjustments and one-time charges, were \$5.1 billion. The result compared with a consensus forecast of \$5.6 billion, based on a survey of 23 analysts compiled for Shell by an outside firm.

The company's shares in London fell 1.4% Thursday.

Shell's core integrated-gas unit, which includes its leading business selling liquefied natural gas, also fell short of analyst expectations. The division posted \$2.5 billion in adjusted earnings, compared with \$2.6 billion forecast by analysts.

Shell's outlook for its oil and gas production and LNG volumes were below market expectations, said RBC Capital Markets analyst Biraj Borkhataria in a research note Thursday morning.

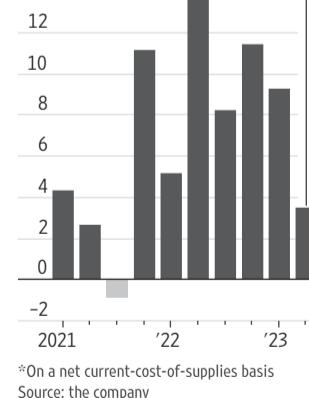
Shell's outlook depends in part on demand for LNG. Strong supplies of European natural gas stowed away in the region's storage facilities, combined with muted demand from China's big industrial users, have left Europe well prepared for this winter, Sawan said.

"There's a bit of a reprieve for now," he said, adding that Europe still faces challenges in subsequent winters depending on weather and supplies.

Shell's earnings are the



Shell's adjusted quarterly earnings came in below estimates.

Shell's quarterly net profit/loss²

*On a net current-cost-of-supplies basis

Source: the company

investors demanding higher cash payouts from dividends and stock buybacks while leaning on the London-based major to tighten spending on its own businesses, including oil and gas production.

Sawan is asking shareholders to trust him as he tries to boost Shell's stock price in a bid to narrow the valuation gap with U.S. majors. But Shell also faces persistent pressure from some investors, governments and climate watchdogs pushing it to invest more in low-carbon energy amid mounting signs that time is running short to curb harm from greenhouse-gas emissions.

Among European oil-and-gas majors, Shell attracts the most public attention from activists and environmental groups.

A Dutch court ruled in 2021 that Shell was partially responsible for climate change and must reduce its carbon emissions. Shell is appealing the ruling, arguing that it is being unreasonably singled out. Shell moved to the U.K. from the Netherlands in the wake of the ruling.

Shell's second-quarter profit on a net current-cost-of-supplies basis—a figure similar to the net income that U.S. oil companies report—was \$3.5 billion, compared with \$16.7 billion in the year-ago period, when record energy prices produced bumper profits for the world's biggest oil companies.

Sawan is trying to satisfy

¹ The Stipulation can be viewed and/or obtained at www.TalkspaceSecuritiesSettlement.com.

² The action entitled *Valdez v. Braunstein, et al.* No. 2022-1148-KSJM (Del. Ch.) (the "Delaware Action") is also being resolved. The Action and the Delaware Action are referred to as the "Actions."

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

35282.72 ▼237.40, or 0.67%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 25.85 19.67
P/E estimate * 19.00 16.87
Dividend yield 2.02 2.15
All-time high 36799.65, 01/04/22

Current divisor 0.15172752595384

Last Year ago

65-day moving average

Session high

DOWN UP Close

Close Open

Session low

Bars measure the point change from session's open

32300 32800 33300 33800 34300 34800 35300

Apr. May June July

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; Based on Nasdaq-100 Index

S&P 500 Index

4537.41 ▼29.34, or 0.64%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 20.37 21.95
P/E estimate * 20.68 17.12
Dividend yield 1.53 1.64
All-time high 4796.56, 01/03/22

Last Year ago

65-day moving average

Session high

DOWN UP Close

Close Open

Session low

3950 4050 4150 4250 4350 4450 4550

May June July

Nasdaq Composite Index

14050.11 ▼77.17, or 0.55%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 32.72 25.75
P/E estimate * 30.47 21.87
Dividend yield 0.69 0.89
All-time high: 16057.44, 11/19/21

Last Year ago

65-day moving average

Session high

DOWN UP Close

Close Open

Session low

11700 12200 12700 13200 13700 14200

May June July

Major U.S. Stock-Market Indexes

Dow Jones High Low Latest Close Net chg % chg High 52-Week Low % chg YTD % chg 3-yr. ann.

