

# THE WALL STREET JOURNAL.

## What's News

### Business & Finance

**R**egulators are turning up the heat on some of crypto's biggest players, cutting off access to products and services central to the digital-currency business. **A1**

◆ **Biden is set** to name the Fed's Brainard to serve as his economic-policy coordinator, according to people familiar with the matter. **A2**

◆ **The Japanese economy** resumed modest growth in the October-December period amid a revival in tourism. **A16**

◆ **Japan's government** nominated Kazuo Ueda to succeed Kuroda as governor of the Bank of Japan. **A16**

◆ **Toyota's next chief** said he wants to accelerate development of parts and manufacturing methods optimized for electric vehicles. **B1**

◆ **Chevron's board** is considering waiving the company's mandatory retirement age for CEO Wirth, people familiar with the matter said. **B1**

◆ **A new SEC rule** promises to remove many of the loopholes that raised concerns about corporate officials using preset trading plans to skirt insider-trading curbs. **B1**

◆ **U.S. stocks climbed**, with the S&P 500 and Dow both gaining 1.1% and the Nasdaq adding 1.5%. **B11**

◆ **Ford is investing** \$3.5 billion to build a battery plant in Marshall, Mich., with help from China's Contemporary Amperex Technology. **B3**

◆ **Walmart plans** to close three of its U.S. tech hubs and require hundreds of workers to relocate to keep their jobs, according to a memo reviewed by the WSJ. **B4**

### World-Wide

◆ **Biden administration** officials defended their decisions to shoot down unidentified flying objects over North America this weekend and disputed new claims by Beijing that the U.S. violated Chinese airspace with high-altitude balloons. **A1, A4**

◆ **Russia claimed** further advances along the front line in Ukraine, as Western intelligence said the Kremlin's forces have strengthened defensive positions in the country's southern Zaporizhzhia region in recent weeks. **A6**

◆ **At least three people** were killed and at least five others injured in a shooting at Michigan State University on Monday night, according to police, who said the suspect died of a self-inflicted wound. **A3**

◆ **An Atlanta judge** said he would make public excerpts of a report written by the special grand jury that investigated Trump's efforts to overturn the 2020 election in Georgia. **A3**

◆ **Nearly three out of five** high-school girls in the U.S. who were surveyed reported feelings of persistent sadness or hopelessness in 2021, a roughly 60% increase over the past decade, research from the CDC found. **A3**

◆ **Republican Sen. Scott** of South Carolina is taking steps to run for president, according to people familiar with his plans. **A5**

◆ **Turkish authorities** widened a crackdown on those allegedly involved in shoddy construction practices and looting in cities devastated by last week's earthquakes. **A16**

**CONTENTS**  
Arts in Review... A11  
Banking & Finance B10  
Business News... B3  
Crossword... A11  
Equities... B9  
Heard on Street... B12  
Markets... B11  
Opinion... A13-15  
Personal Journal A9-10  
Sports... A12  
Technology... B4  
U.S. News... A2-5  
World News... A6-7,16



## Tens of Thousands Protest Israeli High Court Changes



**TURNOUT:** Prime Minister Benjamin Netanyahu's government pushed ahead with changes that would allow a simple majority of lawmakers to overturn Supreme Court decisions, leading to protests Monday outside the Knesset. **A7**

## Regulators Raise the Heat On Crypto's Biggest Players

The walls are closing in around crypto. Regulators hadn't taken action against many of the industry's biggest

By *Dave Michaels, Alexander Osipovich and David Benoit*

investors to flee the coin and raising worries about the future of crypto-exchange giant Binance, which gives the coin the "B" in its name.

On Monday, New York regulators shut down new issuance of the world's third-largest stablecoin, BUSD, prompting

investors to flee the coin and raising worries about the future of crypto-exchange giant Binance, which gives the coin the "B" in its name.

Binance's partner in issuing the coin, Paxos Trust Co., is facing a potential Securities and Exchange Commission lawsuit.

The New York Department of Financial Services ordered Paxos Trust, which issues and lists Binance's dollar-pegged cryptocurrency, to stop creating more of its BUSD token, Binance said in a statement.

Paxos will continue to manage redemptions of the product, the exchange said.

The New York regulator found Paxos failed to conduct periodic risk assessments and due diligence of Binance and customers holding BUSD issued by Paxos, according to a person familiar with the matter.

The department ordered Paxos to stop issuing BUSD after it failed to address those and other deficiencies, the person said.

A few days earlier, the SEC fined the parent of another big crypto exchange, Kraken, and forced it to stop offering a

popular type of crypto-yield product to U.S. investors. Banking regulators are quietly pushing banks to cut ties with crypto customers, limiting their ability to plug into the real-world financial system.

The actions came after years of slow-moving investigations and debate in Washington over how best to handle the fast-growing industry. Some observers detected a shift in officials' Please turn to page A2

◆ **Three Arrows founders** to start claims exchange... **B10**

## U.S. Says Downing Of Flying Objects Is Justified

Administration denies that American balloons have flown through Chinese airspace

WASHINGTON—Biden administration officials defended on Monday their decisions to shoot down unidentified flying objects over North America this weekend and disputed new claims by Beijing that the U.S. violated Chinese airspace with high-altitude balloons.

By *Gordon Lubold, Brian Spegele and Nancy A. Youssef*

Chinese officials—who were angered by the U.S. takedown of its suspected spy balloon off the Atlantic coast Feb. 4—said the U.S. had flown high-altitude balloons over its airspace more than 10 times since the start of 2022, adding fuel to an escalating diplomatic standoff between the countries that has derailed efforts to reset relations.

The White House denied China's claims, while also defending stepped-up aerial surveillance that led to fighter jets scrambling to shoot down three unidentified flying objects following the destruction of the suspected Chinese spy balloon.

The latest takedowns occurred over Alaska on Friday, Canada's Yukon territory on Saturday and Lake Huron on Please turn to page A4

◆ **Flights show Norad's** gaps in detection... **A4**  
◆ **U.S. balloons aid** in research, intelligence... **A4**

## Ukraine Has Tough Choice on Bakhmut

By *ISABEL COLES AND IEVGENIYA SIVORKA*

CHASIV YAR, Ukraine—Ukrainian soldiers have dug trenches and reinforced them with logs in the snow-covered hills here as part of a freshly strengthened defensive line west of the country's deadliest battlefield.

About 5 miles away, Russian forces are pressing ahead with a grinding advance on the eastern Ukrainian city of Bakhmut in a monthslong battle that has chewed up hundreds of soldiers.

By holding out in the city, Ukraine is seeking to degrade Russian forces advancing in costly house-by-house assaults and buy time until more and better Western weaponry arrives.

The dilemma for Ukraine is how long to hang on before withdrawing to preserve lives. While Ukrainian commanders have said Bakhmut is of little strategic significance, its fall would give fresh impetus to Russia's nearly year-old invasion after a string of reversals.

The costly battle of attrition could presage the shape of the war to come. Lacking the trained personnel and equipment needed to wage combined-arms-manuever warfare, Russia is using a newfound manpower advantage to gain territory in the east, at a heavy price.

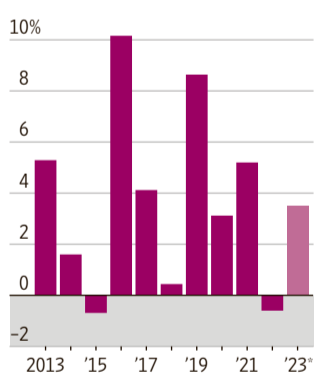
But the battle for Bakhmut is costly for Ukraine, too. And if the soldiers there get cut off Please turn to page A6

◆ **Kremlin says it is** moving ahead in east... **A6**  
◆ **Moldova's leader** says Moscow plans coup... **A6**  
◆ **Berlusconi criticizes** Zelensky, sparking firestorm... **A6**

## Junk Loans Draw Investors

Highly indebted companies have seen loan prices rally and defaults remain low. **B1**

Total return, U.S. leveraged loans



\*Through Feb. 10  
Source: Morningstar index data

## Global Economic Recovery Can't Count on China

Signs suggest the country's revival will mostly be felt at home

By *JASON DOUGLAS AND STELLA YIFAN XIE*

The world is counting on an economic bounceback from China to power global growth and help keep recession at bay. Don't bank on it.

China's recovery after years of Covid-19 lockdowns will likely look a lot different from previous ones. And for many parts of the world, economists warn, it could be less potent than governments and businesses hope.

China has historically relied on government stimulus and heavy investment to power itself out of slumps. That mix helped yank the global economy out of the doldrums after the 2008 financial crisis.

This time, China is deeply in debt, its housing market is in distress, and much of the infrastructure the country needs is already built. As a result, its latest revival will be led by consumers, who are casting off almost three years of public-health restrictions and travel bans after the government abruptly dismantled its zero-tolerance policy toward Covid-19.

Data show that people are again venturing out and shopping in big cities, and there are signs that the worst of China's Covid outbreak might be behind it. Like their American counterparts, Chinese consumers squirm Please turn to page A8

◆ **Heard on the Street:** Population fall hurts... **B12**

## Even Canadians Don't Want To Be Labeled Canadian on TikTok

New law will set quotas for domestic digital content, but producers are wary

By *PAUL VIEIRA*

OTTAWA—Canada is days away from passing a law to force digital platforms such as YouTube and TikTok to showcase more Canadian content.

While that might sound like good news for Canadian artists and content producers, many see it as about as welcome as a polar vortex.

"I prefer not to be certified as Canadian," said Toronto TikToker Oorbee Roy, whose feed highlights the South Asian mother's attempts to learn skateboarding, sometimes while wearing a sari. She worries that resulting algorithm changes by the platforms will reduce her global audience. "I don't really think this is going to help me," she

said.

Professional content producers such as streaming services have different beefs. They don't want quotas for Canadian content. And there is the confusing question: What makes content Canadian?

For more than 50 years, Canada has required domestically licensed television and radio stations to air a minimum amount of domestic programming known as Canadian content, or CanCon. Those rules arose from a government report calling for stronger cultural policies to unite a nation amid a "formidable" flood of American broadcasts, music and literature.

The new law will extend the concept to content served up to Canadian users by Google's Please turn to page A8

## U.S. NEWS

## Treasury Spells Out Energy Tax Credits

By RICHARD RUBIN

WASHINGTON—The Treasury Department is preparing to start a \$10 billion program for subsidizing advanced energy projects and a new tax break for solar-and-wind projects in low-income communities.

