

THE WALL STREET JOURNAL.

What's News

Business & Finance

Big Wall Street banks are cutting bonus pools sharply, including by as much as 40% at Goldman Sachs, to contend with a deal-making slump, according to people familiar with the matter. **A1**

◆ **A Southwest crew-reassignment system** was overwhelmed as the airline attempted to respond to the past week's storm, helping to create the worst industry meltdown in recent memory. **A1, A6**

◆ **Some customers with accounts stuck in failed cryptocurrency firms** are seeking to sell their claims at deep discounts to avoid dealing with uncertainties in drawn-out bankruptcies. **A1**

◆ **U.S. stocks declined**, with the S&P 500, Nasdaq and Dow losing 1.2%, 1.4% and 1.1%, respectively. **B1**

◆ **Exxon said it filed a lawsuit** against EU authorities over the bloc's decision to impose a windfall levy on energy firms' high profits triggered by Russia's invasion of Ukraine. **B1**

◆ **Tesla's stock has endured** a bruising December as shares in the car maker have stumbled on new demand concerns and a shutdown at its China factory. **B1**

◆ **Lockheed Martin said it filed** a protest against the Army's decision to award Textron the contract to build a new fleet of helicopters that analysts estimate could be worth up to \$80 billion. **A3**

◆ **AMC Entertainment chief Aron** asked the company's board to freeze his compensation in 2023 following a painful year for the theater chain's share price. **B1**

World-Wide

◆ **Ukrainian authorities** said their army was closing in on the Russian-occupied city of Kreminna, control of which could allow Kyiv to significantly expand its efforts to retake Russian-held areas in the east. **A18**

◆ **New rules for companies** that get financial benefits from governments outside the EU are set to kick in next year, potentially imposing high costs on U.S. companies that do business in the bloc. **A8**

◆ **The number of deaths** in the Buffalo, N.Y., area rose to 37 as the city continued to dig out from a massive snowfall five days after a brutal storm swept through. **A3**

◆ **A man described** by prosecutors as the spiritual leader of the plot to kidnap Michigan Gov. Whitmer was sentenced to nearly 20 years in prison. **A5**

◆ **Hong Kong will end** social distancing, obligatory Covid vaccine proof and almost all testing requirements for visitors, joining Beijing in accelerating moves to open up. **A7**

◆ **Netanyahu completed** coalition deals as he was set to return to power as leader of the most right-wing and religious government in Israel's history. **A9**

◆ **The Jan. 6 panel withdrew** a subpoena it issued to Trump, as its investigation has wrapped up and Republicans are set to take control of the House in January. **A4**

◆ **Pope Francis said** his 95-year-old predecessor, retired Pope Benedict XVI, was very ill and asked the faithful to pray for him. **A9**

CONTENTS Opinion..... A15-17
Arts in Review... A13 Personal Journal A11-12
Business News... B3 Sports..... A14
Crossword... A14 Technology... B4
Equities... B6 U.S. News... A2-6
Heard on Street. B10 Weather... A14
Markets... B9 World News... A7-18



Covid Surge in China Prompts U.S. to Require Travel Tests



OVERLOAD: Covid-19 patients wait in a hospital in Tianjin, China, on Wednesday, as cases have climbed rapidly after lockdown restrictions were eased. The U.S. will require travelers from China to submit a negative test to enter the country. **A7**

Southwest's Balky Technology Set Stage for Winter Debacle

By ALISON SIDER

When Southwest Airlines Co. reassigns crews after flight disruptions, it typically relies on a system called SkySolver. This Christmas, SkySolver not only didn't solve much, it also helped create the worst industry meltdown in recent memory.

Airline executives and labor leaders point to inadequate technology systems, in particular SkySolver, as one reason why a brutal winter storm

turned into a debacle. SkySolver was overwhelmed by the scale of the task of sorting out which pilots and flight attendants could work which flights, Southwest executives said. Crew schedulers instead had to comb through records by hand.

The airline has said SkySolver works well during a more typical disruption and had helped it manage recent hurricanes and snowstorms. But the scale of this past week's storm, coupled with a network that

still hasn't been fully restored in the wake of the Covid-19 pandemic, gummed things up. Even as it tried to solve one set of problems, new ones would emerge.

Crews and planes were out of place. Phone lines jammed up, and Southwest pilots and flight attendants trying to get assignments couldn't get through to the scheduling department. Some shared screenshots on social media that showed hold times of eight hours or more—

which meant they could wait a full workday for instructions while flights were stuck for the lack of a crew. The airline was scrambling just to figure out where its crew members were located, union leaders said.

"There just was not enough time in the day for them to

Please turn to page A6

◆ **Buffalo still clearing snow** as death toll rises to 37..... **A3**
◆ **Southwest fliers find that cancellations persist**..... **A6**

Inflation Takes Biggest Bite From the Middle

Purchasing power fell for those households in 2022

By JON HILSENATH AND RACHEL WOLFE

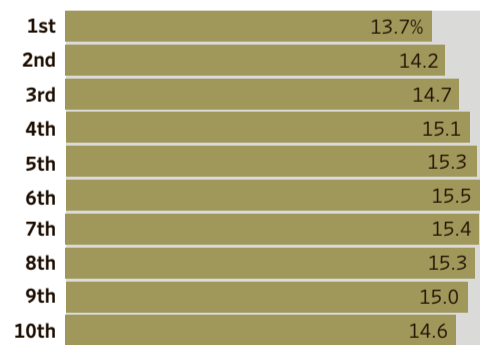
Inflation is often called a tax on the poor, but this time it's hit middle-income households the hardest.

Many low-income households, benefiting from exceptionally low unemployment rates, have found jobs and experienced wage increases that lifted income more than the cost of living, according to studies by the Congressional Budget Office and others. Many were also bolstered by federal payments during the pandemic.

At the high end, many households have seen big losses in stock and bond markets, but their income and savings were large enough that they were able to keep spending

Please turn to page A10

Consumer Price Index by income decile, change from May 2020 to May 2022



Note: Based on prices for goods and services, weighted for consumption patterns of households at various income levels. Source: Xavier Jaravel

Beijing Bolsters Trade Ties With Neighbors

By JASON DOUGLAS

SINGAPORE—While the U.S. has sought to persuade countries to reduce their dependence on China, trade ties between the world's second-largest economy and the rest of Asia are deepening as economies grow and companies re-fashion supply chains.

Behind the trend, economists said, are powerful economic forces that tend to bind smaller economies to bigger ones as well as China's dominant role as a supplier of the kind of affordable goods that fast-growing countries need, such as cars and machinery.

But China's growing trade with its Asian neighbors also reflects the ripples of the worsening spat between the world's

two largest economies that began with a fight over trade and has since widened to encompass technology, national security and foreign policy.

The trade battle that took off in 2018, along with subsequent pandemic disruptions, inaugurated a reordering of global supply chains. Manufacturers based in China have sought to shift some elements of their production lines to the country's Asian neighbors, either to sidestep tariffs or insulate themselves from the risk of future upheavals as relations between the U.S. and China deteriorate.

That reshuffling, however,

Please turn to page A8

◆ **EU subsidy rules to trigger disclosures**..... **A8**

U.S. Boosters of High-Speed Rail Find Fans—7,000 Miles Away

Two diplomats gain attention for train enthusiasm, far from Washington, D.C.

By PETER LANDERS AND SHA HUA

TOKYO—He has met the emperor and welcomed President Biden to his home, but Rahm Emanuel said an equally thrilling moment as ambassador to Japan came when he was offered a ride in the conductor's cabin of a bullet train.

His eyes opened wide. The train races toward Tokyo at more than 150 miles an hour. "Yeah, I want to! If you'll let me," Mr. Emanuel, 63, recalled saying.

The company let him. He got to talk shop with the conductor, who explained that in

Japan, arriving a minute early was frowned upon just as much as arriving a minute late. "If you're scheduled at 4:01 and you arrive at 4:00, it's in the file," Mr. Emanuel said.

American history is littered with high-speed rail plans to nowhere, and politicians who tout their love of trains—including Mr. Emanuel's onetime boss, former President Barack Obama—usually wind up talking about something else.

The U.S. lags behind Europe and Asia in high-speed rail. Conservatives have criticized it as expensive and of limited

Please turn to page A10



Train diplomacy

Crypto Customers Sell Claims at a Huge Loss

By JONATHAN RANGLES

Some customers with accounts stuck in failed cryptocurrency companies are choosing to take a big loss on their investments now to avoid dealing with uncertainties in drawn-out bankruptcies.

At least hundreds of customers burned by the collapses of FTX, Celsius Network LLC and Voyager Digital Ltd. are seeking to sell their cryptocurrency claims at deep discounts so they don't have to wait months or even years to see what they might recover as the platforms move through chapter 11.

Customers and other creditors holding about \$1 billion in FTX claims and about \$100 million in Celsius claims have expressed interest in selling them through an online market run by Cherokee Acquisition, a bankruptcy claims broker and buyer, the firm said.

Nearly 500 users of FTX, Celsius and Voyager have posted claims valued at about \$126 million for sale on Xclaim Inc., a bankruptcy claims trading startup that recently changed its business to focus on providing a platform to buy and sell crypto claims. Xclaim has so far listed about \$91.7 million in FTX customer claims, the company said.

These investors are taking the loss upfront to avoid going through bankruptcy proceedings that don't necessarily guarantee them a better outcome or they don't have the time to find out.

"[Bankruptcy] takes more time than people can deal with," said Vladimir Jelisavcic, founder and manager of Cherokee Acquisition. "Some people need or want money now."

Xclaim founder and Chief Executive Matt Sedigh said the

Please turn to page A5

INSIDE



SPORTS

Late-bloomer Bennett develops into star quarterback for Georgia. **A14**



BUSINESS & FINANCE

For electric-vehicle customers, brand loyalty is left by the roadside. **B1**

U.S. NEWS

U.S. Antitrust Policy Faces Key Tests

Rulings are expected in several major cases against Silicon Valley technology companies

By Jan Wolfe

WASHINGTON—The U.S. government's aggressive approach to antitrust enforcement faces key tests in 2023, with rulings expected in several high-profile cases against Silicon Valley technology giants.

The Justice Department and the Federal Trade Commission have in recent years adopted a "high-risk legal strategy" of bringing difficult cases that push the boundaries of antitrust law, said Rebecca Allensworth, a professor at Vanderbilt Law School.

"We're approaching the moment where we see whether they'll win or lose in court," said Ms. Allensworth.

The FTC faces an August trial date in a challenge to Microsoft's proposed acquisition of videogame maker Activision Blizzard Inc.—a \$75 billion deal, now valued at \$68.7 billion by Microsoft, that could upend the software industry.

A ruling is also expected next month in the FTC's July 2022 lawsuit seeking to block Facebook parent Meta Platforms Inc. from absorbing virtual-reality firm Within Unlimited Inc.

That case is distinct from the larger antitrust case the FTC first brought against Meta in December 2020 during the final days of the Trump administration and then refilled in amended form

in August 2021.

The Justice Department, meanwhile, has a trial scheduled for September in a lawsuit challenging what it says is Google's monopoly on internet search. That case is considered to be one of the most important antitrust cases since the landmark Microsoft litigation in 1998.

Experts see those cases as difficult ones for the FTC and Justice Department to win. The FTC's challenge to the Meta-Within deal has drawn particular skepticism from antitrust experts, since it is based on theorizing about what the nascent virtual-reality industry will look like in the future.

But FTC Chair Lina Khan and her counterpart at the Justice Department's antitrust division, Assistant Attorney General Jonathan Kanter, have said they are willing to push novel legal theories at the boundaries of antitrust law even if that means sometimes losing.

"I'm certainly not somebody who thinks that success is marked by a 100% court record," Ms. Khan said at a conference this year.

There is no sign of the FTC and Justice Department relenting in their aggressive approach, said Geoffrey A. Manne, president of the International Center for Law and Economics, a research center based in Portland, Ore.

"They are gearing up for something bigger," Mr. Manne said, predicting more enforcement actions against agreements that allegedly restrain competition in labor markets.

Here are some of the key tests the Justice Department and FTC face in 2023:



FTC Chair Lina Khan and her counterpart at the DOJ have said they are willing to push novel theories at the boundaries of antitrust law.

U.S. v. Google

The Google case, filed in 2020 in federal court in Washington, alleged that the Alphabet Inc. unit maintains its status as gatekeeper to the internet through an unlawful web of exclusionary and interlocking business agreements that shut out competitors.

Google has said it is easy for consumers to use other search engines, but they choose Google because it is the best.

"People use Google because they choose to, not because they're forced to, or because they can't find alternatives," said Kent Walker, Google's chief legal officer, in a blog post published in October 2020 right after the Justice Department filed its case.

The Justice Department has said it could seek structural changes to Google if it wins the case, which could include a spinoff of the company's Chrome browser.

FTC v. Microsoft

The FTC faces an August trial date in its recent challenge to Microsoft's planned acquisition of videogame maker Activision Blizzard, which makes the popular "Call of Duty" franchise.

Microsoft sells a videogame console, the Xbox, which competes with Sony Group Corp.'s dominant PlayStation and Nintendo Co.'s Switch.

The FTC's complaint alleges that if the Activision deal were allowed to close, Microsoft could disadvantage Sony and Nintendo by limiting their access to Activision's blockbuster games.

Microsoft has repeatedly said it wouldn't engage in such actions, saying it would be economically irrational to limit access to blockbuster games such as "Call of Duty."

Microsoft has said its goal is to create a cloud gaming service that lets consumers

stream a variety of games on multiple devices for one reasonable fee—something it says would be good for consumers and good for competition.

The FTC filed its case in administrative court, and hasn't yet asked a federal court to issue an injunction blocking the deal.

FTC v. Meta

The FTC sued Meta in July, seeking to block it from absorbing Within, the company behind the popular virtual-reality fitness game "Supernatural." The agency accused Meta of trying to buy its way to the top of the virtual-reality market, rather than competing or building its own products.

Within is a small company, but the deal is part of Meta's big bet on immersive virtual worlds, or metaverses.

The lawsuit is based on the theory that the deal is set to cause competitive harm because it may limit potential future competition in a nascent industry, an unusual approach.

The FTC's request is before U.S. District Judge Edward Davila, who heard arguments and testimony over several days in December. A decision is expected by the end of January.

In a statement issued in November, a Meta spokesman said the FTC's case is based on ideology and speculation—not evidence of anticompetitive conduct. Meta said it was "confident the evidence will show that our acquisition of Within will be good for people, developers and the VR space, which is experiencing vibrant competition."

Baby Formula Imports To Be Hit By Tariffs

Imported baby formula will be subject to tariffs again in the new year, after the expiration of exemptions implemented amid a nationwide shortage.

By Liz Essley Whyte, Kristina Peterson and Jesse Newman

Congress waived tariffs, which can be as high as 175%, to help families struggling to find formula after supply-chain problems and the closure of a factory crimped supplies. A White House spokesman said the tariff waivers doubled the number of manufacturers selling baby formula in the U.S.

Congress made the waivers temporary as part of a deal to pass the measures quickly, said people familiar with the matter.

The availability of powdered baby formula in U.S. stores has improved in recent months. Out-of-stock levels fell to 14% in October from 30% in July, according to the most recent data from market-research company IRI.

The U.S. dairy industry, which makes ingredients for baby formula, had urged lawmakers to let the tariff suspensions expire. Jim Mulhern, chief executive of the National Milk Producers Federation, wrote to lawmakers in November that the supply had improved enough to allow for a return of the tariffs.

Some parents are still reporting empty shelves. Grocer Kroger Co. said Dec. 1 that supply-chain problems remain.

Manufacturers such as U.K.-based Reckitt Benckiser Group PLC, which produces formula in the U.S. and has been importing more supplies from overseas factories, said it has adjusted production to make more of a narrower product range. Supermarkets sold an average of 43% fewer formula products per store weekly as of Nov. 20, compared with that period in the previous year, IRI data showed.

Reckitt's Enfamil formula has picked up most of the market share Abbott Laboratories has lost since recalling its Similac and other formulas in February because of safety concerns, according to IRI. Nestlé SA's Gerber and private-label brands have made smaller gains. Enfamil is the top brand by sales with about 43% of the market, IRI said.

Reimposing tariffs could make formula more expensive and harder to find, said Erik Peterson, managing director for consulting firm Kearney's Global Policy Business Council think tank. "Neither is in the interest of the U.S. consumer," he said.

Wall Street Bonuses Set to Drop

Continued from Page One

to hear complaints. Executives have been telling bankers to keep their perspective broader: 2021 was a bonanza of activity. Eager corporate chieftains saw surging markets as validation to strike deals, go public or load up on low-interest debt.

At that time, bank leaders warned that it seemed a temporary boom. The decline this year hit harder than expected.

"Let's just spell it out here: This is going to be a more difficult compensation season at Jefferies, just like it will be for every firm in our industry," Jefferies leaders told staff in a memo this month.

Executives have also been telling bankers the year isn't as bad as they might think. At Goldman, total revenue is still on pace for what could be its second-highest year ever.

Goldman has spent heavily to build up its consumer divi-



Goldman Sachs plans to cut several thousand employees, in addition to cutting its bonus pool. Its Manhattan headquarters, above.

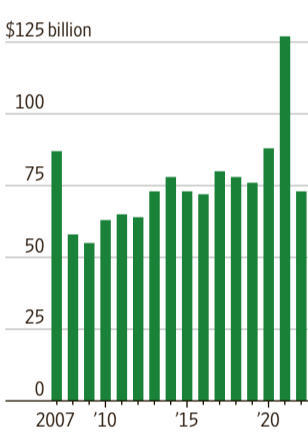
sion, and some bankers have blamed that for the bank's steeper bonus cuts.

Wall Street bankers typically get a big portion of their annual compensation in their bonus. Executives put aside revenue throughout the year to build a pool and spend months going banker by banker to determine how much each deserves. The final pot is determined in the first weeks of the year, as the books are being closed, and bankers are typically told in late January what they will get.

In a survey of more than 1,000 financial-company employees on the professional networking site Fishbowl, nearly 72% said they would consider quitting their job at a bank if their bonus is cut.

The news is brighter for traders. Though markets are down sharply, the turmoil caused by rising interest rates fueled high volumes, especially for fixed-income securities and currencies. Fixed-income traders are expected to get a 10% to 15% bump, according to Johnson Associates. Equity

Global investment banking annual revenue



Note: As of Dec. 14. Source: Dealogic

traders will be about flat.

Job safety has started to creep up the concern list. In the pandemic, banks loaded up with staff to handle a surge in deal-making volume, particularly in initial public offerings. They had also largely refrained from culling underperformers.

Now, with business down and a potential recession looming, banks are back to cutting. Goldman is planning to cut several thousand employees across many divisions, including consumer, invest-

ment banking and trading, and Morgan Stanley recently shed about 2%, or about 1,600, of its staff.

Some underperformers are likely to be nudged out at bonus time, bankers said.

The blunt instrument known as a zero bonus is expected to be wielded more often in this bonus cycle, some people said. The practice is a way of delivering the final word on a banker's dimmed job prospects, though bankers and executives said it shouldn't come as a surprise because underperformers would have already been warned. Those bankers tend to leave shortly afterward.

If stock offerings and deals continue to languish in 2023, more job cuts loom.

Investment bankers covering tech, including some managing directors, could be hit hard by layoffs, according to people familiar with the matter. The tech industry in particular fueled the pandemic stock run-up, and offerings are down sharply this year.

"Most of our clients, the Wall Street firms and asset managers, are not very optimistic" for 2023, said Alan Johnson, managing director at Johnson Associates.

U.S. WATCH

MARYLAND

Raskin Is Diagnosed With Lymphoma

Rep. Jamie Raskin of Maryland, a rising star in the Democratic Party who recently played a central role in the House investigation into the Jan. 6, 2021, Capitol riot, said he has been diagnosed with lymphoma and has started treatment.

Mr. Raskin, who is about to start his fourth term in Congress, said he had been diagnosed with Diffuse Large B Cell Lymphoma and would undergo a course of chemo-immunotherapy on an outpatient basis at Washington's Med Star Georgetown University Hospital and Lombardi Comprehensive Cancer Center. He called it a "serious but curable" form of cancer and said people with his condition have an excellent prognosis after four months of treatment.

"I plan to get through this and, in the meantime, to keep making progress every day in Congress for American democracy," he said in a statement.

According to the National Cancer Institute, Diffuse Large B Cell Lymphoma is marked by fast growing tumors in the lymph nodes, spleen or other tissues and organs. Symptoms can include swollen lymph nodes, fatigue and weight loss.

—Eliza Collins



ICE WILL SUFFICE: On a clear Wednesday, adults and children entertained themselves on the frozen Reflecting Pool on the National Mall in Washington, D.C.

NEW YORK

Prosecutor Probes Rep.-Elect Santos

A prosecutor in New York is investigating Republican Rep.-elect George Santos after he admitted he lied about significant parts of the biography he presented to voters.

"The numerous fabrications and inconsistencies associated with congressman-elect Santos

are nothing short of stunning," said Anne Donnelly, the district attorney of Nassau County, N.Y. Mr. Santos was elected last month to represent part of Long Island. Ms. Donnelly, a Republican, added, "No one is above the law and if a crime was committed in this county, we will prosecute it."

Brendan Brosh, a spokesman for Ms. Donnelly, said: "We are looking into the matter."

A representative for Mr. Santos didn't immediately respond to

a request for comment Wednesday, but the congressman-elect previously said he hasn't committed any crimes and still intends to serve in Congress.

It wasn't immediately clear what potential state crimes Mr. Santos might have committed while running for federal office. Mr. Brosh said he wouldn't comment beyond the statement and didn't respond to a question seeking more details on the probe.

—Arian Campo-Flores

CORRECTIONS & AMPLIFICATIONS

Eighty percent of hospital chain Providence's divestitures were in areas with high poverty rates. A chart in a graphic accompanying a Page One article Tuesday about nonprofit hospitals incorrectly said 100%. Moody's Investors Service's 2001 median days cash on hand for multi-state nonprofit hospital systems was 158; another chart incorrectly said 160. In 2002, that Moody's median was 160; the chart incorrectly said 167. In 2011, for nonprofit hospitals, it was 168, not 185. In

2013, Ascension acquired 15 hospitals in low-poverty areas; an annotation on a third chart incorrectly said 13. Also, Ascension's total transactions by year were inaccurate. A corrected version of the graphic is available at WSJ.com/Corrections.

The June consumer-price index rose 9.1% compared with a year earlier, the highest rate since December 1981. A Dec. 14 Page One article about U.S. consumer prices incorrectly said it was the highest rate since 1982.

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

THE WALL STREET JOURNAL (USPS 664-880) (Eastern Edition ISSN 0099-9660) (Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241) Editorial and publication headquarters: 1211 Avenue of the Americas, New York, NY, 10036 Published daily except Sundays and general legal holidays. Periodicals postage paid at New York, NY, and other mailing offices. Postmaster: Send address changes to The Wall Street Journal, 200 Burnet Rd., Chicago, MA 01020. All Advertising published in The Wall Street Journal is subject to the applicable rate card, copies of which are available from the Advertising Services Department, Dow Jones & Co. Inc., 1211 Avenue of the Americas, New York, NY, 10036. The Journal reserves the right not to accept an advertiser's order. Only publication of an advertisement shall constitute final acceptance of the advertiser's order. Letters to the Editor: Fax: 212-416-2891; email: wsjltrs@wsj.com Need assistance with your subscription? By web: customercare@wsj.com; By email: wsjsupport@wsj.com By phone: 1-800-JOURNAL (1-800-568-7625) Reprints & licensing: By email: customreprints@dowjones.com By phone: 1-800-843-0008 WSJ back issues and framed pages: wsjshop.com Our newspapers are 100% sourced from sustainably certified mills. GOT A TIP FOR US? SUBMIT IT AT WSJ.COM/TIPS

U.S. NEWS

Border Ruling Puts Migrants in a Quandary

Thousands in Mexico weigh whether to keep waiting or cross illegally as Title 42 continues

By JUAN MONTES
AND ANTHONY HARRUP

MEXICO CITY—After the U.S. Supreme Court ruled Tuesday to keep pandemic-era border controls in place for now, thousands of migrants who amassed at the Mexico-U.S. border are weighing whether to wait or attempt to cross the border and enter the U.S. illegally.

The migrants, many from Mexico and Central America but also from Venezuela and Cuba, and including many families, traveled to the border in recent days anticipating the end of Title 42 regulations, under which border crossers can be expelled immediately to Mexico or their countries of origin with no chance of requesting asylum. After the court's ruling, the policy will now remain in place at least until February.

"U.S. migration policy is very variable. The migrant doesn't know what to think, or how to react," said Román Domínguez, an evangelical pastor who runs the Oasis del Migrante shelter in Ciudad Juárez, Mexico, across the border from El Paso, Texas. "They came here with the idea of requesting asylum."

El Paso has recently been the site of a surge in migrant crossings, which prompted Texas Gov. Greg Abbott to de-



Migrants gathered Tuesday outside the Sacred Heart Church shelter in El Paso, Texas, near the U.S. border with Mexico.

ploy Texas National Guard personnel to the border.

Title 42, implemented under the Trump administration at the outset of the pandemic, had been set to expire on Dec. 21. But Supreme Court Chief Justice John Roberts issued a stay two days earlier at the request of 19 Republican-led states, which argued that the measure was still needed to avoid a major crisis at the border.

The Supreme Court decision Tuesday that will keep Ti-

tle 42 in place for now was met with disappointment and resignation by many migrants, said Héctor Silva, another pastor who runs a migrant shelter in Reynosa, across the border from McAllen, Texas. Mr. Silva said Reynosa's two migrant shelters are overwhelmed, and that they are now attending to around 4,000 people.

"There were a lot of moans and cries after they learned about the decision," he said. "Their happy faces turned sad."

Many migrants seem determined to wait several weeks more in Mexico with the prospect that Title 42 will end soon. Most left their countries fleeing poverty, violence and political repression.

"If we have to wait more time, we'll wait, we don't have anything to lose," said Micaela Flores, a 34-year-old Honduran woman who arrived in Matamoros, across from Brownsville, Texas, this month with her two children. "God

willing, we can all make it into the U.S. soon."

Dozens of migrants, exasperated by the wait, have tried to cross the border illegally in recent days, she said.

Under Title 42, there have been more than 2.5 million expulsions since 2020 of migrants who crossed the border illegally. The expulsions aren't considered immigration enforcement actions and leave no immigration records—which has led many migrants

to attempt multiple crossings.

The director for North America at Mexico's foreign ministry didn't reply to calls seeking comment on the U.S. Supreme Court ruling.

In Tijuana, opposite San Diego, authorities estimate there are some 9,000 migrants in shelters and private homes waiting for an opportunity to request asylum in the U.S. when Title 42 is lifted.

"The migrant community was already frustrated on Dec. 21, so with a new date we don't expect an immediate reaction," said Enrique Lucero, director for migrant attention at the Tijuana city government. He said there could be some who risk their lives attempting to jump the border wall or swim to the U.S. from Tijuana beaches.

Mr. Domínguez said shelters in Ciudad Juárez are full, and with the decision delaying the end of Title 42, many more migrants will have to seek refuge. "We're going to have a lot of work these days because a lot of people are coming, and many who were on the streets will have to look for a shelter," he said.

Ciudad Juárez Mayor Cruz Pérez Cuellar said last week that there were some 20,000 migrants in the city.

In Matamoros, some 4,000 asylum seekers are camped along the border in tents. Local authorities said that after seeking shelter at a local gym on Christmas Eve, when temperatures fell below freezing, many had returned to the border line Tuesday in the hope that Title 42 would be lifted.

Buffalo Still Clearing Snow as Toll From Massive Storm Rises to 37

By JOSEPH PISANI
AND ARIAN CAMPO-FLORES

The city of Buffalo, N.Y., was still digging out from the massive snowfall Wednesday, five days after one of the deadliest winter storms in decades swept through the area.

The number of deaths in the Buffalo area rose to 37, Erie County Executive Mark Poloncarz said in a tweet.

Nearly half the victims, 17 of them, were found dead outside, Mr. Poloncarz said. Nine died due to no heat in their homes, four died from cardiac events while shoveling snow, four died in vehicles and three from delays in emergency services.

Some locals have questioned how so many people could die in a place so used to snow, wind and cold. "We never thought that it was going to be as bad as it was," Erie County Sheriff John Gar-

cia said Tuesday.

The storm left more than 4 feet of snow on the city, burying abandoned cars that had to be moved with special equipment. Snow was packed so tight it had to be scooped up with plow trucks, put in dump trucks and moved elsewhere.

Sheriff Garcia said planning was done in the past year, and people stranded in cars were rescued. But zero visibility and heavy snow made it hard for first responders to get to calls.

"We have to get better. We need better equipment," he said Wednesday.

The brutal weather was part of a powerful storm that hit the U.S. last week and through the holiday weekend, bringing power outages, canceled flights and dangerous driving conditions to much of the country. More than 50 people throughout the U.S. have died because of storm conditions.

But the region surrounding Buffalo became the center for the deep freeze, paralyzing the city for days.

Mr. Poloncarz criticized the city of Buffalo's response to the storm, including delays in reopening the city in the aftermath and not participating in morning calls among elected officials. "Storm after storm, the city unfortunately is the last one to be open," Mr. Poloncarz said. "That shouldn't be the case. It's embarrassing."

As a result, the county should consider taking over response operations for big storms, Mr. Poloncarz said.

Buffalo Mayor Byron Brown disputed that there was a feud between the city and the county at a news conference shortly after. He said he had spoken many times with Mr. Poloncarz during the storm and that the county executive had never raised such points.

Lockheed Challenges Army's Helicopter Pick

By DOUG CAMERON

Lockheed Martin Corp. said it has filed a protest against the Army's decision to award Textron Inc. with the contract to build a new fleet of helicopters that analysts estimate could be worth up to \$80 billion.

The Army's Future Long Range Assault Aircraft program is one of the Pentagon's top priorities, aiming to replace hundreds or even thousands of UH-60 Black Hawk helicopters made by Lockheed's Sikorsky arm.

Lockheed Martin teamed up with Boeing Co. to offer an all-new helicopter, the Defiant X. The company said its chopper was far cheaper to build and operate than the winning Textron proposal, triggering Lockheed's decision to lodge a protest with the Government Accountability Office.

"The data and discussions lead us to believe the propos-

als were not consistently evaluated to deliver the best value in the interest of the Army, our Soldiers and American taxpayers," Lockheed said in a statement.

The Army and Textron didn't immediately respond to requests for comment.

The Army sought a new helicopter that was faster and had more range than the Black Hawk.

The GAO has the power to recommend reopening competitions or amending existing contracts if it finds in favor of protests, which can take several months. The office has 100 days to make a final decision.

Winning bidders often have to stop work on programs until the GAO makes a decision. In 2018, the GAO rejected a protest from Boeing after its proposal for a new bomber built in partnership with Lockheed Martin lost to a rival design from Northrop Grumman Corp.



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U.S. NEWS

Many Ambassador Picks Still Stalled

Over two dozens slots open for varied reasons, potentially weakening U.S. influence abroad

By ANNIE LINSKEY
AND KEN THOMAS

WASHINGTON—President Biden is set to enter the third year of his presidency with more than two dozen ambassador slots unfilled, including vacancies in the strategically important countries of India and Saudi Arabia, despite a late surge of confirmations this past month.

The White House is on track to have more top foreign representatives in place than former President Donald Trump did at this point in his term, but fewer than former Presidents George W. Bush or Barack Obama. Leaving posts open could reduce U.S. influence and make it more difficult for the president to put his stamp on foreign policy, at a moment when countries increasingly feel pressure to pick sides in the intensifying rivalry between the U.S. and China.

The posts are open for various reasons. Mr. Biden hasn't put forward a name for an ambassador to about a dozen countries, including Colombia and Ethiopia. The posting in Italy, often a plum job for a presidential ally, also doesn't have a nominee.

In about a dozen other cases, Mr. Biden has nominated officials but they have stalled in the Democratic-controlled Senate. The Senate Committee on Foreign Relations didn't hold any hearings on ambassadorial nominees for a nearly four-month period from early August to late November. In the last few weeks of the year, there was a spurt of activity with nearly two dozen candidates gaining approval—including ambassadors to Russia, Brazil and the Czech Republic.

"We continue to seek the swift confirmation of a number of highly qualified nominees to



Lynne Tracy was confirmed as U.S. ambassador to Russia last week. Eric Garcetti, center, has been nominated to be ambassador to India, but the nomination has been stuck. Michael Ratney's nomination as ambassador to Saudi Arabia is also on hold.



fill crucial posts across the globe," said White House spokeswoman Olivia Dalton in an emailed response to questions about vacancies in ambassador postings.

Former diplomats say leaving posts open for years at a time carries dangers, as it can signal to countries that the U.S. sees them as low priority and squanders opportunities for Mr. Biden to benefit from high-level communication channels with foreign leaders. The State Department installs career officers from the department in an acting capacity during vacancies.

"We've been dealing with ambassadorships being vacant for years at a time. That is dysfunction," said former Ambassador Eric Rubin, president of the American Foreign Service Association. The ambassador, unlike an interim State Department official, is "the personal representative of the president of the United States and he carries the president's authority," he said.

During the first year of Mr. Biden's administration, the White House faced hurdles from Republicans, including Sen. Ted Cruz (R., Texas), who held up a swath of nominees to foreign posts to press the administra-

tion to oppose the Nord Stream 2 natural-gas pipeline from Russia to Germany. He lifted those objections in February.

Among the nominations awaiting approval includes the ambassador to Saudi Arabia, whose relationship with the U.S. frayed after the killing of a Washington Post columnist, which U.S. intelligence officials believe was done at the direc-

Former diplomats say leaving posts vacant for years at a time carries dangers.

tion of the country's day-to-day leader Saudi Crown Prince Mohammed bin Salman. The Saudis further angered the Biden administration by, along with OPEC+, cutting oil production amid a global energy shortage.