Dow Jones	High	Low	Latest	Close	Net chg	% chg	High	52-Week	Low	% chg	YTD	% chg	3-yr. ann.
Industrial Average	35645.35	35216.58	35282.72	-237.40	-0.67		35520.12	28725.51	8.5	6.4	9.9		
Transportation Avg	16624.57	16372.10	16408.02	-213.11	-1.28		16621.13	11999.40	14.9	22.5	18.7		
Utility Average	950.61	931.12	933.88	-15.04	-1.58		1061.77	838.99	-7.9	-3.5	4.7		
Total Stock Market	46094.51	45278.55	45368.71	-336.98	-0.74		45746.91	36056.21	10.8	17.8	11.1		
Barron's 400	1036.67	1018.90	1021.29	-8.59	-0.83		1029.88	825.73	7.9	11.0	13.3		

Nasdaq Stock Market

Nasdaq Composite	14360.20	14006.93	14050.11	-77.17	-0.55		14358.02	10213.29	15.5	34.2	10.1		
Nasdaq-100	15795.51	15416.05	15464.93	-34.33	-0.22		15841.35	10679.34	21.6	41.4	13.2		

S&P

S&P	500 Index	4607.07	4528.56	4537.41	-29.34	-0.64	4567.46	3577.03	11.4	18.2	11.9		
MidCap 400	2743.01	2688.80	2694.62	-33.08	-1.21		2727.70	2203.53	8.6	10.9	13.0		
SmallCap 600	1280.48	1255.66	1259.40	-12.81	-1.01		1315.82	1064.45	2.4	8.8	13.5		

Other Indexes

Russell 2000	1994.82	1949.09	1954.90	-25.46	-1.29		2021.35	1655.88	4.4	11.0	9.6		
NYSE Composite	16458.89	16254.16	16270.60	-147.61	-0.90		16418.21	13472.18	7.1	7.2	9.0		
Value Line	596.81	586.07	587.21	-6.63	-1.12		606.49	491.56	3.8	9.5	8.5		
NYSE Arca Biotech	5321.97	5262.89	5268.70	-30.64	-0.58		5644.50	4390.11	10.3	-0.2	-3.8		
NYSE Arca Pharma	881.57	872.44	872.56	-2.56	-0.29		892.45	737.84	4.3	0.5	9.7		
KBW Bank	90.54	88.09	88.31	-1.07	-1.20		115.55	71.96	-17.5	-12.4	5.9		
PHLX® Gold/Silver	126.98	122.80	122.82	-4.82	-3.78		144.37	91.40	14.8	1.6	-8.1		
PHLX® Oil Service	92.75	89.84	90.05	-1.41	-1.54		93.94	56.08	37.6	7.4	33.4		
PHLX® Semiconductor	3845.02	3746.60	3768.27	68.90	1.86		3842.35	2162.32	28.0	48.8	21.4		
Cboe Volatility	15.02	12.74	14.41	1.22	9.25		33.63	12.91	-35.5	-33.5	-16.5		

\$ Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Opendoor Technologies	OPEN	11,834.4	4.24	-0.01	-0.24	4.29	4.23
Ford Motor	F	10,813.9	13.45	-0.28	-2.04	14.30	13.41
Intel	INTC	10,105.4	36.97	2.42	7.00	37.40	34.41
SPDR S&P 500 ETF Trust	SPY	7,944.6	452.85	0.36	0.08	456.41	452.33
AT&T	T	7,132.0	14.53	0.02	0.14	14.55	14.49
BioCryst Pharmaceuticals	BCRX	4,287.0	7.75	...	unch.	7.95	7.75
Bank of America	BAC	3,305.2	31.77	-0.19	-0.58	32.41	31.71
TAL Education Group ADR	TAL	2,934.5	6.38	-0.05	-0.78	6.43	6.34

Percentage gainers...