The two programs were created last year in the climate, health and tax law known as the Inflation Reduction Act. The department has been working to lay out the details of how the law's tax breaks will work, as companies begin taking advantage of new incentives to invest in projects aimed at accelerating the country's shift away from fossil fuels.

The Treasury Department said Monday the government will begin taking applications May 31 for the first \$4 billion of the advanced energy program, which is a 30% investment tax credit. It will be available for projects including manufacturing fuel-cell components, adding carbon-capture equipment to existing facilities or processing critical minerals.

The department said \$1.6 billion of the first chunk of money will be reserved for places where coal mines or coal-fired power plants have closed. The law—which passed after Democrats secured the support of Sen. Joe Manchin (D., W.Va.)—specified that set-aside for places affected by the decline of coal.

The administration plans to publish a list of Census tracts that qualify for the money. The



The tax benefits for small wind-and-solar projects in low-income communities will open for applications later this year.

places must either contain a coal mine closed since 1999 or a coal power plant retired after 2009, or be adjacent to such a Census tract.

Unlike more open-ended tax credits where projects qualify for federal subsidies if they meet specified criteria, the tax credits under the advanced energy program are capped and awarded through applications, which are vetted by the Treasury and Energy departments. To get the full benefit

under the law, projects must pay what are known as prevailing wages common in federal contracting and offer apprenticeship programs.

Companies can't claim this credit on top of some other tax incentives from the law. Treasury officials said they weren't sure what kinds of projects would be more likely to go through the application process as opposed to using the law's other credits. According to documents released Monday,

the administration might seek to direct the new tax credits toward projects that aren't eligible for money from other Energy Department programs.

A separate program, the tax benefits for small wind-and-solar projects in low-income communities, will open for applications later this year, officials said Monday. Companies will be able to claim those credits on top of other incentives. They are earmarked for areas with high poverty rates, tribal land, low-

income residential projects and places where low-income people will benefit.

Officials plan to award priority to projects that are owned by community-based organizations and encourage new participants in markets. "These investments will create good-paying jobs in vital fields like clean energy manufacturing, critical minerals processing, and solar installation," said Deputy Treasury Secretary Wally Adeyemo.

## Brainard Set to Be Named Top Economic Adviser

By NICK TIMIRASO AND ANDREW RESTUCCIA

President Biden is set to name Federal Reserve Vice Chair Lael Brainard to serve as his economic-policy coordinator at a difficult time when the U.S. economy faces headwinds from high inflation, climbing interest rates and slowing growth, according to people familiar with the matter.

She will succeed Brian Deese as the director of the National Economic Council, which is responsible for advising the president on policy and personnel decisions and coordinating policy-making across executive branch agencies. Mr. Deese is planning to step down this month.

The White House declined to comment. Mr. Biden is expected to announce her appointment this week, the people said. Bloomberg earlier reported that the president had chosen Ms. Brainard.

Ms. Brainard, 61 years old, is an economist with extensive government experience after serving as the top diplomat in the Treasury Department from 2009 to 2013 and as an adviser to President Bill Clinton on international economics.

The White House will have to navigate a U.S. economy that is cooling under the weight of higher interest rates as Mr. Biden is expected to run for reelection. The NEC director will continue to oversee the implementation of the infrastructure and semiconductor spending packages Mr. Biden signed into law, as he navigates geopolitical instability and a looming debt-ceiling standoff with congressional Republicans.



Fed Vice Chair Lael Brainard

## CORRECTIONS &amp; AMPLIFICATIONS

**Adidas AG shares** ended 11% lower in Frankfurt on Friday. An Exchange article on Saturday about the company and a Page One What's News summary incorrectly said the shares fell 14%.

**IRelaunch**, a career re-entry consulting firm, is located in the Miami area. A Journal Report article on Monday about longer careers incorrectly gave the firm's previous location, Boston.

Readers can alert The Wall Street Journal to any errors in news articles by emailing [wsjcontact@wsj.com](mailto: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, N.Y. 10036

Published daily except Sundays and general legal holidays. Periodicals postage paid at New York, N.Y., and other mailing offices.

Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicopee, 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, N.Y. 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: [wsjletters@wsj.com](mailto:wsjletters@wsj.com)

Need assistance with your subscription? By web: [customercenter.wsj.com](http://customercenter.wsj.com); By email: [wsjsupport@wsj.com](mailto:wsjsupport@wsj.com); By phone: 1-800-JOURNAL (1-800-568-7625)

Reprints & Licensing: By email: [customreprints@dowjones.com](mailto:customreprints@dowjones.com); By phone: 1-800-843-0008

WSJ back issues and framed pages: [wsjshop.com](http://wsjshop.com)

Our newspapers are 100% sourced from sustainably certified mills.

GOT A TIP FOR US? SUBMIT IT AT [WSJ.COM/TIPS](http://WSJ.COM/TIPS)

## Inflation Is Easing but Still Far From 2% Goal

By GWYNN GUILFORD

The end of distressingly high inflation is coming into view. Consumer prices gained 6.5% in December, down from June's 9.1% annual rate, the highest since 1981. There is good reason to think inflation will keep falling, Federal Reserve Chairman Jerome Powell said this month.

"The process of getting inflation down has begun," Mr. Powell said at the Economic Club of Washington, D.C.

Even so, inflation is far above the Fed's 2% target. Even excluding the volatile food and energy categories, core inflation was 5.7% in December. So how does it fall all the way back to 2%?

Markets seem optimistic it will do so of its own accord, and are betting the Fed will therefore cut rates this year. Mr. Powell disagrees.

Who is right depends on three sectors: goods, shelter, and other services, excluding food and energy. They face different forces reflecting the mechanics of how inflation is measured, and the macroeconomic backdrop.

## Goods deflation

Surging prices for manufactured goods such as autos and furniture drove much of the initial inflation burst in 2021 as consumer spending, fueled by low interest rates, govern-

ment stimulus and pandemic habit shifts, collided with blocked supply chains.

Prices for core goods rose 12.3% from a year earlier in February 2022, and rose just 2.1% from a year earlier in December 2022. These goods represent about 22% of the CPI and 23% of the price index of personal-consumption expenditures, which the Fed prefers.

That surge is over. Supply chains have mostly healed. Consumer demand has shifted back toward services from goods. Core goods prices were up just 2.1% in the year through December, contributing 0.5 percentage point to the CPI's 6.5% increase—down from February 2022, when they drove 2.5 percentage points of that month's 7.9% increase. For the three months ended December, core goods prices fell at an annualized 4.8% rate.

Lower spending on goods, improvement in supply chains and falling shipping costs should continue to ease price pressures in coming months, said Blerina Uruci, chief U.S. economist at T. Rowe Price.

Alan Detmeister, economist at UBS, estimates core goods deflation will shave 0.4 percentage point off overall inflation by December.

But the deflationary drag from goods prices could peter out, as inventory returns to normal and global growth revives. Veronica Clark, econo-

mist at Citi, sees core goods prices rising 1.6% in the 12 months ending this December.



\*excluding housing, at an annualized rate  
Sources: Commerce Department (personal expenditures); Labor Department (CPI)

ment stimulus and pandemic habit shifts, collided with blocked supply chains.

Prices for core goods rose 12.3% from a year earlier in February 2022, and rose just 2.1% from a year earlier in December 2022. These goods represent about 22% of the CPI and 23% of the price index of personal-consumption expenditures, which the Fed prefers.

That surge is over. Supply chains have mostly healed. Consumer demand has shifted back toward services from goods. Core goods prices were up just 2.1% in the year through December, contributing 0.5 percentage point to the CPI's 6.5% increase—down from February 2022, when they drove 2.5 percentage points of that month's 7.9% increase. For the three months ended December, core goods prices fell at an annualized 4.8% rate.

## Rent deflation: Wait for it

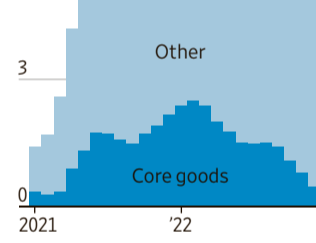
Soaring demand for houses and apartments amid low interest rates and remote working caused shelter to contribute more than half of December's 5.7% core CPI inflation. But as Mr. Powell put it, disinflation in housing "is in the pipeline."

Economists agree: They expect this category to continue rising through the spring, but then decelerate. Jake Oubina, senior economist at Piper Sandler, forecasts shelter in-

flation will fall from 8.1% in March to 5.3% by December.

That reversal comes down to how pandemic-driven shifts interact with inflation methodology. To measure what tenants and homeowners pay for housing, the CPI includes new and existing leases, and thus reflects changes in new leases with a lag. Zillow's index of new leases declined at a three-month annualized rate of 3% in December. This portends a steep deceleration in the CPI's housing measure, which grew 7.5% in December, Mr. Oubina said.

He expects housing will continue to boost inflation but that its contribution to the 12-



month increase in CPI will peak in June and shrink by 0.7 of a percentage point by December, relative to a year earlier.

## Core services

Once food, energy, goods and shelter are excluded, what remains are core service prices excluding shelter—what some economists call "supercore" inflation. It is still running at around 4%, Mr. Powell said. Until it drops, "we see ourselves as having a lot of work left to do."

Mr. Powell and other officials have emphasized that wages constitute a large share of the costs that go into these services. The shortage of workers worries policy makers.

Hourly pay for private-sector workers rose at an annualized rate of 4.6% in the three months through January, compared with an average rate of 3.3% in 2018 and 2019.

While wage growth has shown signs of decelerating, it remains at levels that make it hard for the Fed to reach its inflation target, said Ms. Clark, of Citi.

A more optimistic take comes from a wage series constructed by economists from the White House Council of Economic Advisers. It shows pay for nonmanagement workers in services that go into "supercore" prices grew 4% in January, down from 9.7% in October 2021.

## Regulators Raise Heat On Crypto

Continued from Page One  
tone after the collapse of FTX, which strengthened the hand of politicians and regulators calling for tougher enforcement. Now, crypto executives are bracing for more regulatory lawsuits and investigations, and investors have started to flee suspected targets.

"It certainly feels, from an industry perspective, like there's a crypto carpet bombing going on right now," said Kristin Smith, chief executive of Blockchain Association, an industry group.

Over a 24-hour period from Sunday to Monday, there were \$2.7 billion of outflows from Binance, according to blockchain data provider Nansen. On Monday morning, some \$144 million of BUSD were redeemed for dollars, according to Nansen. Paxos said Monday it "categorically disagrees" with the SEC's assertion that BUSD must comply with federal securities laws.

Binance's in-house token, BNB, fell 8% on Monday, accord-

ing to CoinMarketCap.com. The coin is often seen as a gauge of investor perceptions of Binance.