Mr. Biden nominated Michael Ratney, a career foreign-service official, to the post in April. Sen. Ron Wyden (D., Ore.) took the unusual step of placing a hold on the nomination from his own party, invoking a

senatorial prerogative that slows the process. Mr. Wyden wants the Biden administration to develop a plan on preventing Saudi nationals from leaving the U.S., after a Saudi national accused of killing a 15-year-old Oregonian in a hit-and-run was able to flee the country.

Another high-profile fight is over former Los Angeles Mayor Eric Garcetti, Mr. Biden's pick for ambassador to India. The country assumed the presidency of the Group of 20 in December and is scheduled to host G-20 leaders in New Delhi next September. There hasn't been an ambassador there since January 2021.

Mr. Garcetti's nomination has stalled amid concerns that he ignored allegations that one of his former top aides sexually harassed subordinates. A spokesman for Mr. Garcetti didn't respond to a request to comment, and in the past Mr. Garcetti has said he was unaware of the allegations.

The White House has said it is sticking with Mr. Garcetti.

The Italy post also remains unfilled. The slot was widely believed to have been set aside for House Speaker Nancy Pelosi (D., Calif.), who has Italian heri-

tage. She has said she will remain in Congress after choosing not to seek a leadership position for the next Congress. Drew Hammill, a spokesman for Mrs. Pelosi, said she "has no interest in the posting in Rome" and is focused on her San Francisco constituents. The White House didn't respond to a question about the Italy posting.

Outside events have sometimes prompted quick action on ambassadors. As dozens of African leaders traveled to Washington in mid-December for a summit, a slew of empty posts on the continent were filled.

When Russia invaded Ukraine in February, the U.S. didn't have a Ukrainian ambassador in place. Mr. Biden in April nominated Bridget Brink, a veteran diplomat, and the Senate moved quickly on her nomination.

Last week, hours before Ukrainian President Volodymyr Zelensky gave an address to a joint meeting of Congress, the Senate approved Lynne Tracy to serve as ambassador to Russia. Ms. Tracy was nominated in September to succeed departing Ambassador John Sullivan, a holdover from the Trump administration.

Panel Rescinds Trump Subpoena

By ALEX LEARY

WASHINGTON—The House select committee investigating the Jan. 6, 2021, Capitol riot withdrew a subpoena it issued in October to Donald Trump as the investigation has wrapped up and Republicans are set to take control of the chamber in January.

"As you may know, the Select Committee has concluded its hearings, released its final report and will very soon reach its end," Chairman Bennie Thompson (D., Miss.) wrote in a letter to the former president's lawyer on Wednesday. "In light of the imminent end of our investigation, the Select Committee can no longer pursue the specific information covered by the subpoena."

The subpoena demanded documents and testimony from Mr. Trump. Many legal observers didn't expect him to willingly cooperate, and Mr. Trump filed a lawsuit in November to block the subpoena.

"Was just advised that the Unselect Committee of political Thugs has withdrawn the Subpoena of me concerning the January 6th Protest of the CROOKED 2020 Presidential Election," Mr. Trump wrote Wednesday night in a social-media post. "They probably did so because they knew I did nothing wrong, or they were about to lose in Court."

The House committee earlier this month voted to make a raft of criminal referrals to the Justice Department for Mr. Trump related to his attempt to overturn the presidential election. The Justice Department has been pursuing its own investigation related to Jan. 6, 2021 and last month named a special counsel, Jack Smith, to lead that effort.



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U.S. NEWS

Schools Confront Chronic Absence Among Students

Attendance problem now affects districts regardless of size, income levels

By SCOTT CALVERT

Schools nationwide continue to grapple with a soaring number of students who are chronically absent, state and national data show, prompting efforts to lure kids back to help reverse plummeting test scores.

The problem, which came to light earlier in the pandemic, is hitting districts regardless of size and income levels more than a year after the full return to in-person learning. In many poorer communities that for years have fought high absenteeism often related to poverty, rates rose even higher during the pandemic.

The issue, however, has jolted many other school districts, including some in higher-income areas, that were unaccustomed to having large numbers of students regularly missing class.

"There's a huge number of places that didn't have challenges with attendance that now have them," said Hedy Chang, executive director of Attendance Works, a nationwide initiative focused on helping states and school districts

tackle chronic absence.

Officials say that in these districts the absences largely have been driven by quarantines due to Covid-19 and now the additional circulation of the seasonal flu and respiratory syncytial virus, or RSV—as well as concerns from parents about their children's health.

The broad jump in chronic absenteeism comes as federal data show U.S. schools recorded the largest drop in math scores ever this year, along with a nationwide decline in reading scores that wiped out three decades of gains, adding urgency to efforts to boost attendance.

Students are generally deemed chronically absent if they miss at least 10% of school days, whether in person or virtual, regardless of whether absences were excused.

Several states that have released data for the 2021-22 year so far show roughly a doubling of chronic absenteeism from 2018-19, the last full academic year before the pandemic hit.

Attendance data from 2019-20 and 2020-21 are unreliable because of pandemic-related challenges around record-keeping, Ms. Chang said.

There are signs the problem is persisting in the current school year, as schools contend with the "triplede" of

Covid-19, flu and RSV. In Connecticut, which regularly updates its figures online, chronic absenteeism through November stood at 25.4%. Last school year, the state's rate was about 25%, more than twice as high as it was before the pandemic.

Next month the state is teaming with Attendance Works to hold a series of virtual sessions geared to helping small and medium-size districts that have grappled with high absenteeism.

Among them is the Danbury School District, where just over half of students qualify for free or reduced lunch. Its chronic absenteeism rate hovered around 7% before the pandemic but increased to around 24% last school year. Danbury's chronic absenteeism rate for the current school year stood at 20.6% through November, state figures show.

Absenteeism surged in Danbury because of the need to quarantine students and to encourage families to keep symptomatic children home for up to 10 days at a stretch, according to Michael Seelig, chief of strategy and operations for the district, which has about 12,200 students.

"We are now working with students and families to emphasize the importance of regular attendance at school," he said in an email.



AARON J. THORNTON/GETTY IMAGES

Plymouth-Canton Community Schools west of Detroit has seen its chronic absenteeism numbers rise into unfamiliar territory. This year, the district says its rate is running a little under 20%.

The district implemented an orientation program for kindergarten families because of high absenteeism rates in that group, he said.

In Michigan, where statewide chronic absenteeism jumped to 38.5% last school year from about 20% in 2018-19, Plymouth-Canton Community Schools west of Detroit has seen its numbers rise into unfamiliar territory.

The district, Michigan's fifth-largest with about 16,300 students—21.4% of whom are eligible for free or reduced lunch—went from a chronic absenteeism rate of around 11% before the pandemic to 25.5% last school year, state figures show. So far this year the district says its rate is running a little under 20%.

"We attribute the majority

of our absences to our students that are forced to be quarantined," said Superintendent Monica Merritt.

Dr. Merritt said the district hired two teachers earlier in the pandemic to provide virtual support for students who were out due to catching Covid-19 or isolating as a close contact, and ramped up a virtual academy. The district also reached a deal with the teachers union to give extra support to students who missed more than three days, she said. One option let such students attend classes remotely by video link, meaning they would be marked present.

Just to the east, the picture is different in Wayne-Westland Community Schools, where about 80% of students qualify for free or reduced lunch, according to the district. Even be-

fore the pandemic about a third of students were chronically absent, but the rate leapt to 54.5% last school year.

Many parents didn't feel comfortable sending their children back to school, said John Besek, director of student services for kindergarten through fifth grade. In addition, he said, even when entire classes had to quarantine because of Covid-19, it could take a few days to get them set up for virtual learning.

As of December, the district said its chronic absenteeism rate for this school year was 31%. Mr. Besek said the district contracts with Baltimore-based Concentric Educational Solutions to visit the homes of chronically absent students, and in most cases their attendance has improved afterward.

Delaware Man Gets Nearly 20 Years in Plot to Kidnap Whitmer

By BEN KESLING

Another of the men convicted in a plot to kidnap Michigan Gov. Gretchen Whitmer was sentenced Wednesday to 235 months, or nearly 20 years, in prison.

Barry Croft, 47 years old, of Bear, Del., was described by federal prosecutors as the ideas man in the foiled 2020 plan to kidnap Ms. Whitmer, a Demo-

crat. The scheme was stopped by the Federal Bureau of Investigation before the men could harm the governor. The group of plotters was saturated with informants, and defense attorneys claimed the men were encouraged and entrapped.

Mr. Croft's attorney didn't respond to a request for comment on the sentencing.

The man described as the ringleader of the scheme,

Adam Fox, was sentenced Tuesday to 16 years in prison.

Prosecutors described Mr. Croft as the scheme's spiritual leader, a man who infused religion into the plot and gave co-conspirators a sort of dispensation to kill people if necessary. Prosecutors compared his role to a sheik's role in al Qaeda.

"This whole thing was Mr. Croft's idea," said Assistant U.S. Attorney Nils Kessler in

court Wednesday in Grand Rapids, Mich. "What he wanted was a second Civil War or a revolution."

According to the prosecution, Messrs. Croft and Fox were central to a scheme to kidnap Ms. Whitmer at her vacation home and use a bomb to blow up a bridge near the residence. On two occasions, they reconnoitered the house and stockpiled weapons and gear

needed to carry out the plan. At an early training exercise the men held as part of the scheme, Mr. Croft made an improvised explosive device but it was poorly constructed and the men couldn't detonate it, according to court documents. At a later event, he had a successful detonation that he tested against human-shaped targets.

In a photo obtained by prosecutors, Mr. Croft wears a

tricorn hat and carries a Boogaloo flag, a symbol of desire for civil war. He has tattoos with extremist slogans and symbols.

Judge Robert Jonker said in court Wednesday that the scheme had little chance of being carried out but only because law enforcement acted early to infiltrate the group and stop the men before they could take action.

Crypto Holders Sell Claims

Continued from Page One
firm is getting calls from creditors every day. Because most of FTX's users live overseas, about two-thirds of the FTX claims submitted come from creditors based in China, Hong Kong and Taiwan, Mr. Sedigh said.

On the other end of the transactions, hedge funds and distressed-debt investors are making calculated bets. Fund managers including Contrarian Capital Management LLC, Invictus Global Management and digital-asset investment firm NovaWulf Digital Management have bought claims from Celsius or Voyager creditors, court papers show.

Professional asset managers have the capital and the time to ride out the bankruptcies and they said they are purchasing tokens that they believe have high upside. Other considerations include analysis of the quality of tokens they buy in case they aren't repaid through bankruptcy in dollars.

Pricing of the claims can change day-to-day. Voyager's bankruptcy claims dropped to 40 cents on the dollar on Xclaim after FTX collapsed in early November and the deal for it to buy Voyager fell apart. They had earlier traded at as much as 64 cents, Mr. Sedigh said. Celsius's claims also plunged, falling from highs of about 29 cents on the dollar to 19 cents shortly after FTX filed for bankruptcy.

The sales have so far represented only a share of the amounts owed to FTX, Celsius and Voyager customers. How much FTX creditors might recover in bankruptcy is unknown and the case is more complicated because the company lacked trustworthy financial information and its founders are subject to criminal investigations.

Xclaim and Cherokee Acquisition said their platforms allow cryptocurrency customers to get back higher returns because they make the historically opaque process of claims trading transparent, which creates competition among



Some customers are seeking to sell claims so they don't have to wait months or even years to see what they might recover.

potential buyers.

NOIA Capital, a Luxembourg-based investment firm, has purchased FTX claims by offering sellers two options. The firm would pay 5% upfront of the value of the claims, with 20% payouts when the accounts are repaid in bankruptcy, or 2.5% upfront, with 35% of future proceeds, said Mohammed Yesilhark, chief investment officer of NOIA.

He said the types of claims holders are varied and include companies backed by FTX that had their funds on its exchange, as well as wealthy individuals that are "willing to just close this chapter of [their] life

Distressed-debt investors are making calculated bets on bankruptcy claims.

and move on."

Ezra Serrur, who launched his hedge fund management firm Serrur & Co. in June, said selling accounts not only allows customers to get some money back right away, it also lets them lock in a loss to lower tax liability. Mr. Serrur was an investment analyst at distressed-debt hedge fund DSC Meridian Capital LP before founding his namesake hedge fund.

Buyers, on the other hand, have the capital to purchase claims and can leverage expertise in the intersection between cryptocurrency and

chapter 11 to invest in digital assets with a significant upside, Mr. Serrur said.

Some customers decided to hold on to their accounts. Josh Ragusa, a Voyager customer in California, said, "[I'd] rather take my chances with my holdings in the hope that I will be able to recoup my portfolio and that digital currency will again have its day."

"Hope is a powerful drug," Mr. Ragusa said.

But for others, the venture into crypto has been a costly but valuable lesson. One customer who sold his claims to Mr. Serrur's fund was Dylan Jones. The California resident collected 16.5 cents on the dollar on his \$165,205 Celsius claim through Xclaim. Mr. Jones said he opened his account because Celsius promised high returns that he thought "were unmatched anywhere else."

He said he wasn't surprised to see big losses in the cryptocurrency market. If he held on to these claims, he said he might see a return of between 10 cents and 20 cents based on the assets Celsius said it has been able to secure.

"My crypto investments were always limited to an amount of money that I was willing to lose if the experiment imploded, as it did," Mr. Jones said. He said he has some regrets "about not listening to my inner conscience when the market got rocky."

"It was a life lesson learned in that there are very few opportunities to rapidly gain wealth without massive risk," he said.

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U.S. NEWS

For Southwest Fliers, Still No Way Home

Travelers in Phoenix head to the airport for answers, but find that cancellations persist

By Dawn Gilbertson

PHOENIX—Carol and Joseph Lepich were blissfully unaware of Southwest Airlines Co.'s holiday meltdown when they woke up Tuesday morning.

The Sacramento retirees tried to check in for their flight on the Southwest app and found out it was canceled. They then drove to Sky Harbor International Airport to rebook their flight.

The customer-service agent greeted them after a 45-minute wait at the ticket counter and filled them in on Southwest's woes. The agent then delivered the bad news that the next available flight is late Saturday. They are due to get home just before midnight on New Year's Eve.

"I'm just surprised that everybody's so calm," Mrs. Lepich said.

It was a relative calm for sure.

Since Southwest's travel trouble began unfolding a few days before Christmas, there had been chaos in every corner of the airport, passengers and airline employees said.

There was an opportunity for some businesses amid the chaos. Hotels, restaurants and bars all had an influx of stranded travelers. Many stuck travelers spent hundreds of dollars or more than they expected awaiting new flights, booking a hotel room or renting a car.

Since then, Southwest has slashed flights proactively to get back on track. Nationwide, the airline axed 65% of



The line to get help on Tuesday at the Southwest ticket counter at Phoenix Sky Harbor International Airport.

flight cancellations in Phoenix, the airline turned its sparkling new gates in the D concourse, which opened over the summer, into a passenger help area. The line for customer service help was 80 people long just after lunch Tuesday. Baggage remained a trouble spot.

Adil Farih, president of a Denver-based aerospace-engineering firm, drove to Phoenix on Christmas Day with his wife and two children, ages 5 and 10, after their flight from Denver was canceled. They stayed overnight in Grand Junction, Colo., to break up the trip.

"Normally, we can't handle them in the car for 30 minutes but we did for 13 hours which is unbelievable," he said.

Mr. Farih said he and his wife couldn't reach Southwest to find out about the whereabouts of their three checked bags, at one point staying on hold for six hours. So Mr. Farih went to Sky Harbor in search of the bags Tuesday morning before he had coffee.

"I was just gambling," he said. "I was like if we find them great, if not we're going to go to Target and buy some clothes."

One by one, with the help of a Southwest Airlines employee in baggage claim, he spotted his two Away bags and one Monos bag.

A few hours after Mr. Farih got his bags, Chicago financial adviser Louis Gilman joined a now longer line after getting a 2 a.m. call that Southwest had found the bag he checked on Christmas Eve.

"I saw the beginning of a line and it just kind of kept growing," he said.

He was reunited with his bag in under an hour and headed back to his vacation in Sedona.

its flights with similar cuts in the next few days. With advance notice, fewer passengers have reason to go to the airport.

At times and in certain places on Tuesday, the Phoenix airport felt almost pandemic-like.

There were no snaking Southwest Airlines check-in lines, the trip through security to the airline's concourses was a breeze and you could walk up to the Starbucks counter near Southwest's gates without a wait.

"Eerie" was how one airport volunteer post-security described it.

Passenger counts are down so much, Barrio Cafe in South-

west's D concourse closed several hours early on Monday, one employee said.

Still, other parts of the operation are struggling. Many passengers are unable to rebook flights and locate their lost bags online. The baggage claim area in Phoenix filled from end to end with bags on Tuesday. In one corner on the tarmac, near gates D1 and D3, there were rows of luggage carts with bags that needed to be reunited with passengers from canceled flights.

In a video statement on Tuesday evening, Southwest Chief Executive Bob Jordan apologized to customers and said the airline is doing everything it can to get back

to normal.

Maggie Yetter, a 28-year-old travel nurse who lives in Hermosa Beach, Calif., waited in a 45-minute line in Phoenix on Tuesday to see if she could still get a flight to visit her sister in Spokane, Wash., this week. Her Tuesday flight was canceled and she couldn't rebook online. She considered other airlines but said they were charging between \$1,100 to \$1,700 for a last-minute ticket.

The Southwest agent told her the earliest flight they could find was on New Year's Eve. She received a refund for her flights and plans to skip Spokane and book a flight home on another airline.

"We thought we'd be out of

the woods by now," she said. "You look at every other airline, they're getting people out."

A.J. Castillo and his fiancée, Emma Ryan, had to pay for a hotel in Phoenix on Monday night when they missed their connecting flight to Mexico after a long Southwest delay out of Chicago, where they live. They say they spent an estimated \$500 on a hotel, dinner and drinks in Scottsdale and airport drinks on Tuesday.

They didn't buy new clothes.

"I've had this shirt on since yesterday morning, basically," Mr. Castillo, 30, said of his charcoal Roark T-shirt.

For those with last-minute

Airline's Tech Woes Cause Mess

Continued from Page One work through the manual solutions," Chief Operating Officer Andrew Watterson said in an interview.

Southwest prides itself on a laid-back culture and exceptional customer service. Now that reputation has been badly damaged. It canceled more than 13,000 flights since Thursday, stranded passengers and bags across the country, snarled Southwest's crew members and drew fire from federal officials. Chief Executive Officer Bob Jordan, who has been in the job for less than a year, publicly apologized. Mr. Watterson has been in his job since October. Both are longtime company executives.

The storm hit cities like Denver and Chicago that are at the heart of Southwest's operation, and where many of its employees are based. To be sure, many of the challenges Southwest faced were similar to those encountered by other airlines: Ground equipment and jet bridges froze, fuel congealed due to the subfreezing temperatures and staff needed to rotate inside more frequently. But rival airlines recovered more rapidly.

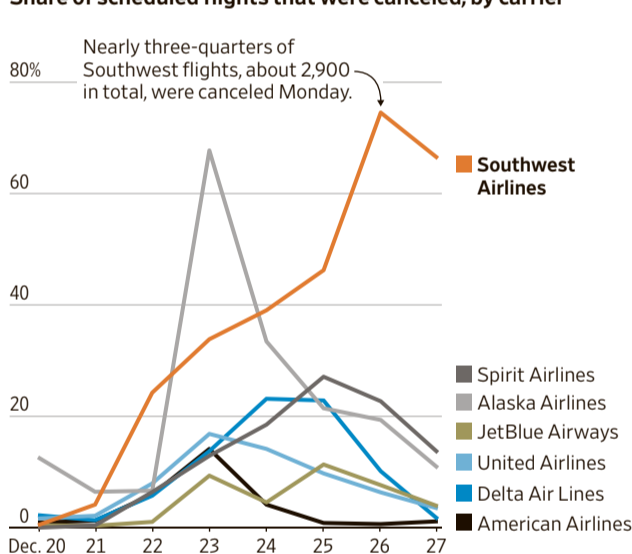
In the wake of the mess, Transportation Secretary Pete Buttigieg and federal lawmakers have stepped up calls for more stringent consumer protection measures. Southwest's shares have fallen 11% this week, outstripping declines for other airlines. Citigroup Inc. analysts said that fourth-quarter earnings for the airline could take a 3% to 5% hit.

"We've talked a little over the last year about the need to modernize the operation and invest," Mr. Jordan wrote Monday in a memo to employees. "This is why."

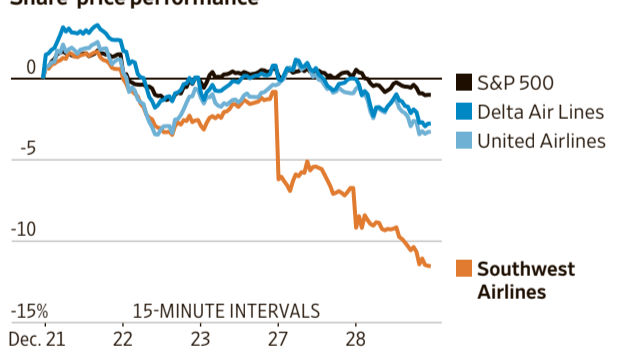
In a November meeting with reporters, the CEO noted the airline had expanded faster than its technology. "I do think the scale and the growth of the airline got ahead of the tools that we have," he said.

This isn't the first time that a disruption has ballooned at Southwest, and the carrier's struggle to put its operations back together shows how its increasingly complicated network needs a better technology foundation. Union leaders have criticized the airline for being too

Share of scheduled flights that were canceled, by carrier*



Share-price performance



*Data do not include flights operated by regional carriers on behalf of each airline, which make up a significant portion of flights for Alaska, American, Delta and United. Includes flights for which at least one of the origin or destination airports is in the U.S. Sources: FlightAware (share of scheduled flights canceled); FactSet (stock performance)

slow to make changes, and Southwest executives have said their systems are being updated.

Southwest's pilots union for years complained that SkySolver often spits out fixes that don't make much sense, sending crews on circuitous journeys around the country as passengers to meet flights, a practice known as "deadheading."

In one example during the storm, the system assigned a pilot to deadhead on a flight from Baltimore to Manchester, N.H., and then back to Baltimore the next day, without ever flying a plane, according to Casey Murray, president of the Southwest Airlines Pilots Association labor union.

"The company has had its head buried in the sand when it comes to its operational processes and IT," Mr. Murray wrote in a message to members Monday.

Southwest had reasons to be confident heading into the Christmas travel week. Over Thanksgiving, executives said, it canceled only about 70 flights out of 26,000. Its staffing had rebounded above prepandemic levels, thanks to aggressive hiring, and bookings looked

strong. The airline announced plans to resume paying investors a dividend, the first major U.S. airline to do so.

Airlines were expecting the week leading up to Christmas to be one of the busiest since the start of the Covid-19 pandemic in 2020, with millions of passengers projected to pass through airports. Southwest executives said they believed they were prepared to handle the crush of holiday travelers.

"We were ready," Mr. Jordan said in an interview the day after Christmas. "We had a terrific Thanksgiving week, we had a terrific beginning of December, until the storm hit."

The winter storm that swept across the country complicated travel for the entire industry. But as the weather challenges receded, Southwest remained in a bind. It had planes. It had pilots and flight attendants available to work. Matching them up proved difficult.

At the airline's Dallas headquarters, executives said they worked through the weekend in rooms that are used for emergencies. Former crew schedulers were called in to help manage the phone call volumes. Someone hunted down an open



Southwest canceled more than 13,000 flights, stranding passengers and bags across the country.

pizza place that could take a large order on Christmas Day.

Several times, the airline's leaders believed they'd gotten control of the problem, only to encounter some new roadblock that required them to cancel more flights, undoing the carefully set crew plans.

As of Sunday afternoon, Southwest executives thought they might have gotten through the worst of it. "We saw the light in the tunnel," Mr. Watterson said.

Mr. Jordan said he believed if Southwest could power through a few tough days, things would improve—its usual playbook. This time, problems kept multiplying as the airline kept flying. "The key to recovery is typically, keep operating," he said. "Typically after day three, day four you're in pretty decent shape. We didn't see that this time, though."

Operations at several key airports were in danger of becoming gridlocked. That can occur when arriving flights compete for space with those held up at gates waiting for crews. To avoid those snarls, Southwest canceled more flights, starting the process all over again.

By Monday, Southwest executives realized they needed a full reboot. In an effort to get pilots, flight attendants and planes into position, the airline took more draconian measures. It canceled close to two-thirds of its planned flights for multiple days, and locked up seat inventory on its website so customers couldn't buy tickets for a flight that might ultimately be canceled.

Executives have said in recent days that operations are stabilizing. Chief Operating Of-

ficer Mr. Watterson told employees in a Tuesday night update that he's hopeful the airline will be able to ramp back up again on Friday.

"Lots can disrupt it," Mr. Watterson said. "But right now as we sit, I'm much more confident than I have been since the storm started."

Unlike many rival airlines, Southwest's planes generally hop from one city to another, rather than orbiting a major hub. That approach lets Southwest maximize use of its planes and crew, but the daisy chain structure also makes its network more delicate—problems in one corner of the country can be difficult to contain, said Samuel Engel, senior vice president of aviation at consulting

When it comes to tech, the company has had its head buried in the sand?

firm ICF International Inc.

"In some ways, what makes Southwest special also makes it more vulnerable," Mr. Engel said.

Upgrading Southwest's technology has been a yearslong endeavor. Before it grew from a small player to a national and then international airline, Southwest didn't need the same kinds of commercial platforms that rivals used, and developed many of its own systems instead. As Southwest grew and took on more complicated operations, such as flying outside the U.S., that has changed. SkySolver, an off-the-shelf piece of software that Southwest has

customized and updated, was nearing the end of its life, the airline said.

Much of the recent investment has focused on consumer-related tools such as a \$500 million reservation system the airline switched to in 2017. It has also turned its attention to the systems it uses in its operations. It has a new suite of tech tools for maintenance. Ramp workers now carry tablets and communicate electronically, rather than sending handwritten messages with important data on luggage and cargo weight.

The airline's pilots and flight attendants have said outdated technology is one reason Southwest has struggled to rebound. Last year, a severe storm and an air-traffic control slowdown in Florida set off a chain reaction that rippled through Southwest's network for several days. The airline canceled flights in a disruption that ended up costing \$75 million.

The Christmas disruption has been "the operational failure of all failures," Lyn Montgomery, president of the union that represents Southwest's flight attendants, wrote in a message to its members on Wednesday.

"It is the complete failure of Southwest Airlines' executive leadership. It is their decision to continue to expand and grow without the technology needed to handle it," she wrote.

Executives have acknowledged the shortcoming in the airline's crew scheduling tools, and have said work was already under way to build or buy replacements.

"We can't be our size and scope and have a lack of tools," Mr. Jordan told employees Monday night.

WORLD NEWS

Travelers From China to U.S. To Need Test

Health officials say negative Covid-19 result will be required, citing fears of spread

By DOMINIQUE MOSBERGEN

The U.S. will require travelers from China to submit a negative Covid-19 test beginning Jan. 5.

The U.S. is concerned about the rapid spread of the virus that causes Covid-19 in China, which increases the potential for new variants, U.S. health officials said Wednesday. They said China has provided limited surveillance data regarding the surge and that officials have declined U.S. offers to provide additional vaccines.

China recently removed most of its strict pandemic protocols, leading to the surge of cases in the country. Countries including Japan and Malaysia have also recently imposed restrictions on travelers from China.

As the virus spreads more widely, fever medications have been in short supply, patients have inundated hospitals and crematoria have been flooded with bodies, employees and relatives of people with the disease said.

The Biden administration has pressed China to share Covid-19 surveillance data more transparently, a senior administration official said.

Relatively high rates of Covid-19 vaccination and prior infection in the U.S. could reduce potential public-health risks posed by the surge in

China, virologists said. But the possibility for new variants to emerge from such widespread infection could pose fresh challenges, said Wafaa El-Sadr, a professor of epidemiology at Columbia University.

"The low uptake of the most recently recommended booster vaccine dose leaves many in the U.S. at risk for Covid-19 and its consequences," Dr. El-Sadr said.

Passengers flying to the U.S. from South Korea's Incheon International Airport, as well as Canada's Toronto Pearson International Airport and Vancouver International Airport, will also be required to provide a negative Covid-19 test before flying to the U.S. if they have visited China in the 10 days before their flight, U.S. officials said.

The Biden administration said in June that it would stop requiring travelers entering the U.S. to provide negative Covid-19 tests before arrival. The testing requirement rule was introduced by the Trump administration in January 2021 and tightened by the Biden administration.

Starting on Jan. 5, travelers 2 years old and older flying to the U.S. from mainland China, Hong Kong and Macau will be required to get tested for Covid-19 no more than two days before departure, officials said. Passengers must present negative test results from either a PCR or rapid antigen test monitored by a healthcare provider, officials said.

—Andrew Restuccia contributed to this article.

Hong Kong Rolls Back More Rules for Visitors

By SELINA CHENG

HONG KONG—Asia's financial hub will end social distancing, obligatory vaccine proof and almost all testing requirements for visitors, joining Beijing in accelerating moves to open up after three years of Covid-19 controls hit both economies.

Hong Kong's latest rollback came two weeks after authorities canceled the rule barring visitors from restaurants, bars and other venues for their first three days in the city, as well as a government app to track people's movements. Wednesday's announcement removes most of the remaining restrictions

that have dimmed Hong Kong's attraction as a place to visit or live, but comes as Beijing throws open its own borders and ends Covid controls despite infections sweeping the nation.

Passengers arriving in Hong Kong will no longer have to take PCR tests and will instead be advised to take rapid antigen tests for five days, Hong Kong leader John Lee said.

Proof of vaccination will no longer be required to enter restaurants and bars, and there will be no more compulsory quarantines in government centers for close contacts, Mr. Lee said.

The city's mask mandate will remain in place, he said.



With Chinese hospitals overrun, Covid-19 patients, above and below, lie on beds at Tianjin Nankai Hospital in Tianjin on Wednesday.

Protesters Take Heat for Beijing Lifting Restrictions in Pandemic

By AUSTIN RAMZY

HONG KONG—As Covid-19 sweeps across China following the end of its strict pandemic controls, sparking a run on fever drugs and swamping hospitals, some people in the country are looking to cast blame.

One clear target has emerged: Those who called for opening in rare nationwide protests last month.

One post with thousands of likes on social-media platform Weibo called the protesters the "dregs of society," adding, "Remember those who banged on the doors and smashed the walls for freedom."

China spent close to three years promoting its strict pandemic-control policies as the key to preventing the widespread illness and death that has swept over much of the world. Then the government suddenly dropped many of those restrictions earlier this month in the face of protests, rising infections and a shellshocked economy. On Monday, China said it was ending quarantine for international arrivals, dismantling a travel barrier that had left the country largely cut off from the outside world since early 2020.

The rapid changes have left some citizens bewildered. As overflowing crematoria point to a surge in deaths, some have expressed anger at the swift reversal of the long-standing zero-tolerance approach. Those who called for changes are facing much of the blame, even as those at the top who ordered the changes have remained relatively shielded from criticism.

"Those whose livelihoods were unaffected but still



wanted to open up so they had the freedom to eat, drink and play—who really thought that after opening up everything would be fine and they can have fun and stroll as they please—are stupid, so stupid it's not even worth my fury and hatred," Zhang Yan, an author of books on history in Beijing, wrote on Weibo.

Many countries have had fierce debates over how to contend with the coronavirus. In China, at least until recently, such discussions have been restricted. "Zero Covid" was a signature policy of the country's leader, Xi Jinping, and while grumbling about implementation was tolerated, direct criticism and protest over the fundamental practice was met with censorship and the threat of arrest.

Now Chinese social media has opened up for those who want to vent about how much they prefer the old system, as long as they don't target the leadership in Beijing.

"All of these criticisms are allowed to flow on the internet, but not to the degree of allowing criticism of who de-

cidated this, meaning Xi Jinping and the central government," said Xiao Qiang, a researcher on internet freedom at the University of California, Berkeley. "They give certain room for opinions on both sides, a certain degree of debate and letting the information flow a bit, but there is a clear limit."

Mr. Zhang, the writer, became one of the most vocal critics of the reopening after his mother, who had late-stage cancer, contracted Covid in a hospital and died on Dec. 14. In several posts on Weibo, Mr. Zhang said he believed the coronavirus accelerated his mother's death and her infection was the result of the hurried change in restrictions.

"In the eyes of many people, these elderly people should go," he wrote. "But without the reopening, even in a case as serious as my mother's, her vital signs would have been stable and she would have had a chance to continue treatment, slow down her illness and prolong her life."

Mr. Zhang, widely seen as a staunch nationalist, says other countries offer even worse

models of pandemic control. He declined an interview request, saying: "I think the death of more than a million people in the U.S. due to Covid-19 is more worthy of U.S. media coverage."

His writing has found support from readers who also backed the previous policies. They have criticized those protesters who supported ending zero Covid of "lying flat," or *tangping* in Mandarin, a slang term for a slacker lifestyle that state media has also used to indicate surrendering to the coronavirus. The phrase has now morphed into *tangfei*, or "reclining bandits," to disparage those who wanted the country to open up again.

Daily infections in Zhejiang, home to e-commerce giant Alibaba Group Holding Ltd., topped one million and were likely to plateau at around two million cases a day by New Year's Day, a local health official said on Sunday. China's National Health Commission has stopped issuing daily reports of infections and deaths, which public-health experts said vastly underestimated the toll of the current wave.

Outside Mr. Xi and the senior Communist Party leadership, the list of potential targets is large, according to Berkeley's Mr. Xiao. "Everything else can be scapegoats, including local officials, vaccine makers, foreign forces," he said.

Mr. Zhang, the writer, said the country should have changed its policy in a more predictable manner, with clear advance preparations such as renewed vaccination campaigns and stockpiling of drugs and other medical supplies that are now hard to find.