SIGA Technologies	SIGA	583.1	5.98	0.89	**17.49**	7.43	5.09

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COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract						Open interest
	Open	High	Low	Settle	Chg	Open	
Copper-High (CMX) -25,000 lbs.; \$ per lb.							
July	3,8635	-0.070	486				
Sept	3,9050	3,9435	3,8380	3,8755	-0.0265	123,347	
Gold (CMX) -100 troy oz.; \$ per troy oz.							
July	1945.40	-23.50	25				
Aug	1973.30	1982.60	1941.70	1945.70	-24.40	56,540	
Sept	1982.40	1991.80	1951.50	1955.50	-24.40	1,164	
Oct	1991.80	2002.00	1961.40	1965.30	-24.40	28,929	
Dec	2012.60	2022.10	1981.20	1985.20	-24.30	362,478	
Feb'24	2032.90	2042.20	2001.90	2006.00	-24.20	14,003	
Palladium (NYM) -50 troy oz.; \$ per troy oz.							
July	1231.70	-19.30	5				
Sept	1263.00	1270.00	1215.50	1236.60	-19.30	15,212	
Platinum (NYM) -50 troy oz.; \$ per troy oz.							
July	937.00	-27.00	3				
Oct	973.80	982.50	940.20	945.00	-27.00	60,797	
Silver (CMX) -5,000 troy oz.; \$ per troy oz.							
July	24.236	-0.589	41				
Sept	25.075	25.325	24.180	24.367	-0.603	118,767	
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.							
Sept	78.90	80.60	78.87	80.09	1.31	359,575	
Oct	78.49	80.08	78.46	79.63	1.23	219,687	
Nov	78.07	79.57	78.07	79.18	1.17	142,393	
Dec	77.63	79.07	77.63	78.70	1.11	235,684	
June'24	75.55	76.32	75.14	76.04	0.90	122,407	
Dec	72.89	73.88	72.89	73.65	0.77	125,854	
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.							
Aug	2,8418	2,9233	2,8403	2,9169	.0740	15,280	
Sept	2,8402	2,9153	2,8336	2,9088	.0721	84,165	
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.							
Aug	2,9093	2,9659	2,8862	2,9505	.0433	20,261	
Sept	2,8440	2,8955	2,8232	2,8815	.0413	126,049	
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.							
Aug	2,627	2,650	2,463	2,492	-.173	1,535	
Sept	2,684	2,691	2,551	2,595	-.098	323,034	
Oct	2,798	2,808	2,673	2,714	-.095	105,786	
Nov	3,227	3,236	3,104	3,142	-.093	103,595	
Jan'24	3,845	3,855	3,732	3,765	-.083	85,433	
March	3,480	3,494	3,402	3,430	-.053	72,424	

Agriculture Futures

Corn (CBT)	5,000 bu.; cents per bu.						
Sept	540.25	547.00	532.25	533.25	-.70	379,972	
Dec	548.00	555.00	541.50	542.25	-.60	589,581	
Oats (CBT)	5,000 bu.; cents per bu.						
Sept	425.00	439.00	422.75	425.50	-.150	1,520	
Dec	447.00	459.00	442.75	445.50	-.325	3,182	
Soybeans (CBT)	5,000 bu.; cents per bu.						
Aug	1549.00	1580.75	1529.25	1532.00	-.1425	21,026	
Nov	1419.25	1432.00	1395.50	1398.00	-.2200	324,254	

Agriculture Futures

Corn (CBT)	5,000 bu.; cents per bu.						
Sept	540.25	547.00	532.25	533.25	-.70	379,972	
Dec	548.00	555.00	541.50	542.25	-.60	589,581	
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Dec	447.00	459.00	442.75	445.50	-.325	3,182	
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Nov	1419.25	1432.00	1395.50	1398.00	-.2200	324,254	

Cash Prices | wsj.com/market-data/commodities

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Thursday

Thursday

Thursday

	Energy	Metals	Fibers and Textiles	Grains and Feeds	Food	Interest Rate Futures	Bonds wsj.com/market-data/bonds/benchmarks
Coal,C.Aplc.,12500Btu,1.2SO2-r,w	62.250	CoalPwdrRvrBsn,880Btu,0.8SO2-r,w	14.300				
Gold, per troy oz	1957.00						
Engelhard industrial	1945.35						
Handy & Harman base	2159.34						
Handy & Harman fabricated	1972.00						
LBMA Gold Price AM	*1966.30						
LBMA Gold Price PM	*1966.30						
Krugerrand wholesale-e	2033.26						
Maple Leaf-e	2081.90						
American Eagle-e	2081.90						
Mexican peso-e	2510.15						
Austria crown-e	1910.18						
Austria phil-e	2042.99						
Silver, troy oz.	24,7500						
Engelhard industrial	24,2300						
Handy & Harman base	24,2300						
Handy & Harman fabricated	24,2300						
LBMA Platinum Price PM	*24,6700						
Platinum,Engelhard industrial	24,6700						
Palladium,Engelhard industrial	1265.00						
Aluminum, LME, \$ per metric ton	*2170.5						
Copper,Comex spot	3,8635						
Other metals	1945.35						
LBMA Platinum Price PM	*960.00						
Platinum,Engelhard industrial	965.00						
Palladium,Engelhard industrial	1265.00						
Aluminum, LME, \$ per metric ton	*2170.5						
Copper,Comex spot	3,8635						
Iron Ore, 62% Fe CFR China-s	n.a.						
Shredded Scrap, US Midwest-s,m	n.a.						
Steel, HRC USA, FOB Midwest Mill-s	n.a.						
Battery/EV metals	40675</						



The sooner you recognize
the signs of autism,
the sooner you can help.