The scope of such actions suggests the SEC and other regulators want to rein in pillars of the crypto market such as stablecoins—digital coins that maintain a price of \$1—and staking, a way for investors to earn interest on crypto.

Worries of a crackdown have taken the wind out of the sails of an early-2023 rally in the digital-currencies market. Bitcoin was trading at about \$21,621 at 5 p.m. ET on Monday, down 9% from its price on Feb. 1.

Banking regulators have signaled a pessimism about whether lending institutions can be safely involved with the industry. Some banks pared back their involvement with crypto.

Last week, Binance said it would suspend U.S. dollar bank transfers. The move came after the exchange said its banking partner, Signature Bank, would no longer support crypto transactions below \$100,000. Signature started pulling back from the crypto business last year.

The SEC has been the crypto market's principal cop since the beginning of the Trump administration, when regulators expressed interest in the novel technology underpinning cryptocurrencies. Many of the SEC's

earlier enforcement actions targeted frauds such as Ponzi schemes. That gave the market the impression that the industry's best-known brands faced less regulatory risk.

Then FTX, one of the world's best-known trading platforms, failed in November after a report revealed its affiliated hedge fund, Alameda Research, was heavily exposed to an illiquid digital asset issued by FTX. The disclosure triggered a run on customer deposits that

## The actions suggest regulators want to rein in pillars of the crypto market.

caused the firm and its affiliates to enter bankruptcy.

FTX emboldened the SEC, said Coy Garrison, a former regulator and a partner at Steptoe & Johnson LLP who advises clients on crypto legal issues. "There is a political incentive to bring bigger cases post-FTX to be viewed as the responsible cop on the beat," he said.

The SEC in January sued crypto lender Genesis Global Capital LLC and its partner

Gemini Trust Co. LLC, alleging their program allowing users to earn interest on crypto tokens violated securities laws. Gemini, which operates one of the largest U.S. crypto exchanges, said it plans to fight the lawsuit.

Crypto executives were spooked by last week's settlement between the SEC and the parent of the Kraken crypto exchange, in which the company paid a \$30 million penalty and agreed to stop offering staking services to U.S. investors. It didn't admit wrongdoing.

The case suggests the SEC might force other companies to stop offering access to staking, in which investors lock up their digital assets in return for an interest-rate-like yield. The loaned assets allow the borrowers to facilitate transactions on the assets' underlying blockchain network. "This really should put everyone on notice in this marketplace," SEC Chair Gary Gensler said on CNBC last week.

Mr. Gensler has warned since FTX's fall that crypto companies are running out of time to voluntarily comply with investor-protection rules.

Binance.US, the American affiliate of Binance which offers staking services, has said it is monitoring the situation. Coinbase CEO Brian Armstrong has pledged to fight the SEC if

the agency attacked how it offers staking. "We will happily defend this in court if needed," he tweeted on Sunday.

In early January, a trio of bank regulators issued a statement expressing skepticism that digital assets could be safely held by financial institutions. Within a week, Metropolitan Commercial Bank, a small New York bank that dipped its toes into crypto, said it was closing its crypto business.

Two companies trying to win banking licenses are in limbo after winning preliminary approval in early 2021 from the Office of the Comptroller of the Currency. Paxos National Trust and Protego Trust Co. applied to start banks that would custody crypto assets and facilitate trading. Protego's conditional charter expired recently. The company believes the agency's increasingly anti-crypto stance played a role in it not yet getting full approval, according to people familiar with the matter.

Paxos said it remains in discussions with the regulator. "Paxos has not been asked to withdraw its application for a national trust bank charter from the OCC, nor has it been denied the charter," Paxos said in a statement on Twitter.

—Rachel Louise Ensigen contributed to this article.

U.S. NEWS

# Teen Girls Reveal Record Levels of Sadness

By SARAH TOY

Nearly three out of five high-school girls in the U.S. who were surveyed reported feelings of persistent sadness or hopelessness in 2021, a roughly 60% increase over the past decade, new research from the Centers for Disease Control and Prevention found.

Though both high-school girls and boys reported experiencing mental-health challenges, girls reported record high levels of sexual violence, sadness and suicide risk, the CDC said. In 2021, 57% of high-school girls reported experiencing persistent feelings of sadness or hopelessness in the past year, compared with 36% in 2011. Thirty percent re-

ported they seriously considered attempting suicide in 2021, up from 19% in 2011.

The CDC found that 29% of high-school boys reported experiences of persistent feelings of sadness or hopelessness in 2021 compared with 21% in 2011. Meanwhile, 14% of high-school boys reported to have seriously considered attempting suicide, up from 13% in 2011. "These data show that the mental-health crisis among young people continues," said Kathleen Ethier, director of CDC's division of adolescent and school health.

Federal officials highlighted the problem of mental health among young people, especially girls, in the new data released Monday. The data, gathered

from a biennial survey from 2011 to 2021 of ninth- to 12th-graders, add to evidence suggesting the stresses, isolation and loss of the Covid-19 pandemic worsened mental-health issues among young people.

Girls are particularly vulnerable to anxiety and depression, mental-health experts say, given the higher rates of harassment and discrimination they face compared with boys. They also face career pressures, high beauty standards and the expectation of motherhood, they say.

The CDC, which included 17,232 respondents in its 2021 data, said the report showed ongoing and extreme distress among teens who identify as lesbian, gay, bisexual, question-

ing their sexual identity, or another nonheterosexual gender identity. More than half of these students reported recently experiencing poor mental health and 22% reported attempted suicide the past year, the CDC said. The report also showed that persistent sadness or hopelessness worsened across all racial and ethnic groups.

Eighteen percent of girls in high school said they experienced sexual violence in the past year, compared with 15% in 2017, the first year the CDC began monitoring this trend. Fourteen percent of teenage girls reported being forced to have sex when they did not want to, up from 12% in 2011, the CDC said. "For every 10

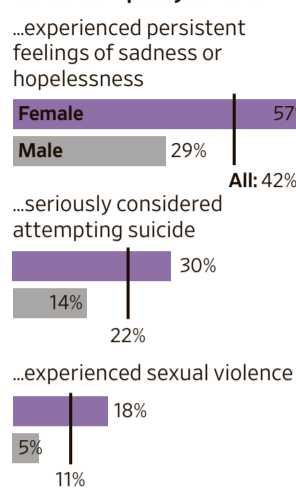
teenage girls you know, at least one of them, and probably more, has been raped," said Dr. Ethier.

The U.S. needs to focus on programs that will prevent sexual violence, said Debra Houry, CDC chief medical officer and deputy director for program and science. She referenced programs like Green Dot, which encourages bystanders to take action against sexual harassment and violence, as part of the solution.

Help is available: Reach the 988 Suicide & Crisis Lifeline (formerly known as the National Suicide Prevention Lifeline) by dialing or texting 988.

◆ Undergrads learn to counsel their peers..... A9

Percentage of high school students in past year who...



Source: Centers for Disease Control and Prevention Youth Risk Behavior Survey, 2021

## Judge To Release Parts of Trump Report

By JAN WOLFE

An Atlanta judge on Monday said he would make public excerpts of a report written by the special grand jury that investigated former President Donald Trump's efforts to overturn the 2020 election in Georgia.

In a written order, Fulton County Superior Court Judge Robert McBurney said some excerpts of the report are "ripe for publication" and would be made public on Feb. 16. The excerpts that will be made public include a section in which "the special purpose grand jury discusses its concern that some witnesses may have lied under oath," according to the judge's order.

"[W]hile publication may not be convenient for the pacing of the District Attorney's investigation, the compelling public interest in these proceedings and the unquestionable value and importance of transparency require their release," the judge said.

President Biden defeated Mr. Trump in Georgia by about 12,000 votes out of about five million cast in 2020, becoming the first Democratic presidential candidate to win the state since 1992. Two statewide recounts and a partial forensic audit, all conducted by the office of Georgia Secretary of State Brad Raffensperger, confirmed Mr. Biden's narrow victory. Legal challenges to the outcome failed.

Fulton County District Attorney Fani Willis opened an investigation in early 2021 into efforts to influence the state's election results. Among other matters, Ms. Willis investigated phone calls Mr. Trump and his allies made to Mr. Raffensperger, a Republican, in the weeks after the November 2020 election.

In a recorded Jan. 2, 2021, call, Mr. Trump said to Mr. Raffensperger, "I just want to find 11,780 votes," the amount necessary to convert his defeat in the state into a victory.

Mr. Trump has denounced the Fulton County probe as a witch hunt and has called his phone call to Mr. Raffensperger perfect. A lawyer representing Mr. Trump on the matter didn't respond to a request to comment on Judge McBurney's ruling.

In Monday's order, Judge McBurney declined to make public the entire grand-jury report at this time, saying that would be unfair to individuals accused of wrongdoing who haven't been afforded an opportunity to defend themselves.

Ms. Willis said on Monday that Judge McBurney's order was "legally sound" and that she had no plans to appeal the ruling.

In January, the citizens sitting on the grand jury issued their final report and voted in favor of releasing it to the public. Judge McBurney heard arguments last month on whether to publicly release the report.

A coalition of media companies, including The Wall Street Journal's parent company Dow Jones & Co., argued in favor of immediate disclosure of the entire report.

—Cameron McWhirter contributed to this article.

# At Least 3 Dead in Michigan State Shooting

Five other victims taken to hospital; campus police say suspect killed self

By BEN KESLING AND TALAL ANSARI

At least three people were killed and at least five others were injured in a shooting at Michigan State University in East Lansing, Mich., on Monday night, according to campus police.

The suspect in Monday's mass shooting was found by police and died of a self-inflicted wound, Michigan State University Police said.

At a news conference held after midnight, police said they believed he was the sole suspect and that there was no longer a threat to the campus.

The shooting started at around 8:18 p.m. at Berkey Hall, MSU interim Deputy Police Chief Chris Rozman said at an earlier news conference. Shortly thereafter there was a report of a shooting at the MSU Union, a building nearby, Mr. Rozman said.

Mr. Rozman said the suspect, a male in a jean jacket and a baseball cap, had been seen leaving the MSU Union on foot.

"Please do not come to campus," Mr. Rozman said, pleading with parents not to check on their children, saying the suspect remained at large.



Students consoled each other amid reports of an active shooter Monday night at Michigan State University in East Lansing, Mich.

"I can only imagine the emotion that's involved right now," he added.

The injured were being taken to Sparrow Hospital in Lansing, police said.

Multiple law-enforcement units searched the campus in-

cluding university buildings, local streets and wooded areas before the suspect was found.