WORLD WATCH

KOSOVO

Police Officer Ordered Released From Prison

A former Kosovo Serb policeman whose detention triggered a crisis between Serbia and Kosovo that provoked international concern has been ordered released from prison and placed under house arrest, his lawyer said Wednesday.

The Dec. 10 arrest of Dejan Pantice led to protests by Kosovo Serbs who erected multiple roadblocks in the north of the country.

Serbian President Aleksandar Vucic would travel to the border later Wednesday for talks with Kosovo Serbs to try to persuade them to remove the barricades, Serbian state media said. Officials in Belgrade portrayed the ex-policeman's release as a triumph of Mr. Vucic's policies.

Mr. Pantice was detained for terrorism after allegedly assaulting a Kosovo police officer during an earlier protest.

Kosovo's prime minister, Albin Kurti, criticized the court's decision to release Mr. Pantice on house arrest. His arrest prompted weeks of tense standoffs, punctuated by gunfire and explosions near patrols of the NATO-led KFOR peacekeeping force. No one was severely injured.

Kosovo declared independence from Serbia in 2008. Western attempts to mediate a negotiated settlement have failed, with Serbia refusing to recognize Kosovo's statehood.

—Associated Press



DEVOTION: A child held a replica of the Black Nazarene as he waited for a priest to splash holy water during a blessing outside the Quiapo Church in Manila on Wednesday, ahead of the Jan. 9 feast day.

CAMBODIA

At Least 10 Killed In Hotel Casino Fire

A fire burning through a Cambodian hotel casino on the border with Thailand has killed at least 10 people, local media reported.

The website Cambodianess, which belongs to the Thmey Thmey media group, reported the blaze at the Grand Diamond Casino and Hotel in the border town of Poipet broke out around midnight on Wednesday and was still burning Thursday morning. It cited Banteay Meanchey provincial Police Commissioner Maj. Gen. Sithi Loh as saying

that according to initial information, at least 10 people had died and another 30 were injured.

Thailand's public television station Thai PBS reported that 50 Thais, both staff and customers, were trapped inside the casino complex.

—Associated Press

ETHIOPIA

Airline Resumes Flights to Tigray

Ethiopian Airlines resumed scheduled flights to Mekele, the capital of the Tigray region, on Wednesday, the result of a peace agreement signed between the federal government

and Tigray officials in November.

The move came a day after a federal government delegation led by the speaker of Ethiopia's parliament visited Mekele, paving the way for more engagement between the two sides that for two years have fought a deadly war in which hundreds of thousands have died.

The Tigray region had been largely cut off from the rest of the world during the conflict, but communications are slowly resuming. The agreement calls for the resumption of basic services in Tigray, the withdrawal of non-Ethiopian military forces from the region and the gradual disarmament of Tigray fighters.

—Associated Press

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WORLD NEWS

EU Subsidy Rules to Trigger Disclosures

Hurdles await firms getting tax breaks or support, including from the U.S. or China

By KIM MACKRAEL

BRUSSELS—New rules for companies that get financial benefits from governments outside the European Union are set to kick in next year, potentially imposing high costs on U.S. companies that do business in the bloc.

The EU's foreign-subsidy rules, formally adopted last month, will allow regulators to bar companies from making certain acquisitions or winning large public contracts if they previously benefited from government aid deemed distortive. Companies whose activities fall under the scope of the new rules will need to report a range of financial interactions with foreign governments starting in October.

Lawmakers have said the rules are meant to even the playing field between European businesses and some of their heavily subsidized competitors, such as Chinese state-backed companies, which often receive cheap loans and other government benefits. Such companies have won billions of euros in taxpayer-funded public procurement contracts in the bloc, drawing criticism from Western rivals. For example, an Austrian construction company complained after state-owned China Road & Bridge Corp. submitted a bid in 2017 to construct Pelješac Bridge in Croatia at a steep discount compared with other companies' proposals. The Chinese company won the bid and built the 1½-mile-long bridge.

Competition lawyers and business groups say that companies based in the U.S. and the U.K., as well as European companies that are active out-



State-owned China Road & Bridge built the Pelješac Bridge in Croatia after its 2017 bid came in at a discount to rival proposals.

side of the bloc, are likely to be affected the most by the new reporting requirements, even if the benefits they receive aren't considered by the EU to be distortive.

"Nobody is arguing with the objectives" of the legislation, said Kaarli Eichhorn, an antitrust partner at law firm Jones Day who is also vice chair of the American Chamber of Commerce to the European Union. "But practically, it will hit U.S. corporations very hard."

A recent EU report found that U.S. and U.K. companies accounted for roughly 32% and 26% of foreign acquisitions in the bloc in 2021, respectively. By contrast, Chinese companies were responsible for just over 2% of foreign acquisitions in the bloc.

The reporting rules appear to capture a swath of financial contributions from foreign governments, ranging from direct subsidies and tax breaks to public procurement contracts and even the provision of electricity from a public utility, competition lawyers said.

"If you read it literally, there are a lot of things that have to be reported in pretty excruciating detail," said Garrett Workman, executive director for Europe at the U.S. Chamber of Commerce in Washington, which also raised concern about the legislation while it was being negotiated earlier this year.

The European Commission, the bloc's competition watchdog, said that it would seek feedback from stakeholders

early next year on the implementation of the new rules and that it is working to limit the burden on companies.

According to the text of the regulation, companies must report financial contributions they received from non-EU governments and public authorities for a three-year period when they bid on a large European government contract or engage in certain mergers. Those found not to comply could face hefty fines.

Companies will need to notify the commission of a merger or acquisition if the companies involved received foreign financial contributions valued at more than 50 million euros, equivalent to about \$53 million, during the previous three years and if the target company has EU

revenue of at least €500 million. Companies bidding on a public contract valued at €250 million or more would need to report non-EU financial contributions above a certain threshold.

If officials decide that the contributions a company reports were distortive and had a net negative effect, they could block a deal, disqualify a company from a public procurement process or impose binding commitments.

Investigators can also look into whether subsidies are distorting the market at other times, outside the context of a merger or public procurement bid.

The new rules likely mean the commission will eventually scrutinize the benefits that some U.S. and other multina-

tional companies receive through the U.S.'s Inflation Reduction Act, lawyers said. The U.S. legislation includes hundreds of billions of dollars in tax breaks and other spending for climate and energy-related activities, including the purchase of electric vehicles.

Europe has sought an exemption from aspects of the U.S. law that would provide benefits only to companies that source or manufacture their products in North America, saying the move discriminates against EU companies.

The European Commission's executive vice president in charge of competition, Margrethe Vestager, said recently that U.S. companies should expect to be subject to the EU's new foreign-subsidy reporting rules.

"As our legislation is neutral as to where you come from, of course one can imagine that this will be relevant also for businesses from the U.S. who want to do business here," Ms. Vestager said. She said companies would need to notify the commission so it could do a balancing test to determine whether the subsidy was broadly in the EU's interest.

Jay Modrall, an antitrust lawyer with law firm Norton Rose Fulbright, said it is likely that a financial contribution associated with the Inflation Reduction Act would be investigated as a potential foreign subsidy.

But he said all U.S. and other Western companies that could be involved in large mergers or public procurement bids in the EU should be preparing for the new rules, since most of them have likely received some form of financial contribution from a non-EU government.

"A large number of companies have not really focused on it," Mr. Modrall said. "They're going to be in for a very unpleasant surprise."

China's Asia Trade Ties Grow

Continued from Page One

often served to enhance rather than reduce trade between China and other parts of Asia, data show, reflecting the complex nature of manufacturing processes that commonly require dizzying numbers of components and several stages of assembly. Snapping together a smartphone in Vietnam or India, for instance, requires the manufacturer to move Chinese-made parts and basic materials within Asia before it is shipped off to its final customer.

The upshot is the U.S. will find it hard to nudge Asia away from China without more concrete steps to boost trade with its own huge domestic market. That means signing trade deals, joining regional trade pacts or taking other steps that would grant Asian economies much greater access to U.S. consumers, economists said.

"Within Asia the U.S. is facing a real uphill struggle," said Rory Green, chief China economist and head of Asia research at consulting firm TS Lombard in London. "They are fighting economic gravity."

China's total trade—exports plus imports—with 10 of its neighbors in Southeast Asia, including Indonesia, Malaysia, Singapore and Vietnam, has grown 71% since July 2018, when the U.S. first placed tariffs on a range of Chinese goods, to \$979 billion in the 12 months through November, according to a Wall Street Journal analysis of Chinese customs data.

Chinese trade with India grew 49% over the same period. The second-largest economy's trade with the U.S. rose by 23% and with Europe by 29%, the Chinese data show, highlighting how China's trade with Asian economies easily outpaced that with other big markets.

U.S. trade with China has been pinched by tariffs, and China's share of U.S. imports has fallen since 2018, though trade between the two countries nonetheless returned to growth during the pandemic as consumers splurged on electronics, homewares and other goods during long spells



Lianyungang port in China. The country's trade with Asian neighbors has risen sharply in recent years.

of working from home. A similar trend played out in Europe.

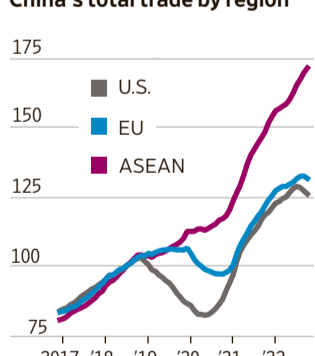
Part of the explanation for the outsized growth in China's trade with other parts of Asia is China's gravitational pull. Economists established decades ago that countries trade more with big economies and with economies nearby. China is easily Asia's largest economy, making it a natural trading partner for most of its fast-growing neighbors, just as the U.S. is the biggest trading partner of Canada and Mexico.

Another reason is that China's export basket is filled with inexpensive smartphones, basic vehicles and cheap factory equipment that sell well in the fast-growing but smaller economies that surround it, economists said. China also lowered many of its tariffs on imports from the rest of the world in response to the U.S.'s decision to levy hefty duties on its exports to the U.S., making Asian-made products cheaper for its own businesses and consumers. It was a signatory to the Regional Comprehensive Economic Partnership, or RCEP, a 2020 deal that lowered trade tariffs among 15 Asia-Pacific countries.

Asian economies also have been beneficiaries of the tensions between China and the U.S., often experiencing big gains in trade with both antagonists.

Many Asian economies have seen an increase in trade with the U.S. as importers searched for tariff-free alternatives to

China's total trade by region



Note: China's exports and imports by region, 12-month trailing totals, indexed to July 2018 = 100. ASEAN is the 10 countries comprising the Association of Southeast Asian Nations. Source: China General Administration of Customs via CEIC

Chinese-made products, or China-based exporters set up shop in another country to get around the new U.S. trade restrictions.

South Korea after 2018 saw an increase in U.S. imports of backhoes, textiles and television components, all of which were affected by Trump-era tariffs, according to a 2021 analysis by economists at the Peterson Institute for International Economics, a think tank in Washington.

U.S. imports from the same 10 Southeast Asian countries that saw a lift in trade with China since 2018 have also surged, rising 89% since July 2018, U.S. customs data show. Including U.S. exports to the same 10 countries, total trade reached \$450 billion in the 12 months through October, com-

pared with \$262 billion in mid-2018. U.S. trade with the whole world grew 29% during that period.

The reshuffling of global supply chains that accelerated with the trade war has been spurred on by growing tensions between Beijing and Washington over Taiwan and national security, and by the pandemic, which exposed companies that were overly reliant on China to the risk of severe disruption from China's now-abandoned zero-tolerance approach to Covid-19 outbreaks.

Dozens of companies have in recent years moved chunks of their production out of China and into other Asian countries. They include Japanese companies such as electronics giant Panasonic Holdings Corp. and antenna maker Yokowo Co., as well as Chinese companies such as GoerTek Inc., an Apple Inc. supplier.

An October survey of 525 Taiwanese companies by the Center for Strategic and International Studies, a Washington-based think tank focused on foreign policy, found that a third of companies with operations in China were considering moving out of the country and a quarter had already shifted some of their activities.

While other Asian countries have benefited from these new investments, their factories still require Chinese inputs to function. Economists said that is also contributing to China's deepening links with other Asian countries.

Turkey and Syria Hold High-Level Dialogue

By JARED MALSIN

ISTANBUL—Turkey's defense minister and intelligence chief held talks with their Syrian counterparts in Moscow on Wednesday, the first formal, high-level meeting between the two Middle East governments since the eruption of a civil war in Syria in 2011.

The meeting, also attended by senior Russian officials, came as Ankara is beginning to open a dialogue with Damascus after more than a decade of hostility, Turkish President Recep Tayyip Erdogan was the chief foreign supporter of an armed rebellion that sought to topple Syrian President Bashar al-Assad amid the uprisings of the Arab Spring.

The Turkish defense ministry said the officials discussed "the Syrian crisis, refugee issue and efforts for a joint struggle against all terrorist organizations on Syrian soil," during the meeting in Moscow.

The officials agreed on "the need for the continuation of joint dialogue" to achieve stability in Syria, according to Syria's state-run news agency SANA.

Mr. Erdogan's opening to the Syrian regime represents the reversal of one of the defining foreign-policy choices of his nearly 20 years in power. Under Mr. Erdogan's leadership, Turkey accepted millions of Syrian refugees and offered support to rebel groups whose leaders have for years moved freely between Turkey and areas of northern Syria under their control. The decision embroiled Turkey in years of war, bringing it to the brink of direct conflict with Russia after Turkey shot down a Russian fighter jet in 2015.

The Turkish government has gradually shifted its policy on Syria in recent years after Mr. Assad gained the upper hand over the rebels due in part to military intervention by Russia, which launched a bombing campaign against the rebels in 2015.

The meeting also comes as Mr. Erdogan deepens his relationship with Moscow, seeking to straddle the divide between Russia and the West during the war in Ukraine. Under Mr. Erdogan's leadership, Turkey

has expanded trade and energy ties with Russia while also selling weapons to Ukraine and facilitating negotiations on a range of issues between the two countries.

Mr. Erdogan has sought to use international influence gained from his role in the Ukraine crisis to advance Turkey's interests. He is seeking Russian approval for a new Turkish military incursion against Kurdish militants in northeastern Syria. Turkey has fought a slow-burning war with Kurdish separatists for decades.

The Turkish president has been calling for such an attack for months, with his demands gathering urgency following a deadly bombing in Istanbul in November that the Turkish government blamed on Kurdish militants.

The Kurdish groups denied any role in the attack.

The other major foreign powers in Syria's ongoing war—including Russia, the U.S., and Iran—have expressed disapproval for a new Turkish ground invasion that could further destabilize the region.

Ankara and Damascus have gone through more than a decade of hostility.

Turkey launched a campaign of airstrikes in November that briefly led to a halt to joint operations between the U.S. military and the Kurdish-led Syrian Democratic Forces, which are part of a coalition fighting Islamic State extremists in Syria.

Mr. Erdogan said earlier in December that a meeting among Turkish and Syrian defense and intelligence chiefs could be a step toward meetings among foreign ministers and eventually the leaders of both countries, part of what he said could advance a joint battle against terrorist groups.

Turkish Foreign Minister Mevlut Cavusoglu said in August that he had a brief, informal conversation with his Syrian counterpart during a conference in Serbia nearly a year earlier.

WORLD NEWS

Benedict XVI Very Ill, Pope Francis Reveals

By FRANCIS X. ROCCA

ROME—Pope Francis on Wednesday said that his 95-year-old predecessor, retired Pope Benedict XVI, was very ill and asked the faithful to pray for him.

“Remember him—he is very sick—asking the Lord to console him and support him in this testimony of love for the church until the end,” Pope Francis said.

Such a blunt statement would be out of keeping with the Vatican’s general practice of discretion regarding the health of a sitting pope, but there is no precedent for a retired pope living in the Vatican.

Matteo Bruni, director of the Holy See Press Office, said

late Wednesday morning local time that “In the last few hours, there has been an aggravation [of Benedict’s health] due to advancing age. The situation at the moment remains under control, followed constantly by the doctors.”

Mr. Bruni said Pope Francis visited the retired pope in his residence on Wednesday.

Benedict, who retired in 2013, has been increasingly frail in recent years, but until recently he continued to receive visitors and by all accounts remained lucid. His successor said Wednesday that Benedict was “silently supporting the church.”

Pope Francis has made numerous public displays of extraordinary respect for his

predecessor over the past decade. After elevating new groups of men to the rank of cardinal, Francis has regularly led them on a visit to Benedict’s residence to ask for his blessing.

Pope Francis, 86, has faced his own health problems. He underwent colon surgery in 2021 and has been using a wheelchair since May. Earlier this month, he told an interviewer that he had written a letter of resignation in the first year of his reign, in case he should become incapable of fulfilling his duties.

Pope Benedict, who lives in a former convent on the Vatican grounds, has mostly maintained a low profile over the last decade, though some



Pope Francis, right, greeting Pope Emeritus Benedict XVI in a photograph from 2020 at the Vatican.

of his occasional writings have stirred controversy.

An article on clerical sex abuse that placed much of the blame for the practice on the 1960s sexual revolution contrasted with the position of

Pope Francis, who has emphasized the role of excessive deference to the church hierarchy as a cause of the abuse crisis.

Benedict’s coauthorship of a book defending the practice of clerical celibacy in 2020

drew complaints that he was trying to influence his successor, who was then considering whether to loosen the requirement. Benedict asked to have his name removed as co-author.

Netanyahu Seals Coalition Deals for Far-Right Allies

By AARON BOXERMAN AND SHAYNDI RAICE

JERUSALEM—Israel’s incoming prime minister, Benjamin Netanyahu, completed coalition deals on Wednesday, a day before he is set to return to power as leader of the most right-wing and religious government in the nation’s history.

The coalition deals, which were submitted to Israel’s parliament, or Knesset, on Wednesday, represent a road map for what Mr. Netanyahu’s government hopes to achieve over its four-year term and include expanding Israeli settlements in the occupied West Bank and giving lawmakers greater control over the top court and the nation’s police force. The deals aren’t binding and prime ministers have in the past reneged on such agreements.

Mr. Netanyahu, who spent the past year and a half as leader of the opposition, celebrated the anticipated swear-

ing-in during a party meeting in the Knesset on Wednesday, saying: “We have accomplished the goal.”

“A huge swath of the Israeli public, more than two million Israelis, voted for the national camp with us at the helm,” said Mr. Netanyahu.

Unelected Israeli officials have raised concerns about the coalition agreements. On Wednesday, Israeli President Isaac Herzog, a symbolic figure who rarely enters politics, met with far-right lawmaker Itamar Ben-Gvir to express worries from “large sections of the nation and the Jewish world concerned about the incoming government,” a spokesman for the presidency said.

Mr. Herzog told Mr. Ben-Gvir to “calm the stormy winds” around the controversial legislation being planned by the incoming coalition.

In a statement, Mr. Ben-Gvir responded by saying that he “is attentive to voices coming from all sections of the nation”



Benjamin Netanyahu was at the Knesset on Wednesday.

and said “that the new government will pursue a broad national policy for the sake of all parts of Israeli society.”

The coalition will include six right-wing parties—five of which are religiously conservative—controlling 64 of 120 seats in the Knesset.

Mr. Netanyahu’s coalition agreements, once enacted into

law, would give lawmakers greater control over the Supreme Court. According to the deals, the new government will give “absolute priority” to the reforms, including a proposal to allow the Knesset to override Supreme Court decisions.

To bring Mr. Ben-Gvir into his coalition, Mr. Netanyahu agreed to hand him expanded

control over the police. On Wednesday—with the government yet to be established—the Knesset passed a law handing Mr. Ben-Gvir’s office broader powers to set policing priorities. The two sides also agreed to pass laws guaranteeing the death penalty for terrorists and banning the raising of the Palestinian flag.

Mr. Ben-Gvir is also set to assert more direct authority over Israel’s Border Police, whose gray-uniformed officers often handle sensitive operations such as riot control and counterterrorism. Mr. Netanyahu’s party agreed to the Border Police becoming a stand-alone force whose head would answer directly to Mr. Ben-Gvir, rather than Israel’s police chief, according to the published coalition agreement.

The right-wing Religious Zionism party won Mr. Netanyahu’s approval for a law that would enable businesses to refuse customers who violated their religious beliefs, includ-

ing members of the LGBT community. As an example, Religious Zionism lawmakers said hotel owners could refuse to host LGBT groups.

Mr. Netanyahu has said he opposes any discrimination against LGBT people and won’t allow it to come to pass under his government.

Religious Zionism, whose base live in the Israeli settlements that dot the occupied West Bank, also received guarantees that would further entrench Israel’s control in the disputed territory. Mr. Netanyahu agreed that the next government would retroactively legalize West Bank outposts built in violation of Israel’s own laws and invest billions of shekels, equivalent to hundreds of millions of dollars, to expand infrastructure.

Bezalel Smotrich, leader of the Religious Zionism party, will also gain control of key Israeli military bodies responsible for construction in much of the West Bank.

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FROM PAGE ONE

Inflation Hits the Middle

Continued from Page One aggressively.

The middle has been in a vise. Purchasing power from paychecks fell 2.9% for middle-income households in 2022 compared with 2021, while rising 1.5% for the bottom fifth of households and 1.1% for the top, according to the CBO study. A growing share of middle-income households say they are having more trouble making ends meet, according to Census Bureau surveys.

Median household income was \$70,784 in 2021, according to the Census Bureau.

Jessica DeCicco, 43, raises four children and works from home as an executive assistant at a local marketing company, earning \$30 an hour. Her husband, Vinny, is a sergeant in a New Jersey police department, making \$125,000 annually.

In their suburb of Long Valley, N.J., that is enough income for a home, appliances, two cars and daily staples such as groceries. But the family feels stretched.

Their water bill is up \$200 quarterly from a year ago, and electricity costs about \$100 more each month. Before the pandemic, weekly trips to the grocery store cost about \$200; on a recent trip, the bill hit \$378. Ms. DeCicco is still buying organic milk for her children, but it is now a \$40 line item on the grocery bill for the four gallons they drink a week, up from \$28 before.

"It's the one thing I will splurge on," Ms. DeCicco said.

She is cutting back elsewhere, including on trimming and coloring her hair, and she recently dipped into her 401(k) to pay the \$2,700 monthly mortgage. Her 14-year-old son, Dominic, asked relatives for money rather than gifts this Christmas so he can save up for a school band trip. Her 11-year-old daughter, Daniella, recently asked her mom for help setting up an account on Etsy, the marketplace for handmade items, so she could pitch in and earn some spending money by making and selling bracelets.

Renters and student borrowers got payment deferrals during the pandemic, while many households benefited from federal relief checks. But that aid is winding down.

In Vermont, the eligibility cutoff for food stamp benefits is 185% of official federal poverty levels, a little over \$51,000 a year. John Sayles, chief executive of the Vermont Foodbank, said he is seeing more families above that cutoff showing up for staples.

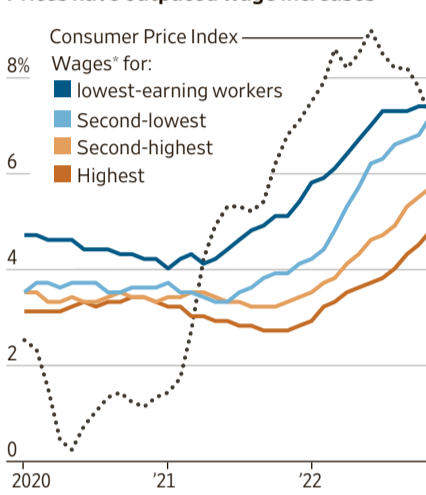
Mr. Sayles said a lot of those people are telling food-pantry workers that they have never reached out for food assistance before, and they don't qualify for federal programs. "These are families who are employed, that make what anyone would consider a very good salary, but they are having to make choices," he said.

Middle-income households were especially exposed in the past two years, in part because the goods and services they tended to purchase—such



Purchasing power from paychecks fell 2.9% for middle-income households in 2022 compared with 2021, while rising for those at the bottom and top.

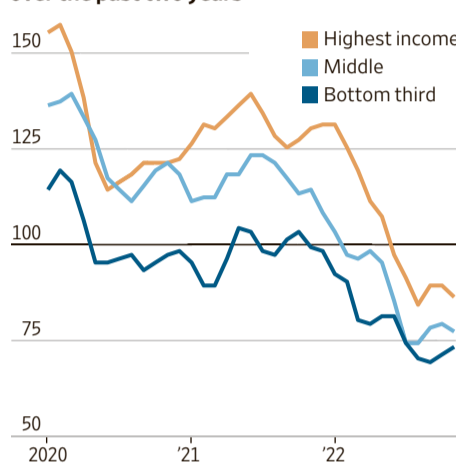
Prices have outpaced wage increases



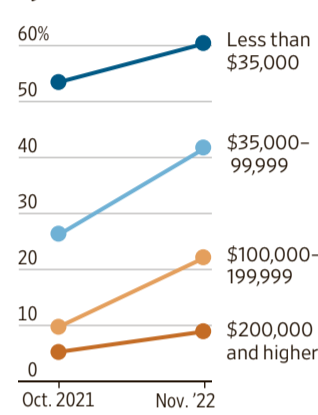
*Wages show the 12-month moving average of the median growth rate of hourly earnings for each quartile from a year earlier. †Three-month moving average of index comparing those who said their situation is 'better off' or 'worse off.' Values above 100 represent more respondents saying they are better off, values below 100 more saying they are worse off.

Sources: Federal Reserve Bank of Atlanta (wages, prices); University of Michigan (financial situation); Census Bureau Household Pulse Survey (difficulty in paying bills)

Perceived decline in financial situation over the past two years*



Share of U.S. households saying it was somewhat or very difficult to pay bills, by income level



as cars and gasoline—rose most in price.

Xavier Jaravel, an associate economics professor at the London School of Economics, found that middle-income households experienced inflation well over 15% from 2020 to 2022, compared with 14% and lower for the highest- and lowest-income households. That is mainly because of the middle's exposure to cars and gasoline, where price increases were especially pronounced. In earlier cycles, low-income households tended to experience higher inflation.

When asked for an assessment of their current financial situations by University of Michigan surveyors, the share of middle-income households who said they were worse off dropped toward levels close to those of low-income households in 2022. By contrast, in 2020, their confidence was near the levels of high-income households. When asked for the source of financial problems, middle-income households were most likely to cite inflation.

Of course, low-income households start from lower bases of income and assets than do middle- or high-income households, meaning economic conditions are typically harder for them to begin with, even though they haven't been hit as hard in this cycle.

Low-income households enter 2023 with two particular vulnerabilities. First, if unemployment rises, low-income households tend to feel it first and hardest. Second, because

they tend not to have many financial resources in the form of bank savings, low-income households are especially vulnerable to financial strain when a shock hits.

The good news is that inflation appears to be slowing. If that continues in 2023, some of this pressure might dissipate. In November, the consumer-price index was up 7.1% from a year earlier, compared with a 9% increase in June. Gasoline prices have fallen in recent months, though groceries are still rising.

Consumers in the middle are trading down to more affordable goods.

As middle-income households adjust their spending habits, businesses are moving to adapt. Across industries, executives say sales have remained robust in high-end categories, but that consumers in the middle are pulling back or trading down to more affordable products.

Executives at Urban Outfitters, Kimberly-Clark, Procter & Gamble, Victoria's Secret and others have talked about such a bifurcation in demand in conference calls with analysts in recent months. Urban Outfitters, for example, said it has seen strong demand at its trendy Anthropologie clothing stores and Nuuly clothing

rentals, which offer higher price points to more-affluent customers. Customers at its Urban Outfitters stores tend to be younger with less discretionary income, and they're pinching pennies.

Macy's said it is seeing demand at both ends of the market, with strong sales of items in the \$30 price range—such as a cubic zirconia earring and necklace set on sale for \$25—as well as of diamond tennis bracelets.

Bahram Akradi, chairman and CEO at Life Time gyms, a high-end athletic club, said he isn't worried about the long-term impact of inflation. "If everything costs 30% more, then we charge 30% more," he said in an interview. "Our customer is someone who wants the best experience and will find a way to pay for it." Its memberships are \$259 a month in Manhattan.

At the same time, households in the middle are trading down to Planet Fitness's \$10-a-month memberships. Total revenue at the chain was up 58% in the third quarter, and 29 new locations opened in the period from July through the end of September.

Budget cosmetics brand e.l.f. is seeing record growth fueled in part by middle-income consumers trading down from luxury products. The drugstore brand grew 33% in the third quarter, according to Chief Executive Tarang Amin.

Boost Mobile was launched in 2001 to appeal to low-income consumers, with pay-as-you-go plans from \$10 to \$25

a month. Stephen Stokols, executive vice president of retail wireless at Dish Network, said that Boost is aimed at customers making about \$50,000 a year. On Dec. 7, Dish Network, which now owns Boost, launched a test version of Boost Infinite, which charges \$25 a month for unlimited data, in a play for consumers making \$100,000 a year. Dish executives started talking about the possibility at the beginning of 2022. "At the height of the market they might have been less price conscious, but now they are extremely price conscious," Mr. Stokols said of customers.

A range of data suggest the lowest-income households have held their own in the turbulent economy. In their search for scarce workers, many firms have offered jobs and pushed up wages for the lowest-income workers, helping to compensate for inflation even at its worst.

"The bottom 15% of the [wage] distribution has seen real wage gains even over the last year," said David Autor, an economics professor at the Massachusetts Institute of Technology, in a presentation online of his recent work on wage gains across different income levels. Mr. Jaravel of the London School of Economics noted that because low-income households tend to use more public transportation, they haven't been as exposed as others to rising car and gas prices.

Inflation relief may be coming, but risks loom in other

forms. The Federal Reserve has pushed up short-term interest rates in an effort to cool borrowing, spending and investing, which helped to ignite inflation with excess demand. Fed officials expect the inflation rate to cool to near 3% in 2023 and then lower in 2024 and beyond. Prices for household items including furniture and appliances, in addition to new and used cars, have shown signs of easing.

The cost of inflation relief, however, is projected to be a slower growing economy and higher unemployment. Fed officials project the jobless rate will rise from 3.7% in November to 4.6% by the end of 2023. More private economists say recession looms, with unemployment even higher than Fed officials foresee.

Weakening job markets have tended to hit the lowest-income workers first and hardest, because firms tend to fire their least-skilled labor early in downturns, and could spread to the middle-income households. Layoffs have risen in the tech sector.

Morgan Suazo, 28, and her husband moved from Oklahoma City to Orlando, Fla., in early 2021. She was a human resources officer for a small tech company earning \$69,000 a year and he was a content moderator earning \$16 an hour. They bought a modest home, hoping to start a family and enjoy the occasional \$1,500 weekend cruise.

About a year into their new life in Orlando, they began noticing their paychecks weren't going as far. Then, in late July, he got laid off. This month, Ms. Suazo lost her job, too.

The couple is dipping into savings to pay their mortgage, and cutting back on small luxuries like weekly date nights and their morning Starbucks orders. "We definitely aren't going on any cruises anytime soon," Ms. Suazo said.

The couple estimates they have saved enough to cover about six months of expenses, thanks in part to federal pandemic relief payments. But they are worried about finding new jobs in tech, where they had long wanted to pursue careers. "It's not us asking for the moon and the stars," said Ms. Suazo. "It's just groceries and a roof is what people our age want."

Diplomats Plug Rail Far Away

Continued from Page One appeal, while supporters say providing more high-speed lines would allow competition with highways and airlines for travel between cities up to several hundred miles apart. The speedy-rail proposals have also been dogged by issues around property rights and local land-use controls.

There are like-minded fans. They're just some 7,000 miles from Washington, D.C., where two U.S. ambassadors are laying on their adoration for Big Rail and enjoying adoration from the locals in return. Long past his Sisyphian struggles to rustle up money for repairing Chicago's decrepit tracks, as mayor of that city, Mr. Emanuel basks in his reputation as a "train geek." The ambassador to China, Nicholas Burns, has also jumped on the

train wagon.

"Love the really plush seats! Hankyu. Hankyu very much," tweeted Mr. Emanuel about the Hankyu line in the Osaka region, drawing 62,400 likes. It was one of about two dozen such tweets, some of which have garnered millions of impressions.

"Rapid, reliable, relaxing and, drum roll—remarkable," raved Mr. Emanuel about the train connecting Haneda Airport with Tokyo's downtown.

Mr. Emanuel, who previously served as chief of staff to Mr. Obama and then as mayor of Chicago, recalled how he had to scrap for funds to get upgrades to the Chicago train system—a contrast with China and Japan, which are spending tens of billions of dollars to upgrade already-substantial high-speed networks. "I stole money everywhere. I mean, it was legal, but I got money out of every possible part of the Department of Transportation and the state of Illinois," he said.

Back in America, he might get brickbats from those who prefer cars and planes, but Mr. Emanuel said in his new home, there is only political upside



Ambassadors Nicholas Burns and Rahm Emanuel boost trains

to advertising his love of trains, which has motivated him to make the most of it.

At a recent event marking the 150th anniversary of train service in Japan, he worked the crowd like a mayor, chatting up station attendants and greeting babies. "There's nothing like a Japanese train," he told a gaggle of local journalists, prompting a reporter for one of the nation's top dailies to purr back, "The Japanese people have a very good impression of you."



The gushing from Messrs. Burns and Emanuel about high-speed rail has some hearing a cri de coeur for similar services in the U.S.—the long-time "golden dream of the Democrats," said David Boaz, a senior fellow at the Cato Institute, a libertarian think tank. Mr. Obama's vision of a national bullet-train network didn't get far. A California high-speed train approved in 2008 is still far from completed. Mr. Emanuel himself, while Chicago's mayor, teamed

up with Elon Musk on a proposal for a high-speed Hyperloop-like link between downtown and O'Hare that eventually fizzled out.

Asked whether the Tokyo-Osaka bullet train could be a lesson for the New York-Washington route, Mr. Emanuel said, "You should ask Amtrak Joe"—President Biden, who used to commute on Amtrak between Washington and his home in Delaware. He added, "There's no doubt there's something for Americans to learn from Japan. Make it essential, and make it reliable."