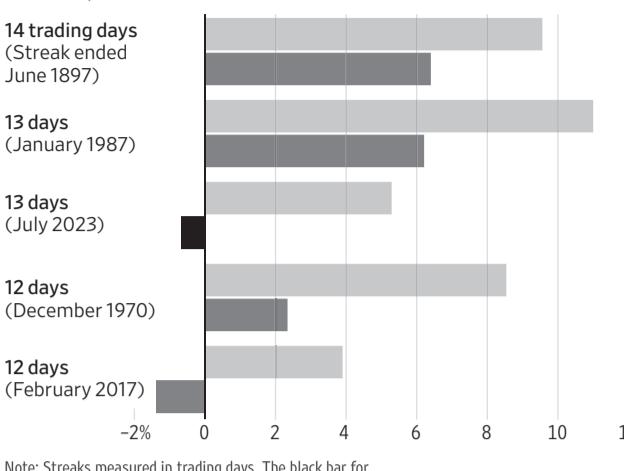
ScreenforAutism.org



MARKETS & FINANCE

DJIA winning streaks of at least 12 days

With percentage change during each streak and one month later



Source: Dow Jones Market Data



JOE RAEDLE/GETTY IMAGES

Shares of Royal Caribbean Group gained 8.7% on Thursday.

Industrials' Hot Streak Has Ended

Continued from page B1
icy. The European Central Bank raised rates another quarter point on Thursday. The Bank of Japan, which has bucked the global tightening trend, is discussing whether

to tweak its yield-curve control policy to let long-term rates rise beyond its 0.5% cap. Still, stocks are up significantly this year. "We raise rates, the nose is still up on the proverbial

THURSDAY'S plane," said **MARKETS** Ken Mahoney, CEO of Ma-

honey Asset Management. "The opportunity cost to sit on the sidelines and complain about a recession that hasn't happened is significant."

The economic data has been accompanied by solid

corporate earnings from big companies in key sectors. **Meta Platforms** shares rose 4.4% Thursday after reporting its highest quarterly sales growth since 2021. **McDonald's** gained 1.2% on stronger-than-expected sales and profit, while shares of Invisalign maker **Align Technology** advanced 13%.

Royal Caribbean Group gained 8.7%. **Southwest Airlines** fell 8.9% after the carrier said it would revamp its flight schedule.

Overall, second-quarter

profits from S&P 500 companies are down about 8% from a year ago, according to a blend of reported results and consensus estimates. However, 80% of companies have so far topped Wall Street profit expectations, a slightly higher rate than average. About 44% of S&P 500 companies have reported as of Thursday

said Nick Anderson, portfolio manager at Thornburg Investment Management. He cited signs of strong consumer spending and falling inflation in earnings from major credit card companies, and rebounding demand for cloud computing services sold by big tech firms.

Brent crude futures rose 1.6% to \$84.24 per barrel. The international benchmark settled at the highest price since April 18.

—Will Horner contributed to this article.

Barclays Lowers Its Outlook For Interest Income

By JOSH MITCHELL

Shares in **Barclays** fell Thursday, after the British bank cut its estimates for net interest margins, or the money it makes from lending to customers compared with its own borrowing costs.

The stock closed down 5.3% in trading in London.

Profit attributable to ordinary shareholders leapt 24% to £1.33 billion, equivalent to \$1.72 billion, in the April-June quarter. That beat analyst expectations for £1.24 billion.

But the bank lowered its interest-income guidance, mainly due to shifting consumer habits.

It said consumers are increasingly drawing on savings to pay down mortgages, and are moving cash into higher-interest accounts.

The bank's results were complicated by a debt-sale fiasco that distorted both revenue and costs a year earlier, adding £1.1 billion in fines and other charges, but also £0.8 billion of income.

Overall income fell 6% from a year earlier, to about £6.3 billion, but rose 6% excluding the impact of the debt debacle.

Revenue at the corporate and investment bank sank 22%, as reduced market volatility cut particularly into the income earned from equity trading. A broad deal-making slump continued to eat into fees for advising companies on mergers.

But income rose robustly in retail banking and credit cards. Credit-card customers rang up higher balances, while higher interest rates from a year ago boosted net interest income.

London-based Barclays has a major credit-card and retail business in the U.S. and U.K. and is the world's sixth-biggest investment bank by revenue. American banks have also reported drop-offs in trading and investment-banking income.

AUCTION RESULTS

Here are the results of Thursday'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.