The university said all campus activities would be canceled for the next two days, including classes and athletic activities.

"Please DO NOT come to campus tomorrow," the university tweeted.

In a tweet, Michigan Gov. Gretchen Whitmer said she had been briefed on the shooting.

"Let's wrap our arms

around the Spartan community tonight," she wrote. "We will keep everyone updated as we learn more."

The campus is about 90 miles northwest of Detroit. About 50,000 students attend Michigan State.

# Opioid-Fund Recipients Differ on Spending

By ERIN MULVANEY

U.S. cities and counties spent years battling the pharmaceutical industry over the opioid crisis. Now that billions of dollars in settlement funds are beginning to flow, the experiences of two Ohio counties highlight a new challenge: how to spend the money.

Many state and local governments are starting to receive funds from national legal settlements expected to total roughly \$50 billion over the next two decades. Cuyahoga County and neighboring Summit County got a head start.

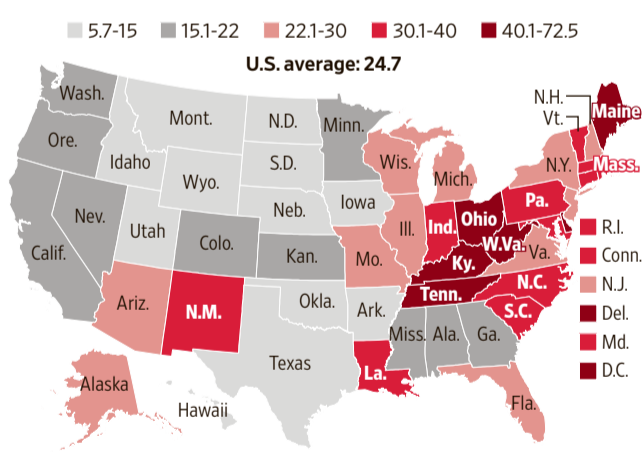
They were part of a test case resolved before trial in 2019, in a settlement valued at about \$320 million with opioid distributors and manufacturers including McKesson Corp., AmerisourceBergen Corp., Cardinal Health Inc., Johnson & Johnson and Teva Pharmaceutical Industries Ltd.

The counties, like many others, alleged drugmakers and distributors played down the risk of painkillers, helping to fuel the opioid crisis. Cuyahoga and Summit have pursued divergent paths since they received their settlement funds, previewing the kinds of choices other municipalities will have to make.

"When you initially receive these dollars, you put together a strategy, but it's shocking how many requests you might get," said Brandy Carney, Cuyahoga County's public safety and justice chief. "That amount of money might seem large, and then it quickly goes out the doors."

Cuyahoga, which includes Cleveland and has about 1.3 million residents, saw a 222% increase in drug overdose deaths from 2007 to 2017, the year the county filed suit. By that time, it was averaging close to two deaths a day. Officials there have moved quickly

Opioid overdose death rates per 100,000 population, 2021\*



\*Age adjusted. Sources: Kaiser Family Foundation analysis of Centers for Disease Control and Prevention data

to implement plans to spend the roughly \$125 million on hand, with more than half already designated for a new treatment center meant to divert people away from the county jail.

The county chose an existing building for the 50-bed facility and contracted with a local rehab center to run day-to-day operations. It is paying an existing mental-health nonprofit, FrontLine Service, to funnel calls from a 24/7 hotline to direct people to the center and providing training for police officers to help identify people who could benefit from its services.

The treatment facility has typically been close to half full in recent months, its highest numbers since it opened in May 2021, Ms. Carney said.

Rick Oliver, director of crisis services at FrontLine, said there are signs the center is beginning to make progress, and some individuals who have been treated there have returned for further help in tackling their addictions. But the county's substance-abuse problems are widespread, he said, and it remains difficult to connect with many people who

need help. "It may take a lifetime to deal with all of these issues," he said.

In addition to the center, Cuyahoga County has funded inpatient and outpatient treatment programs, including in emergency rooms and jails, as well as school-based prevention programs. It has also made grants to area nonprofits and recently established a \$5 million fund, run by a community

### The aim is to abate the opioid crisis and not simply fill budget shortfalls.

foundation, that is designed to spur new ideas and strategies for addressing the crisis.

The opioid litigation produced some of the most extensive tort settlements since the lawsuits against Big Tobacco in the late 1990s. Stakeholders are aiming to carefully tailor how the money will be spent to specifically abate the opioid crisis and not simply fill budget shortfalls.



Brandy Carney of Cuyahoga County, Ohio, above, said settlement money seems large but 'quickly goes out the doors.'

Summit County, home to Akron and about 540,000 residents, said in its lawsuit against pharmaceutical companies that it had experienced a surge in overdoses so rapid that the county medical examiner brought in mobile trailers to handle the spillover.

It has taken a slower approach than its neighbor, spending just over \$7 million so far of the \$104 million it has available.

"We have money, and that's new to us," said Greta Johnson, chief of staff for Summit County's executive office. "It's a full-time job to spend money of this size. We don't want to dump it all in one place and are avoiding the temptation of letting it burn a hole in our pocket."

Its funding and program decisions are guided by a 16-member advisory council as well as hospital and sheriff's office representatives. The county also made it a priority to include residents who lost family members to addiction, as well as individuals in recovery for substance abuse.

One pending initiative nearing final approval is a \$5.3 million grant for a data platform

meant to help agencies coordinate addiction care. A \$1.5 million program recently approved will fund transitional care for individuals leaving custody.

Summit County has given more than 30 grants, some as small as \$10,000, to local nonprofits that provide education or housing to the community, as well as larger awards, including \$2 million to local hospitals to support pregnant women with opioid addiction.

The county also is funding a program to allow residents to receive clean syringes, blood tests and access to medication at emergency rooms, and it has a system to distribute test strips for detecting the presence of fentanyl in other drugs, available through mail order and offered at community events.

Ms. Johnson said it was important not to spend all the money before deciding where it would be the most helpful, as well as setting up the infrastructure to track outcomes.

"The other hard part is that there are still people dying," she said. "We're still going to lose people, and we have all this money but still can't save everyone."

The county so far has invested several million dollars to expand medication-assisted treatment programs used in hospitals and community centers to identify and treat addiction, sustain recovery and promote alternative approaches to pain management.

Garry Thrasher, a physician who runs a detoxification center in Akron, said the programs help providers better recognize signs of addiction and work with patients without stigmatizing them.

"There are more resources now for opioid addiction than ever before. That's a good thing. The medical community is trying to step up to the plate," Dr. Thrasher said.

## U.S. NEWS

# Flights Show Norad's Gaps In Detection

U.S.-Canada agency has previously missed other slow-moving airborne threats

By DOUG CAMERON

The officers staffing North America's first line of defense against hostile intrusions admit it has gaps: the Cold War-era command hadn't been watching for balloons.

The system of radars, sensors and other intelligence tools overseen by the North American Aerospace Defense Command, or Norad, didn't detect the suspected Chinese spy balloon shot down off South Carolina on Feb. 4, but it has been busy ever since.

The command's ground radar tracked the object that was shot down off the Alaskan coast on Friday. The joint U.S.-Canada force, best known to many for its annual "Santa Tracker," last week coordinated further shootdowns of balloons of unknown origin in Alaska and Canada. It also scrambled jet fighters for what turned out to be a false alarm in Montana on Saturday.

Norad was created in 1961 to track the threat of Soviet nuclear missiles aimed over the Arctic. It evolved to tackle evolving terrorist challenges as well as other airborne challenges such as drug enforcement.

"What I don't know is the challenge," Norad chief Gen. Glen VanHerck said at a security conference last summer. He also leads the U.S. Northern Command, which oversees homeland security for the Pentagon.

Gen. VanHerck acknowledged last week that Norad had failed to detect suspected

Chinese surveillance balloons before the recent intrusion and learned about them later from intelligence agencies. The command has missed slow-moving airborne threats before, including a gyrocopter that landed on the grounds of the U.S. Capitol in 2015.

"We did not detect those threats and that's a domain awareness gap that we have to figure out," the general said at a media briefing last week after the Chinese balloon was taken down, declining to offer further details.

Gen. VanHerck said Sunday that Norad had since reset its radar surveillance filters to capture objects flying slower and at different altitudes in the wake of the Chinese balloon. That has triggered more alerts, like those that led to the weekend's shootdowns.

"What we are seeing is very, very small objects that produce a very, very low radar cross-section," he told reporters.

In testimony before Congress, Gen. VanHerck has highlighted emerging cyber threats as well as challenges from space, new hypersonic missiles and uncrewed undersea vehicles.

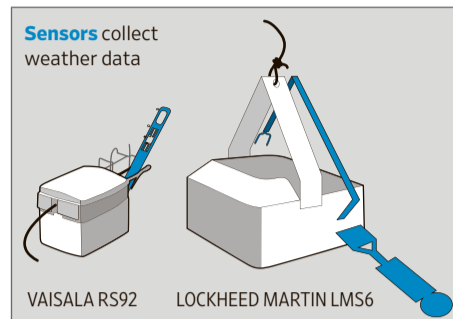
Balloons haven't been mentioned publicly and are absent from the hundreds of pages of documents in which the U.S. military outlines its national defense strategy and its understanding of China's military capabilities.

Norad's command is primarily designed to track objects such as aircraft and missiles flying hundreds or even thousands of miles an hour. The expansion of its remit to drug enforcement included a role that would track airborne objects at any speed.

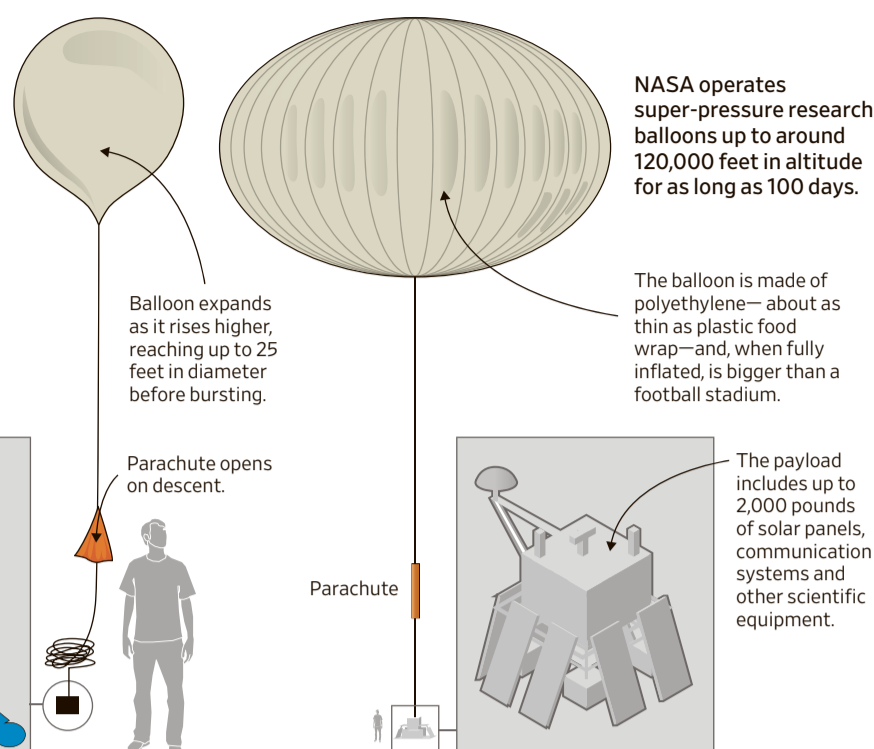
## Flying Assets

Balloons are being used for a growing range of applications.