Mr. Boaz is skeptical it will happen. "The U.S. will have hovercrafts before they have high-speed trains," he said.

When Mr. Burns visited China as a private citizen in 2019, he marveled at how his teacup barely moved on the tray in front of him on a train traveling 200 miles an hour. In August, as ambassador, Mr. Burns tweeted, "China's high speed rail is truly impressive and a great way to see the beautiful farmland, mountains and villages."

When Mr. Emanuel arrived in Tokyo in January, one of his first priorities was to board a

train.

Getting clearance from officials turned out to be a challenge, said Mr. Emanuel, whose profanity-laced language have been famous in Democratic circles.

"I had my first ambassadorial full Rahm. I said, 'Guys, I'm gonna get on the train, and if you're really worried about security, you'll figure it out.'" Pressed to elaborate on what a "full Rahm" consisted of, he said it was actually "a very small Rahm. I just said, 'Here's how this is going to work.' I said, 'I'm not really going to argue about this.' I said, 'If I can take the train twice a week in Chicago, and if I can take as chief of staff up to New York and back,' I said, 'I'm going to do it here.'"

Mr. Emanuel said on a flight he took on All Nippon Airways, the pilot sent him a note about which trains to take into the city.

"On a plane!" Mr. Emanuel said. "He was saying, 'I know you love trains—here are two new train lines I recommend.' What is going on? I'm getting recommendations from a pilot about trains!"



ILLUSTRATION BY YVETTA FEDOROVA


BONDS
ELIZABETH
BERNSTEIN

There's a perk I love about my job: I receive many letters from readers offering relationship advice. Very often, the suggestions are very good.

This hard-earned expertise informs my column. Readers have inspired stories on the need to center yourself—practicing meditation, journaling or connecting with nature. “Get in the water!” one man says, advice I wholly support.

This year, much of the advice dealt with how to strengthen social lives still in rebuilding mode after the pandemic. People are thinking about how to reconnect with loved ones and broaden shrunken social circles. They are also figuring out how to hold on to relationship lessons learned over the past few years: to slow down and pay attention to what really matters.

One husband and wife set time aside after dinner each night to talk. Another couple makes sure to hug once a day—and to pay attention to nothing but the hug while it's happening. A woman says she writes down how she would like her relationships to look and focuses on making her vision a reality. Another says she gives the most energy to the relationships that give the most back.

Other pieces of advice on how to strengthen our bonds stood out.

▶ Invite people over

Many of us are eager to continue to reconnect with people we've missed. But parties can be exhausting and impersonal, and res-

Create a Postpandemic Life Full of Connection

Among our columnist's favorite ideas are to have a small gathering in your home or place a call to a friend

taurants are often loud, rushed and expensive.

That's why Sarah McCue, 55 years old, an international development consultant in Reston, Va., invites friends, neighbors, colleagues—even her kids' coaches—to her home.

Ms. McCue says she learned the power of at-home gatherings from her mom, who regularly hosted dinner parties when Ms. McCue was growing up. She would set the scene with candles and music and throw open the door to guests with a smile. “My mom showed me that there's nothing more intimate and welcoming than saying: ‘Come into my home,’” says Ms. McCue.

She began inviting people into her home again this fall. “I was sick of being alone,” she says.

Ms. McCue is more purposeful about her invites than she was before the pandemic, though. She's made a list of people she wants to see and is reaching out.

Her gatherings are also smaller and more intimate. Sometimes she plans activities, such as pumpkin carving for Halloween or a game night. And she keeps the food casual: “drinks and nibbles” or pizza and wine.

“Home is the perfect place to connect,” says Ms. McCue. “You

get to feel like you're all family for one night.”

▶ Pick up the phone

This one hits on one of my biggest pet peeves—how no one picks up the phone anymore, either to make a call or answer one.

Bill Kalmar does, though. For years, he has made a concerted effort to call family members, friends and cherished colleagues on their birthdays, anniversaries

Couples should try new things together—even just a restaurant or a walk in a new area.

and other significant days. To remember the dates, he records them each year in his new leather calendar as soon as it arrives in October, then checks the calendar each week to see what calls he needs to make.

Mr. Kalmar, 79, a retired director of a state quality council, who lives in Lake Orion, Mich., estimates that he makes about 350 friendly calls a year. In addition to

the ones in his calendar, many are spontaneous, to congratulate someone for a promotion or a graduation or some other good news he saw someone post on social media. “I want people to realize that my friendship is more than just a ‘like’ on their Facebook page,” he says.

Sometimes he calls a buddy just to joke around. And each Friday he sends his 11 grandchildren a group text asking them their plans for the weekend, then follows-up with phone calls after they respond to hear more.

Many of his calls are to show support. He reaches out to friends who are sick, often offering help. And he calls the family members of friends who have died on the late person's anniversary or birthday. “It's time to relive all the great memories,” he says when they answer.

Mr. Kalmar has noticed that his habit of calling has inspired others: Many people now regularly call him. He tries to always answer the phone.

“What other thing do you have to do that is so important—unless you are a doctor in the middle of surgery—but pick up the phone and talk to someone you care about?” he says.

▶ Try something new

A lot of the focus on rebuilding our bonds these days is on the people we miss. But let's not forget our nearest and dearest relationships.

Researchers have long believed that couples who try new things together—even small ones, such as a new restaurant or a walk in a new neighborhood—are happier. New experiences help prevent boredom and complacency. They also activate the brain's reward system, flooding it with powerful neurochemicals related to pleasure and bonding—the same circuits triggered when we fall in love.

During their 17-year marriage, Lisa Mattson and her husband, Damon, have always looked for novel things to do together, from places to vacation to new bars and cocktails. “Experiencing new things helps keep our spark going,” says Ms. Mattson, 48, a wine marketing consultant.

During the pandemic, the couple began renting out their home in Northern California and wintering in Baja California Sur, Mexico. While there, they began to explore a new place each weekend: restaurants; roads, to look at houses they haven't seen; beaches. They try out new fish recipes and new wines. And they've recently started rollerblading again. (The old can be new again!)

Ms. Mattson says the conversations she has with her husband when they're exploring something new are energizing. And that this makes them both feel as if their relationship is always growing.

“When you're constantly doing new things instead of a routine, your conversations are different—you're less likely to fall into your usual rut or check your phone,” she says. “And when you look at the other person you see excitement.”

Don't Just Spend Your Time—Invest It

By JOE PINSKER

When it comes to time, we are born rich and then spend down our fortunes over the years. It may not grow like money in a bank account, but there are ways to get time to pay out a similar kind of interest.

The go-to verb for what we do with time is “spend” it. Researchers say it might be better to think of time as something we invest, using our precious hours to accumulate a wealth of fulfillment and meaning that our future selves can draw on.

This shift in thinking is particularly important because it might help us think longer term. Recent research by Hal Hershfield and Cassie Holmes, both professors at UCLA's Anderson School of Management, and their collaborators indicates that those who think about their time over longer horizons—say, years or a lifetime—tend to be happier day-to-day and more satisfied with their life.

“If we start thinking about investments of time, rather than expenditures, maybe we'll start focusing on allocating time toward the things that are more closely linked to our longer-term well-being,” Prof. Hershfield says.

Our anxieties about misusing our limited time have deep roots. Among the earliest written uses of

the verb “spend” with “time” is from a 14th-century poem, according to Kory Stamper, a lexicographer. The regret-tinged line, originally composed in Middle English, roughly translates to “The lifetime that I've been lent / in idleness I have spent.”

When we invest money, we tie up our present resources in exchange for future gains. But investments of time have the advantage of paying out in both present enjoyment and far-off benefits, says Prof. Holmes.

Studies have found that some reliably gratifying ways to use your time include deepening social connections, exercising and getting absorbed in meaningful work, says Prof. Holmes.

Prof. Holmes recommends determining your own best investments by performing an audit of your time use for a week or two. This exercise, which Prof. Holmes details in her book “Happier Hour,” consists of recording, in half-hour increments, what you did and how happy you felt while doing it on a scale of 1 to 10.

When Prof. Holmes has her business-school students conduct a self-audit, some of them are surprised to find that they spend more than a dozen hours a week on social media.

“When they look at how they feel having spent time scrolling, they see, ‘Holy cow, on a 10-point scale, it's like a 4,’” Prof. Holmes says. “Meanwhile, going out to dinner with their sister or friend or partner is like a 9, but of-



ten, it's like, ‘I don't have time to meet up with my friends for dinner.’”

Having a time-investing mind-set means being proactive, Prof. Holmes says. It means committing in advance to rewarding activities rather than attempting to squeeze those things in only after doing whatever seems most urgent at the moment.

A proactive move she recommends is to block off time on your calendar for the investments that are important to you, just as you would a business meeting. In her own life, these high-priority weekly events are a couple morning runs, a date night with her husband, and going to a coffee shop with her daughter (who is 7, and orders hot cocoa).

Prof. Holmes maintains that even highly time-crunched people can

benefit from an investing mind-set, because the value of small time commitments can compound. The recurring coffee date with her daughter, for example, is only 30 minutes a week, she says, “but the impact of that 30 minutes on not only my relationship with her, but on my satisfaction with my life overall, is profound.”

When choosing between different ways you could allocate your time, it can also help to imagine what your future self might hope you chose.

“Who am I, what am I going to be doing in five years, 10 years?...When we look back, we don't want to regret finding that our time slipped through our fingers, being spent on stuff that

turned out to not be all that meaningful,” says Prof. Hershfield.

He is the author of the forthcoming book “Your Future Self,” and writing it led him to take the perspective of his own future self more often. Recently, he was torn between focusing on an important work project and taking time off to visit his 99-year-old grandmother with his 3-year-old son.

Looking at the situation through the eyes of his future self made the decision to spend time with family an easy one. “It's not clear to me that in 10 years, I'll even remember what progress I would have made on whatever project it was,” he says.

Even a year or two of imagined hindsight can help, according to Anat Keinan, a marketing professor at Boston University's Questrom School of Business.

Prof. Keinan has conducted surveys of college students after they returned from winter break, asking them if they wished they had spent more time working and studying, or more time traveling and enjoying themselves. The group that was asked about their latest winter break was more likely to regret not doing more of the former, more productive activities. Meanwhile, the group that was asked about their winter break a year prior was more likely to regret not doing more of the latter, more meaningful and fun activities.

One force that can stop people from doing things their future selves would appreciate, Prof. Keinan has found, is guilt about not doing something productive.

“It's not idle time,” Prof. Keinan says. “It's actually a great investment in your future memories.”

PERSONAL JOURNAL.



**ON THE
CLOCK
CALLUM
BORCHERS**

There's something that the strategy and development team at AppFolio should know about their boss: His New Year's resolution is to get into a fistfight.

"I'm excited to take one in the face and see what that feels like," says Jay Choi, the Santa Barbara, Calif., real-estate software firm's chief strategy and corporate development officer.

A clarification is in order. This isn't an invitation to start a brawl in the conference room.

Mr. Choi, 43, took up boxing five months ago and is training for his first bout. He's found combat sports alluring ever since a colleague at a former employer showed up one Monday with cuts and bruises from a weekend of mixed martial arts and became the office badass.

For a guy with a desk job who remembers being the last pick for playground basketball as a kid, it's all about the challenge.

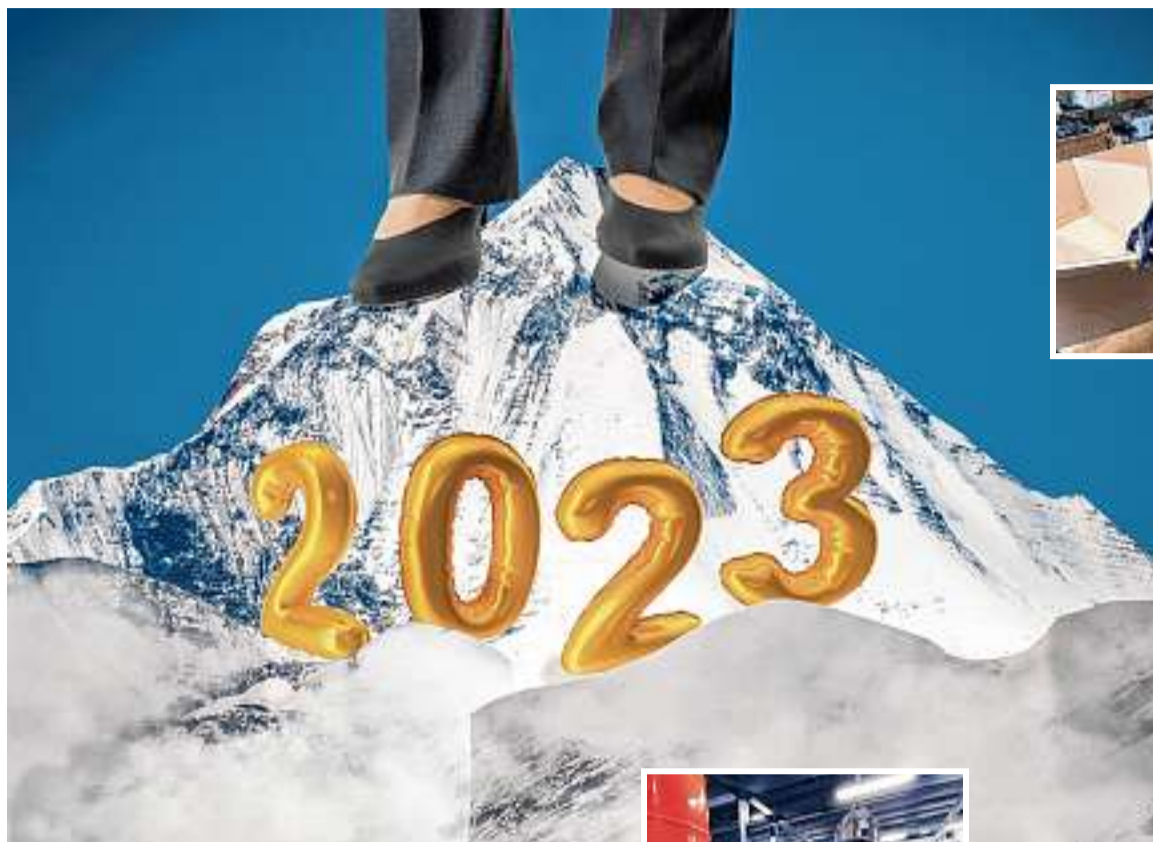
"It's asking myself, 'Can I do it?'" says Mr. Choi. "I like having goals that feel out of reach, that feel different."

Throwing and taking literal punches may be an uncommon C-suite ambition, but many bosses tell me that they, too, are ready to push themselves in 2023. Employees, take note: When the person calling the shots goes hard-core, it could be a cue to crank up your own effort—or at least play along.

A lot of leaders who had to scale back professional and personal goals as the Omicron variant spread in early 2022 welcome a new year in which the pandemic funk is finally over. They're rarin' to go. As the year of "quiet quitting" and worker leverage ends with layoffs and recession warnings, the not-so-subtle message to the rank and file may be that it's time to match the top brass's ambition and intensity.

Uri Haramati, chief executive of New York software management company Torii, plans to run an ultramarathon. Ashley Kramer, chief marketing and strategy officer of San Francisco software company

What the Boss's Resolutions Mean for You Next Year



▲ Okta's CEO is building a boat, which at the least sparks office conversations.

Many people prefer divisions between their work and personal lives anyway, and don't want to talk to co-workers—in a bar or on Slack—once the clock strikes 5 p.m. Some managers say they'll try harder to respect such boundaries, though these resolutions are often laced with secondary motives such as improving employee engagement and helping workers recharge so that they can do their jobs better.

Encouraging down time can be a strategy to boost productivity.

Rebecca Johnston-Gilbert, head of marketing operations at software maker Postman, says she'll set a new expectation for employees to wait until morning to respond to her after-hours emails.

"I aim to instill a culture that helps our team bring the intensity we need to accomplish great things, balanced with the healthy respect for work-life balance we need to ensure long-term sustainability and avoid burnout," she says.

Todd McKinnon, CEO of cybersecurity company Okta, is building a sailboat with his 12-year-old son and aims to finish by the Fourth of July. The kid dreams of sailing from California to Hawaii; Mr. McKinnon says he'll be happy if the thing floats.

Seaworthy or not, the boat is a conversation starter, prompting others at work to share interests, he says. Such familiarity can help people work better together.

"If you have a disagreement with someone that you don't have a relationship with, you might just walk away," he says. "But if you know them, you're more likely to work through it."



◀ Jay Choi, a software executive, is training for his first boxing match, as a challenge.

work," he says. "When you know that people care about what you do, you will try harder."

Mr. Ashkenazi adds that he expects to dole out plenty of compliments, along with constructive criticisms. He also hopes that his roughly 30 employees will feel comfortable critiquing him.

Andy MacMillan, CEO of customer-research firm UserTesting in San Francisco, plans to visit remote employees more often. He says he embraces hybrid work but values face-to-face meetings. He hopes his staff take the hint and follow suit with their clients.

"If you're an enterprise sales rep and you live in Detroit, and there's a bunch of customers in and around Detroit but you've decided you're never going to go

visit those customers, I'd rethink that strategy," he says.

Other bosses' pledges could affect their teams indirectly, even if the stated reason is personal health. Kashyap Deorah, CEO of geolocation firm HyperTrack, is giving up carbs—including alcohol—after sunset. The self-imposed penalty for imbibing? Ten push-ups per beverage.

Forget about schmoozing him over beers at happy hour, at least until the longer days of spring.

Cutting back on booze is always a popular resolution, says Gillian Tietz, founder of the Sober Powered

GitLab, aims to take multitasking to a new level by conducting one-on-one meetings while skiing.

After all, the latest executive flex is, well, flexing a buff body.

Josh Lospinoso, CEO of cybersecurity firm Shift5 in Rosslyn, Va., will attempt something seemingly impossible in the corporate world: "My New Year's resolution is to make my public statements sound less like ChatGPT could have generated them," he says, referring to the artificial intelligence tool that exhibits as much personality as some executives.

Some managers' resolutions have clear implications for their subordinates. Amir Ashkenazi, CEO of virtual meeting company Switchboard, vows to deliver more direct, honest feedback next year. Yikes.

"Feedback creates this commitment between people to do better

Many Accountants Call It Quits

Job falls out of favor as skills transfer to banks, consulting

By LINDSAY ELLIS

More than 300,000 U.S. accountants and auditors have left their jobs in the past two years, a 17% decline, and the dwindling number of college students coming into the field can't fill the gap.

The exodus is driven by deeper workplace shifts than baby-boomer retirements. Young professionals in the 25- to 34-year-old range and midcareer professionals between the ages of 45 and 54 also departed in high numbers starting in 2019, according to the Bureau of Labor Statistics. Recruiters who have been luring experienced accountants into new roles say they are often moving into jobs in finance and technology.

The gap between companies that need accountants and trained professionals has led to salary bumps and more temporary workers joining the sector. Still, neither development will fix the fundamental talent pipeline problem: Many college students don't want to work in accounting. Even those who majored in it.

While some mathematically inclined students are drawn to accounting, the field still suffers from a stigma that it is uncool, with tedious work and daunting hours, said Keith Wolf, managing director at the Houston-based recruiting firm Murray Resources.

Jordan Pixley put his attention to detail and love of numbers into his Clemson University accounting classes. But in internships, he felt bogged down by the repetitive tasks of accounting—such as balancing cash sheets—and the work proved less interesting than the college class he enjoyed most—data analysis.

The 22-year-old accounting major attended a KPMG LLP recruiting event in Orlando, Fla., but ultimately chose not to apply. He graduated last week without a job lined up and is exploring opportunities

with the U.S. military. Accounting's grueling hours—70- and 80-hour weeks are common at the biggest public firms before tax and audit deadlines—were part of the turnoff, he said.

"I was a little scared of it, not going to lie," Mr. Pixley said. "I don't know if I want to do all that."

KPMG said it is considering ways to reduce overtime hours and workloads during busy seasons. While salaries vary by market and position, most entry-level workers across audit, tax and advisory services at KPMG in 2023 will earn salaries that

outfits and banks, according to recruiters.

"I don't know who we're not competing with, quite honestly," said Rod Adams, who leads PricewaterhouseCoopers LLP's hiring in the U.S. and Mexico.

The firm, which needs to recruit 4,200 entry-level associates for fall 2023, has prospects in its hiring pipeline as early as their sophomore years.

The number of U.S. students who completed a bachelor's degree in accounting declined nearly 9% to about 52,500 in 2020, down from almost 57,500 in 2012,



KPMG CEO Paul Knopp talked up the accounting industry at the University of Texas campus in Austin this fall.

are 5% to 15% higher than those who graduated and joined in 2022, the firm said. One entry-level tax associate job based in New York City has a posted range of between \$71,000 and \$82,000.

KPMG Chief Executive Paul Knopp spent several days this fall on college campuses, including the University of Texas at Austin and the University of Illinois, pitching the company and meeting with students.

As the number of accounting majors has dropped, the bidding war to recruit students has intensified. Top accounting students straight out of college can make significantly more going to work for consulting

according to the Association of International Certified Professional Accountants. The slump has continued over the past two years, according to the group, though it hasn't published final numbers for 2021 and 2022.

To earn a certified public accountant license, a professional needs 150 credit hours, or 30 college credits beyond the typical 120-hour bachelor's degree requirement. The 10 extra classes can add up to a fifth year of college.

PwC has joined with Saint Peter's University, based in Jersey City, N.J., so that some students can get the 30 extra college credits by working at the firm.


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ARTS IN REVIEW



THE J. PAUL GETTY MUSEUM, LOS ANGELES (4)

CULTURAL COMMENTARY

The Getty Center's 25-Year Triumph

Since opening, the center's flagship museum has proved the naysayers wrong and become a world-class institution

By ERIC GIBSON

The Getty Center turned 25 this month. Richard Meier's sprawling structure, situated on 110 acres in Brentwood, overlooking downtown Los Angeles, opened to great fanfare on Dec. 16, 1997. The complex houses the offices of the J. Paul Getty Trust, the Getty Foundation, the Getty Conservation Institute, the Getty Research Institute and the J. Paul Getty Museum. This last has more to celebrate than most. For in its first quarter-century the museum has managed to defy every dire prediction made at its inception to become one of the greatest institutions of its kind in the world.

The modern history of the Getty Museum dates from 1982, when the J. Paul Getty Museum Trust, which operated an existing J. Paul Getty Museum, received a \$1.2 billion bequest from the estate of its eponymous founder, who had died in 1976. (The endowment had previously stood at \$50 million.) Two years later it received a further windfall of \$1.6 billion when Texaco bought Getty Oil.

That collection was located in Pacific Palisades and consisted mainly of Greek and Roman antiquities, some 17th- and 18th-century French furniture and decorative arts, and a smattering of Old Master paintings. It was housed in a replica of an ancient Roman villa.

The enlarged endowment would generate far more money than that relatively modest institution would ever need, an issue made more pressing by the fact that, to retain its nonprofit status, the trust was required by law to spend 4.25% of its market value every year.

J. Paul Getty had stipulated that the money be used for "the diffusion of artistic and general knowledge." So with that and the tax laws in mind, the board expanded the trust's mission to include art conservation, grant making and art scholarship and education. In 1983 the trust bought the land for a headquarters that would house all its operations, as well as a new museum. (Mr. Meier was selected as the architect the following year.)

This would take the name of the original, which was renamed the Getty Villa. The antiquities would stay at the Villa and the Getty Museum would display. . . what, exactly?

By all accounts the Old Master paintings collection was rather middling, a judgment borne out by the fact that the Handbook of the Collection includes only three canvases acquired during Getty's lifetime. There was also serious space to fill in the Meier building—considerably more than the Villa's 48,000 square feet.

Once again, the board got busy. In the early 1980s it added three new departments: Manuscripts, Drawings and Sculpture. And it went shopping.

No museum had tried to bootstrap itself into existence like this before, and the auguries for success weren't good, the



Vincent van Gogh's 'Irises' (1889), above; view of the Getty Center, top; 'St. Ginés de la Jara' (c. 1692), by Luisa Roldán (sculptor) and Tomás de Los Arcos (polychromer), right; Paul Cézanne's 'Still Life With Apples' (1893-94), below

world's other museums seemingly already filled with the *crème de la crème*. The Getty might find treasures here and there, it was thought, but never enough to form a cohesive collection. It seemed destined to become a pudding with no theme. (Full disclosure: I was among the early skeptics.)

A unique collection, studiously acquired, that traces the history of European painting.

There was, it turned out, plenty to buy. The holdings of down-at-the-heel British aristocrats proved a boon to the museum's ambitions in the early 1980s, yielding a major Poussin, a Mantegna and drawings by Raphael, Rembrandt and others. Around the same time the Getty acquired, in a simultaneous purchase, 16 photography collections, giving the museum a trove of 40,000 images.

Coups like these raised concerns

that the Getty would bigfoot the art market, scooping up everything and driving prices ever higher. It was not uncommon, in news reports of its purchases, to see the words "auction record." Headlines like "Museum Too Rich for Its Own Good" and "Getty, the Art World's Big Spender" began to appear.

All these concerns came to a dizzying head in 1990 when it acquired, for an undisclosed sum, Vincent van Gogh's "Irises" (1889), a lushly radiant still life that had become the poster child for what many perceived to be the wretched excess of the overheated 1980s art market.

It had been bought by Austrian entrepreneur Alan Bond three years earlier for a then-record price of \$54 million. But Bond soon fell on hard times and needed to unload it. Adding to the spectacle was the revelation that Sotheby's had lent Bond half the purchase price. For the Getty to become a player in this debacle suddenly made the high-minded palace of culture look like just another art world buccaneer.

One final knock on the Getty was its decision to house itself in Brentwood rather than downtown L.A. To



many, the "city on a hill" symbolism of the Getty Center telegraphed both elitism—art requires a pilgrimage—and aloofness from the everyday lives of Angelenos.

How different it all looks today. The Getty solved whatever image problem it may have had in 2011 when it launched "Pacific Standard Time: Art in LA 1945-1980," a collaboration with over 40 local institutions to explore the art history of postwar Southern California. (Another, six years later, was devoted to Latin American and Latino art.) By then enough people had passed through its doors to have rendered the "elitist" charge moot. (In 2019 alone, before the pandemic caused a nationwide dropoff in attendance, the Getty Center welcomed 1,439,084 visitors.)

In its buying, the Getty has always been more restrained than many people realized—for example, by not going after keystone works of national patrimony. And far from dominating the market, it has increasingly faced stiff competition from mega-wealthy private collectors and other institutions.

The real news, though, is the miracle of the collection. It's not just the number of take-your-breath-away masterpieces. Besides the Van Gogh, the list includes works by Titian, Chardin, Turner, Cézanne and many others. It's that rather than being

isolated pinnacles, they form part of a larger mountain range that allows the visitor to trace the history of European painting from the late Middle Ages to the dawn of modernism. Yes, there are holes—no Bellini or Constable, for example. But the broad arc is there.

Sculpture remains a work in progress, with Luisa Roldán's "St. Ginés de la Jara" (c. 1692), a life-size, preternaturally lifelike preaching figure the standout masterpiece. The one glaring misstep here is the Fran and Ray Stark Sculpture Collection. The Hollywood producer was an art dealer's dream: money without judgment. So while many of the 20th century's boldface names are present, there are few works of real significance.

It hasn't all been smooth sailing for the Getty. Its antiquities collection was mired in controversy until 2006, when it returned some two-dozen objects to Greece and Italy. And a marble head originally thought to have been made by Skopas around 300 B.C. turned out to be a modern fake.

Nonetheless, this anniversary invites us to shift our gaze from spectacle to substance. When we do, two things stand out. First, that the museum and what it stands for, namely bringing great art to a wide audience, and for free, is the work of private philanthropy—that's right, the wicked 1%. Second, the exceptionally high level of aesthetic discernment and strategic thinking that went into forming the bulk of this collection. The Getty represents the climax and, likely, the end point of the great American museum boom that began in the late 19th century. It is hard to imagine anything like it appearing on these shores again.

Mr. Gibson is the Journal's Arts in Review editor.



SPORTS

Luka Dončić's 60-21-10 Triple-Double

By Robert O'Connell

THE BIG QUESTION, for the Dallas Mavericks, is a rhetorical one: What more can Luka Dončić do? The implied answer is "nothing."

Tuesday night, though, Dončić seemed to take the question seriously, and in doing so authored a basketball masterpiece. In a 126-121 overtime win over the New York Knicks, Dončić scored 60 points, grabbed 21 rebounds and passed out 10 assists.

"I need a recovery beer," Dončić said in an interview postgame.

Dončić's performance reflects an era of basketball that embraces do-it-all court generals and pushes the limits of what one player can mean to a team.

Dončić likewise piles up extreme statistics in concerning contexts: 33.6 points, 8.8 assists and 8.7 rebounds, including Tuesday's game.

"The history of the game is written by the players," Mavericks coach Jason Kidd said after Tuesday's game.



Dončić posted a 60-21-10 triple-double.



At age 25, Stetson Bennett IV is the same age as the NFL's Lamar Jackson. Bennett has blossomed just in time to lead Georgia to a shot at back-to-back titles.

The Late Bloomer Leading the Dawgs

It took six college seasons, but Stetson Bennett IV has developed into a star quarterback for Georgia

By Laine Higgins

There were plenty of obstacles in quarterback Stetson Bennett IV's journey from walking on to Georgia's football team to finally winning the starting job outright after winning a national championship.

"I would catch myself on first-and-10 thinking about their third-and-medium blitz," Bennett said in an interview earlier this season.

The internal noise would keep him from executing on key plays or earning enough trust from Georgia coach Kirby Smart to lock down the job.

"We're going to play football and look at what my reads are and know exactly what my guys are going to do and that's how we're going to win," Bennett said.

is when I'm sure, but also confident."

Bennett's collegiate football career is well documented for being unorthodox. He walked-on to Georgia's football team as a scrappy 5-foot-11 freshman on an academic scholarship in 2017.

For the next three seasons, Bennett was Georgia's quarterback of last resort. He spent most of his time on the scout team frustrating coaches with his tendency to improvise rather than imitate future opponents.

"They would get so pissed at him because he would torch the defense, but he wouldn't just do what the card said as the progression. If he saw someone open, he'd just throw it to the open dude," Pender said.

Bennett entered the 2021 season as the Bulldogs' entrenched backup behind USC transfer J.T. Daniels. Then Daniels got hurt. This time, Bennett never let go of the job.

Unlike 2020, when he was pressed into duty against an Alabama team that went on to win the national title, Bennett was armed

with big-game experience. Something funny began to happen. He played his best games when the stakes were highest. He passed for three touchdowns and a season-high 340 yards in Georgia's loss to the Crimson Tide in the 2021 Southeastern Conference championship.

For most of his time in college, Bennett was Georgia's quarterback of last resort.

Bowl against the Wolverines and of the national championship rematch against the Crimson Tide.

This all led to Bennett becoming the rare quarterback who didn't benefit from a single offseason as the clear starter until age 24—after he had won his team a national championship.

"I've always been a bit of a late bloomer," Bennett said. He added that he "1,000%" benefited from his lengthy undergraduate tenure.

same year (1997) as Lamar Jackson, the Baltimore Ravens quarterback who is in his fifth year in the NFL.

By his own account, Bennett needed time to un-complicate football. It wasn't that Bennett didn't understand the game. Pender, now head coach at North Hall High School located about 50 miles northwest of Athens, said the quarterback was the "best I ever had" at picking up coverages.

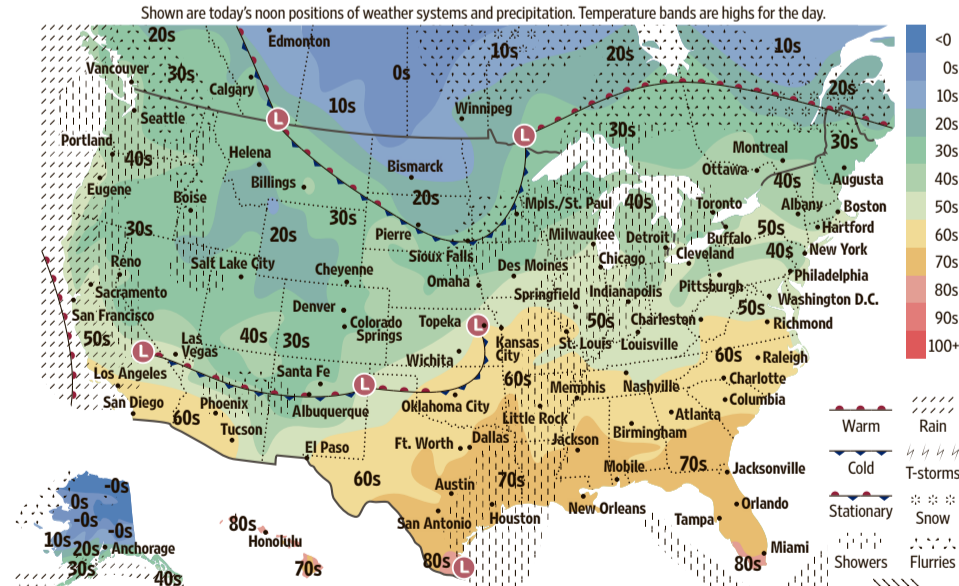
"Stetson was a student of the game, even when he was younger," Pender said.

The issue was that Bennett understood things a little too well. He would jump to every permutation of how a play could develop based on the defensive coverage, and get bogged down in the possibilities as freakishly athletic "300-pound dudes" barreled toward him.

A light bulb went off for Bennett over the summer while watching a video in which quarterback legend Brett Favre admitted he didn't know what "dime coverage," a look with six defensive backs on the field, was until his third year in the NFL. He realized that good quarterbacks weren't good because they knew all the lingo; they were good because they made the right plays.