FOUR-WEEK BILLS

Applications	\$223,785,086,800
Accepted bids	\$70,891,053,800
*noncompetitively	\$3,910,612,000
foreign noncompetitively	\$2,000,000,000
Auction price (rate)	99.589722 (5.27%)
Coupon equivalent	5.385%
Bids at clearing yield accepted	59.13%
Cusip number	912797GJ0

The bills, dated Aug. 1, 2023, mature on Aug. 29, 2023.

EIGHT-WEEK BILLS

Applications	\$172,284,253,500
Accepted bids	\$60,763,915,500
*noncompetitively	\$1,241,104,000
foreign noncompetitively	\$2,000,000,000
Auction price (rate)	99.177889 (5.28%)
Coupon equivalent	5.418%
Bids at clearing yield accepted	80.83%
Cusip number	912797GU5

The bills, dated Aug. 1, 2023, mature on Sept. 26, 2023.

SEVEN-YEAR NOTES

Applications	\$86,765,302,700
Accepted bids	\$35,000,002,700
*noncompetitively	\$48,477,600
foreign noncompetitively	\$0
Auction price (rate)	99.474987 (4.08%)
Interest rate	4.000%
Bids at clearing yield accepted	86.54%
Cusip number	91282CHRS

The notes, dated July 31, 2023, mature on July 31, 2030.

Sequoia Pares Fund For Crypto

Continued from page B1

Most banks already have enough capital to meet the new requirements, Michael Barr, the Federal Reserve's vice chairman for supervision, said recently.

But some banks have said they

might temporarily hold off on share buybacks until they see how the rules affect them, while others have said they may pull back from certain activities.

Thursday's plan to ratchet up overall capital is expected to be the first of several steps regulators will take to beef up rules for Wall Street.

Tougher rules were already on the way for the biggest lenders before the March failures of Silicon Valley Bank and another bank sent tremors through the industry. Since then, regulators said they would apply new rules to a wider range of rules.

Now, institutions with at least \$100 billion in assets

would generally have to comply with the capital rules, a group that encompasses 36 large U.S. banks, according to federal data.

The new rules would also end a regulatory reprieve that allowed some midsize banks to effectively mask losses on certain securities they hold. Supporters of the change say it would have forced SVB to address its mounting losses earlier as interest rates rose and the value of its holdings declined. Regulators also are preparing to add to regional banks' financial cushions by requiring them to raise long-term debt to absorb potential losses.

The FDIC approved the plan in a 3-to-2 party-line vote, with

the agency's two Republican members dissenting. Later, the Fed voted 4-to-2 to propose the new rules and open them to public comment through the end of November. Regulators would have to vote again to complete the changes and would implement them in phases between 2025 and June 2028.

Jonathan McKernan, one of the FDIC dissenters, criticized "dubious design decisions" behind the proposal. Fed Governor Michelle Bowman, who also dissented, said there is "insufficient evidence that the benefits produced by this proposal would justify the costs."

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returns and frustrating investors.

Sequoia Capital separated its U.S. and Europe business from its lucrative China business in June after the partnership came under increasing scrutiny from lawmakers and the White House. Michael Moritz, one of Sequoia's most successful early-stage investors, stepped down earlier this month after almost 40 years at the firm.

By MARIA ARMENTAL

Alpine Investors acquired four roofing companies to venture into the growing market for home-improvement services.

All four—Cherry Roofing & Siding in New Jersey, McHale Roofing in Florida, Rogers Roofing in Indiana and Victor's Home Solutions in Michigan—continue to operate independently under Alpine's newly formed Vertex Service Partners business. The San Francisco firm said it plans to add related services to Vertex over time.

Renovation projects, from roof and window replacements to kitchen and bathroom upgrades, boomed during the pandemic years. The Home Improvement Research

Institute, an industry group, estimated the market for products such as paint and drywall peaked in 2021 but said last fall that inflation had slowed growth to a projected 1.5% increase this year.

However, the institute said that demand for home-improvement products would continue to rise through 2026.

Vertex bet that its initial focus on roofing would insulate it from market fluctuations, and newly named Vertex Chief Executive Dennis Elliott said its businesses haven't experienced any slowdowns.

"We see roofing as a bit of a mission-critical service," Elliott said. "When a roof leaks, you can't really delay it."

Elliott, who previously worked at Roark Capital

backed automotive services company Driven Brands, leads Vertex with President Raj Das, who joined the Charlotte, N.C.-based business after working as an Alpine vice president.

Alpine's latest investment, out of its ninth flagship fund, follows the firm's buy-and-build strategy of setting up new companies to hold and expand acquired operations. Last year Alpine created a data-enabled software business called Predictis and put vacation-rental data company AirDNA and corporate ethical standards data provider Ethisphere under its umbrella. Earlier this year, Alpine set up Ascend to hold acquired regional accounting firms and Axia Water for water-services acquisitions.