The National Weather Service launches balloons about 115,000 feet into the atmosphere with one of two types of devices, or radiosondes, to measure temperature, humidity, air pressure and wind patterns.



Note: Not to scale. Sources: National Weather Service; Lockheed Martin; Vaisala (weather balloon); NASA (NASA balloon)



Brian McGill and Adrienne Tong/THE WALL STREET JOURNAL

# U.S. Balloons Aid Research, Intelligence

American military and civilian agencies have flown balloons over the U.S. for a growing range of national security applications, scientific research, intelligence collection and commercial uses, according to industry experts, former officials and government documents.

By *Dustin Volz, James T. Areddy and Eric Miller*

Less known is the extent to which the U.S. has floated balloons over foreign countries, though there are examples in history. In the 1950s during the Cold War, the U.S. flew balloons outfitted with cameras over Soviet airspace, an operation sometimes referred to as Project Moby Dick.

The White House denied any suggestion from China that U.S. high-altitude balloons had flown into its airspace; a spokesman for China's Foreign Ministry said Monday U.S. balloons had flown more than 10 times over its airspace since the start of 2022.

The U.S. government still hasn't publicly identified the origin and use of the several craft that Air Force jets shot down over Canada and the Northern U.S.

That and the diplomatic confrontation with China over the alleged spy balloon the U.S. shot down off the South Carolina coast this month are likely to fuel greater interest from government and the private sector in surveillance balloon manufacturing and detection, analysts said.

"We're seeing the exploitation of near space," said retired Gen. John Jumper, who as Air Force chief of staff in

## Task Force to Study Airborne Objects

WASHINGTON—Amid a baffling series of incidents in which the U.S. has shot down three unidentified flying objects, the White House said Monday it would create a team expected to study airborne objects and the potential security and safety risks they pose.

The new group, created at the behest of national security adviser Jake Sullivan, would include elements of the Pentagon, the Federal Aviation Administration, the Department of Homeland Security and other agencies, U.S. officials said.

The group will look at the "broader policy implications" of the objects for detection, analysis and disposition, said John Kirby, a spokesman for the National Security Council. Mr. Kirby

said there were no other known unidentified objects floating over U.S. airspace on Monday.

But U.S. officials are at a loss to explain what the three objects were, even after closely studying them in the air before shooting them down.

On Sunday, the head of U.S. Northern Command and the North American Aerospace Defense Command wouldn't rule out that the airborne objects the Pentagon has been shooting down are connected to aliens or extraterrestrials. "I'll let the intel community and the counterintelligence community figure that out; I haven't ruled out anything," said Gen. Glen VanHerck.

"There is no, again, no indication of aliens or extraterrestrial activity with these recent take-downs," White House press secretary Karine Jean-Pierre said on Monday.

—Gordon Lubold and Nancy A. Youssef



Norad chief Gen. Glen VanHerck, shown at the Capitol last week, said there is a 'domain awareness gap' in the system.

# Downing Of Objects Defended

Continued from Page One

Sunday. Officials said they still haven't determined exactly what they were destroying, but defended the decision to shoot them down.

The three unidentified objects were flying at altitudes of 20,000 to 40,000 feet—much lower than the suspected Chinese spy balloon—and posed a hazard to civilian air traffic, National Security Council spokesman John Kirby said. "Because we have not yet been able to definitively assess what these most recent objects are, we acted out of an abundance of caution to protect our security, our interest, and flight safety," Mr. Kirby said.

No debris from the three most recent objects shot down has been recovered, U.S. Defense Secretary Lloyd Austin said in Brussels on Monday, and none of these targets have been linked to China.

Beijing said its balloon was for research purposes. Mr. Kirby disputed that, saying the People's Republic of China was operating a sophisticated surveillance program. "We know that these PRC surveillance balloons have crossed over dozens of countries on multiple continents around the world, including some of our closest allies and partners," he said.

Lt. Gen. Alexus Grynkeiwich, the top U.S. Air Force commander for the Middle East,

said separately that the U.S. had detected a Chinese balloon in that region last year. The balloon didn't pass near U.S. military bases in the region, and it wasn't clear if it was a surveillance or weather balloon, Gen. Grynkeiwich said at a seminar Monday. He declined to elaborate.

Amid heightened concerns, President Biden directed the intelligence community Monday to take a wider look at airborne phenomena and created a multi-agency task force including the Pentagon, the Department of Homeland Security and Federal Aviation Administration to look at the security and policy implications of the airborne objects.

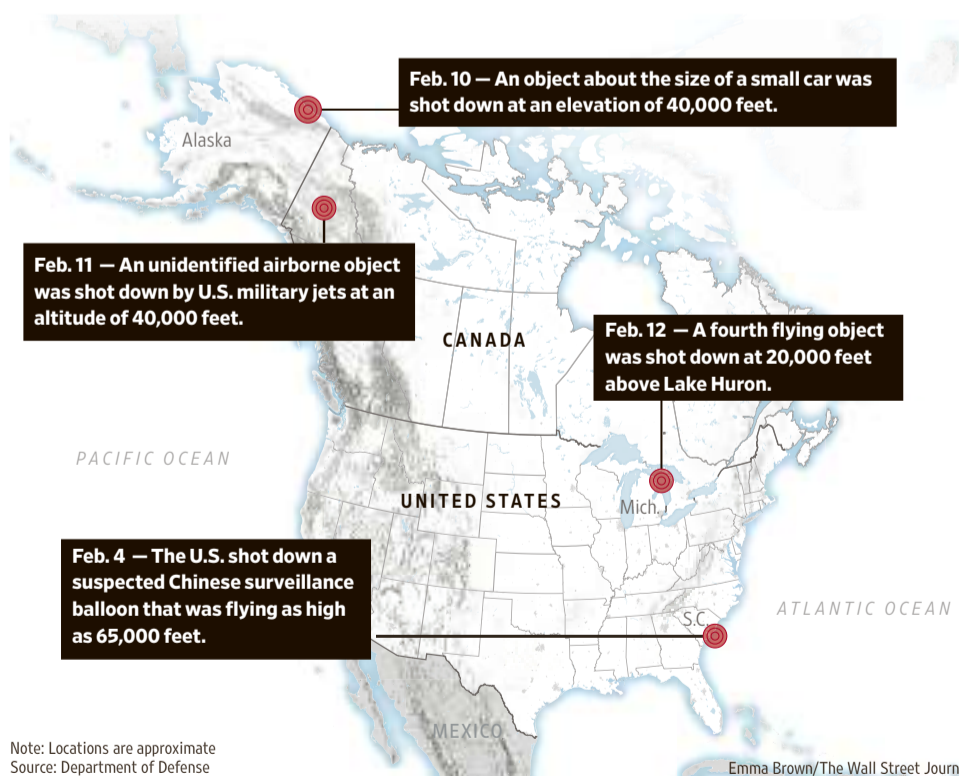
Earlier Monday, China Foreign Ministry spokesman Wang Wenbin said U.S. balloons regularly flew through other countries' airspace without permission. It is the first time China has made such an accusation since the suspected Chinese surveillance balloon was spotted over the U.S. earlier this month and later shot down off the coast of South Carolina.

"The first thing the U.S. needs to do is change its ways and reflect on itself, and not to smear and incite confrontation," Mr. Wang said.

Mr. Wang didn't provide details on how China responded to the alleged U.S. balloon flights at the time beyond saying that China had dealt with the matter responsibly and professionally. He said the U.S. had acted without authorization from China.

Mr. Kirby denied that the U.S. operated balloons in Chinese airspace.

Norad chief Gen. Glen VanHerck said Sunday that Norad has reset its radar surveillance filters to capture objects flying



slower and at different altitudes in the wake of the Chinese balloon. That has triggered more alerts, like those that led to the weekend's shootdowns. "What we are seeing is very, very small objects that produce a very, very low radar cross-section," he said.

Gen. VanHerck said it was unclear whether the objects shot down over the weekend were powered, and how they stayed aloft. Defense officials said they would continue tracking and potentially shooting down objects, even as officials are unsure about what they are taking down.

The military also has so far not released photos of the objects captured by fighter jets

flying near them. U.S. and Canadian officials said they are working on identifying the objects and their origin.

Recovery operations for the three most recent objects shot down were under way Monday. Norad said recovery efforts for the craft shot down near Deadhorse, Alaska, Friday were being hampered by severe weather conditions and limited daylight.

U.S. and Canadian authorities were working jointly to recover debris from the object shot down Saturday over the Yukon territory and the craft shot down Sunday over Lake Huron, which is bounded by Michigan and Canada. U.S. officials said that craft appeared to have landed in Canadian waters.

scientific and commercial applications, people in the industry say. In the field of astrobiology, balloons study microorganisms called magnetotactic bacteria that live in the atmosphere and can endure extreme conditions.

World View Enterprises Inc., a Tucson, Ariz., company that says it has launched more than 120 high-altitude balloon missions in the last decade, rigs balloons with cameras to inspect natural-gas and oil pipelines and sensors to sniff the atmosphere for traces of gases. Balloons hover far closer to Earth than satellites' orbits, enabling them to gather higher quality data, said Ryan M. Hartman, president and chief executive officer of World View Enterprises.

"Now the stratosphere is very clearly a new and contested domain," says Mr. Hartman. "We call it the stratosphere economy."

firming it has tracked three high-altitude balloons in recent years. In January last year, a Japanese reconnaissance plane monitored a balloon as it passed close to the southern island of Kyushu. Balloons were also spotted over northern Japan in 2020 and 2021, government officials said. Japan didn't identify where it thought the balloons had come from or their purpose.