"It's throwing the ball to the open guy," Bennett said. "It's as simple as that."

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U.S. Forecasts

Table with 3 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists cities like Anchorage, Atlanta, Austin, Baltimore, Boise, Boston, Burlington, Charlotte, Chicago, Cleveland, Dallas, Denver, Detroit, Honolulu, Houston, Indianapolis, Kansas City, Las Vegas, Little Rock, Los Angeles, Miami, Milwaukee, Minneapolis, Nashville, New Orleans, New York City, Oklahoma City.

International

Table with 3 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists cities like Amsterdam, Athens, Baghdad, Bangkok, Beijing, Berlin, Brussels, Buenos Aires, Dubai, Edinburgh, Frankfurt, Geneva, Havana, Hong Kong, Istanbul, Jerusalem, Johannesburg, London, Madrid, Manila, Melbourne, Mexico City, Milan, Moscow, Mumbai, Paris, Rio de Janeiro, Riyadh, Rome, San Juan, Seoul, Shanghai, Singapore, Sydney, Taipei City, Tokyo, Toronto, Vancouver, Warsaw, Zurich.

The WSJ Daily Crossword | Edited by Mike Shenk

Crossword puzzle grid with 13 columns and 36 rows. Includes clues for Across and Down.

POOF! | By Alan DerKazarian

Word search puzzle grid with 13 columns and 36 rows. Includes clues for Across and Down.

Previous Puzzle's Solution

Grid showing the solution to the previous crossword puzzle, with words filled in and empty cells.

OPINION

Sober Up, America



WONDERLAND
By Daniel Henninger

Looking back at a mess of a year, it seems possible to blame the Covid pandemic for just about everything. The pandemic pushed many off their A-game, and in public life most of the bad things that happen are caused by bad judgment.

Consider: Officials said inflation was transitory. Investors thought markets would rise forever. Sam Bankman-Fried's customers thought that with cryptocurrency, money was finally growing on trees. Anthony Fauci should have left us alone earlier. Republican primary voters heard voices and nominated too many losers. It slipped Joe Biden's mind that the U.S. has a southern border. Vladimir Putin lost his mind in the ethers of Great Russia nationalism.

In this respect, Congress didn't disappoint. With full knowledge of the year's bad calls, Democrats and Republicans this month passed a \$1.7 trillion cats-and-dogs, everything-but-the-kitchen-sink spending blowout. They make drunken sailors look respectable.

By process of elimination, which wasn't hard, we arrive at 2022's man of the year—Federal Reserve Chairman Jerome Powell. Mr. Powell has been delivering one simple New Year's resolution: It's time to sober up.

In Mr. Powell's world, sobering up means recognizing that a binge of nearly zero interest and constant trillions in spending put us in the ditch. Recovery is impossible

unless inflation falls and stays down.

Mr. Powell wasn't the only one who recognized in 2022 that a great sobering up is necessary.

Ukraine's President Volodymyr Zelensky told the U.S. Congress that Ukrainians are fighting to preserve freedom from autocracy both for themselves and the world. So far, the U.S. and most Western nations agree and are making sacrifices to supply Ukraine with the means to defend itself. The fantasy that Mr. Putin would never play politics with energy also faded.

This month, the U.S., Japan and Australia announced they are increasing military cooperation in explicit recognition of the security threats posed by China's external ambitions and North Korea's missiles. Japan committed to a previously unthinkable increase in spending on its national defense.

Even the Biden effort to revive the Iran nuclear deal has effectively died, a casualty of the reality that Iran, Russia and China now constitute an on-the-march triumvirate intent on displacing democratic economic and social values.

Still, something is missing from this emerging coalition of the sober—Uncle Sam. Put it this way: Some of world's free nations are *trying* to get real about an array of long-ignored security threats and economic realities, but this moment won't last unless the U.S. assertively leads—not for a brief year or two but for an uninterrupted decade at least. Right now, America is treading water.

The midterm elections were supposed to provide guidance about the U.S.'s di-

rection. They settled nothing. Rather than offering policy leadership, the Republican Party is bogged down in an argument over its "messaging." What the world needs before the U.S. is more than messaging.

Every New Year is typically about seeing silver linings amid the clouds, and we have one: Mr. Biden's postelection assertion that what he needs to change is "nothing." That's good, because the Biden presidency and its policies sit before us as one choice for the country's future.

The United States can't lead the free world with Biden's spending binge.

That path was described on these pages recently by Treasury Secretary Janet Yellen's defense of the administration's economic policies. I searched her piece for the phrase "economic growth." What appeared—once—was "stable growth." Mostly she described the administration's spending proposals and transfer payments.

"Stable growth" isn't just a sentiment. For Democrats, the U.S. economy is understood now as primarily a public economy in which well-being for most people comes from government payments to individuals, rather than from private economic activity or even work.

In this view, the role of the more heavily taxed, government-guided private sector is to keep the economy's heart beating with "stable growth," which means settling for the

trade-off of long-term growth rates under 2%. This is socialism American style: lowered personal expectations, flattened well-being, more justice. Add to this the progressive goal of an economy of renewables, which will require massive public subsidies for a decade or more.

To meet the needs of the sobered-up world I've just described, this economic model won't work.

The new spending law is considered by some to be the future of political compromise: Defense spending increased 9.7% in return for what House Democrats describe as a 9.3% increase in nondefense spending. This grand bargain isn't sustainable.

The Democrats' "stable growth" model can't possibly produce sufficient wealth to rebuild the U.S. national-security infrastructure plainly exposed as necessary after Russia's invasion of Ukraine and China's threat to Taiwan—and beyond. It would be nice to think otherwise. Sober up.

There's one other problem: A "stable" low-growth economy will be really, really boring. The country will fall asleep watching the paint dry on its government transfer payments.

In the years ahead, the free world and frankly life itself need the American economy firing on all its incomparable economic and human cylinders. How do we achieve this? Here's the answer in 11 words: Texas, Florida, Arizona, Utah, Idaho, Tennessee, Georgia, North Carolina, South Carolina.

They figured it out. Let one of them take it to Washington.

Write henninger@wsj.com.

BOOKSHELF | By Edward Kosner

A Holy War On Hollywood

American Caliph

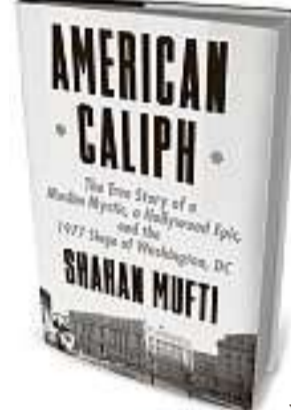
By Shahan Mufti

(Farrar, Straus & Giroux, 367 pages, \$30)

Ever since emancipation, blacks in America have oscillated between the desire for integration with white society and, when spurned, the appeal of separation. The most conspicuous of the separatists has been the Nation of Islam, the Black Muslim sect founded by a visionary hustler called Master Fard Muhammad and, after Fard's disappearance in 1934, transformed into a movement by Elijah Muhammad and his eloquent disciple, the martyred Malcolm X. But for all their stress on self-reliance, the aura of violence has always clung to the Black Muslims.

Elijah's hit men gunned down Malcolm X in Harlem in 1965 after he broke with the leader. And a dozen years later, a holy war of sorts among the group's adherents and a breakaway Muslim sect culminated in a set of deadly sieges in Washington, D.C., one of the most violent incidents ever in the nation's capital. The spark that ignited it all was a big-budget movie about the historical prophet Muhammad supported by the Black Muslims but damned as blasphemous by an angry apostate.

Long forgotten, this grotesque episode is reanimated by Shahan Mufti, a veteran journalist, in "American Caliph: The True Story of a Muslim Mystic, a Hollywood Epic, and the 1977 Siege of Washington, D.C."



Meticulously detailed and fluidly written, the book mixes terrifying scenes from the hostage-taking sieges with sophisticated explanations of the sectarian feuds among rivalrous Muslim black nationalists.

The fulcrum of Mr. Mufti's compelling story is a onetime jazz drummer and Army vet named Hamass Abdul Khaalis—born Ernest Timothy McGhee in 1922 in Gary, Ind.—who was attracted to the Black Muslims through personal acquaintance with Malcolm X. He rose in the

ranks at the Nation's Chicago headquarters, then grew disenchanting with Elijah Muhammad's brand of Islam and, in the late 1950s, started his own purist splinter sect, the Hanafi Movement. Kareem Abdul-Jabbar, a young NBA all-star, later became Khaalis's prime disciple and bankroller, setting him up with a Hanafi Center in Washington, D.C. In the early '70s Khaalis began disparaging Fard and Elijah Muhammad in letters to Nation of Islam centers around the country.

In 1973, Elijah Muhammad retaliated as he had against Malcolm X. While Khaalis was away, eight members of the Black Mafia affiliated with the Nation of Islam invaded the Hanafi Center, where Khaalis lived with two of his three wives and their children. The intruders murdered four of the children and drowned a 9-day-old infant in a basin. They killed Khaalis's grown son Daud and a Hanafi Center staffer with shots to the head. Khaalis's wife Bibi and grown daughter Amina were shot repeatedly but survived.

The killers were never properly brought to justice, which only further inflamed Khaalis, who was still nursing a grudge against the U.S. government for denying him certain G.I. Bill benefits. But what now triggered Khaalis, Mr. Mufti writes, was word that a Technicolor epic about the prophet Muhammad was about to premiere in New York and Los Angeles. Strict Islam forbids showing the prophet's image, but the script had been vetted by Arab scholars and the film's director, a Syrian immigrant named Moustapha Akkad, represented Muhammad using only "subjective camera" technique—as the camera's point of view. Still, Khaalis felt it was his mission as a devout Sunni Muslim to make sure the film was never shown. What's more, Khaalis saw his crusade as the key to his ultimate goal—to be proclaimed Caliph of a resurgent Islam in the West.

He hatched a scheme to hold the film ransom for hostages he would seize in D.C. with a band of armed comrades. On the morning of March 9, 1977, Khaalis struck. A hater of Zionists, he first took over the international headquarters of B'nai B'rith, the Jewish communal organization. Inside, seven Hanafis with long guns and machetes screamed death threats at 128 hostages, bound and heaped on the floor throughout the building. When Rabbi Samuel Fishman was brought to him at gunpoint,

The true story of a Sunni mystic, a big-budget biopic of the prophet Muhammad—and the 1977 siege of Washington, D.C.

Mr. Mufti writes, "Khaalis received him by ramming the butt of his gun right into Fishman's face. Fishman's glasses were smashed, and blood ran down his face." Next, three Hanafis entered Washington's Islamic Center, seizing the mosque's director, Muhammad Abdul Rauf, and a dozen others. Finally, two more Hanafis commandeered D.C.'s city hall, known as the District Building, killing a reporter and wounding two, a police officer and then-councilman Marion Barry.

The author is at his best as his narrative cuts between three locales: the siege sites, where the Hanafis took two lives and terrorized their hostages; the police command center, where top cops and feds debated strategies to end the sieges; and the Rivoli Theater in New York, where the movie was set to premiere. With a B'nai B'rith hostage as his "secretary," Khaalis talked nonstop on two phones with police, the media and, through Rauf, foreign diplomats. The premiere of the movie was quickly cancelled, and then a daring plan evolved to have the ambassadors of Egypt, Iran and Pakistan meet with Khaalis in the B'nai B'rith lobby.

The envoys persuaded Khaalis that his assault misread the will of Allah, and the authorities offered a deal in which he would be freed on his own recognizance until his trial many months hence. With that, the siege of Washington ended some 40 hours after it began, and the surviving hostages were freed, some emotionally scarred for life.

After an inevitably theatrical trial, Khaalis and two henchmen were found guilty of murder in the second degree and sentenced to hundreds of years in federal prison. The film "Muhammad, Messenger of God" at last opened in the U.S. and later around the world. Despite all the priceless publicity, the \$17 million epic proved to be an epic box-office bomb.

Khaalis never achieved his goal of becoming the American Caliph, but for a time he was the most famous Muslim in the United States. Forever an inspiration to terrorists, he was shuttled around the federal prison system before he died—white-bearded, blind and aged 81—on Nov. 13, 2003.

Khaalis was imprisoned at the Lorton Correctional Complex outside Washington, D.C., when an airliner taken by five Saudi hijackers passed almost directly overhead before crashing into the Pentagon—on Sept. 11, 2001.

Mr. Kosner is the former editor of Newsweek, New York magazine, Esquire and the New York Daily News.

A Spoonful of Sanity for Biden in 2023

By Karl Rove

A memo from White House senior adviser Mike Donilon landed in Washington inboxes last week, claiming President Biden is enjoying a "strong jolt of momentum."

Mr. Donilon spun a tale with Mr. Biden's "approval rating on the upswing, a resilient economic climate, and strong support for the President's agenda." Neither "Republican extremism" nor abortion or "concern for our democracy" decided the November election, he said. Instead, the answer lies in "what hasn't been fully reported on" or "fully understood"—namely, "how important a role the achievements and agenda of the President and the Democrats played in the midterms."

Maybe. But let's consider the effect of those "achievements and agenda" in key states.

Ohio's Republican Gov. Mike DeWine won re-election by 25 points and led the GOP in sweeping every state office by 18 to 21 points as well as all three Supreme Court slots by 12 to 14 points. The U.S. Senate race was closer—a nearly 7-point win for Republican J.D. Vance—only because Mr. Vance was a flawed candidate and Democratic Rep. Tim Ryan spent the campaign declaring his independence from Mr. Biden. Ohio won't be in play for Democrats in 2024.

Floridians weren't impressed by the "Biden-Harris

Administration achievements and agenda" either. Republican Gov. Ron DeSantis prevailed by more than 19 points against Democrat Charlie Crist. The GOP swept every statewide office by 18 to 22 points, picked up four House seats and won supermajorities in both state legislative chambers.

Then there's Georgia, a new battleground that Mr. Biden carried narrowly in 2020. Republican Gov. Brian Kemp won by 7.5 points, leading the entire statewide GOP ticket to

He isn't enjoying a 'jolt of momentum' and ought to embrace the agenda he ran on.

victory with the exception of Senate candidate Hershel Walker. He lost because Sen. Raphael Warnock focused on Mr. Walker's lack of "character and competence" rather than on the Biden record.

Similarly, Arizona Democrats played down their Biden links, choosing instead to highlight character differences and state issues. The Democratic gubernatorial nominee, Katie Hobbs, focused on election integrity. In the only Senate debate, Democratic Sen. Mark Kelly broke with Mr. Biden on border security, blaming him for the "mess." In a state Mr. Biden won by 0.3% in 2020, keeping it local helped Ms. Hobbs eke out a 0.66-point victory

against Republican Kari Lake. Showing daylight between himself and the administration won Mr. Kelly a 5-point re-election victory.

The clearest test of Mr. Donilon's thesis is Wisconsin. Republican Sen. Ron Johnson is one of Mr. Biden's loudest, most persistent critics. If the Biden agenda were popular, Mr. Johnson should have lost in the Badger State, which Mr. Biden carried. Instead, Mr. Johnson won a third term.

Friday night, White House deputy press secretary Andrew Bates launched a follow-up email. He emphasized Mr. Biden's "historic bipartisan winning streak" on legislation, including bills on infrastructure, China and semiconductors, and guns. But while Mr. Biden signed each of these bills, they were conceived, written, negotiated and passed by Democratic and Republican members of Congress. The White House was largely out of the loop.

What prompted this end-of-year White House rhetorical offensive? Three factors: First, White House aides want their media minions to drop any story line that the midterm elections were determined by lousy GOP candidates, fallout from the overturning of *Roe v. Wade*, or Democrats distancing themselves from an unpopular Mr. Biden. Instead, they want all credit to go to a president they're trying to position as transformational.

Second, the White House wanted to signal that 2023

The Message of 'Buying All Black'

By Oliver Traldi

Google and the rapper Ludacris released a music video, "Buying All Black," to promote the company's post-Thanksgiving "Black-Owned Friday." This event began in 2020 and celebrates a Google feature, also added in 2020, that allows black-owned businesses to be identified in searches by a special badge. The idea is that identifying businesses as black-owned will help bring them customers.

A few decades ago, after the civil-rights movement succeeded in ending legal discrimination, American society was content with colorblindness as the goal of human racial relations: We ought to

strive for a society in which we don't make assumptions about people or discriminate because of skin color. Affirmative action was the exception that proved the rule.

The Google-Ludacris project reveals that U.S. society isn't white supremacist.

Soon, though, colorblindness became the target of mockery. Academics, activists and commentators took the aspirational expression "I don't see color" as discrediting the goal: The statement is literally false, an impossible

aspiration, and a way of obscuring that people invariably do notice the color of each other's skin. Trendy research into "implicit" or "unconscious" bias then claimed to show the ubiquity of invidious prejudice, which was in turn cast as "white supremacy."

The Ludacris/Google collaboration should put to rest the idea that we live in a white-supremacist society. If we did, telling everyone which businesses were black-owned would be like putting them on a list of targets—for boycotts or even for destructive violence.

Google's project makes clear that we live in a society with the opposite expectation. Google and Ludacris think it will help stores if

everyone knows they are black-owned, because more people, not fewer, will choose to patronize them. The assumption is that people—not only people of any one demographic category or political leaning, but Americans on average—will either remain colorblind or actively favor black-owned businesses.

There could be all sorts of inequities that impair black-owned businesses. But these inequities can't stem from widespread bigotry, much less white supremacy. If they did, Ludacris's efforts couldn't do any good.

Mr. Traldi is a graduate student in philosophy at the University of Notre Dame.

OPINION

REVIEW & OUTLOOK

Pete Buttigieg, Air Traffic Controller

The scheduling meltdown at Southwest Airlines is one for the business record books, and the carrier will pay a price for months or years in damaged reputation. The only worse result for seething passengers would be to put Transportation Secretary Pete Buttigieg in charge.

Don't laugh. Mr. Buttigieg's department said Monday it will investigate Southwest's "unacceptable rate of cancellations and delays." It will also "take action" to hold the carrier "accountable," as if the airline isn't eager enough to make things right.

Congress is also doing what it does best: Shoot the wounded. Senate Commerce Chair Maria Cantwell announced a probe, while Massachusetts Sen. Elizabeth Warren is using the mess to complain as usual about airline consolidation. She wants Mr. Buttigieg to block a merger between JetBlue and Spirit Airlines.

The Christmas week storm caused thousands of flight cancellations, though most airlines are recovering. Southwest's problems roll on, with the carrier cutting 60% of its schedule Tuesday and Wednesday. One problem seems to be outdated technology that failed to match crews to planes, as Southwest's "point-to-point" network stranded aircraft across the U.S. CEO Bob Jordan has apologized.

But Democrats care less about stranded passengers than they do about gaining more federal control over the airline industry. Carriers are already required to refund when flights are canceled or "significantly changed." Mr. Buttigieg proposed a new rule in August that requires airlines to provide refunds if flights are delayed more than three hours, increase the number of connections, land at a different airport, or use a "downgraded" type of aircraft. The rule would also force airlines that received federal pandemic aid to provide credits if a passenger says he can't fly because of Covid.

The Southwest Airlines mess has politicians angling to rule the skies.

In mid-December, a bipartisan group of 34 state attorneys general wrote Mr. Buttigieg demanding that the rule also give state AGs new power to enforce airline consumer-protection laws. The AGs want to force airlines to advertise and sell only flights for which they have "adequate personnel to fly and support," as well as pay "significant fines" for delays or cancellations that are "not weather-related." But airlines can't control the weather, and sometimes crews fail to show or end up stranded.

Airlines have struggled this year, but government has contributed to the problem. Covid lockdowns cost them business for two years. The federal aid that kept them afloat came with a mandate not to lay off or furlough employees. This caused airlines to offer retirement and buyout packages to preserve cash, leading to a pilot and crew shortage.

Mr. Buttigieg's new rule won't reduce turbulence. Some airlines already lure customers with the promise of refunds for delays under three hours. Refund policies are built into ticket prices, allowing passengers to choose their level of protection. Stripping airlines of their ability to compete on refunds and other things won't help customers.

Requiring carriers to add unnecessary employees is inefficient, a sop to unions, and a recipe for higher fares. Imposing fines for non-weather-related delays or cancellations will put new pressure on airlines to cut other corners. The last thing the nation needs is 50 new state airline regulators.

Washington receded from airline management in the 1970s, and the ensuing competition opened air travel to the masses. Politicians love to kick an industry when it's down, but passengers can take their market revenge on Southwest without political help that will make air travel worse and more expensive.

Protecting Biden From Chinese Covid

The Biden Administration on Wednesday imposed new Covid testing requirements for travelers from China, and this is better understood as political inoculation than virus protection for Americans.

Biden officials said travelers to the U.S. from China, Hong Kong and Macau will be required as of Jan. 5 to get a PCR or rapid test monitored by a healthcare provider no more than two days before departure. Airlines must confirm the negative test before passengers board.

The U.S. is following Japan, India, South Korea, Taiwan, Malaysia and Italy in imposing testing mandates for Chinese visitors. The apparent concern is that the virus's untrammelled spread in China after government officials lifted zero-Covid restrictions may increase the risk that more lethal or transmissible variants emerge.

This is possible, but more transmissible variants that evade the antibody response from vaccines and prior infection continue to emerge in the U.S. and other countries too. It's also possible that China's lower natural immunity reduces the selective evolutionary pressures that give rise to more immune-evasive and transmissible variants.

U.S. officials are rightly concerned that China may be slow to identify a new dangerous variant and share that information with the world. It took China weeks after the novel coronavirus began spreading in Wuhan to confirm human-to-human transmission. Beijing continues to deny Western scientists access to records needed to determine whether the virus originated from a lab.

While the Biden testing requirement pun-

ishes China for its lack of transparency, it's unlikely to stop a more pathogenic variant from spreading to the U.S. PCR tests usually take a few days to get results. On the other hand, rapid tests are much less sensitive, which is why public-health officials advise repeat daily testing.

Travel restrictions have been ineffective throughout the pandemic at stopping new variants. Donald Trump imposed a travel ban on China on Jan. 31, 2020, but the virus was already spreading in Europe and likely in the U.S. A variant that ran rampant through New York came from Europe.

After Omicron was discovered in South Africa in November 2021, the U.S. imposed travel restrictions on noncitizens from eight African countries. But many cases of the variant had already been confirmed in Europe, Israel, Australia and Hong Kong. A recent study found that Omicron's ancestors were spreading across Africa as early as the summer.

The Administration's testing mandate for Chinese travelers won't take effect for another week, by which time tens and perhaps even hundreds of millions more Chinese will be infected, some of whom will already have flown to the U.S. or other countries. A Shanghai hospital predicted that half of the city's 25 million residents will be infected by the end of this week.

The Administration is trying to show it's doing something in case fears of a more dangerous variant are realized. But if it wants to do something that could make a real difference, how about accelerating treatments that can't be defeated by new variants such as our current class of monoclonal antibodies?

Western Medicine to China's Rescue

One conceit of Chinese leader Xi Jinping is that the West is in terminal decline and the Communist Party is destined to dominate the world in technology and politics. So don't expect the Party media to celebrate the country's emergency acceptance of Western Covid medicine.

Shanghai Fosun Pharmaceutical Co. said Tuesday that Chinese users of its health app can now sign up to get doses of the Western-made BioNTech mRNA vaccine in Hong Kong. That's happy news for affluent Chinese passport holders who can hop a flight to Hong Kong or nearby Macau, where vaccine tourism has been booming since Mainland infections began to rise.

Less lucky are the hundreds of millions of Chinese who don't have a passport, much less the means to jet off for a weekend jab. What would Mao Zedong say about this lack of equality, Comrade Xi?

For nearly three years China has refused to accept Western mRNA shots while favoring Sinovac and Sinopharm vaccines. But that nationalist strategy has lost credibility as zero-Covid ends and infection spreads in China. A December review of Singapore health data in the Lancet found that people over age 60 who received three doses of a traditional vaccine (like those made in China) had higher incidence of severe Covid and Covid hospitalization than those who took the mRNA vaccines.

Hong Kong has obediently adjusted its vaccination policies to absorb the mangled Mainland masses, but vaccination tourism won't be enough to prevent the contagion inflicting preventable deaths on the Mainland. The sudden

reversal of Covid mandates in an aging population with limited natural immunity is feeding a wave of infection that needs treatment as much as prevention.

Here too the Western medical cavalry has arrived with Pfizer's Paxlovid, the antiviral that moderates symptoms for most patients. China approved the drug for emergency use in February, but demand is now outpacing supply.

Lines have been stretching outside fever clinics and community health centers in major Chinese cities. In mid-December, Reuters reported that a Chinese health app offering Paxlovid sold out in half an hour. The South China Morning Post says Mainland demand for antiviral drugs is so high that many Chinese are now scooping up Indian generic versions that may be less effective.

China denied its citizens the best vaccines and therapies because it didn't want to admit the inferiority of its medical science and biotechnology industry. Pfizer and Moderna were offering to sell their vaccines to Beijing, but the Party demanded that the companies turn over their intellectual property. Mr. Xi may also have figured China could steal it.

Beijing had nearly three years to prepare for the inevitable end of zero-Covid, and it could have done so by buying Western vaccines, antivirals and even basic fever medicines that are also now in short supply in China. This month's Chinese protests questioned President Xi's zero-Covid lockdowns. The next protest should question why so many Chinese are needlessly dying because the Party followed Mr. Xi's blinkered nationalism.

LETTERS TO THE EDITOR

What the Omnibus Says About Republicans

Kimberley Strassel does an excellent job detailing Congress's failures in passing the \$1.7 trillion spending bill ("The Back End of an Omnibus," Potomac Watch, Dec. 23). Lawmakers of both parties should be ashamed.

The incoming Republican House majority has been neutralized. It won't have a real opportunity to exercise fiscal restraint until next September. Worse, it won't happen then either. At that point, the Republicans' excuse will be that the 2024 election is right around the corner, and they won't want to tighten the reins for fear that it will cost them votes.

DAVE D'ALTORIO
Mission Viejo, Calif.

Ms. Strassel misses the fundamental point: It's the majority of Americans with their hand out that poison the fiscal-policy well. Those politicians who bring the bucks to their constituents are in favor. Only when the polity recovers some semblance of fiscal rectitude will the politicians change their behavior to win elections.

CRAIG LUTTES
Lawrence, Kan.

As a lifelong Republican, I have decided to switch my registration to independent. There is no longer any difference between the two parties. In the distant past, the Republicans were the party of fiscal restraint. Over the past several decades, both parties have set up their own printing presses. The excuses given make no sense other than to justify their votes for the bills, which always seem to be passed hours before some deadline. No one reads them, and they expect their constituents to go along with the pork and earmarks.

Maybe if enough people change their party affiliation, politicians might get the message.

WILLIAM RENERT
La Jolla, Calif.

Would you please list, in print, those Republican senators who voted in favor of "The Ugliest Omnibus Bill Ever" (Review & Outlook, Dec. 21)? They deserve to be identified for posterity—and for the next time they are up for re-election.

TOM GRAVES
Red Oak, Texas

Diversity Czars Need to Find New Oppression

I was amused by Suhag Shukla's earnest protest against Brown University's new policy prohibiting "caste oppression/discrimination" ("Brown University Discriminates Against South Asians," op-ed, Dec. 22). Ms. Shukla sees the policy as unnecessary. A brief look around the Brown website, however, will show the compelling need for this policy.

The policy was put forward by Sylvia Carey-Butler, Brown's vice president of institutional equity and diversity. Ms. Carey-Butler's position is doubtless well-paid and the Brown website shows that her office has nine people below her, including two assistant vice presidents and one person with the rather ominous-sounding title of "Institutional Equity Investigator."

Their salaries and authority depend on discovering or, if necessary, creating new groups of the oppressed and their oppressors and finding ever

more microaggressions to pursue. I think it is fair to assume that as long as these departments and positions exist, nothing ever will be adequately diverse, inclusive or equitable. Ms. Shukla shouldn't take it personally.

KEITH KEARNEY
Darien, Conn.

Ms. Shukla rightly points out that the new policy against caste discrimination at Brown is unnecessary and possibly discriminatory. Ms. Shukla then proceeds to claim that the caste system in India is a construct of the colonial British Raj. Though this claim is propagated by some Hindu groups in the U.S., in fact the caste system originated in India thousands of years ago. Some discrimination under the caste system also continues in modern India. It should be denounced, not denied.

ANIL K. HINGWE
Shelby Township, Mich.

No More Stopgap Measures to Secure the Border

The Democratic Party has continued to use the pandemic as an emergency tool to accomplish all sorts of political priorities despite the pandemic's end. The Republican Party now follows the same lead with Title 42 and border security ("Biden's Title 42 Catastrophe" by Daniel Henninger, Wonder Land, Dec. 22). The emergency of the pandemic is either over or it isn't. If it is, then Title 42 is done as well.

Did the SEC Learn From Its Flubs in the Madoff Case?

Regarding Allysia Finley's "Where Was Biden's SEC Sheriff on Sam Bankman-Fried?" (Life Science, Dec. 19): To understand the Securities and Exchange Commission, one should read the SEC inspector general's report on the Bernie Madoff Ponzi scheme.

The SEC had performed three examinations and two investigations of the Madoff firm—but none of it competently. Confirmations to third parties asking to verify trading records and positions, a basic step, were never mailed. It was deemed too time-consuming. Facts disclosed in interviews with Madoff representatives could have uncovered the scheme much earlier, but they were never fully investigated.

Between its toothless auditing and the realms of rules covering useless disclosures, the SEC has issues. Someone should take a hard look at what this organization does and how it conducts itself.

PETER SISMONDO
Lawrence Township, N.J.

Charities Can Give Back, Too

My wife used to pay for mailing labels. Recently, however, I received requests for contributions from a few charities and sent them each a \$10 bill ("Charities Give the Gift of Guilt" by Peter Funt, op-ed, Dec. 16). In only a couple of months since, I have received enough return-address labels to last 100 years. If you want some for yourself, you now know how to get them.

JOHN JORGENSEN
Penfield, N.Y.

CORRECTION

The 60-yard "Immaculate Reception" was measured from the line of scrimmage to the end zone. This was misstated in the Dec. 23 Houses of Worship column.

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

You Wouldn't Understand

I remember when Carl Sagan was asked if UFOs were a sign that we were being visited by an extraterrestrial civilization ("The UFO Crowd Wants an Alien Invasion for Christmas" by Holman Jenkins, Jr., Business World, Dec. 24). He responded, if I remember correctly, that if a civilization advanced enough to apply interstellar travel came to Earth, human beings would no more be capable of perceiving and understanding its presence than an ant is capable of perceiving and understanding ours.

This type of wisdom seems to be lost from the discussion. That professors and government officials now assign ideas safely anchored in the fringe decades ago to the mainstream is a case study in educational decline.

KEVIN COSTANZI
Herndon, Va.

Pepper ... And Salt

THE WALL STREET JOURNAL



"What kind of politician would I be if I didn't politicize this crisis?"

WORLD NEWS

Suspected Spy Had Access to War Secrets

U.S., U.K. probe whether German officer shared sensitive data about Ukraine with Russia

By BOJAN PANCEVSKI

BERLIN—A senior German intelligence officer arrested on suspicion of spying for Russia had access to a trove of highly sensitive, top-secret information about the war in Ukraine as well as knowledge of how it was collected by the U.S. and its allies, Western officials say.

Prosecutors are trying to determine whether the material was shared with Moscow. If so, it could have alerted Russia to its own vulnerabilities and given away Western intelligence-gathering methods and capabilities.

American and British officials said they were trying to determine the scope of potential damage in Ukraine and elsewhere. One U.S. official said there was “grave concern” about the case.

The suspected spy, identified as Carsten L. by German prosecutors, worked for the

signals intelligence branch of the country's Federal Intelligence Service, which conducts electronic surveillance and works with the U.S. National Security Agency and Britain's Government Communications Headquarters.

Prosecutors said the man was being held on suspicion of committing treason as their investigation continues.

The German intelligence service, known as the BND, confirmed the arrest but has declined to comment further, citing national security risks. The NSA and GCHQ declined to comment.

Neither the Kremlin nor Russia's Foreign Intelligence Service, the SVR, responded to requests for comment.

Germany isn't a member of the so-called Five Eyes intelligence community made up of the U.S., Canada, the U.K., Australia and New Zealand, but Berlin does receive sensitive information from those countries, especially in relation to the war in Ukraine, officials from three countries said.

Carsten L. had worked on intelligence related to Russia's war in Ukraine, including mate-



The officer worked for Germany's Federal Intelligence Service.

rial gathered by German military satellites, German officials said. His department processed classified intelligence from Russia and Ukraine obtained by other Western spy agencies by tapping electronic devices, intercepting telecommunications and satellite imagery.

The BND, which has a staff of 6,500 and is based in a highly protected campus in the center of Berlin, has been focusing its intelligence-gathering and analysis on Russia and Ukraine since the start of the war, and is traditionally also active in the Balkans, the Mid-

dle East and Africa.

The Kremlin's suspected penetration of Germany's most secretive security agency is the latest evidence of Moscow's aggressive tactics in Europe, where Russia has been accused of killing political opponents, sabotaging infrastructure and trying to steal industrial secrets.

The BND received a tipoff about the suspected spy from an allied intelligence service earlier this year, German officials said. After an internal investigation, the case was passed to the federal prosecu-

tor, who then ordered the man's arrest last week.

The case could be the worst example of Russian penetration of Germany's intelligence services since 1961, when a senior BND employee who was spying for the Soviet Union exposed a network of 100 CIA spies, said Erich Schmidt-Eenboom, who has written several books on the BND.

Roderich Kiesewetter, an opposition lawmaker and deputy chairman of the parliamentary oversight panel that oversees Germany's intelligence agencies, said the case could be a potentially severe blow to European security.

He has called for Germany to set up a commission of inquiry to explore how many politicians and senior civil servants might have been compromised by Russia and China and look at how to reduce Germany's dependence on both countries.