Alpine Investors set up Vertex to hold four companies that provide replacement roofs.

Elliott said Vertex plans to invest in marketing and customer acquisition to help expand Vertex's businesses along with building recruiting and training programs, another hallmark of Alpine's strategy. Elliott said the company would focus on hiring and training general managers

and sales leaders. "This is a service business," Elliott said. "It's not like we're selling widgets, and it's people who get the job done."

Alpine Investors Dives Into Home-Improvement Services



JON ELSWICK/ASSOCIATED PRESS

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Strip Malls Are Having a Moment

Neighborhood shopping centers are signing leases faster than tenants can move in

Strip malls are hot. With investor anxiety rising about types of commercial property from shiny office buildings to self-storage facilities, the low-slung structures are a rare bright spot. Retailers want to stay close to where customers are spending more time these days: their homes. The leased occupancy rate at strip center real-estate investment trusts stood at 95.3% as of the first quarter, a level last reached about eight years ago, according to real-estate advisory firm Green Street. Physical occupancy was 92.4%, right around where it was pre-pandemic.

The widened gap between leased and physical occupancy isn't always a good sign if it is an indicator of a delay in, for instance, landlords' ability to get a building ready. But in this market, the gap exists because landlords are signing leases more quickly than retailers have been able to move in, said Paulina Rojas Schmidt, who leads Green Street's strip center team. Lisa Palmer, chief executive of strip center real-estate investment trust **Regency Centers**, said in June that despite recession fears, tenant demand "remains really strong." Notably, bankrupt retailer **Bed Bath & Beyond** found bidders last month when its leases were auctioned.

Another sign of strength in the market: Landlords aren't having to split large anchor spaces—typically those greater than 10,000 square feet—to find occupants. While this was common in 2017 and 2018, Schmidt said a larger proportion of big-box spaces are able to find single tenants. Meanwhile, releasing spreads—a measure of the difference between the rent paid by the



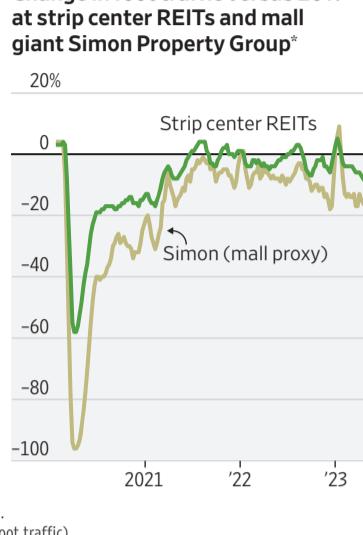
*Weekly data, through May 15. On a four-week trailing basis.

Sources: Green Street (occupancy); Placer.ai, Green Street (foot traffic)

tenant that just left and the amount the incoming tenant is going to pay—steadily increased since plunging in 2020. Foot traffic at strip center REITs was down just 8% from 2019 as of mid-May on a trailing four-week basis, much better than the 18% decline at mall giant **Simon Property Group**, according to data from Placer.ai and Green Street.

One reason for strip malls' strength is the widespread shift to a flexible working environment, which means consumers are spending more time at home rather than city centers where their offices are. Conor Flynn, CEO of **Kimco Realty**, the largest shopping-center-focused REIT, said in June that the flexible work environment has led to a pickup in shopping-center visits.

On average, office occupancy remains at about half of prepandemic



levels in the 10 metro areas that Kastle Systems tracks as of the week ended July 19. That means lunch demand at restaurants near offices has shifted to those at strip centers closer to people's homes.

A January research report by Chris Wheat, president of the JPMorgan Chase Institute, found that the number of retail establishments in city centers had declined 3.8% as of fourth quarter 2021 compared with the same period in 2019. By contrast, the number of establishments in inner suburbs rose roughly 1%. Before the 2020 pandemic, city centers saw the highest growth in establishments.

Moreover, the pandemic's boost to online shopping hasn't dented bricks-and-mortar retail demand as the industry had feared. Physical retail is being used to fulfill e-commerce orders and returns.

Even **Abercrombie & Fitch**, a brand strongly associated with malls, has said its store base will likely shift more off-mall as it reviews its real estate. **Macy's** said on its last earnings call in June that off-mall retail is the "dominant in-person shopping method" for U.S. consumers. **Signet Jewelers** said at its investor day in April that off-mall stores see higher revenue growth and attractive economics compared with malls, noting that these stores also have lower occupancy costs. Others shifting off-mall include **Foot Locker** and **Bath & Body Works**.