A government spokesman declined to comment on specific cases but said Japan had the option of taking military action against balloons if necessary. Asked at a news conference if Tokyo might need U.S. F-22 aircraft to shoot down balloons because they can operate at high altitudes, the spokesman said Japan didn't anticipate asking the U.S. for help.

Separately, China's Foreign Ministry confirmed that China's top diplomat, Wang Yi, plans to give a speech at the Munich Security Conference during a visit to Europe beginning Tuesday. Mr. Wang also plans to visit Russia during the trip, the ministry said.

Secretary of State Antony Blinken is expected to attend the Munich Security Conference alongside Vice President Kamala Harris as part of a visit to Europe, officials said. Neither the White House nor the State Department has announced plans for a high-level meeting with the Chinese side.

"If it has the opportunity to be constructive and useful, of course that's something that we would take a look at," a State Department spokesman said.

—Paul Vieira, Alastair Gale, Doug Cameron, Michael R. Gordon, Will Mauldin and Catherine Lucey contributed to this article.

U.S. NEWS

# Sen. Scott Prepares for Republican Presidential Run

By ELIZA COLLINS

South Carolina Sen. Tim Scott is taking steps to run for president, people familiar with his plans said, adding to the stable of Republicans looking to wrest the party mantle from former President Donald Trump.

Mr. Scott, the only Black Republican in the Senate, is testing a message with GOP voters in key early states focused on unity and optimism as some Republicans say it is time to move on from the Trump era. Mr. Trump has announced a bid for president in the 2024 election.

Jennifer DeCasper, a Scott senior adviser, said he was “excited to share his vision of hope and opportunity and hear the American people’s response.”

What isn’t clear yet, some close to Mr. Scott acknowledge, is whether the GOP base is interested in that message.

While his voting record regularly ranks among the most conservative in the Senate, Mr. Scott has sought to position himself as a key GOP voice on some of the toughest issues facing America, whether it is police violence or creating more economic opportunities for minorities. Still, he is a relatively unknown quantity with average voters and in addition to competing with Mr. Trump will be challenged by several other candidates.

He is scheduled to speak Thursday in his home state at a county GOP dinner celebrating Black History Month—one day after a fellow South Carolina Republican, former Gov. Nikki Haley, announces her own bid—and later this month in Iowa. Iowa is the first state in the Republican nominating process, and South Carolina is the third.

Mr. Scott, who grew up poor and struggled in school, has said the support of his mom and a mentor, a Chick-fil-A operator named John Moniz, turned his life around. Before he became a senator he served in the Charleston County Council, South Carolina state House and in the U.S. House.

The people close to Mr. Scott said the challenge is getting his name identification up in a race that is expected to include several prominent Republicans, along with Mr. Trump and Ms. Haley. Florida Gov. Ron DeSantis, who is expected to join the nomination race after his state’s legislative session wraps in May, is first

or second, alongside Mr. Trump, in many polls of the potential GOP field.

After disappointing GOP results in the 2018, 2020 and 2022 elections, some Republicans have said it is time to move on from Mr. Trump. Most candidates who embraced Mr. Trump and his false claims of election fraud in 2020 lost their competitive races last year. After the 2020 election, Mr. Scott voted to certify Joe Biden’s presidential win.

Mr. Scott has been discussed as a potential presidential candidate for several years. He was the 2021 Republican chosen to respond to

President Biden’s address to Congress and has proved to be a strong fundraiser. He pulled in over \$51 million during his last term.

Mr. Scott was the key Republican lawmaker involved in failed policing-overhaul negotiations in 2021, The Wall Street Journal first reported. Mr. Scott, Sen. Cory Booker (D., N.J.), and former Rep. Karen Bass (D., Calif.) were unable to resolve deep differences over how police officers should be prosecuted and held liable, including whether to change or eliminate a legal doctrine known as qualified immunity that shields officers from lawsuits.



Senator Tim Scott, shown last week on Capitol Hill, has been discussed as a potential presidential candidate for several years.

AL DRAGO/BLOOMBERG NEWS



## U.S. WATCH

WASHINGTON, D.C.

### Architect of Capitol Is Fired by Biden

The White House said President Biden fired the U.S. Architect of the Capitol Brett Blanton amid accusations by an internal watchdog that he misused government vehicles and impersonated a police officer.

The Architect of the Capitol runs a federal agency of about 2,400 workers responsible for the operations and care of the U.S. Capitol complex as well as the Supreme Court and the Library of Congress. The official also sits on the board of the Capitol Police alongside the chief of the Capitol Police and the House and Senate sergeants-at-arms.

“I wholeheartedly reject any association that I have engaged in unethical behavior during my service to this country,” Mr. Blanton told lawmakers at a House hearing last week. Mr. Blanton couldn’t be reached to comment on Monday.

Calls for Mr. Blanton’s resignation come after the Architect of the Capitol’s internal watchdog said in an October report that Mr. Blanton routinely misused government vehicles for personal use, including for weekend getaways to a craft brewery and out-of-town trips to as far as Florida. He also impersonated a law-enforcement official to pursue the alleged culprit behind a hit-and-run incident in front of his home in June 2020 that damaged a car belonging to his daughter’s boyfriend, according to the report. Mr. Blanton denied representing himself as law enforcement, the report said.

—Andrew Ackerman

NEW YORK

### Driver Hits People At Several Locations

New York City police officers detained the driver of a U-Haul truck that struck pedestrians on Monday in Brooklyn, officials said, leaving one person dead.

Eight people, including one police officer, were injured at multiple locations in what New York Police Department Commissioner Keechant Sewell called a “violent rampage.” A 44-year-old man who was struck suffered head injuries and was later pronounced dead, police said. The other seven injured people were in stable condition, police said.

The 62-year-old driver was taken into custody, the NYPD said. Ms. Sewell declined to identify the driver and said police were investigating his motive.

—Jimmy Vielkind

# DIRECT FROM PRATT

- 100% recycled packaging
- Just upload your logo — we’ll do the rest



SCAN THE CODE TO GET 30% OFF WITH A MINIMUM QUANTITY OF 100



www.pratt.com

## WORLD NEWS

# Kremlin Claims Advances in Ukraine

Video emerges apparently showing execution of alleged Wagner defector

By IAN LOVETT  
AND GEORGI KANTCHEV

KYIV, Ukraine—Russia claimed further advances along the front line in Ukraine on Monday, as Western intelligence said the Kremlin's forces have strengthened defensive positions in the country's southern Zaporizhzhia region. Meanwhile, footage showing a member of Russia's Wagner Group using a sledgeham-

mer to execute one of its mercenaries who tried to defect to Ukraine was posted to the Grey Zone Telegram channel, an account affiliated with the Russian paramilitary organization.

Another video posted on the channel later Monday showed the man alive, though it wasn't clear when either video was filmed. The videos seem to be an effort to bolster Wagner's reputation for brutality and deter any other fighters from surrendering to Ukraine. The videos haven't been independently verified by The Wall Street Journal.

The Russian Ministry of Defense said Monday that its

troops pushed forward "a few kilometers," breaking through Ukrainian resistance at the front line. The ministry also said Russian forces took the settlement of Krasna Hora, north of the embattled city of Bakhmut. On Sunday, Wagner said its troops took the settlement—home to about 600 people before Russia's invasion—without help from regular Russian forces.

Wagner's founder Yevgeny Prigozhin recently has sparred with Moscow's military bureaucracy. He repeatedly has boasted that Wagner—not regular Russian troops—are responsible for the gains Moscow has made in Ukraine's

east in recent months.

Ukrainian military officials said Monday their forces repelled Russian attacks in the east and south, including around Bakhmut where Ukraine has held out during months of fighting. Kyiv didn't respond to a request to comment on Russia's alleged advances.

Though Moscow continues to make territorial gains in eastern Ukraine, progress in its efforts to encircle Bakhmut has been slow and costly. Ukrainian soldiers in the area say they are outnumbered by as much as 10-to-1 in some positions but that the Russians are willing to take huge casualties to claim sometimes only

a block or two in the city.

While the Russian offensive continues in the east, Moscow has been shoring up defensive positions along the front line in the Zaporizhzhia region, according to the U.K. Defense Ministry, citing open-source images.

"Despite the current operational focus on central Donbas, Russia remains concerned about guarding the extremities of its extended front line," the ministry said. "This is demonstrated by continued construction of defensive fortifications in Zaporizhzhia and Luhansk oblasts and deployments of personnel."

If the Ukrainians launch an

offensive in the Zaporizhzhia region, the ministry wrote, it would threaten Moscow's land bridge to Crimea, one of the notable gains Russian President Vladimir Putin can claim in the first year of the war.

"Deciding which of these threats to prioritize countering is likely one of the central dilemmas for Russian operational planners," the ministry said.

At a news conference Monday, North Atlantic Treaty Organization Secretary-General Jens Stoltenberg said: "Key capabilities like ammunition, fuel, and spare parts must reach Ukraine before Russia can seize the initiative on the battlefield. Speed will save lives."



A Ukrainian soldier on the outskirts of Bakhmut last month. Ukraine is hoping to buy time until better Western weaponry arrives.

## Kyiv Faces Bakhmut Dilemma

Continued from Page One

and suffer heavy losses it could erode domestic and international confidence in President Volodymyr Zelensky's administration.

Pavlo Kyrylenko, the head of the regional military administration for the Donetsk region, where Bakhmut is located, said Kyiv was striking a balance between standing firm and not sacrificing soldiers in vain. "We will not cover the land with heaps of our soldiers' bodies," Mr. Kyrylenko, Mr. Zelensky's top appointee in the region, said in an interview.

The dilemma comes at a critical moment in the war. Russia plugged its lines with draftees and criminals late last year after Ukraine reclaimed swaths of territory, and Moscow is now starting to inch forward.

Ukraine has warned that Russia is building up to a renewed onslaught to coincide with the one-year mark of its invasion this month. In recent weeks, Russia has redoubled efforts to break through Ukrainian defenses in the east—not only in Bakhmut, but also farther north around Lyman and south in Vuhledar.

An adviser to Ukraine's president said last week that Russia's offensive was already under way. "This is it," Mykhailo Podolyak told a Ukrainian television channel. "It has already started." Soldiers along a southern stretch of the front line in the Donetsk

region said Russian forces were probing their lines, but doubted their capability to mount a broader assault.

The West has pledged to supply Ukraine with new weaponry, including main battle tanks, but that equipment is some way off. Ukrainian troops training in Germany are expected to complete their training and return to Ukraine with their machines at the end of March.