Germany scaled down counterespionage efforts in the early 2000s, becoming vulnerable to Russian operations, according to Mr. Kiesewetter and other experts.

However, senior German intelligence officials said the

Ukraine war had marked a “paradigm shift” in German politics.

Berlin started cracking down on Russian espionage this year after Moscow attacked Ukraine. The heads of Europe's domestic securities agencies met in early April in Paris to forge a common strategy on fighting Russian espionage. After the meeting, European governments expelled around 600 Russian officials from their countries, including 40 by Germany.

Russia has since sought to offset the loss by activating so-called deep cover agents, and using informal collaborators as well as recruiting civil servants, business people, academics and others as spies, according to several Western officials.

The probe into Carsten L. hasn't found evidence that he had received payments from his handlers. Investigators are trying to determine whether he was blackmailed or whether he was motivated by ideological convictions, people familiar with the probe said.

—Max Colchester and Warren P. Strobel contributed to this article.

Ukrainian Forces Focus on Freeing Key Eastern City

By MATTHEW LUXMOORE

KYIV, Ukraine—Ukrainian authorities said their army was closing in on the Russian-occupied city of Kreminna, control of which could allow Kyiv to significantly expand its efforts to retake Russian-held areas in Ukraine's east.

Kreminna, a city in the eastern Luhansk region with a prewar population of 18,000, is

Kreminna could be pivotal to dislodging Russia from the Luhansk region.

being abandoned by Russia's military command as Ukrainian troops advance through the mined and heavily fortified area surrounding it, said Serhiy Haidai, the governor of Luhansk.

“When we de-occupy Kreminna, it will be the turn of other Luhansk cities,” Mr. Haidai said in a televised interview Wednesday. His description of the situation around Kreminna couldn't be independently verified.

Mr. Haidai said Russian military officials had moved from Kreminna to other nearby set-

tlements and that civilians who had arrived from Russian territory to serve as medics and repair workers in the city had fled or returned home.

The U.K.'s Defense Ministry said in its intelligence briefing on Wednesday that Russia was fortifying the area around Kreminna and is likely to give priority to holding the line there.

The capture of Kreminna would give Ukraine access to major roads leading to the city of Rubizhne and the nearby industrial center of Severodonetsk, both heavily damaged in fighting over the summer, as well as to the town of Starobilsk.

Many of the Russian units attacking the city of Bakhmut to the south are advancing from Rubizhne and Severodonetsk, Mr. Haidai said, meaning that securing Kreminna and launching offensives on those cities could allow Ukraine to disrupt Russia's onslaught against Bakhmut, aiding its embattled Ukrainian defenders.

Starobilsk, on the other hand, overlooks key roads across the region, Mr. Haidai said. “Whoever controls Starobilsk can essentially control with firepower the entire logistics of Luhansk region,” he said. “There'll be almost no road left along which the en-



A worker cleaned up debris on Wednesday after Russian shelling of the hospital maternity unit in Kherson, southern Ukraine.

emy can calmly transfer either equipment or manpower.”

Kreminna would be a symbolic prize for Kyiv, giving Ukraine a solid foothold in Luhansk, a region which has been under near-total Russian control since the summer.

Since launching his full-scale invasion of Ukraine in February, Russian President Vladimir Putin has named control of the Luhansk and adjacent Donetsk regions as among Moscow's main military goals, expounding a false narrative about oppressed Russian speakers there whom

his army was sent to liberate.

Following an abortive advance on Kyiv in February and March, Russia narrowed the focus of its invasion and gave priority to its offensive in eastern Ukraine. But after making slow gains, its advances there have largely ground to a halt, and it has expended huge resources in recent months in a so-far unsuccessful bid to take Bakhmut.

Ukraine's Deputy Defense Minister Hanna Malyar on Monday described Bakhmut as Ukraine's “eastern fortress,” and said Russia had concen-

trated a huge amount of firepower there as it seeks to capture the Donetsk region by the end of this year. Ukraine's defenders currently hold around 40% of the region. Taking Kreminna could help reverse the momentum in the east and put Russia on the defensive in Donetsk too.

Ukraine's government wants to show the U.S. and other Western countries, which are providing crucial weaponry and financing, that it can retake more Russian-occupied territory, amid signs that Washington and some Eu-

ropean capitals want Kyiv to consider negotiations. Ukrainian forces recaptured the southern city of Kherson in November, the only regional capital that Russia had taken after its February invasion.

For Russia, the seizure of any Ukrainian settlement would help raise flagging morale after months of attritional warfare that has yielded no major breakthroughs for its military since July.

Russian government officials haven't commented on Ukrainian claims about Kreminna.

Opposition to Putin Unites Europe, Highlights Dependence on U.S.

By DREW HINSHAW AND DANIEL MICHAELS

As the war in Ukraine approaches 2023, Europe has never been as united against Vladimir Putin's Russia—nor as dependent on the U.S. for holding the Russian leader back.

For years, the U.S.'s European allies struggled to reach a shared view of Mr. Putin, with France and Germany pushing the case for engaging with the authoritarian leader, over the building frustration of countries closer to Russia, who believed only determined resistance could stop him from pursuing his expansionist agenda in Europe's east.

Since Russia's full-scale invasion of Ukraine in February, those differences have receded compared with the common sense of purpose among Europe's democracies that Ukraine must be armed to rebuff Russia's attempt to forcibly redraw the continent's borders.

But despite the broad consensus from Portugal to Poland, the European allies all find themselves in Washington's slipstream, reacting to the course set by the Biden administration, which has recently sent mixed messages across the Atlantic on whether the time has come to push Kyiv into negotiations.



Ukrainian President Volodymyr Zelenskyy addressed European Parliament members earlier this month.

President Biden is expected to sign a spending bill in the coming days that includes nearly \$45 billion in aid for Ukraine and North Atlantic Treaty Organization allies, underscoring once again the U.S.'s dominant role in providing arms and financing to support Kyiv and rein in Mr. Putin's aggression.

Although European Union leaders recently pledged billions of euros more to keep Kyiv afloat, they are left reading cues from Washington on the central strategy questions

for the coming months: How much firepower should Ukraine receive in its quest to retake occupied territory from Russia's invasion forces? How much Western weaponry would risk an uncontrolled escalation of the war? And what sort of compromises should Ukraine contemplate if it can't drive Russian troops off its land entirely?

“The whole war effort has been a complex orchestra, but it's been conducted from Washington,” said Rosa Balfour, director of Carnegie Eu-

rope, a think tank in Brussels. “The conflict has confirmed European security to be within NATO. There's no alternative.”

Within Europe, opposition to the pro-Kyiv policy has remained muted. Mr. Putin's bet that, by throttling energy supplies to the bloc, he could weaken European countries' commitment to helping Ukraine and sanctioning Russia hasn't paid off.

His all-out assault on Ukraine, including the attempt to conquer the capital Kyiv, the many reports of war

crimes and the regular missile attacks on Ukrainian cities, have pushed nearly all European countries into embracing sanctions.

Previous sympathy on Europe's far right for Mr. Putin has largely disappeared, said former U.S. Ambassador to Belarus Daniel Speckhard. That wouldn't be the case if Mr. Putin had stuck to fighting around Ukraine's eastern Donbas region, where Russia launched a covert invasion in 2014, Mr. Speckhard said: “Putin is his own worst enemy at this.”

Russia's war on Ukraine is the latest shock to hit in Europe in the past 15 years, from the global financial crisis to the challenges of mass migration, the U.K.'s exit from the EU and the Covid-19 pandemic. EU countries have often been badly split during prior crises, leading many observers to question the bloc's stability—notably at the height of the euro currency area's debt turmoil in 2010-12.

The strong political commitment of most European countries to keeping the project of continental integration alive has survived each of those upheavals, despite the EU's cumbersome decision-making processes. The bloc overcame an initially chaotic response to Covid and

launched an ambitious collective economic response to help badly affected members.

The war in Ukraine found European military resources at a low ebb after three decades of cutbacks since the end of the Cold War.

European countries' relatively limited stocks of weaponry and ammunition have left Ukraine heavily dependent on the U.S. for military aid—a fact reflected by Mr. Zelenskyy's choice of Washington for his first foreign trip since Russia's February invasion.

Billions of euros in promised EU financial aid for Ukraine were held up for much of this year by the bloc's Byzantine decision-making and a dispute between Germany and the EU executive over how to pay for it, leaving Kyiv dependent on the U.S. to prop up its civilian budget.

Mr. Zelenskyy, who hopes to restore Ukraine's internationally recognized borders in full, must worry above all about the durability of U.S. support.

Many U.S. officials, like their French and German counterparts, remain skeptical that Ukraine can expel entirely the Russian army, short of a level of NATO military support that would raise the risk of direct war with Russia.

—Marcus Walker contributed to this article.

BUSINESS & FINANCE

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Thursday, December 29, 2022 | B1

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Tesla Suffers December Selloff

EV maker shares are trading at August 2020 levels after steep fall in recent months

By MEGHAN BOBROWSKY AND GUNJAN BANERJI

Tesla Inc.'s stock has endured a bruising December as shares in the car maker that are headed for their worst-ever year have stumbled on new demand concerns and a shutdown at its China factory.

Elon Musk's electric-vehicle maker is cruising toward its worst December stock performance and endured a seven-day losing streak through Tuesday's close. It was Tesla's longest losing streak since September 2018 when the company was struggling to get its new Model 3 into customer hands.

Tesla gave up almost a third of its value during the recent seven days of losses, trading back at August 2020 levels. Shares recovered somewhat Wednesday, closing 3.3% higher. Despite the company's de-

living consistent earnings and being on-pace for its biggest ever annual profit, Tesla investors have been spooked by a variety of factors, including Mr. Musk's pursuit of Twitter Inc., which has kept the car maker's chief executive focused on buying and then turning around the social-media platform.

Adding to investor worries have been questions about demand amid rising interest rates, which have stung once-triumphant growth stocks across the market. Those in-

tensified in recent days as Tesla offered large discounts to get shoppers to take vehicles before year-end. It is the kind of move more closely associated with traditional auto makers than with Tesla, where Mr. Musk has often poo-pooed the marketing gimmicks employed by legacy car companies.

Despite deploying some old-school car-making sales tricks, Tesla, the largest auto company by market value, still sports valuations that outstrip its traditional Detroit, Euro-

pean and Asian rivals. Even after its recent tumble, Tesla trades with a price-to-earnings ratio of around 19.4, compared with roughly 16.7 for the S&P 500. Ford Motor Co. and Toyota Motor Corp., by comparison, recently traded at around 6.4 times and 8.5 times their projected earnings.

Tesla isn't the only once-hot auto stock to sharply go into reverse. Shares in smaller EV rivals Rivian Automotive Inc. and Lucid Group Inc. both have fallen more than 80% this

Please turn to page B2

Exxon Sues EU Over Windfall Profit Levy

By KIM MACKRAEL AND COLLIN EATON

BRUSSELS—Exxon Mobil Corp. said it filed a lawsuit against European Union authorities over the bloc's decision to impose a windfall levy on energy companies' high profits triggered by Russia's invasion of Ukraine.

The EU approved a plan this past fall to redistribute some energy company profits and revenue in a bid to shield consumers from high energy prices. The plan sought to cap producers' revenue from electricity generated by fuels other than natural gas and demanded that oil-and-gas companies hand over one-third or more of money the EU considers to be excess profit.

Energy prices in Europe rose sharply earlier this year, stoked by Russia's decision to throttle natural-gas supplies to the continent after its invasion of Ukraine prompted Western countries to impose

Please turn to page B2

Brand Loyalty With Cars Fades As EVs Roll Out

By SEAN MCLAIN

As more car makers roll out electric vehicles, they are discovering an important trait among early customers: They are far more apt to try new brands.

Nearly 80% of people who bought Kia Corp.'s EV6 electric crossover since it went on sale early this year traded in something other than a Kia, according to research site Edmunds, compared with 61% for all its models. More than two-thirds of Ford Mustang Mach-E electric sport-utility buyers had non-Ford trade-ins, compared with Ford Motor Co.'s 42% brand-wide average, according to the Edmunds data.

Startup truck-maker Rivian Automotive Inc. says its customers are coming from such a wide spectrum of car buyers that purchasers of its trucks and SUVs—which start around \$70,000—are about as likely to own a \$30,000 Subaru Outback station wagon as they are a \$100,000 Porsche 911 sports car.

Those insights underscore what is at stake as traditional auto makers and startups vie for early adopters in an EV market now dominated by Tesla Inc. With limited EV supplies, people who want one are shopping multiple brands.

The influx of new EV offerings is seen as one factor pressuring Tesla's stock, which is down 68% this year and headed for its worst year ever. The EV maker's brand image has also slid in recent months, according to surveys.

Car companies are racing to introduce electric cars, pressured by investor interest and toughening emissions rules. Strong demand for many early models—some with wait lists stretching beyond a year—has

accelerated that push among auto executives to get their new EV models to market quickly.

"We're seeing all kinds of trade-ins," said Beau Boeckmann, president of Los Angeles-based Galpin Motors Inc., which owns one of the biggest Ford dealerships in the U.S. "Everything from BMWs to commuter cars, even some trucks."

Still, car makers might have a limited window to pursue EV buyers who are so eager to shop around, said Doug Betts, president of automotive at research firm J.D. Power. While an influx of new plug-in models is coming to U.S. showrooms, selection remains relatively narrow, leaving some EV buyers with little choice but to explore other brands.

"It's a bit unnatural right now with the market not filled in," Mr. Betts said. There are 53 EV models either on the market or soon to be rolled out, according to J.D. Power, compared with 625 separate vehicle models sold overall in the U.S. in 2022.

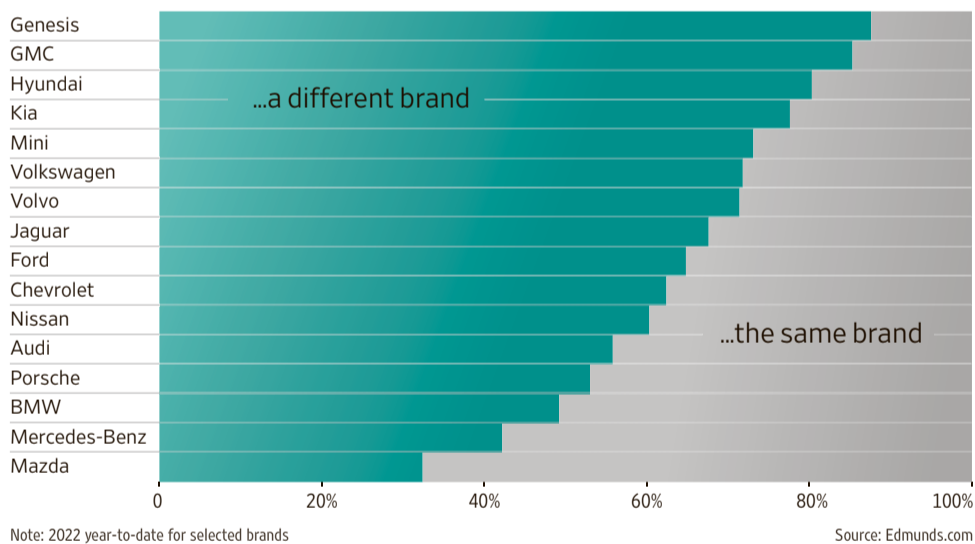
Historically, auto makers have counted on customer loyalty to protect market share. On average, about half of the people who own a certain vehicle brand return to buy another one, according to research firm S&P Global Mobility.

To increase sales, auto makers have long sought to attract buyers from outside their own brands. Car executives sometimes refer to so-called conquest vehicles, entries that are aimed at poaching a specific slice of a competitor's customers. For example, when Ford released a new Bronco off-road SUV last year, many dealers said they were targeting loyal own-



The Kia EV6 electric crossover is attracting a lot of buyers who formerly drove other brands.

Share of a brand's EV customers who traded in a vehicle of...



ers of the Jeep Wrangler.

General Motors Co. is counting on interest from new EV customers to boost market share as it prepares to roll out several new electric vehicles. Executives have said they expect the influx of plug-in models to lift the popularity of GM's brands in coastal areas, where electric-

car sales are strongest but where GM historically has underperformed competitors.

EV buyers are willing to broaden their searches largely because of slim availability across the industry, said Steve Majoros, Chevrolet's head of marketing. A traditional car buyer's first consideration tends to be price,

followed by manufacturer and model, he said. In contrast, EV buyers' priority is purchasing an electric—their main concern is simply finding one, he said.

"The game's changing Please turn to page B2

◆ Heard on the Street: China EV market remains ahead..... B10

AMC CEO Asks Board To Freeze His Salary Next Year

By DEAN SEAL

AMC Entertainment Holdings Inc. Chief Executive Adam Aron asked the company's board to freeze his compensation in 2023 following a painful year for the theater chain's share price.

Mr. Aron said in a string of tweets Tuesday that he has asked the board to freeze his target cash and stock pay in 2023, saying he didn't "want 'more' when our shareholders are hurting."

The CEO, who received compensation valued at \$18.9 million in 2021, said he has also asked more than a dozen senior officers at the company, based in Leewood, Kan., to forgo raises to their cash salaries in 2023.

"When CEO's 'ask,' execs to their credit usually agree," he said in a tweet. "I sincerely thank them for that."

Mr. Aron said soaring inflation this year will likely lead

Please turn to page B2



Cal-Maine, the largest U.S. egg producer, said quarterly sales more than doubled from a year earlier.

Egg Producer's Sales Soar

By SABELA OJEA

Egg prices have been on the rise as rapid inflation hits grocery store aisles. One company benefitting is Cal-Maine Foods Inc.

The largest U.S. egg producer said its quarterly sales more than doubled from the same period last year as rapid inflation and the effects from

an avian-influenza outbreak pushed prices higher.

Sickened chickens, which farmers destroy to limit the disease's spread, have led to reduced egg production and helped drive egg prices higher, providing a boost for the Ridgeland, Miss.-based company in its fiscal second quarter.

Cal-Maine's net average

selling price per dozen eggs for the three months ended Nov. 26 was \$2.88, up from \$2.37 in the prior quarter and \$1.15 a year earlier, the company said. As of Wednesday, the company said there were no positive tests for the virus at its facilities.

Prices for conventional eggs exceeded prices for specialty Please turn to page B2

Stocks Indexes Drop On China Concerns

By CAITLIN McCABE AND HANNAH MIAO

U.S. stock indexes pulled back on Wednesday as investors assessed the global-growth implications of China's easing of Covid-19 restrictions.

The S&P 500 closed down 46.03 points, or 1.2%, at 3783.22. The Dow Jones Industrial Average lost 365.85 points, or 1.1%, at 32875.71. The Nasdaq Composite ticked down 139.94, or 1.4%, to 10213.29. All three averages had traded in positive territory earlier in the session.

The U.S. stock market is in the middle of an end-of-year period when stocks tend to perform well. During the last five trading sessions of the year and the first two of the new year, stocks often notch what is known as a Santa Claus rally.

Since 1950, the S&P 500 has traded higher 78% of the time during this period for an average gain of 1.3%, according to

Dow Jones Market Data.

This year, investors are contending with the effects of China's reopening and rising global interest rates.

From Jan. 8, 2023, China plans to scrap all quarantine measures for Covid-19, including requirements for inbound visitors, both foreigners and Chinese nationals. Those moves are likely to ripple through global economies and markets at a time of slowing growth and sticky inflation.

"The way [China has opened up] has been quite surprising...I think that's why markets are going backward and forward," said Altaf Kasam, head of investment strategy and research for Europe, the Middle East and Africa at State Street Global Advisors.

He added that investors are also assessing the effects of tightening monetary policy around the world, which continues to weigh on sentiment.

"The effects of that are now Please turn to page B9

INSIDE



LABOR

High turnover and solid pay helped stall union-organizing efforts at Amazon. B3



HEARD ON THE STREET

Even a soft landing would be hard on stocks. B10

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A	Abbott Laboratories...A2	Activision Blizzard....A2	Alphabet.....A2	Amazon.com.....B3	AMC Entertainment...B1	AmerisourceBergen..B10	Apple.....B2
B	Bank of America...A1,B9	Bayerische Motoren Werke.....B10	BioNTech.....B10	Boeing.....A3	BYD.....B10		
C	Cal-Maine Foods.....B1	Cardinal Health.....B10	Citigroup.....A1				
E	Exxon Mobil.....B1						
F	Fisker.....B2	Ford Motor.....B1					
G	General Motors...B1,B10	Goldman Sachs...A1,B10					
H	Helmerich & Payne...B10						
J	Jefferies Financial.....A1	JPMorgan Chase.....A1					
K	Kia.....B1	Kroger.....A2					
L	Li Auto.....B10	Liuzhou Wuling Motors.....B10	Lockheed Martin.....A3	Lucid.....B1,B2			
M	McKesson.....B10	Meta Platforms.....A2	Microsoft.....A2	Moderna.....B10	Morgan Stanley.....A2		
N	Nestlé.....A2						
P	NetEase.....B4	Nio.....B10					
R	Pfizer.....B10						
S	Reckitt Benckiser.....A2	Renault.....B10	Riot Games.....B4	Rivian Automotive...B1			
T	SAIC Motor.....B10	Southwest Airlines.....A1,A6,B9	Spirit Airlines.....A6				
V	Tencent.....B4	Tesla.....B1,B9,B10	Textron.....A3	Toyota Motor.....B1			
W	Volkswagen.....B2	Voyager Digital.....A1	Walgreens.....B10	Within Unlimited.....A2			

INDEX TO PEOPLE

A	Abel, Brian Van.....B4	Aron, Adam.....B1	Autor, David.....B3,A10			
B	Banikarim, Maryam...B3	Betts, Doug.....B1	Boeckmann, Beau...B1			
C	Coldwell, Eric.....B10	Dusaniwsky, Ihor.....B2				
H	Holz, Jared.....B10	Howard, Joy.....B3				
J	Jelisavcic, Vladimir...A1	Jordan, Bob.....A6				
K	Kassam, Altaf.....B1	Klumper, Katie.....B3				
L	Lerner, Andy.....B3					
M	Martino, Paul.....B3	Miller, Sherman.....B2	Musk, Elon.....B1,A10			
P	Patel, Viraj.....B2	Phillips, Adam.....B9				
S	Salant, Marshal.....B4	Scaringe, RJ.....B2	Schweitzer, Lynda...B9	Shelton, Scott.....B9	Siegel, Dmitri.....B3	Song, Rubiao.....B4
T	Tank, Vikram.....B3	Thompson, Jesse.....B10	Toung, David.....B10			
W - Y	Watterson, Andrew...A6	Wiater, Scott.....B4	Yesilhark, Muhammed.....A5			

AMC Chief Asks for Pay Freeze

Continued from page B1

to companies granting significant salary raises in 2023 and that "no increase for those at the top is the right thing to do." He signaled in a later tweet that AMC will increase pay for its hourly theater employees next year.

AMC shares are down more than 75% this year, battered by the pandemic's lingering impact on theater attendance and coming down from a heady 2021, when AMC's popularity among individual retail traders lifted its shares to a record high of \$44.61.

Its shares closed down

4.7%, or 19 cents, at \$3.84 on Wednesday.

Mr. Aron made significant sales of AMC stock during the meme-stock frenzy, filing in November 2021 for the sale of about 1.25 million shares, half of which were sold at an average price of \$40.53 million.

The chief executive said in January that he was done making stock sales, which had netted more than \$40 million at that point.

AMC said last week that it would raise \$110 million with a significant sale of preferred equity units, known as APEs, which were first issued in August to circumvent a limit on the company's ability to issue more common stock.

Mr. Aron said the APEs, which had already raised \$162 million prior to last week's capital infusion, have "worked exactly as intended" and allowed AMC to raise cash, buy back debt and explore deals.

Cal-Maine Posts Leap In Sales

Continued from page B1

eggs—such as brown or organic eggs—for the fourth quarter in a row, "which is atypical historically," the company said. As a result, more consumers looked to specialty eggs, Cal-Maine said.

Cal-Maine's conventional egg volumes sold decreased 2.2% in the period, while specialty egg volumes sold climbed 24.1%, the company said.

The highly pathogenic avian influenza outbreak in the U.S. has so far this year led to the deaths of nearly 58 million birds, including more than 43 million egg-laying chickens, according to Agriculture Department data. The total supply of egg-laying chickens has fallen about 5% from the start of January to December.

It is the deadliest outbreak in U.S. history and has driven up the price of other poultry products, such as turkey meat.

Retail egg prices have increased more than any other grocery store item in 2022,

climbing more than 30% from January to early December compared with the year-earlier period, and outpacing overall food and beverage prices, according to data firm Information Resources Inc.

For the quarter, net income rose to \$198.6 million compared with \$117 million for the year-earlier period, the company said. On a per-share basis, earnings were \$4.07, up from 2 cents a share a year earlier. Analysts polled by FactSet had forecast earnings of \$4.24 a share.

Sales jumped to \$801.7 million from \$381.7 million a year ago, beating expectations of \$797.8 million, according to FactSet.

"Consumer demand for shell eggs continued to be good in the quarter, especially leading up to the Thanksgiving holiday," Chief Executive Sherman Miller said.

Sales of specialty eggs reached a record high of \$227.8 million, accounting for 29.4% of total shell egg revenue, Cal-Maine said.

Cost of sales increased 43% to \$483.9 million, with farm-production costs per dozen eggs increasing 22%.

For the year, Cal-Maine's stock is up about 69%.

—Patrick Thomas contributed to this article.

BUSINESS & FINANCE



Earlier this year China's strict Covid policies temporarily idled the car maker's Shanghai plant, its largest factory by volume.

Tesla Sees December Selloff

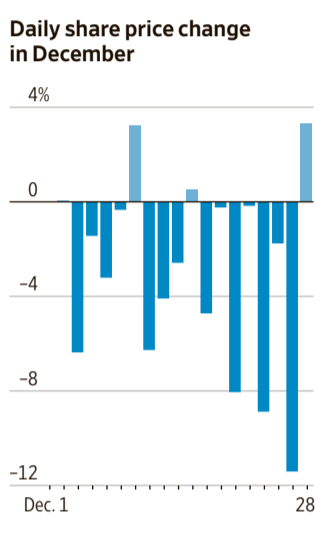
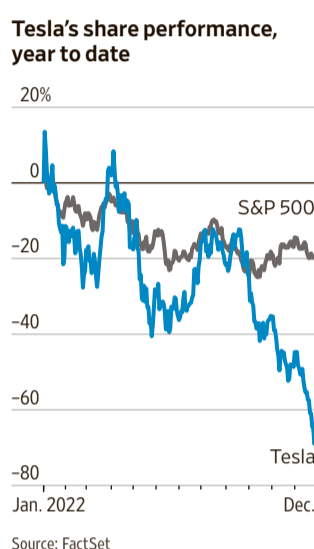
Continued from page B1

Mr. Musk added to demand concerns last week when he blamed high interest rates for weighing on vehicle demand. He also said recession fears could weigh on Tesla's decision to pursue a share buyback that some investors for months have been clamoring for. Mr. Musk in October said a meaningful stock repurchase was likely.

The company's dramatic stock plunge this year has lured investors in to bet on a further decline. Bearish Tesla investors have made around \$17 billion in 2022, their first gains on record, according to S3 Partners data.

"I would expect more short selling in the stock until we see a firm priced floor established," said Ihor Dusaniwsky, a managing director at S3.

Tesla also has been grap-



Tesla shares have fallen 68% this year.

In recent months, Tesla's brand image also has taken a hit, in part from Mr. Musk's tumultuous involvement in Twitter and some of the commentary he has made on the platform, according to brand surveys.

Still, individual investors have been doubling down, purchasing a net \$16 billion of Tesla stock this year, according to data from Vanda Research. That makes it the most popular buy among individuals this year, dethroning Apple Inc. as the most-purchased stock by individuals. On Wednesday, for example, Tesla shares were the most popular buy among individual investors on the Fidelity brokerage platform.

Institutional and individual investors have also dished out more for options tied to Tesla than any other stock, according to Choe Global Markets data as of Dec. 15.

"It's one of the most popular stocks out there," said Viraj Patel, global macro strategist at Vanda Research, who follows retail investing. The selloff "draws bargain hunters."

Individual investors purchased a net \$16 billion of Tesla stock this year.

plunging with production issues. Earlier this year China's strict Covid policies temporarily idled the car maker's Shanghai plant, its largest factory by volume. Later, Mr. Musk lamented that new factories in Texas and Germany were "gigantic money furnaces" Production concerns were rekindled this month in China when the company again suspended car production at its Shanghai plant on Saturday, extending a planned eight-day production halt at the facility, people fa-

Car Brand Loyalty Is Fading

Continued from page B1

pretty significantly," Mr. Marjoras said.

Jason Kint recently had trouble finding his EV of choice when he went shopping to replace his 10-year-old Chevrolet Volt plug-in hybrid car.

Mr. Kint, who runs a media trade organization based in New York, zeroed in on an ID.4 from Volkswagen—a brand he had owned in the past—and Kia's EV6, after reading positive reviews. But he had trouble finding either and ended up buying a Hyundai Ioniq 5 after a dealer in Long Island called to say a sale had fallen through.

"I was definitely still partial to Volkswagen, but Hyundai just won me over. I love it," he said, adding that he could see sticking with Hyundai for his next purchase if things go well.

Upstart all-electric brands, including Rivian, Lucid Group Inc. and Fisker Inc., are positioning themselves to take ad-



EV customers are far more apt to try new brands. Above, a Rivian R1T truck and R1S SUV.

vantage of EV buyers' willingness to abandon their past car brands or vehicle body styles for something new.

Rivian Chief Executive RJ Scaringe said last month around half the people buying the company's R1T pickup truck have never owned a truck. Some are coming out of small cars, station wagons, even minivans, he said.

Car companies that are able to attract early EV adopters could have a good chance at

converting them into long-term customers, according to findings from J.D. Power.

Through mid-December, 64% of people who owned an EV and who bought a new vehicle stuck with the same brand, the firm found, compared with the overall industry average of about 50%.

Kia America Vice President of Marketing Russell Wager said that bodes well given Kia's influx of EV6 buyers. Two or three years from now,

he said, the company will have a larger, three-row electric SUV and hopes to upgrade some EV6 customers to that vehicle.

"That's how we keep them," he said.

Watch a Video

Scan this code for a video on how Ford and Rivian aim to build EVs faster.

Exxon Sues EU Over Profit Levy

Continued from page B1

sweeping sanctions. Natural-gas prices declined in recent weeks and are now near their level before the war began.

Exxon said its German and Dutch subsidiaries, Mobil Erdgas-Erdöl GmbH and Exxon-Mobil Producing Netherlands BV, filed a lawsuit Wednesday with the EU's General Court in Luxembourg that seeks to annul the EU's windfall profit levy on oil-and-gas companies. The lawsuit was earlier re-

ported by the Financial Times.

The suit challenges the authority of the Council of the European Union to impose what the company says is a direct income tax. The Council represents the EU's 27 member countries' governments and is supposed to give national guidance to EU decisions. Almost all EU tax decisions require unanimous approval from member states. Earlier this year, discussions about the planned levy avoided referring to it as a tax, EU officials said at the time.

The EU imposed the windfall profit levy using an emergency tool, known as Article 122, that allows it to set policy without seeking the involvement of the bloc's legislature, the European Parliament.

Exxon said the lawsuit challenges the Council's legal au-

thority to impose the levy because taxation power historically has been reserved at the national level for member states. It said the European Commission, the bloc's executive body, and the Council were wrong to use Article 122 to accelerate approval of the levy.

A spokeswoman for the Commission said it maintains that the measures fully comply with EU law.

The new levy could cost Exxon more than \$2 billion through the end of 2023, depending on how provisions are implemented, the company said in regulatory filings last month. For years, Exxon has warned such policy changes could backfire by reducing incentives for oil companies to make investments.

An Exxon spokesman said the

company recognizes the energy crisis is weighing on families and businesses but added the levy would be counterproductive. He said Exxon has been among the biggest investors in European refining over the past decade and expansion has helped it achieve higher production rates. "This tax will undermine investor confidence, discourage investment and increase reliance on imported energy and fuel products," spokesman Casey Norton said.

The company's legal challenge is aimed "only at the counterproductive windfall profits tax, and not any other elements" of the EU's plan to reduce energy prices, he said.

The EU defined excess profit as taxable profits more than 20% above the average profit of the previous four years.



An ExxonMobil refinery at the Port of Rotterdam, the Netherlands.

BUSINESS NEWS

Turnover, Pay at Amazon Help Stall Union Efforts

By Sebastian Herrera

When thousands of workers at an Amazon.com Inc. warehouse in New York voted to unionize this year, Nannette Plascencia thought her facility east of Los Angeles could be among those to vote next.

She spent months organizing with other employees, holding meetings and passing out fliers outside her warehouse in Moreno Valley, Calif. In October, shortly after filing to hold a union election, Ms. Plascencia and other supporters learned they didn't have enough proof of support for federal officials to call an election.

"It's hard to get to all of our co-workers," Ms. Plascencia said, referring to the more than 2,000 employees who work at the warehouse.

Labor activists were filled with anticipation after Amazon employees in Staten Island, N.Y., voted in April to unionize. The challenges Ms. Plascencia has faced haven't been unique.

Thousands of workers at three other Amazon facilities, two in New York and one in Alabama, voted against unionization this year, and organizing work at other Amazon facilities failed to gain traction. In interviews, Amazon workers said that was largely because of high turnover and what some see as relatively good pay and benefits at the technology company's warehouses compared with similar work.

At Amazon and other workplaces, executives moved to improve pay and benefits when inflation began to accelerate this year. Amazon in September raised its average starting hourly pay by about \$1 to more than \$19, adding to other raises they rolled out in recent years.

A looming recession creates additional uncertainty, although the labor market remains tight, according to economic data. Moving into 2023, workers are likely to continue to organize, but unionization may proceed at a slower pace than in the past year and labor confrontations are likely to take years to play out, economists and labor researchers say.