That might help explain why an index of shopping center REITs is up 3.7% from a year earlier, vastly outperforming a broader REIT index by 12.7 percentage points. REITs generally tend to become less attractive investments as interest rates increase because their dividend yield becomes less enticing relative to Treasury yields. Still, strip center REITs are trading at a valuation—measured as a multiple of funds from operations—17% above their five-year average, while malls are commanding a 13% premium over the five-year average, according to UBS. By contrast, office REIT valuations are running 26% below the historical average. Strip-center-focused REITs include Kimco, Regency and **Federal Realty**.

Strip malls are no bargain, but, given their strong balance sheets, it might take a plunge in retail spending, a mass migration back to the office, a sudden overbuild of strip malls or a sharp increase in interest rates to throw them off their foundations.

—Jinjoo Lee

AbbVie's Humira Still Reigns Despite Copycats

Lawmakers in Congress marking up bills on pharmacy middlemen this week might want to pay heed to AbbVie's latest earnings results. Investors certainly are.

It has now been several months since a copycat version of the arthritis therapy Humira—the highest-grossing drug ever—was launched. For now, doctors are still mostly writing prescriptions for branded Humira instead.

AbbVie reported Humira sales of \$4.01 billion for the second quarter, surpassing analyst estimates. While the Humira sales figure was good news for AbbVie, it still represented a 25% decline from the same period last year.

But the decline obscures the fact that biosimilars—essentially complex biologic generics—are making substantial inroads. In fact, AbbVie's market share might have actually increased in the quarter in some disease areas as it offered steep rebates to pharmacy-benefit managers, according to physician surveys conducted by Piper Sandler. It is a strategy some investors refer to as "burning down the house so nobody else can have it," notes Piper Sandler analyst Christopher Raymond.

The strategy is working: Launched in January, **Amgen's** Amjevita—the first biosimilar—has garnered less than 2% of the total volume of prescriptions for adalimumab (Humira's nonbranded drug name), according to data compiled by the Magnolia Market Access claims data warehouse.

This strategy is important because it not only staves off competition but also maintains AbbVie's relationship with healthcare stakeholders and buys it time to switch patients over to its newer immunology drugs, Skyrizi and Rinvvo.

To be fair, Amjevita was the only biosimilar available during the second quarter. In July, seven other biosimilars were launched and a larger impact is expected in the second half of the year. But even then, it will be far from a stampede, with many patients and doctors choosing to remain on Humira. During the analyst call, AbbVie management predicted that in the second half of the year, it will continue to be price—not lower volumes—that is driving revenue lower.

With management now guiding Humira revenue to decline 35% this year from a peak of \$21 billion in 2022, the healthcare system is already benefiting from lower prices.

The dynamics in the U.S. market stand in contrast to the more centralized healthcare systems of European countries, where the introduction of copycats in 2018 quickly started to eat up Humira's market share. In the U.S., efforts by companies such as Amgen and **Cohesus** to offer massive discounts to list prices have failed to generate excitement from the large pharmacy-benefit managers, which have mostly been vertically integrated into the largest insurance companies. An array of legislative efforts now under way in Congress to rein in the PBMs doesn't appear to address a core issue with the model, which effectively rewards drug companies for increasing their list prices.

That puts the biosimilar investment model at risk. Julian Reed, executive director of the Biosimilars Forum, argues that regulators should do more to ensure that anticompetitive rebate schemes are removed from the formulary allocation process, giving patients full access to lower-cost products.

It isn't just about the rebates, though. Another reason for the slow uptake of biosimilars is that doctors and patients really do prefer to stick with Humira, provided they can get it for the same price. At this stage, says Piper Sandler's Raymond, the biosimilars lack the ideal product profile of being high-concentration, citrate-free and fully interchangeable. Additionally, Piper Sandler's surveys indicate doctors see AbbVie as one of the most respected manufacturers.

Humira is clearly on a steep downward trajectory. While AbbVie can't stop that, it is at least dictating the terms of the decline.

—David Wainer

Recession Odds Just Got Longer

The U.S. could still enter the recession that economists have been forecasting for over a year now. But as of the second quarter it hadn't started, and it probably won't start in the third, either.

The Commerce Department on Thursday reported that gross domestic product grew at an inflation-adjusted 2.4% annual rate in the second quarter from the previous, topping the first quarter's 2% rate and better than the 2% economists polled by The Wall Street Journal were looking for.

The details of the report were good, too. Final sales to private domestic purchasers—a measure of underlying strength in the economy that excludes the often volatile effects of inventory swings, international trade and government spending—grew at a 2.3% rate. There was a slowdown in consumer spending, but capital spending by businesses picked up.