Ukraine has faced a situation like this before. In Severodonetsk, Ukrainian forces retreated to avoid encirclement last June, crossing a river in boats after heavy street fighting took a heavy toll. Russia's offensive soon lost momentum and Ukrainian forces counterattacked.

In Bakhmut, once more, Ukraine is facing the delicate balance between holding ground and preserving military lives to fight another day. Mr. Zelensky has vowed not to surrender "Fortress Bakhmut." Mykhailo Koval, a senior commander on the section of the front that includes Bakhmut, said in an interview that Ukrainian forces were prepared to fight street by street if necessary.

After months of failed head-on attacks on Bakhmut, Russian forces began moving to encircle it last month. Wagner Group, a paramilitary force, has spearheaded an advance toward the highway running into the town from the northeast. To the south, there is fierce fighting over the village of Ivanivske, which sits astride the other main route into Bakhmut for Ukrainian forces.

With both those roads within range of Russian artillery, the hilltop village of Chasiv Yar is now the last re-

maining gateway to Bakhmut.

On the road leading toward the town, a group of soldiers heading into battle remained confident: "Our mission is not to let Bakhmut be taken," a soldier said. "It's ours."

Two women from Bakhmut said Ukrainian forces inside the town were vowing to hold out. After collecting their pensions in Chasiv Yar, where Ukraine has moved much of its administrative services for Bakhmut, they said they planned to return to their battered hometown, barely flinching at the sound of incoming rockets.

As long as Ukraine's logistics remain intact, Mr.

**Heavy losses on both sides have increased Bakhmut's symbolic value.**

Kyrylenko said it made sense to continue fighting, estimating that several hundred Russian forces were being killed a day. "The aim is to exhaust and kill as many of them as possible," he said.

The scale of the losses on the Ukrainian side is closely guarded, but Moscow's decision to mobilize some 300,000 troops last fall has given Russia a manpower advantage. Exhausted Ukrainian troops are being overwhelmed by fresh Russian recruits in some places, soldiers say.

Heavy losses on both sides have only increased Bakhmut's symbolic value, raising the costs of a retreat. A popular Ukrainian rock group has composed a song called "Fortress Bakhmut."

After six days on the front line, a group of soldiers from Ukraine's 51st Guards Mechanized Brigade said they had been pulled back after taking heavy casualties in the village of Ivanivske. "It's not worth it," one of the men said.

Gen. Koval acknowledged some personnel issues. One battalion of draftees withdrew without warning in December, he said, leaving a dangerous gap in the lines. The general and his commander sent reinforcements there to plug the hole just in time.

The aim is to prevent a Russian breakthrough or a cascading withdrawal that could damage morale, Gen. Koval said. "If you let people relax and start giving up their positions, it will go in a wave."

At a base west of Bakhmut, the commander of an artillery unit with Ukraine's territorial defense forces said Russia's overwhelming firepower had forced them to pull back just over half a mile. "Sadly we are at a disadvantage," the commander said.

On his phone, he showed drone footage of two shattered streets on the northeastern edge of Bakhmut where Russian forces gained a foothold two weeks ago. His unit had prevented Russian forces from advancing any farther into the town, he said, even as they gain ground on the outskirts.

The Russian military is playing a long game, Gen. Koval said, but for Ukrainians it is a question of life or death.

"We understand clearly that if the Russians take over then all patriots will be strung up," he said. "In the best case we'll be sent to Siberia and in the worst buried in the woods and our remains exhumed years later."

## Moldova's Leader Says Moscow Planning Coup

By JAMES HOOKWAY

Moldova's pro-European president accused Russia of trying to overthrow its democratic system and open a fresh front in Moscow's war on Ukraine.

In a televised address, President Maia Sandu said Moldovan authorities confirmed details of an alleged Russian plot to co-opt the former Soviet republic that Ukraine's President Volodymyr Zelensky laid out to European Union leaders in Brussels last week.

Mr. Zelensky said Kyiv intercepted Russian intelligence plans to topple Moldova's leadership and democratic system of government, and promote pro-Russian forces on Ukraine's southwestern border.

On Monday, Ms. Sandu said Moldovan security forces stopped an initial plan to seize control last fall, preventing pro-Moscow factions from using widespread protests over rising energy prices to force the fall of the government.

The next phase, Ms. Sandu said, involved sending people with military training, including citizens from Russia, Serbia, Montenegro and Belarus, in addition to local criminal groups, to attack government buildings or even take hostages to force a change of government.

"The purpose of these actions," she said, "is to overthrow the constitutional order, to change the legitimate power from Chisinau with an illegitimate one, which would put our country at the disposal of Russia, and would stop the process of our European integration, so that Moldova can be used by Russia in the war against Ukraine."

Russian officials haven't publicly commented on Ms. Sandu's allegations.

In Washington, John Kirby, a spokesman for the National Security Council, said he had "no independent confirmation" of any alleged plot but added: "We're certainly not questioning their capacity, the will of the Russians and [Russian President Vladimir] Putin

to try to do that...it's perfectly right, a page out of his playbook."

Relations between Moldova and Russia have worsened after successive Moldovan governments have tried to draw the country and its 2.5-million people closer to Europe.

Moldova cooperates closely with the North Atlantic Treaty Organization, and in June was awarded candidate status by the European Union, along with Ukraine.

Some pro-Western politicians have raised questions about Russia's long-term intentions toward Moldova. The breakaway region of Transnistria, a thin strip of land along its border with Ukraine, is run by a pro-Russian administration and is a base for Russian troops. Russia's foreign minister recently warned Moldova is risking the same fate as Ukraine by allowing the West to draw it closer to Europe.

Moldova's prime minister, a close ally of Ms. Sandu who handled the day-to-day running of the government, resigned Friday amid the worsening economic fallout from the war in Ukraine, which has seen inflation surge to 30% after Russia squeezed natural-gas supplies, triggering widespread protests.

Moldova has suffered power cuts after Russian attacks on the electrical grid in Ukraine, while an influx of refugees has strained public services.

On Friday, the Moldovan and Romanian defense ministries said Russia fired a cruise missile from a warship in the Black Sea through Moldovan airspace en route to a target in Ukraine, adding to concerns about how the war is spilling over Ukraine's borders.

The new candidate for prime minister of Moldova, who is still to be confirmed by the country's Parliament, is another pro-West politician, Dorin Recean, a former interior minister who serves as Ms. Sandu's defense adviser.

—Ken Thomas  
in Washington  
contributed to this article.



At a news briefing, President Sandu said security forces stopped Russia from taking control of the Moldovan government last fall.

## Italy's Berlusconi Criticizes Zelensky, Sparking a Firestorm in Rome



Silvio Berlusconi blames President Zelensky for invasion.

By MARGHERITA STANCATI

ROME—Former Italian Premier Silvio Berlusconi, a member of Italy's right-wing governing coalition, blamed Ukrainian President Volodymyr Zelensky for Russia's Ukraine invasion. He told reporters that, if Mr. Zelensky had stopped attacking Russian-backed separatist forces in eastern Ukraine, "none of this would have happened."

Russia fomented and armed a separatist rebellion and covertly invaded eastern Ukraine in 2014, leading to years of low-level war with Kyiv before Moscow launched its full-scale invasion last year. Mr. Zelensky

was elected president in 2019.

"My judgment of this man's behavior is very, very negative," said Mr. Berlusconi, who was notably silent about Russian President Vladimir Putin—who he has long boasted is a personal friend. It was the Italian politician's most explicit attempt so far to shift the blame for Russia's invasion.

Mr. Berlusconi's comments ignited a furor in Rome. Italian Prime Minister Giorgia Meloni responded with a terse statement that reiterated her government's "firm and staunch" policy of aiding Ukraine's self-defense. She made no mention of the 86-year-old Mr. Ber-

lusconi, who also criticized her for meeting with Mr. Zelensky at last week in Brussels.

Ms. Meloni has made Italy's steadfast support for Ukraine a cornerstone of her foreign policy. Her government backed financial aid and weapons deliveries to Kyiv. But her junior coalition allies—Mr. Berlusconi and Matteo Salvini of the anti-immigration League party—have never been fully on board, questioning sanctions on Russia and the extent of aid for Ukraine.

Italy continues to be a test case for Europe's unity on Russia. While sympathy for Ukraine remains widespread among Europeans, support for

increased military aid has slipped, polls show. In Italy, a majority oppose providing air-defense systems and other weapons to Ukraine, an Ipsos survey in December found.

Mr. Berlusconi's comments come as Italians in the country's two most populous regions—Lazio and Lombardy—are voting to elect local governments. It is the first electoral test for Italian parties since September's national elections, which saw Ms. Meloni's Brothers of Italy party overtake other conservative parties to secure 26% of the vote. Messrs. Berlusconi and Salvini want to reclaim some of those votes but

are struggling, with polls showing that support for Brothers of Italy is up at about 30%.

Mr. Berlusconi's public broadside against Mr. Zelensky on Sunday shows that the Kremlin's narrative about the war continues to have some high-level support in European capitals.

The Rome government is unlikely to break with its European allies and the U.S. over Ukraine, for fear of leaving Italy politically isolated within the West. But the disagreements within Italy's ruling coalition have become more apparent recently, raising a headache for Ms. Meloni and questions about the cohesiveness of her coalition.

## WORLD NEWS

## Manila Says China's Laser Stymied Crew

By FELIZ SOLOMON

China's coast guard used a military-grade laser to disrupt a resupply mission by the Philippines in the South China Sea, Philippine authorities said, the latest in a series of encounters that have raised tensions in the disputed waterway.

The Philippine coast guard said in a statement Monday that Chinese coast guard vessels accompanied by boats belonging to China's maritime militia created a blockade Feb. 6 around an atoll known as Second Thomas Shoal, which China also claims. The statement said the Chinese vessels deliberately prevented Philippine vessels from reaching an outpost there that has been a source of contention between the two nations in the past.

A Philippine coast guard vessel was escorting the mission to deliver food and supplies to the BRP Sierra Madre, a World War II-era ship that was run aground in 1999 and has since been used as an outpost to uphold Philippine control over the shoal. As they neared the area, one Chinese coast guard vessel twice flashed a green light toward a Philippine vessel and temporarily blinded crew, the Philippine coast guard said.

"The deliberate blocking of the Philippine government ships to deliver food and sup-

plies to our military personnel on board the BRP Sierra Madre is a blatant disregard for, and a clear violation of, Philippine sovereign rights," the Philippine Coast Guard said. The Chinese ship "also made dangerous maneuvers by approaching about 150 yards" from the Philippine ship, it said.