Amazon says it doesn't see unions as the best path for employees, saying unionization takes away nimbleness it has to make positive changes for its workforce. Union membership in the private sector has been declining, reaching record lows in recent years.

Activism among hourly employees rose substantially in recent years as the labor market grew tight and workers called attention to risks they



Nannette Plascencia spent months organizing with other employees at a Moreno Valley, Calif., warehouse.

took to produce and deliver food or other items during the Covid-19 pandemic. Dozens of Starbucks Corp. cafes unionized, and workers at companies from outdoor-equipment chain REI to Apple Inc. voted to do the same.

The momentum at Starbucks and at other companies has slowed down in recent months as organizers struggle to gain traction and company executives raise wages and try to improve employee conditions. Some companies took steps to counter unionization, such as with mandatory meetings.

"Workers are running into the intransigence of the companies," said Charlotte Garden, a labor lawyer and professor at the University of Minnesota. "The big question is if

The lone labor victory so far for Amazon workers took time to achieve.

that will persist, or if something will change to make companies feel that unionization is the best scenario."

Andrew MacDonald, a lawyer at Fox Rothschild LLP who has advised employers on labor issues, said many businesses invested heavily in workplace procedures and can view unionization as interference in policies that help them operate efficiently. Many companies say their policies improve experiences for workers.

The lone labor victory so far for Amazon workers took time to achieve, happening after roughly two years of organizing by workers. Chris Smalls, a former Amazon employee at the Staten Island

warehouse, began to organize employees soon after being fired by the company in March 2020 after protesting its initial worker-safety protocols in response to the Covid-19 pandemic. Amazon said it fired Mr. Smalls for violating its policies.

Mr. Smalls and other lead organizers campaigned nearly every day outside the facility. The group hosted cookouts and blasted music from the rapper Drake. They posted trendy videos to TikTok. And they used their status as current and former Amazon employees to earn workers' trust. Amazon appealed the Staten Island results and hasn't yet negotiated a contract with workers.

Amazon's facility in Moreno Valley, Calif., named ONT8, is one of more than a dozen Amazon warehouses in an area often called the "Inland Empire" by local officials. An obscure area, the Inland Empire is estimated to host about 500 major distribution facilities.

Inside ONT8, Ms. Plascencia said, she has faced several obstacles as she sought to organize co-workers. The layout of the facility is one challenge. Many Amazon warehouses are enormous, and given that many employees work at isolated stations sorting or preparing packages, she said, it has been difficult to talk to them about what she sees as the benefits of unionization.

Some of the initial workers Ms. Plascencia talked to left, she said. At other Amazon facilities, unions estimated turnover of around 100%. Amazon says many employees who leave come back and reapply.

Amazon moved to counter the organizing at ONT8 and other warehouses. The company brought in consultants and began to hold meetings inside the facility discouraging

workers from supporting the union, a common practice among companies seeking to win out in unionization contests. Amazon has said it uses the meetings to inform employees about what a union could mean for their work.

When Ms. Plascencia and other activists filed for an election, they had to guess the total head count of the facility. They later learned from Amazon that total staff was more than 2,600, about three times the size union organizers estimated. The group withdrew their election petition because an election typically can't be granted until 30% of the facility's workforce sign cards of interest.

"People are scared" to support unionization because they fear repercussions by Amazon, Ms. Plascencia said. The company in recent years fired several activist employees who said their termination was caused by their organizing work, a claim that Amazon has denied. Recently, a federal judge ordered Amazon to "cease and desist" from retaliatory firings; several retaliation cases against it were dismissed. The company says it doesn't retaliate against employees.

Under current labor law, companies have advantages in unionization contests, including the ability to hold mandatory meetings and have more accurate information on their workers, according to labor researchers. Workers also must generally organize at one facility or store at a time.

Labor struggles can draw out for many years, said David Autor, an economist at the Massachusetts Institute of Technology. "It's a war of attrition," Mr. Autor said. Unions will gain ground, take some losses, and then try again.

Bullpen Capital Raises Fund for 'Unloved Gems'

By Angus Loten

Bullpen Capital said it raised a new \$145 million venture-capital fund, which will support overlooked startups across all sectors with the potential for long-term growth.

The fund, the firm's sixth and largest to date, signals continued confidence from Bullpen's backers in its ability to identify "unloved gems" among startups that were passed over by other investors—especially during the past year's turbulent markets, said Paul Martino, Bullpen co-founder and general partner.

"VCs can fall into looking for patterns and if you don't match the pattern, you don't get the money," Mr. Martino said. "That's a big mistake."

Based in San Francisco, Bullpen typically provides early-stage startups with several million dollars of what it calls post-seed funding. Mr. Martino said post-seed startups are new businesses that have tapped their first funding round but aren't quite ready for a formal Series A round.

The firm spends up to a year coaching startup founders and teams that have identified clear market opportunities but need help fine-tuning their products or services, he said.

In the initial phase of business development, he said, "we're the sixth- and seventh-inning pitchers," Mr. Martino said.

Though Bullpen invests across the startup ecosystem, both its name and Mr. Martino's sports analogies reflect some of the firm's most successful investments. That includes early funding for fantasy-sports betting company FanDuel.

More recently, Bullpen in November took part in a \$33 million Series B funding round for OneRail, an Orlando, Fla.-based last-mile delivery software startup, which has grown revenue by more than 300% and expanded services to over 330 U.S. cities since a previous fundraising round in 2021, On-

eRail said.

Bullpen's latest fund adds to the venture-capital market's record-high levels of dry powder—the estimated amount of capital available for VC firms to invest.

Venture-capital firms in the U.S. raised a combined \$151 billion in the first three quarters of 2022, exceeding any prior full-year totals, according to market-research firm PitchBook Data Inc. It estimates that, going into the new year, VC firms are sitting on nearly \$300 billion in dry powder.

Yet market observers are divided over whether the level of pent-up venture capital bodes well for startups in the year ahead, or reflects inves-

VC firms are sitting on nearly \$300 billion in dry powder going into 2023.

tors' reluctance to make risky bets in the face of mounting economic uncertainties. Both the number and size of funding deals slowed sharply in the second half of year, PitchBook said.

PitchBook expects the pace of venture-investor fundraising for new funds to ease in the months ahead as rising interest rates offer lower-risk opportunities for limited partners, among other issues.

Mr. Martino said Bullpen's investing strategy—which involves avoiding hot startups that draw a "pile on" of investors, he said—helped shield the firm from deep losses incurred by other VCs from overheated funding markets in 2021 and early 2022, especially in areas like crypto.

"You've just gotta move slowly and even more methodically than you did before," Mr. Martino said about navigating uncertain conditions in the year ahead. "Being different is the key," he said.

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PUBLIC NOTICES

IN THE UNITED STATES BANKRUPTCY COURT FOR THE WESTERN DISTRICT OF TEXAS AUSTIN DIVISION

IN RE: WC BRAKER PORTFOLIO, LLC, DEBTOR. CHAPTER 11 CASE NO. 22-10293 (TMD)

NOTICE OF PROPOSED SALE, BID PROCEDURES, AUCTION, AND SALE HEARING

PLEASE TAKE NOTICE that the above-captioned debtor (the "Debtor") filed a voluntary petition under chapter 11 of title 11 of the United States Code, 11 U.S.C. § 541, et seq. (the "Bankruptcy Code") on May 2, 2022, thereby commencing the above-captioned chapter 11 case (the "Case").

PLEASE TAKE FURTHER NOTICE that on November 23, 2022, Dawn Ragan, the court-appointed chapter 11 trustee for the Debtor (the "Chapter 11 Trustee"), filed a motion (the "Motion") with the United States Bankruptcy Court for the Western District of Texas (the "Court") seeking, among other things, entry of an order (the "Bid Procedures Order"); (i) approving proposed bidding procedures (the "Bid Procedures") by which the Chapter 11 Trustee will solicit and select the highest or otherwise best offer for the sale ("Sale") of the Debtor's assets (the "Property"); (ii) establishing procedures for the assumption and assignment of executory contracts and unexpired leases, including notice of proposed cure amounts (the "Assumption and Assignment Procedures"); (iii) authorizing and approving the Chapter 11 Trustee's selection of a stalking horse bidder (the "Stalking Horse Bidder"); (iv) scheduling (a) a date for an auction if the Chapter 11 Trustee receives one or more timely and acceptable Qualified Bids (the "Auction") and (b) a final hearing (the "Sale Hearing") to approve one or more Sale transactions; (v) approving the form and manner of notices; and (vi) granting related relief.

PLEASE TAKE FURTHER NOTICE that on December 21, 2022, the Court entered the Bid Procedures Order (Docket No. 251).

PLEASE TAKE FURTHER NOTICE that any party that wishes to take part in the sale process contemplated by the Bid Procedures Order and submit a Bid for the Property must submit its Bid in accordance with the terms and conditions of the Bid Procedures, including the requirements for submitting a Qualified Bid by 5:00 p.m. (prevailing Central Time) on February 7, 2023 (the "Bid Deadline"), except as otherwise provided in the Bid Procedures with respect to the Stalking Horse Bidder.

PLEASE TAKE FURTHER NOTICE that pursuant to the Bid Procedures Order, if the Chapter 11 Trustee receives more than one timely and acceptable Qualified Bid, the Chapter 11 Trustee will conduct an Auction on February 14, 2023 at 2:00 p.m. (prevailing Central Time), or at such later date and time as selected by the Chapter 11 Trustee at a venue that the Chapter 11 Trustee shall announce to all Qualified Bidders. The Chapter 11 Trustee reserves the right to conduct the auction live, in-person, or through a virtual platform and to change the location and time of the Auction. Professionals and principals for the Chapter 11 Trustee, the Stalking Horse Bidder, each Qualified Bidder, the Chapter 11 Trustee for WC Braker Portfolio B, LLC, Mate Paul, and the United States Trustee, and their advisors may attend the Auction; any creditor of the Debtor and their counsel may also attend upon written request delivered to the Chapter 11 Trustee at least three days prior to the Auction and approval by the Chapter 11 Trustee; and the Chapter 11 Trustee shall be authorized to exclude other parties. All interested or potentially affected parties should carefully read the Bid Procedures and the Bid Procedures Order.

PLEASE TAKE FURTHER NOTICE that the Chapter 11 Trustee has the right to adjourn or cancel the Auction at or prior to the Auction.

PLEASE TAKE FURTHER NOTICE that the Chapter 11 Trustee's selection of Stalking Horse Bidder and entry into that certain purchase agreement by and between the Chapter 11 Trustee on behalf of the Debtor and the Stalking Horse Bidder, dated November 23, 2022 (the "Purchase Agreement"), was authorized pursuant to the Bid Procedures Order.

PLEASE TAKE FURTHER NOTICE that the Sale Hearing to consider approval of the Sale of Debtor's Property free and clear of all liens, claims, interests, and encumbrances in accordance with Bankruptcy Code section 363(f) will be held before the Honorable H. Christopher Elliott of the United States Bankruptcy Court for the Western District of Texas, at the Homer J. Thornberry Federal Judicial Building, Courtroom 2, 903 San Jacinto Blvd., Austin, TX 78701 on February 23, 2023, at 10:00 a.m. (prevailing Central Time). The Sale Hearing may be adjourned from time to time without further notice to creditors or other parties in interest other than by announcement of the adjournment in open court or by notice filed on the docket in this Case.

PLEASE TAKE FURTHER NOTICE that any objections to the Sale (each, a "Sale Objection") must be filed and served so as to be actually received by the Chapter 11 Trustee and her counsel and the other objection recipients listed below no later than February 7, 2023 at 4:00 p.m. (prevailing Central Time) (the "Sale Objection Deadline"). The objection recipients are: (i) counsel to the Chapter 11 Trustee, Kelly Hart & Hallman LLP, 201 Main Street, Suite 2500, Fort Worth, TX 76102. Attn: Michael McConnell (michael.mcconnell@kellyhart.com) and Nancy Ribaud (nancy.ribaud@kellyhart.com); (ii) counsel to the Stalking Horse Bidder, (i) Polsmell P.C., 2950 N. Harwood, Suite 2100, Dallas, TX 75201, Attn: Liz Boydston (boydston@polsmell.com) and (ii) Gibson Dunn & Crutcher LLP, 3161 Michelson Drive, Irvine, CA 92612-4412. Attn: Matthew Bouslog (mbouslog@gibsondunn.com); and (c) the U.S. Trustee (collectively, the "Notice Parties").

CONSEQUENCES OF FAILING TO TIMELY ASSERT A SALE OBJECTION
ANY PARTY OR ENTITY WHO FAILS TO FILE AND SERVE A SALE OBJECTION ON OR BEFORE THE SALE OBJECTION DEADLINE IN ACCORDANCE WITH THE ENTERED BID PROCEDURES ORDER WILL BE FOREVER BARRED FROM ASSERTING ANY SALE OBJECTION TO THE SALE, INCLUDING WITH RESPECT TO THE TRANSFER OF THE TRANSFERRED ASSETS OF THE DEBTOR'S ESTATE FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS EFFECTED THEREUNDER.

PLEASE TAKE FURTHER NOTICE that this Notice is subject to the terms and conditions of the Motion, the Bid Procedures and the Bid Procedures Order, with such Bid Procedures Order controlling in the event of any conflict, and the Chapter 11 Trustee encourages parties in interest to review such documents in their entirety. Parties interested in receiving more information regarding the sale of the Property and/or copies of any related document, including the Motion or the Bid Procedures Order, may make a written request to: counsel to the Chapter 11 Trustee, Kelly Hart & Hallman LLP, 201 Main Street, Suite 2500, Fort Worth, TX 76102. Attn: Nancy Ribaud (nancy.ribaud@kellyhart.com). Dated: December 22, 2022

Respectfully Submitted:

/s/ Nancy Ribaud
Michael McConnell
Texas Bar No. 13447300
Nancy Ribaud
Texas Bar No. 20226066
KELLY HART & HALLMAN LLP
201 Main Street, Suite 2500
Fort Worth, Texas 76102
Telephone: (817) 332-2500
Facsimile: (817) 578-9777
Email: nancy.ribaud@kellyhart.com

Counsel for Dawn Ragan, Chapter 11 Trustee

¹ The last four digits of the Debtor's federal employer identification number are 2115. The Debtor's address is 814 Lavaca Street, Austin, Texas 78701.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Bid Procedures Order. Any summary of the Bid Procedures Order or the Bid Procedures contained herein is qualified in its entirety by the actual terms and conditions thereof. To the extent that there is any conflict between any such summary and such actual terms and conditions, the actual terms and conditions shall control.

Marketers Build Pandemic Projects Into Full-Fledged Startup Businesses

By Patrick Coffee

At the height of the Covid pandemic in December 2020, marketing executive Katie Klumper called former colleague Vikram Tank with a request that had nothing to do with her day job: Would he team up with her to start a business selling condiments?

The executives, who had a shared passion for food, settled on hot sauce as a promising way to enter the market. Over the next 18 months, they developed Smaak, whose line of hot sauces went on sale online and at some retailers in July.

They also kept their demanding full-time jobs. Ms. Klumper has been CEO of Black Glass, an Interpublic Group of Cos. consulting firm that advises chief marketing officers, since early 2020, and in late 2021 Mr. Tank moved from a product-manager role at Alphabet Inc.'s Google to a job at Meta Platforms Inc.'s augmented-reality division.

"The hot sauce will be the beginning, I'm sure, of many things we will do with this brand," said Ms. Klumper.

Turning side projects into standalone businesses or full-time occupations can be difficult or even impossible for chief marketing officers, whose jobs have become in-



Vikram Tank and Katie Klumper with products from Smaak.

creasingly demanding and complex. Some overcome the hurdles.

Joy Howard said she knew she would have to eventually leave her job as password-management firm Dashlane Inc.'s CMO to launch sustainable outerwear company Early Majority Inc. "If you are a truly empowered CMO working for a public company [or] a venture-backed company, I can't imagine starting a business on the side," Ms. Howard said.

The March 2022 debut of Early Majority's first collection was the culmination of a long process for Ms. Howard, who came up with the idea while working as vice president of

marketing at clothing company Patagonia Inc. in 2014. But Early Majority's moment didn't arrive until Dashlane recruited her to move to Paris as its CMO in 2019, she said.

The pandemic pushed Ms. Howard and co-founder Dmitri Siegel to launch Early Majority with a mission statement calling on consumers to take a break from their hectic lives and spend more time outdoors, she said.

"I loved the idea of Paris, especially as a place that I might someday pluck up the courage to start the company," said Ms. Howard. After 18 months at Dashlane, she moved into an advisory role in December

2020, incorporated Early Majority in January 2021 and left Dashlane that May, she said.

Maryam Banikarim was head of marketing at neighborhood-networking platform Nextdoor Holdings Inc. in 2020 when she and her husband, venture capitalist Andy Lerner, began discussing their frustration with reports that New York City would be permanently hobbled by lockdowns and layoffs.

That conversation led to a series of emails and phone calls with other New York-area executives, and in August 2020 Ms. Banikarim co-founded NYCNext, a nonprofit dedicated to supporting the city's tourism and creative industries. It grew from 20 people on a brainstorming call to a group of more than 600 volunteers who organized projects promoting the city, including pop-up performances by top Broadway talent and the short film "New York State of Mind," which featured stars like late-night TV host Stephen Colbert and players for the New York Yankees.

Working on side projects has helped marketers develop different skill sets and, in some cases, explore new careers. Ms. Banikarim left her job at Nextdoor in June to more actively pursue advocacy work.

TECHNOLOGY

WSJ.com/Tech

Foreign Videogames Get China Approval

Beijing regulators end a suspension on imported titles dating to summer of 2021

By RAFFAELE HUANG

SINGAPORE—China has resumed granting publishing approvals for foreign videogames, ending a halt stretching back to the summer of 2021 and removing a source of uncertainty for the country's once-flourishing videogame industry.

China's main videogame regulator, the National Press and Publication Administra-

tion, said Wednesday that it approved 44 imported titles earlier this month, including "Pokémon Unite," a multiplayer battle arena game co-developed by China's Tencent Holdings Ltd. and Japan's Pokémon Co., and Riot Games Inc.'s first-person shooter game "Valorant."

The resumption of approvals for imported titles paves the way for game developers and publishers to cash in on some popular global titles in the world's biggest mobile-game market. In China, companies must seek government approval to charge players for a new game.

Imported games have been

an important source of income for large Chinese game companies. Due to the license freeze, these firms continue to rely on aging titles to make profits at home. A new government license allows them to release quickly in China the game, which typically has already been launched overseas.

In a separate statement Wednesday, the industry regulator said it also granted licenses this month to 84 domestic games, including Tencent's third-person shooter "Synced: Off-Planet."

Including the games approved on Wednesday, Beijing has approved more than 500 videogames this year since it



'Pokémon Unite' was among the titles this month approved by China's main videogame regulator.

resumed the licensing process in April. The rate is lower than in previous years, when some 1,000 titles were greenlighted each year. Chinese regulators froze all game licensing in July 2021 and unveiled strict new

measures to limit players under age 18 to only one hour of videogames each Friday, Saturday and Sunday, plus public holidays.

Chinese videogame makers, including Tencent and smaller

rival NetEase Inc., shifted their focus to making fewer games with higher potential, given the limited number of government licenses available in China, as well as developing games for international markets.

Green-Energy Boom Hinges on Obscure Tax Rules

By ED BALLARD

This year's climate and spending legislation has triggered an investment spree. Whether the new rules launch a green-energy revolution in the U.S. depends on a little-understood market for tax credits.

The Inflation Reduction Act extended and increased tax credits for wind and solar projects and introduced new incentives for green hydrogen and batteries for the electric grid.

But important details about the implementation of the different credits—which are tied to criteria such as the use of U.S.-made equipment and the location of a project—are still being thrashed out. The Treasury Department issued guidance on labor requirements in November and is expected to release more early in 2023.

"I've been practicing law for 26 years and I've never seen a bill that was so vague," said David Burton, a tax partner at Norton Rose Fulbright.

The official estimate for the value of the climate and energy package signed into law this

year is \$369 billion, but much of the spending isn't capped, and some analysts say the total will be higher. Credit Suisse estimated in September that it could exceed \$800 billion.

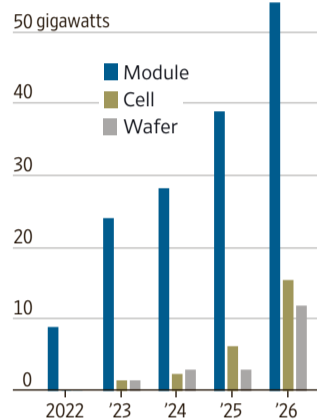
One uncertainty: Who will claim all these freebies? Tax credits only have value to companies that have taxable earnings. But profits at most clean-energy companies are too small and too unstable to take full advantage of the credits.

The simple solution would be to pay those companies directly. That didn't fly for legislators concerned about the appearance of spending too much. The government will give refunds to companies that can't claim tax credits, but only for certain types of projects, such as carbon capture and green hydrogen.

For the rest, the Biden administration's proposed solution illustrates the challenge of using sometimes-unwieldy policy tools to unlock the vast investments needed to switch the economy to low-carbon energy.

The plan allows companies that are eligible for tax credits

Annual U.S. solar-equipment manufacturing capacity



Source: Wood Mackenzie

to sell them. The ultimate financial impact of the Inflation Reduction Act depends in part on that provision creating a new market for tax credits and making it easier for renewable developers to raise money.

Companies are quantifying what this could mean for them. Minneapolis-based utility Xcel Energy Inc. said in October that being able to transfer tax bene-

fits from its renewable-energy assets could improve its cash flow by \$1.8 billion over five years, "assuming constructive regulatory outcomes and the development of a market." Several big utilities, including Xcel, have already said they will use the extra cash to cut rates for customers.

Brian Van Abel, Xcel's chief financial officer, said the company is talking to potential corporate buyers of the tax credits. Lawyers, bankers and financial advisers also say they are in talks about arranging transactions for third parties.

Some renewables executives say a market for tax credits could be similar to that for renewable energy certificates, which clean-energy facilities sell to companies that want to hit their climate targets. That market was valued at over \$11 billion in the U.S. in 2021, according to S&P Global.

Depending on how it works, the transferable-credits system could reduce the industry's reliance on a key element of project finance called tax equity.

To tap these tax breaks, re-

newable-energy developers in the U.S. generally raise much of their capital by selling stakes in projects to investors who get the stream of tax credits and the chance of equity gains.

Clean-energy executives say tax equity was a financing bottleneck in the U.S. even before the Inflation Reduction Act because the business is dominated by a few large financial institutions able to structure these complex transactions. The expected increase in clean-energy projects will likely outpace tax-equity providers' own appetite to invest.

Rubiao Song, head of energy tax-equity investments at JPMorgan Chase & Co., said the tax-equity market is currently worth \$20 billion to \$22 billion a year. He said he expects demand for this kind of financing to rise to \$50 billion in the next three to five years, boosted by new types of tax credits. JPMorgan, one of the major providers of tax equity, and its peers can't meet all that extra demand because their funding is limited by their own taxable earnings, he said.

Whether credit transfers fill the gap depends on whether they make it simpler for less tax-savvy companies to invest.

"There are a lot of 'hopefuls' here," said Marshal Salant, head of clean-energy finance at Citigroup Inc. He said many developers are deferring financing decisions until seeing Inflation Reduction Act guidance.

Scott Wiater, president and chief executive officer of Standard Solar, a developer of mid-size solar projects that was recently acquired by the renewable-power unit of Brookfield Asset Management Inc., said he expects tax equity to remain the preferred option for companies that can secure it. Transferred tax credits would likely have to be sold for a discount, while accelerated depreciation, a benefit available to tax-equity investors, can't be transferred.

Mr. Wiater said he believes some developers are planning new energy projects based on optimistic assumptions about how the legislation will work and how easy it will be to attract capital in the future.

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St. Jude patient **Lucas**
pictured with his mom

Lucas was just 3 when he first complained that his head hurt. Then Lucas started walking off-kilter and didn't feel like playing. An MRI revealed the cause: a tumor in the back of his head called medulloblastoma. After surgery at a local hospital, Lucas was referred to St. Jude Children's Research Hospital® for treatment. For Lucas and his family, St. Jude became a second home. "We had the royal treatment," his dad says.

After 10 months at St. Jude, Lucas went home, back to riding his battery-operated truck and fishing with dad. Every child, like Lucas, deserves a chance to live their best life and celebrate every moment. When you support St. Jude, you help give kids with cancer around the world that chance. **Together, we can save more lives.**

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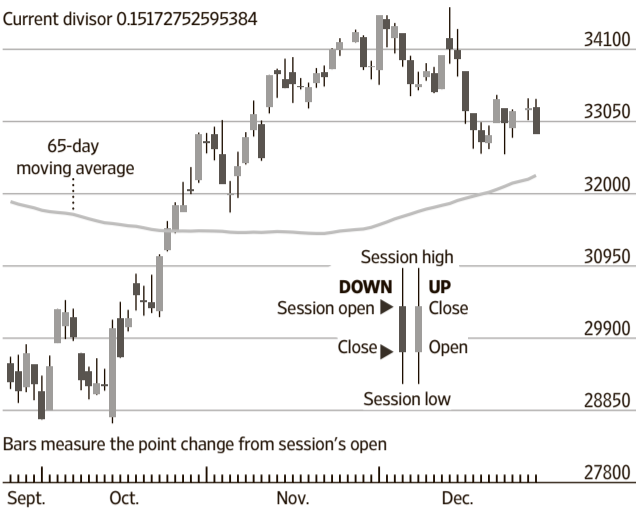
**St. Jude Children's
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Finding cures. Saving children.

MARKETS DIGEST

EQUITIES

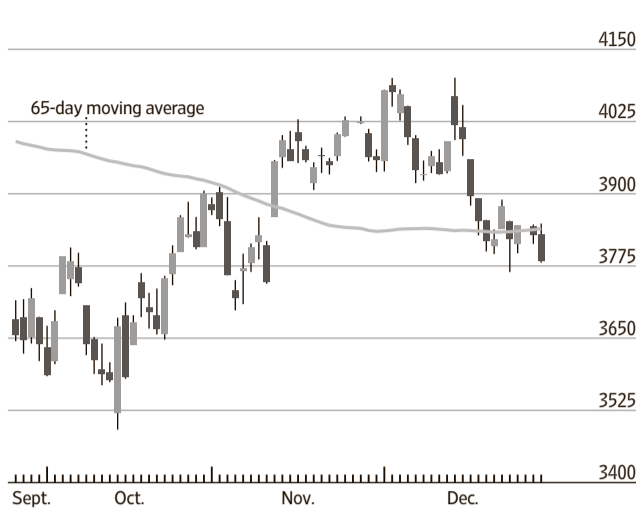
Dow Jones Industrial Average

32875.71 ▼365.85, or 1.10%
Trailing P/E ratio 20.46 22.70
P/E estimate * 18.17 18.52
Dividend yield 2.09 1.89
All-time high 36799.65, 01/04/22



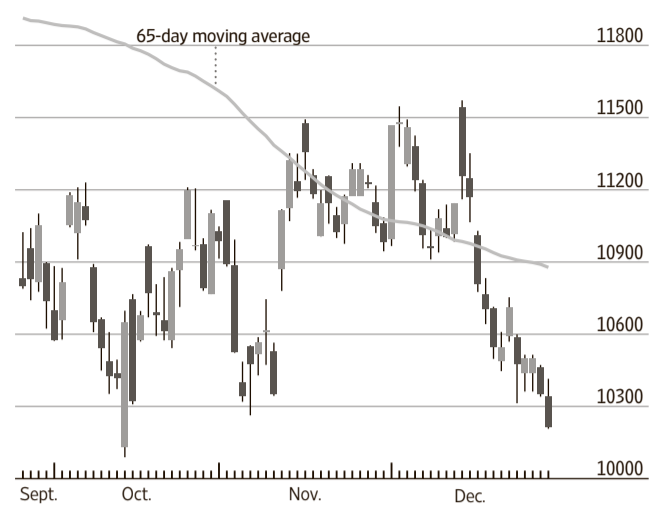
S&P 500 Index

3783.22 ▼46.03, or 1.20%
Trailing P/E ratio * 18.61 28.85
P/E estimate * 17.37 22.75
Dividend yield * 1.75 1.30
All-time high 4796.56, 01/03/22



Nasdaq Composite Index

10213.29 ▼139.94, or 1.35%
Trailing P/E ratio ** 23.79 36.93
P/E estimate ** 21.86 30.12
Dividend yield ** 1.00 0.63
All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

Table with columns: Index Name, High, Low, Close, Net chg, % chg, 52-Week High, Low, % chg, YTD, 3-yr. ann. Includes Dow Jones, Nasdaq Stock Market, S&P, and Other Indexes.

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...

Most-active issues in late trading

Table listing companies like AMC Entertainment, SPDR S&P 500, iShares Russell 2000 ETF, etc., with columns for Volume, Last, Net chg, After Hours % chg, High, Low.

Trading Diary

Volume, Advancers, Decliners

Table showing NYSE and NYSE Amer. statistics: Total volume, Adv. volume, Decl. volume, Issues traded, Advances, Declines, etc.

International Stock Indexes

Table listing international stock indexes by region/country: World, Americas, Europe, Asia-Pacific, etc., with columns for Index, Close, Net chg, Latest % chg, YTD % chg.

Percentage Gainers...

Table listing percentage gainers among companies like Kala Pharmaceuticals, Gorilla Technology Group, Hoth Therapeutics, etc.

Percentage Losers

Table listing percentage losers among companies like Minerva Neurosciences, LightJump Acqn CI A, Shinco, etc.

Most Active Stocks

Table listing most active stocks by volume: Tesla, ProShares UltraPro QQQ, Mullen Automotive, etc.

Volume Movers

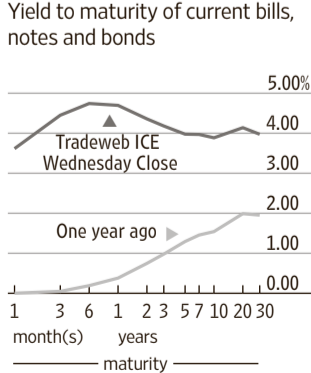
Table listing volume movers ranked by change from 65-day average: LightJump Acqn CI A, Model Performance CI A, Amer Century Multisector, etc.

CREDIT MARKETS

Consumer Rates and Returns to Investor

Table showing U.S. consumer rates (Federal funds target, Prime rate, etc.) and selected rates for 5-year CDs from various banks.

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table showing corporate borrowing rates and yields for U.S. Treasury, Aggregate, Fixed-Rate MBS, etc.

CURRENCIES & COMMODITIES

Currencies

Table showing U.S.-dollar foreign-exchange rates for various countries and currencies like Argentina, Brazil, Canada, etc.

Commodities

Table showing commodity prices for DJ Commodity, Refinitiv/CC CRB Index, Crude oil, Natural gas, Gold, etc.

COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Metal & Petroleum Futures

	Open	Contract High	Low	Settle	Chg	Open interest
Copper-High (CMX) -25,000 lbs.; \$ per lb.						
Dec	3.8420	3.8420	3.8190	3.8320	-0.0015	589
March'23	3.8490	3.8730	3.8210	3.8425	0.0020	104,327
Gold (CMX) -100 troy oz.; \$ per troy oz.						
Dec	1803.20	1803.60	1803.10	1807.90	-6.90	21
Jan'23	1812.40	1815.80	1798.80	1808.80	-7.50	1,033
Feb	1822.40	1822.80	1804.20	1813.50	-7.30	369,201
April	1833.00	1838.20	1819.90	1831.50	-7.30	40,408
June	1858.60	1853.70	1836.10	1846.90	-7.50	14,903
Aug	1869.00	1870.20	1852.70	1863.00	-7.50	5,599
Palladium (NYM) -50 troy oz.; \$ per troy oz.						
Dec	1701.50	1810.00	1810.00	1763.20	-41.30	1
March'23	1832.00	1840.00	1750.00	1785.00	-41.30	8,073
Platinum (NYM) -50 troy oz.; \$ per troy oz.						
Dec	1015.00	1015.00	1015.00	1029.80	-12.90	1
April'23	1034.00	1045.70	1015.00	1020.20	-12.50	59,855
Silver (COMX) -5,000 troy oz.; \$ per troy oz.						
Dec	24.075	24.095	23.585	23.663	-0.377	204
March'23	24.240	24.275	23.645	23.840	-0.377	113,849
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.						
Feb	79.89	79.92	77.30	78.96	-0.57	248,064
March	80.02	80.02	77.45	79.08	-0.56	162,188
April	80.05	80.06	77.54	79.13	-0.55	70,936
June	79.68	79.72	77.35	78.83	-0.48	137,880
Dec	77.01	77.09	75.22	76.35	-0.28	180,102
Dec'24	72.10	72.44	71.08	71.82	0.14	70,069
NY Harbor ULS (NYM) -42,000 gal.; \$ per gal.						
Jan	3.3890	3.3937	3.2270	3.3778	0.241	12,611
Feb	3.3463	3.3505	3.1860	3.2999	-0.132	70,644
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.						
Jan	2.3651	2.3743	2.2967	2.3629	0.027	16,683
Feb	2.3721	2.3833	2.3030	2.3721	0.038	80,909
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.						
Jan	5.183	5.216	4.588	4.709	-5.73	2,178
Feb	5.080	5.099	4.462	4.685	-4.33	95,640
March	4.462	4.482	4.094	4.194	-2.88	182,685
April	4.190	4.190	3.905	4.008	-1.83	101,247
May	4.181	4.181	3.918	4.011	-1.36	110,436
Oct	4.408	4.408	4.166	4.254	-0.176	51,801

	Open	Contract High	Low	Settle	Chg	Open interest
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.						
Jan	17.61	17.92	17.57	17.73	-2.20	774
March	18.15	18.25	17.91	18.09	-0.24	6,004
Wheat (CBT) -5,000 bu.; cents per bu.						
March	774.50	787.50	770.75	785.50	11.00	161,290
July	785.25	797.25	782.00	796.25	12.00	69,484
Wheat (KC) -5,000 bu.; cents per bu.						
March	880.00	891.75	875.50	882.25	3.00	85,704
May	875.75	884.00	868.50	876.75	4.75	24,870
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.						
Jan	182.925	183.775	182.375	183.475	0.375	8,173
March	185.675	186.375	184.800	186.200	0.800	20,150
Cattle-Live (CME) -40,000 lbs.; cents per lb.						
Dec	156.900	157.500	156.600	157.400	0.625	606
Feb'23	157.675	158.250	157.500	157.800	-0.75	140,233
Hogs-Lean (CME) -40,000 lbs.; cents per lb.						
Feb	90.475	91.475	90.225	90.800	-0.675	74,911
April	95.675	96.850	95.500	96.575	0.125	44,841
Lumber (CME) -110,000 bd. ft.; \$ per 1,000 bd. ft.						
Jan	396.80	400.70	391.70	393.60	-2.80	555
March	396.70	404.10	391.80	398.40	2.50	2,322
Milk (CME) -200,000 lbs.; cents per lb.						
Dec	20.53	20.53	20.50	20.51	-0.02	4,217
Feb'23	18.80	18.88	18.48	18.57	-0.24	4,588
Cocoa (ICE-US) -10 metric tons; \$ per ton.						
March	2,624	2,671	2,604	2,621	-12	117,918
May	2,626	2,670	2,607	2,624	-10	56,797
Coffee (ICE-US) -37,500 lbs.; cents per lb.						
March	166.75	174.95	166.70	173.55	6.60	93,848
May	166.85	174.40	166.55	173.15	6.40	44,232
Sugar-World (ICE-US) -112,000 lbs.; cents per lb.						
March	20.27	20.49	20.10	20.16	-0.16	400,710
May	18.99	19.10	18.78	18.83	-0.16	212,247
Sugar-Domestic (ICE-US) -112,000 lbs.; cents per lb.						
March	36.15	36.35	36.15	36.35	-0.09	2,021
May				36.50	0.00	2,749
Cotton (ICE-US) -50,000 lbs.; cents per lb.						
March	84.09	85.08	82.36	83.26	-0.98	96,532
May	84.21	85.04	82.46	83.30	-0.83	35,894
Orange Juice (ICE-US) -15,000 lbs.; cents per lb.						
Jan	204.50	206.45	199.65	203.20	-1.30	472
March	203.35	205.00	197.15	202.20	-1.10	9,648

Interest Rate Futures

Ultra Treasury Bonds (CBT) - \$100,000; pts 32nds of 100%	March	134-220	135-210	133-130	133-230	-24.0	1,412,481
Treasury Bonds (CBT) - \$100,000; pts 32nds of 100%	March	125-150	125-130	124-220	124-290	-13.0	1,196,910
June	126-050	126-140	125-200	125-210	-13.0	210	
Treasury Notes (CBT) - \$100,000; pts 32nds of 100%	March	112-155	112-220	112-400	112-060	-4.5	3,780,758
June	113-020	113-110	112-230	112-240	-4.5	156	
5 Yr. Treasury Notes (CBT) - \$100,000; pts 32nds of 100%	Dec	108-012	108-035	107-315	108-022	3.2	395
March'23	108-030	108-067	107-282	107-297	-1.7	4,134,177	
2 Yr. Treasury Notes (CBT) - \$200,000; pts 32nds of 100%	Dec	102-160	102-210	102-160	102-171	9	328
March'23	102-215	102-227	102-199	102-205	5	2,234,513	
30 Day Federal Funds (CBT) - \$5,000,000; 100 - daily avg.	Dec	95.8950	95.8975	95.8950	95.8950	0.000	268,624

Agriculture Futures

Corn (CBT) -5,000 bu.; cents per bu.	March	673.25	683.50	672.75	682.75	8.00	549,718
July	664.25	675.25	664.00	674.75	8.50	206,236	
Oats (CBT) -5,000 bu.; cents per bu.	March	368.25	377.25	368.25	376.50	6.00	3,370
May	367.75	370.00	367.75	370.25	4.00	389	
Soybeans (CBT) -5,000 bu.; cents per bu.	Jan	1483.50	1509.75	1482.75	1506.50	24.25	43,563
March	1490.25	1517.50	1489.50	1514.25	25.25	274,955	
Soybean Meal (CBT) -100 tons; \$ per ton.	Jan	452.80	468.60	452.80	466.30	14.50	22,050
March	449.80	463.70	448.50	461.30	13.50	208,763	
Soybean Oil (CBT) -60,000 lbs.; cents per lb.	Jan	67.62	67.88	65.01	65.80	-1.85	14,692
March	66.23	66.66	64.37	64.97	-1.42	158,314	

Cash Prices | wsj.com/market-data/commodities

Wednesday, December 28, 2022

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.

	Wednesday	Wednesday	Wednesday
Energy			
Coal,C.Aplc.,12500Btu,1.2502-r,w	205.550		
Coal,PwdrRvrBsn,8800Btu,0.8502-r,w	15.550		
Metals			
Iron Ore, 62% Fe CFR China-s	114.8		
Shredded Scrap, US Midwest-s,m	70.0		
Steel, HRC USA, FOB Midwest Mill-s	n.a.		
Battery/EV metals			
BMI Lithium Carbonate, EXW China, +99.2%-v,w	80275		
BMI Lithium Hydroxide, EXW China, +56.5%-v,w	80650		
BMI Cobalt sulphate, EXW China, +20.5%-v,w	8190		
BMI Nickel Sulphate, EXW China, +22%-v,w	5635		
BMI Flake Graphite, FOB China, +100 Mesh, 94.9%-v,w	813		
Fibers and Textiles			
Burlap, 10-oz, 40-inch NY yd-n,w	0.7275		
Cotton, 1 1/16 std lw-mdMphs-u	0.8426		
Cotlook 'A' Index-t	n.a.		
Hides, hvy native steers piece fob-u	n.a.		
Wool, 64s, staple, Terr del-u,w	n.a.		
Grains and Feeds			
Barley, top-quality MnpIs-u	n.a.		
Bran, wheat middlings, KC-u,w	255		
Corn, No. 2 yellow, Cent ll-bp-u	6.6700		
Corn gluten feed, Midwest-u,w	211.8		
Corn gluten meal, Midwest-u,w	688.2		
Cottonseed meal-u,w	390		
Hominy feed, Cent ll-u,w	215		
Meat-bonemeal, 50% pr MnpIs-u,w	383		
Oats, No. 2 milling, MnpIs-u	4.1150		
Rice, Long Grain Milled, No. 2 AR-u,w	36.13		
Sorghum, (Milo) No. 2 Gulf-u	n.a.		
Soybean Meal, Cent ll, rail, ton 48%-u,w	458.30		
Soybeans, No. 1 yllw ll-bp-u	14.8800		
Food			
Beef, carcass equiv. index	249.05		
choice 1-3,600-900 lbs-u	220.62		
select 1-3,600-900 lbs-u	238.00		
Broilers, National comp wtd. avg-u,w	1.2316		
Butter, AA Chicago-d	1.2300		
Cheddar cheese, bbl, Chicago-d	185.50		
Cheddar cheese, blk, Chicago-d	215.50		
Milk, Nonfat, dry, Chicago lb-d	133.75		
Coffee, Brazilian, Comp-y	1.7111		
Coffee, Colombian, NY-y	2.2576		
Eggs, large white, Chicago-u	5.2950		
Flour, hard winter, KC-p	22.20		
Hams, 17-20 lbs, Mid-US fob-u	0.84		
Hogs, Iowa-S, W. Minnesota-u	82.72		
Pork bellies, 12-14 lb MidUS-u	1.1299		
Pork loins, 12-19 lb MidUS-u	n.a.		
Steers, Tex-Okl, Choice-u	n.a.		
Steers, feeder, Okla. City-u,w	n.a.		
Fats and Oils			
Degummed corn oil, crude wtd. avg-u,w	62.0000		
Grease, choice white, Chicago-h	0.6600		
Lard, Chicago-u	0.7018		
Soybean oil, crude, Cent ll-u,w	0.6750		
Tallow, bleach, Chicago-h	0.6750		
Tallow, edble, Chicago-u	n.a.		

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brooks; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Sealand Publishing; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 12/27

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

|--|

BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices at 4 p.m. the previous day.

Wednesday, December 28, 2022

Main stock table for Wednesday, December 28, 2022, listing various stocks and their performance metrics.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg

Main stock table for Wednesday, December 28, 2022, listing various stocks and their performance metrics.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg

Main stock table for Wednesday, December 28, 2022, listing various stocks and their performance metrics.

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities.

Table listing new highs and lows for various stocks, including symbols, names, and prices.

52-Wk %

Table listing 52-week percentage changes for various stocks.

52-Wk %

Table listing 52-week percentage changes for various stocks.

MARKETS

Negative-Yield Bonds Approach Final Days

Japan is the last major economy to have a target interest rate below zero

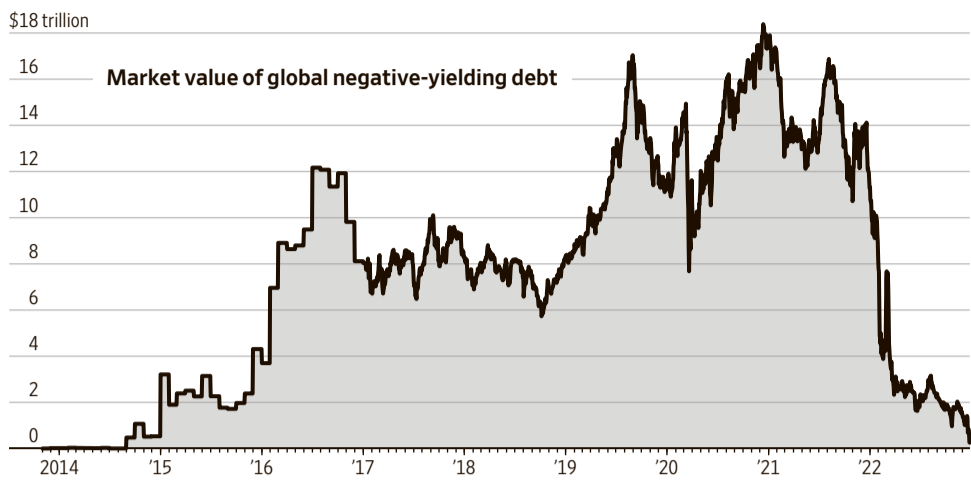
By Matt Grossman

Negative yields on government bonds look like they are about to ride off into the sunset.

The worldwide sum of negative-yielding debt has almost completely evaporated, another effect of central bankers' efforts to fight inflation.

This unusual debt piled up in recent years as central banks in Europe and Japan held their target rates below zero to try to stimulate economic growth.

This year, surging inflation prompted Europe's major central banks to raise rates, pulling yields there back into positive territory. That has left Japan as home to nearly all the sub-zero-yielding debt that remains.



Note: As of Dec. 27

Source: Bloomberg index data via FactSet



The Bank of Japan eased its efforts to keep the yield on 10-year Japanese government bonds below 0.25%.

Japanese government bills that mature in a year or less remain negative. Some investors believe that move opened the

door for the Bank of Japan to raise its target rate above zero next year, from minus 0.1% today. If it does, yields on more

Japanese short-term bills would likely turn positive. The European Central Bank, along with the central banks of

Sweden, Denmark and Switzerland, all held their target rates below zero in the late 2010s, bringing a flood of negative government-bond yields to the continent.

As negative yields fade, investors focused on overseas bonds are seeing the playing field of attractive fixed-income investments open up.

"Negative yields in Japan and Europe certainly made global fixed income very challenging to invest in," said Lynda Schweitzer, co-head of global fixed income at Loomis Sayles.

Bonds with negative yields make for a counterintuitive investment because they effectively require the bondholder to pay for the privilege of lending the government money.

They can send investors hunting for alternatives that offer more solid returns. Low and sometimes negative yields on

many government bonds throughout the world helped set the backdrop for a yearslong rally in riskier investments like stocks through the end of 2021.

Still, many investors found reasons to buy bonds at negative yields in recent years. Some needed a safe place to park large sums of euros or yen and had little choice but to swallow the negative yields.

AUCTION RESULTS

Here are the results of Wednesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

Table with 2 columns: Applications, Accepted bids, * noncompetitively, * foreign noncompetitively, Auction price (rate), Coupon equivalent, Bids at clearing yield accepted, Cusip number. Includes 17-WEEK BILLS and FIVE-YEAR NOTES.

Table with 2 columns: Applications, Accepted bids, * noncompetitively, * foreign noncompetitively, Auction price (rate), Interest rate, Bids at clearing yield accepted, Cusip number. Includes ONE-YEAR, 10-MONTH FRNs.

Table with 2 columns: Applications, Accepted bids, * noncompetitively, * foreign noncompetitively, Auction price (rate), Interest rate, Bids at clearing yield accepted, Cusip number. Includes FIVE-YEAR NOTES.

Junk-Bond Buyers Are Optimistic Despite Market Fears on Economy

By Matt Grossman

Markets are heading into 2023 racked with apprehension. Junk-bond investors don't seem to have gotten the memo.

Entering a year that many investors fear will bring at best a mild recession, junk-bond prices still reflect expectations of smooth sailing ahead, even as the S&P 500 limps to finish line on track for roughly 20% losses this year and government-bond traders are signaling a slowdown is coming.

The disparity points to a key question for debt markets as the calendar turns: Will a downturn bring hardship to some of America's most vulnerable corporate borrowers, and pain to the investors who have lent to them?

For now, traders are betting on the latter. Investors are demanding premiums of about 4.55 percentage points to invest in speculative-grade companies' debt rather than in safer Treasury notes, according

to Intercontinental Exchange index data. That is down from highs of nearly 6 percentage points this summer and well below typical levels reached during past recessions.

These premiums, or spreads, rise when investors see risks on the horizon for debt-laden companies and demand higher

Traders bet savvy cash management will help companies scrape by.

yields in exchange for lending to them.

During many past downturns such as in 2002, 2008 or the first days of the pandemic in 2020, junk-bond spreads spiked above 10 percentage points, per ICE's index. This year, junk-bond spreads widened from January through July. That tracked growing fears that the Federal Reserve's interest-rate increases might

tip the economy into a recession that could strain repayments by companies burdened with heavy loads of debt.

But in the months that followed, spreads condensed again as investors have judged the outlook for junk-rated companies more benign. That view seemingly puts junk bonds out of step with other corners of financial markets, where signs abound that investors expect a recession next year.

Traders are betting, for example, the Fed will reverse course and cut interest rates before the end of 2023. Such a move would defy central bankers' projections, and would likely only follow a significant slowdown in inflation that remains far above the Fed's target. Wall Street analysts' forecasts mirror those grim wagers on a slowing economy, with forward earnings estimates falling rapidly since the summer.

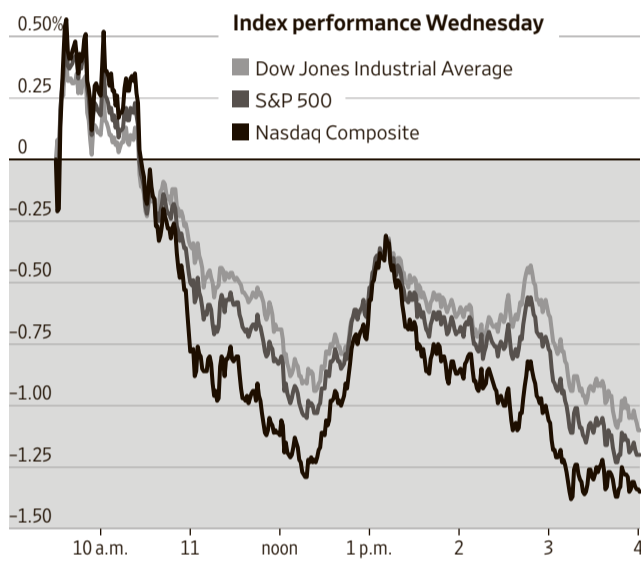
Meanwhile, yields on short-term Treasury notes have been higher than yields on longer-term notes for much of this year, a pattern known as an inverted

yield curve that is considered a classic warning signal of a coming recession.

The 10-year Treasury yield finished Wednesday at 3.886%, while the two-year yield ended at 4.359%. Yields and bond prices move in opposite directions.

To be sure, even though junk-bond spreads have remained in check, the sectors' investors suffered in 2022 because returns are driven not just by interest payments but also by price changes. All in, junk-bond investors' total returns have been minus 10% through Tuesday's trading, with negative returns from falling prices overwhelming positive cash flows from interest.

Still, many junk-bond investors say they are clinging onto hope for an easy ride in 2023. A large wave of refinancings last year—which came as companies took advantage of ultralow interest rates—helped push junk-debt maturities farther out into the future, dampening the stress businesses might face next year.



Source: FactSet

Stocks Slip On Caution Over China

Continued from page B1 starting to be felt," Mr. Kasam said.

Trading volume is likely to be light this week, as investors are away from their desks around the year-end holidays. That can sometimes lead to

outsize moves in markets as investors contend with thinner liquidity.

"As you get closer to year-end, you see less volume and are subject to more volatility," said Adam Phillips, managing director of portfolio strategy at EP Wealth Advisors.

Tesla shares gained \$3.61, or 3.3%, to \$112.71, recovering some ground after enduring a selloff Tuesday. The electric-vehicle maker's stock is down 68% in 2022, on track for its worst year ever.

Southwest Airlines shares fell \$1.75, or 5.2%, to \$32.19, as fallout continued from its holiday-storm meltdown. On Tuesday, Southwest canceled 65% of its scheduled departures, according to data from FlightAware.

In energy markets, Brent crude, the international benchmark for oil prices, eased \$1.07 per barrel, or 1.3%, to \$83.26, as investors weighed the outlook for China's reopening against climbing Covid-19 cases in the country.

Investors are assessing the effects of Russia's ban on Tuesday of its oil and petroleum products to countries that put a cap on their sales price. Shares of energy companies fell as oil prices pulled back. The S&P 500 energy sector lost 2.2%, the worst-performing segment of the index on Wednesday.

Bond yields moved higher. The yield on the benchmark 10-year U.S. Treasury note rose to 3.886%, from 3.857% on Tuesday.

In Europe, the pan-continent Stoxx Europe 600 dipped 0.1%. In Asia, China's Shanghai Composite fell 0.3% and Japan's Nikkei 225 lost 0.4%. Hong Kong's Hang Seng climbed 1.6% as investors reacted to China's reopening plans after markets there were closed Tuesday.

Natural Gas Falls on Warmer Weather Forecasts

By Bob Henderson

U.S. natural-gas prices dropped nearly 11%, driven by new forecasts auguring warmer weather in January.

Natural-gas futures for January 2023 delivery settled at \$4.7090 per million British thermal units, their lowest closing value since March 15th. Prices slid more than 32% this month.

Traders sold futures in response to fresh forecast data indicating a warmer-than-normal weather pattern in the eastern

half of the country will last well into January.

The day's trading continued a pattern of wild price swings that have characterized the most volatile year for natural-gas prices in the modern trading era. Some analysts blame the turmoil on a decrease in trading activity that has led to a lack of liquidity. "Liquidity is challenged, so the market drops 10% or rallies 10% quite easily these days," said Scott Shelton, energy analyst at ICAP.

The Arctic blast of wind and cold that whipped across the country over the Christmas

weekend caused a collapse in natural-gas production that coincided with a surge of demand for heating. But gas inventories had been higher than usual for this time of year, some of the production drop was mitigated by record-high imports from Canada, and some utilities had prepared themselves by securing supplies in advance.

"We had a pretty significant event over the weekend," said Mr. Shelton, "but the market got through it."

The coming weeks of warmth will give natural-gas producers time to refill the salt caverns

they use for storage, so they will be prepared for the next bout of cold, Mr. Shelton added.

Natural-gas prices have been weighed down this week by last Friday's announcement from Freeport LNG that it is pushing back the restart of its liquefaction facility by about a month, to late January. The delay will bolster U.S. gas supplies by limiting exports of liquefied natural gas. The Texas facility has been out of commission since it suffered a fire in June.

Despite its recent slump, natural gas is about 17% more expensive than it was a year ago.

Mutual Funds

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets. e-Ex-distribution. f-Previous day's quotation. g-Footnotes x and s apply. f-Footnotes e and s apply. k-Recalculated by Lipper, using updated data. p-Distribution costs apply. 12b-1-R-Redemption charge may apply. s-Stock split or dividend. t-Footnotes p and r apply. v-Footnotes x and e apply. x-Ex-dividend. z-Footnote x, x, and s apply. NA-Not available due to incomplete price, performance or cost data. NE-Not released by Lipper; data under review. NN-Fund not tracked. NS-Fund didn't exist at start of period.

Table with 4 columns: Fund, NAV, Chg, %Ret, Fund, NAV, Chg, %Ret. Lists various mutual funds like American Century Inv, Ultra, American Funds CI A, etc.

Table with 4 columns: Fund, NAV, Chg, %Ret, Fund, NAV, Chg, %Ret. Lists various mutual funds like Income, MktNeut, Intl Stk, Stock, etc.

Table with 4 columns: Fund, NAV, Chg, %Ret, Fund, NAV, Chg, %Ret. Lists various mutual funds like CapApInvt, Harding Loevner, Harting, etc.

Table with 4 columns: Fund, NAV, Chg, %Ret, Fund, NAV, Chg, %Ret. Lists various mutual funds like LrgCapStr, Parnassus Fds, ParnEqF, etc.

Table with 4 columns: Fund, NAV, Chg, %Ret, Fund, NAV, Chg, %Ret. Lists various mutual funds like TotalRetBd, TotalRetBd, TotalRetBd, etc.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Stocks Won't Get a Soft Landing

Economists say U.S. will have a mild recession, or skirt one; prognosis for public companies is worse

Economists are generally split on what will happen to the economy in the new year, with some forecasting the U.S. will experience a mild recession and others forecasting a so-called soft landing, where the economy is able to narrowly skirt a downturn.

For most Americans, neither outcome might count as really horrible, particularly if, as many economists think, the job market doesn't take much of a hit. But for many of the companies that dominate the U.S. stock market, even a soft-landing scenario could be quite painful.

In their effort to combat inflation, Federal Reserve policy makers raised rates sharply over the past year, taking the midpoint of their overnight target range from 0.125% to 4.374%, and they aim to keep raising them in the months ahead. The full effect of rate increases comes with a lag, but plenty of damage has already been done—look no further than the housing market to see that. Meanwhile, other central banks are raising rates, and with much of the world in worse shape than the U.S., and that will create additional drags on the economy.

On the other hand, so many businesses are so desperate for workers that the severe job losses that often characterize downturns might not occur. Moreover, even though inflation ate into their spending power, many Americans remain in much better financial shape than they were before the pandemic. And finally, with the economy slowing and inflation starting to cool, many economists and investors believe the Fed won't raise rates as much as it is forecasting, and will be cutting them by the end of the year.

Economists at Goldman Sachs, Morgan Stanley and Credit Suisse are among those who think the U.S. will evade recession, while economists at Bank of America, JPMorgan Chase and Barclays are forecasting mild recessions. Economic forecasts need to be taken with a fair amount of skepticism, and the unusual circumstances of the pandemic have made that even more true. But imagine for a moment that the economists have got



People are re-engaging in services such as tourism, dentist visits and haircuts.

it broadly right. What might that mean for the companies represented in the stock market?

For starters, it is important to remember just how good the pandemic has been for big companies' businesses. Industry analysts' estimates show S&P 500 constituents' sales per share will come in about 24% higher in 2022 than in 2019, according to S&P Global—a heady pace of growth even after taking inflation into account. For comparison's sake, U.S. gross domestic product looks as if it will come in about 19% higher in 2022 versus 2019, unadjusted for inflation.

A big reason why S&P sales have outpaced the economy is that a lot of S&P 500 companies are in the business of selling what people bought more of during the pandemic. Much more than the economy itself, the index is geared toward producers and purveyors of goods—by both market value and sales, manufacturers and retailers account for about half the index. In contrast, those sectors account for only about a fifth of U.S. gross output.

So as people stocked up on items such as sofas and washing machines, and stayed home rather

Spending on services as a share of consumer spending, quarterly



Source: Commerce Department

than spend money on services such as travel and dentist visits, many S&P 500 companies benefited. And some of the services they did shell out more for, such as streaming services, also benefited public companies.

Now people are re-engaging in services such as tourism, haircuts and dentist visits, which probably counts as a plus for the economy but means that even in a soft economy, spending on goods could

fall sharply. For example, if over the four quarters ending in the third quarter of next year spending didn't grow at all, but services spending grew by 3%, spending on goods would need to fall by 5.8%. The multinational nature of many big public companies makes the situation even worse, since many countries are in far worse shape than the U.S.

Further compounding the problem, some public companies may have difficulty cutting labor costs because in a job market where services companies are eager to add workers, hiring back laid-off employees could be difficult. So in addition to revenues coming under pressure, maintaining profit margins could be even more difficult than usual.

None of which is to say that a soft landing or a mild recession wouldn't be better for public companies than a more severe downturn. If the job market can weather the Fed's inflation fight, sales and profits will be primed to grow again when the central bank eases off. But it is too early for investors to start hanging their hopes on that just yet.

—Justin Lahart

China's EV Market Will Slow, Still Be Ahead

Sector's strength will endure expiring subsidies

China's rip-roaring electric-vehicle industry will probably downshift a bit in 2023. But it will remain far and away the largest global market—a fact that gives it formidable advantages in the race to dominate the global EV supply chain.

Sales of new-energy vehicles in China, which include plug-in hybrids, more than doubled from a year earlier in the first 11 months in 2022 to more than six million units, according to the China Association of Automobile Manufacturers. Around a quarter of cars sold in the country are EVs. That makes China the undisputed EV leader: It accounted for more than half of all EVs sold globally in 2022.

Tesla is doing well in China, but many domestic brands delivered solid performances—particularly BYD. Wuling Hongguang Mini EV, a small car that starts at around \$5,000, has been a surprise winner thanks to its affordable price tag. It is made by a joint venture of General Motors, Liuzhou Wuling Motors and the state-owned SAIC Motor. On the higher end, local upstarts such as Nio Inc. and Li Auto rolled out new models that outcompeted the offerings of many foreign auto makers, which were late to the EV market. Restrictions on issuing new license plates in China's major cities helped boost EV sales because EVs are exempted.

EV sales slowed in recent months owing to the nation's strict "zero-Covid" policies. Auto makers including Tesla cut prices to attract customers. But sales picked up again slightly in December after the U-turn in China's pandemic policies.

Unfortunately, that renewed vigor may prove temporary: EV subsidies for purchasers in China will expire at the end of 2022. Many buyers likely brought forward their purchases to take advantage of the subsidies. China's EV subsidies helped kick-start its market, but have been wound down in recent years. And while the end of the zero-Covid policies should provide much-needed support to China's economy, the near-term impact of rising Covid-19 cases could hit sentiment hard. Intensifying competition has led to worries about the rapid cash burn of Chinese EV makers. Share prices plunged in 2022.

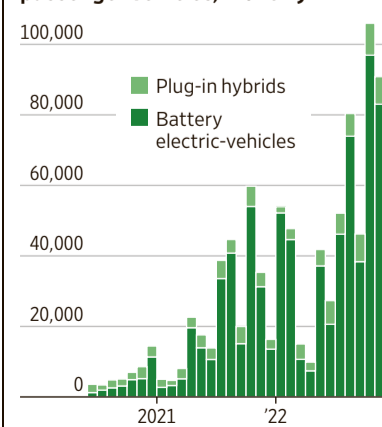
Exports have been a bright spot, and one that could prove more durable. China's new-energy vehicle exports more than doubled year-over-year in the first 11 months of 2022, according to CAAM data collected by Wind. That includes foreign car makers exporting made-in-China EVs to Europe and other parts of the world. Tesla has begun shipping Model 3s and Model Y's to Europe from its Shanghai factory. BMW and Renault are making some EV models in China for export. And Chinese brands are making some inroads in the export market—especially because many legacy car makers seem to be struggling to make affordable EVs.

Tesla might start to meet more demand in Europe from its Germany plant, which opened in March. But China's early lead in the EV market gives it an advantage as the world starts to electrify its auto sector. The country dominates the supply chain for battery materials, and its vast market gives EV makers a more viable path to success.

China's EV market will slow further in 2023. But that still, for the most part, puts it miles ahead of the competition.

—Jacky Wong

China's exports of new-energy passenger vehicles, monthly



Source: Wind

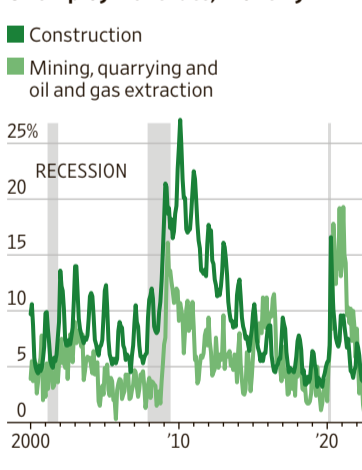
Housing Crash Can't Bring a Shale Boom

Ask a U.S. producer why they didn't pump out more oil this year, and one answer you will get is that it has become too difficult and expensive to hire new employees. There are some early signs that labor markets could ease next year, but that may not be nearly enough to unleash production.

In a report published in December, Goldman Sachs noted the main source of labor supply in the shale industry is typically from the housing market. After all, a portion of the work on the oil field looks a lot like construction, such as creating a road, moving sand, water or chemicals, and pouring concrete, notes Jesse Thompson, an economist at the Federal Reserve Bank of Dallas.

This dynamic between the shale and housing labor market was perhaps the most apparent in 2008-10, when the housing crash coincided with a shale boom. Unemployment in construction went

Unemployment rate, monthly



Source: Bureau of Labor Statistics via St. Louis Fed

to a peak of 27% in early 2010 from 16.5% in August 2009. Unemployment in oil and gas fell to 10.7% from 11.8% and kept falling to a trough of 3.5% in 2011.

This year, the labor market has

been incredibly tight for construction and oil and gas production. The unemployment rate in the U.S. oil and gas sector hit a 17-year low in July and again in October at 0.8%, according to the Bureau of Labor Statistics. As of November, the unemployment rate in construction remained low at 3.9%. Wage growth has been healthy for both sectors this year, well exceeding the 5% year-over-year pay bump that the entire labor force saw in November.

Housing construction has started slowing down. Single-family housing starts fell 32% in November compared with a year earlier. It has been declining every month since February. If that declining housing-start trend continues next year, as the National Association of Home Builders expects, it could help free up workers for the oil and gas sector.

This time, a loosening of the labor market isn't likely to precipitate a production boom that will knock oil prices down. One reason is that

fracking, thanks to technological advances and efficiency gains, is no longer as labor-intensive as it used to be, notes Mr. Thompson. Another is that capital isn't as readily available as it was back in prior shale booms, with energy investors demanding better returns and interest rates continuing to go up. Importantly, supply of equipment remains constrained and energy-services companies are hesitant to invest heavily in new capacity.

That said, a loosened labor market could help fatten the bottom line for services providers, for whom labor comprises a large portion of operating expenses. Helmerich & Payne, an onshore drilling services provider, said in a November earnings call that 70% to 75% of its daily costs are labor-related.

For investors worried about a downturn in housing construction next year, an energy-service company stock could turn out to be a good hedge.

—Jinjo Lee

Boring Was King of Healthcare in 2022

In a year of stock-market turmoil, healthcare investors flocked to boring but steady.

It was the year when investors rewarded companies for minting cash and keeping it simple.

At the top of the pack were drug distributors McKesson and Cardinal Health, each up just over 50% for the year. A third distributor, AmerisourceBergen Corp., was up 27%. The three control about 90% of drug distribution in the U.S. The business isn't the kind of thing that will get standing ovations at healthcare conferences, but someone needs to move drugs from point A to point B. And it can get pretty complex, especially when dealing with biologic drugs such as cancer therapies, which must be handled with care (and where margins for distributors are highest).

Drug distributors were under a cloud of uncertainty for years as they faced opioid-related lawsuits. But in February, a \$19.5 billion settlement with a majority of U.S. states helped to bring the legal threats to the finish line. The end of that chapter lifted a major overhang for the group, says Jared Holz, a healthcare specialist for Oppenheimer.

More broadly speaking, says Mr. Holz, 2022 was the year where companies that didn't benefit that much from Covid-19 tended to outperform. In 2021, the biggest gainers were the vaccine makers, with Moderna and BioNTech more than doubling in value while Pfizer added 60%. All three are down this year, as a return to normal benefits the rest of the sector. McKesson, the largest among the

three distributors, benefited from Covid as well as from a return to normal. The pandemic helped its business because the U.S. government picked it to distribute Covid-19 products. But a return to normal meant people were able to go back to the doctor's office and do the sort of cancer screenings they skipped at the height of the pandemic, says David Toung, an analyst at Argus Research. More screenings means more prescriptions. Combined revenues for the big three grew over 6% to about \$180 billion in the latest quarter compared with a year earlier.

Even with a hit from the opioid payments spread across 18 years, distributors still sport an impressive cash flow, Baird analyst Eric Coldwell says. The group sports a free cash flow yield of about 7% to 8%, which compares with about 5% for

the Dow Jones Industrial Average.

All three distributors trade at less than 15 times next 12 months' earnings, which is well below around 16.7 for the S&P 500.

AmerisourceBergen, the laggard among the three this year, may come out on top next year. Its stock may have underperformed partly because Walgreens Boots Alliance has been shedding its holdings of the stock, says Mr. Toung. The stock is the top pick among the three at Baird, whose analysts cite the company's solid 2023 guidance and relative discount to McKesson as reasons to get in.

Distributing drugs may not sound exhilarating, but it was a winning formula this year. Returns likely won't be so impressive next year, but they look set to remain a good haven for investors.

—David Wainer