GDP isn't the final arbiter of whether the U.S. is in a recession, of course. The National Bureau of Economic Research, which has been calling U.S. downturns since either GDP or gross national product were reported, looks at an array of measures. But those measures, the most important of which is probably job growth, so far also indicate the economy is expanding. For example, on Thursday, the Labor Department reported that initial claims for unemployment fell to a seasonally adjusted 221,000 in the week ended Saturday, from the previous week's 228,000, bringing them to the lowest level since February. That augurs continued job gains.

Moreover, GDP looks as if it will continue to grow in the current quarter. Consumer spending was



The GDP should register at least a modest positive from builders starting construction on more homes recently.

stronger in June than its average level in the second quarter so, even if it didn't grow at all over the course of July, August and September, it would still eke out a third-quarter gain. It seems more likely, considering continued employment growth and diminished inflation, that spending will grow across those months.

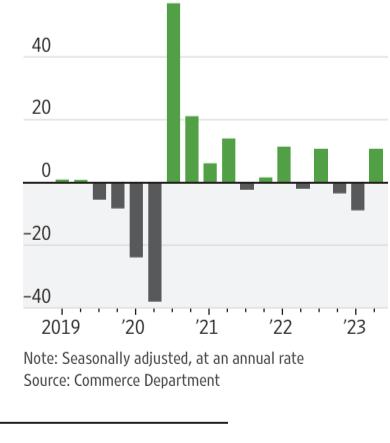
Capital spending looks as if it will continue to grow, too. Also on Thursday, the Commerce Department reported that orders for durable goods rose 4.7% in June from a month earlier. That was flattered by a jump in aircraft orders, which are often volatile, but the rise in orders probably still presages an increase in sales.

Finally, residential investment weighed slightly on GDP in the second quarter, but with home builders starting construction on more homes recently, this looks as if it will turn into at least a modest positive.

Does all this mean that the U.S. has definitively skirted a recession? Of course not. The Federal Reserve on Wednesday raised its target on overnight interest rates to the highest level in 22 years. Considering how it takes time for rate increases to feed through, the economy will continue to face headwinds. But what looked to many economists like a narrow path to a soft landing is obviously wider now.

—Justin Lahart

Inflation-adjusted investment spending on nonresidential equipment, change from the previous quarter



Note: Seasonally adjusted, at an annual rate
Source: Commerce Department

Volkswagen's EV Gambit in China Makes Sense

Foreign carmakers have largely lagged behind their Chinese rivals in the electric-vehicle race. **Volkswagen's** latest partnership in the country is a sign of things to come in the world's largest automobile market.

The German automaker said Wednesday that it will invest \$700 million in Chinese EV startup **Xpeng** in return for a 5% stake. They will jointly develop two Volkswagen-branded EVs that will roll out in 2026. Volkswagen's Audi brand will also work with state-owned Chinese carmaker **SAIC** to develop EVs in the country.

The deals are significant as they

demonstrate again that the rise of EVs has turned the tables in China's car industry. Foreign carmakers such as Volkswagen were, until very recently, forced to set up joint ventures with Chinese partners to access the market. They brought to the table their technological expertise and engineering know-how.

But as Chinese EV makers have grown by leaps and bounds, incumbents such as Volkswagen now have to enlist the help of their Chinese peers for rather different reasons. In 2018 China scrapped its joint-venture requirements for foreign EV makers, largely to entice **Tesla** to produce in the country.

Boosted by subsidies—and Tesla's investment and competition—China's EV market has now grown to be the world's biggest. And Chinese companies dominate the battery supply chain.

The shift to EVs has leveled the playing field. As cars increasingly become computers with wheels, potential car buyers look at features such as driving assistance or in-car entertainment. Xpeng, in particular, has been pouring resources into autopilot and self-driving cars.

For Xpeng, the cash infusion will give it ammunition to survive China's cutthroat EV competition. The company has been losing

money, and sales plunged in recent quarters. The launch of its G6 mid-size sport-utility vehicles in June may give it a boost in the second half of 2023. But in the cash-burning battle, having a rich backer such as Volkswagen will definitely be a plus: Xpeng's shares jumped 34% in Hong Kong on Thursday.

Volkswagen has long reigned supreme in China but will need some local help in this new EV-centric world. Xpeng, meanwhile, needs time to get new models to market and outlast the competition.

This deal makes sense for both of them.

—Jacky Wong

Humira is clearly on a steep downward trajectory. While AbbVie can't stop that, it is at least dictating the terms of the decline.

—David Wainer