China's foreign ministry spokesman, Wang Wenbin, said Chinese personnel acted with professional restraint and avoided action that could complicate the situation. He said the countries are in communication through diplomatic channels.

An earlier resupply mission to the outpost last August was also blocked by the Chinese coast guard, but this was the first time Philippine authorities have publicly alleged the use of lasers to disrupt them.

China claims almost all of the South China Sea, a resource-rich and strategically important waterway. But Beijing's claims overlap with several other countries including the Philippines.

After a 2012 confrontation in which China seized control over another shoal controlled by the Philippines, Manila challenged Beijing at the Permanent Court of Arbitration in The Hague—which issued a landmark ruling in 2016 that China's claims were legally baseless. China has dismissed the ruling.



Israeli security reinforces fencing outside the Knesset in Jerusalem as tens of thousands protest changes to the judicial system.

## Israeli Court Overhaul Moves Ahead

By AARON BOXERMAN  
AND YARDENA SCHWARTZ

JERUSALEM—Prime Minister Benjamin Netanyahu's right-wing government advanced legislation Monday that would overhaul the country's top court, drawing tens of thousands of Israelis to protest the proposal in front of the parliament, or Knesset, as workers across the country went on a general strike.

The proposed changes would allow a simple majority of lawmakers to overturn Supreme Court decisions and dominate the committee that appoints judges. The political opposition, as well as top high-court officials, have said the proposal gives the ruling coalition unchecked power.

Israel has a limited system of checks and balances, with its top court playing the leading role in checking the power of the legislative and executive branch.

"We won't stay home while they turn Israel into a dark dictatorship and silence us," opposition leader Yair Lapid told a crowd waving blue-and-white Israeli flags in front of

the Knesset.

Supporters of the proposal, including Mr. Netanyahu, argue that Israel's top court is controlled by left-wing, activist justices who strike down laws supported by the majority of the country.

"We have a historic opportunity to correct old wrongs [and] restore trust in the justice system," Simcha Rothman, the coalition's point man for the reforms in the Knesset, said Monday morning.

The proposal has drawn sharp criticism from Israel's business community, especially its powerful technology sector. Top economists have warned that the proposed changes would weaken the independence of Israel's courts and could hurt its economy. Hundreds of businesses, mostly tech companies and law firms, said they backed the strike and encouraged their employees to take part in the protests. Israel's largest trade union, the Histadrut, didn't take a public stance.

At least 80,000 Israelis participated in protests outside the Knesset on Monday, Israeli media reported, citing police

estimates. Israeli police declined to provide a precise figure. The protests' organizers claimed at least 300,000 participated.

"We're saying no to the attempt by Netanyahu and his gang to change the system of this government from a democracy to something that looks much more like a dictatorship," said Jerusalem-based tech investor Erel Margalit,

**Economists warn the changes would weaken the courts, could hurt economy.**

who joined Monday's protests.

Mr. Netanyahu's coalition comprises right-wing and religious lawmakers, many of whom campaigned on judicial reform. Mr. Netanyahu's allies have said they hope to pass several laws struck down by the Supreme Court, including a law formalizing a longstanding exemption for ultra-Orthodox students from army service.

The coalition is set to pass two major elements of the reform through a key Knesset committee on Monday. Coalition officials say they would hold the first of three votes in the Knesset necessary to enact them into law in the coming days.

Jerusalem's train station was packed with demonstrators coming from across the country early Monday, hours before the rallies were set to begin. Cheering "democracy," hundreds packed into the escalators, waving Israeli flags and heading for the Knesset.

Shay Shidlovsky, a 32-year-old engineer, traveled to the protest from Beersheba in Israel's southern Negev Desert.

Should the reforms pass "there will be chaos here," said Mr. Shidlovsky, whose wife and child accompanied him to Jerusalem to demonstrate.

Unlike many Western countries, Israel doesn't have a formal constitution. Instead, the court bases its decisions on evolving Israeli precedent and a series of basic laws, which provide quasi-constitutional powers.



The Philippines say this photo shows a military-grade laser light from a Chinese coast guard ship in the South China Sea.

## Wagner Group Aims to Bolster Putin's Influence in Africa

By BENOIT FAUCON  
AND JOE PARKINSON

As Wagner fighters play a central role in Russia's war in Ukraine, the Russian mercenary group is quietly expanding its alliances in Africa, say European officials, penetrating new mineral-rich areas, exploiting the exit of Western powers and creating alliances with local fighters.

Wagner fighters and instructors are working with the government of the Central African Republic in a bid to seize areas rich with precious minerals that could be exported through Sudan, say Western security officials. Wagner also wants to expand its influence in Burkina Faso and Ivory Coast, while consolidating its relationship with the military junta in Mali.

In recent years, Wagner—with the Kremlin's support—has steadily expanded its political, military and economic influence in Africa. In turn, many African countries have declined to condemn Russia's invasion of Ukraine or join Western sanctions against Moscow.

Wagner's growing influence in Africa is helping isolated Russian President Vladimir Putin project power and raise revenue overseas. Since 2018, the group—led by Yevgeny Prigozhin, a close ally of Mr. Putin—has signed security and military

assistance contracts with the governments of the Central African Republic and Mali, and a Libyan faction, and has secured lucrative mining concessions.

With about 5,000 men stationed across Africa, Wagner's footprint is nearly as large as the U.S.'s 6,000 troops and support personnel on the continent.

In a report to be released this week, and reviewed by The Wall Street Journal, the United Nations said Russian instructors have worked with local soldiers in the Central African Republic to launch offensives aimed at unseating rebels and gaining control over at least four areas known for artisanal diamond mining. The U.S. and French governments say those Russian instructors are members of Wagner.

The push aims to create a corridor from Wagner-controlled mines in the Central African Republic through Sudan, where the group works with a local strongman, and onto the mineral trading hub of Dubai, say Western security officials.

The U.N. report, written by the U.N. Security Council's panel monitoring sanctions on the Central African Republic, said the Russian instructors and the African country's soldiers conducted one offensive against rebels last April in Bria, in the nation's southeast.

In turn, that fighting desta-

bilized the community and helped cause a wave of kidnappings, the report said. In December, Central African Republic soldiers and the Russians clashed with local rebels in Aigbando, another major diamond area not far from Bria. Central African Republic didn't return requests to comment.

In recent weeks, Wagner has been holding talks for a new security contract with Burkina Faso, where the military government last month asked troops from France, the former colonial power, to leave after a decade fighting Islamic insurgents, say current and former European security officials.

Western intelligence officials say Wagner also is training Christian rebels from Chad, whose government has close ties to France.

Last month Mr. Prigozhin said sending fighters to Africa is "absolutely necessary."

"There are presidents to whom I gave my word that I would defend them," he said on his Telegram channel. "If I now withdraw one hundred, two hundred or five hundred fighters from there, then this country will simply cease to exist."

One senior U.S. official said the group's revenue from Africa is hard to determine. However, "the direction of travel in Africa is clear," the official said. "They need to be stopped."



A private security guard from the Russian group Wagner wore a mask as he stood next to a Central African Republic soldier during a rally in the country's capital, Bangui, in March.



### The Gift of Glow

LIGHT UP HER LOOK WITH OUR  
18KT GOLD CUBAN-LINK NECKLACE

**\$1,495**  
Compare at \$1,995

Crafted in Italy, our striking 18kt gold graduated necklace puts high shine on full display with classic Cuban links. Indulge your Valentine with this superb statement.

Available in 18" \$1,495 and 20" \$1,595  
Shown larger for detail.

## ROSS SIMONS

Fine Jewelry | Fabulous Prices

**FREE EXPRESS SHIPPING — ORDER TODAY!**  
To receive this special offer, use code: **BEAUTY64**  
1.800.556.7376 or visit [ross-simons.com/beauty](http://ross-simons.com/beauty)  
Item #797365



## FROM PAGE ONE

## China's Recovery Looks Local

Continued from Page One  
reled away cash during lockdowns. But consumer confidence remains low. While wealthier Chinese are opening their wallets, many others are choosing to save more than spend.

Early indications suggest the biggest effects of China's rebound will be felt at home, rather than abroad. Official data, including business surveys, sales and public transit numbers, suggest the strongest growth will come from service industries such as restaurants, bars and travel.

That means that while an accelerating China is good news for fragile global growth, especially as the U.S. and Europe are set to slow, the direct effects of its revival will likely be less pronounced elsewhere than in the stimulus-led expansions of the past.

"China will deliver a powerful economic recovery, but the growth spillover to the rest of the world will be much more muted in this cycle because of the nature of the economic rebound," said Frederic Neumann, chief Asia economist at HSBC.

The U.S. economy is unlikely to feel much benefit at all, some analysts say, since it has limited exposure to China's service industries. U.S. growth might even be squeezed if China's reopening pushes up demand for energy and raises global energy prices, adding to inflationary pressures.

### Global growth

China's economy is set to expand 5.2% in 2023, according to the International Monetary Fund's latest forecasts, easily outpacing the 1.4% growth rate expected in the U.S. and 0.7% in Europe's 20-nation common currency area.

The IMF predicts China will account for around a third of global growth this year, compared with just 10% for the U.S. and Europe combined. That would take China back to the kind of share it had in the five years before the pandemic, IMF data show. In 2022, when the U.S. grew at 2.1%, China's economy expanded 3%, its second-worst performance since the death of Mao Zedong in 1976. China's share of global growth sank to 16%.

"It's so important that China rebounds this year because the U.S. and Europe are expected to slow down sharply," said Hoe Ee Khor, chief economist at the Asean+3 Macroeconomic Research Office, an economic re-

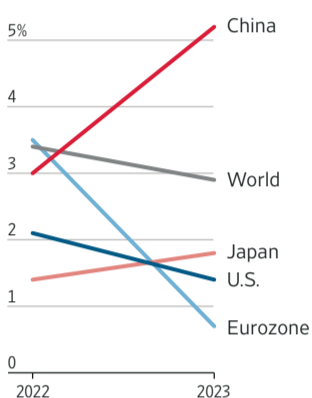


Travelers from China arrived at Ngurah Rai International Airport in Bali, Indonesia, last month after direct flights resumed.

### Shallow Ripples

China's economy is forecast to rebound due to renewed consumer spending...

#### Annual change in GDP\*



\*Estimates for 2022, except U.S. which is actual GDP; projections for 2023  
Sources: U.S. Bureau of Economic Analysis (U.S. 2022 GDP); IMF (2023 GDP); Fathom Consulting (savings); Goldman Sachs Global Investment Research (reopening impact)

search organization that provides policy advice and technical assistance to economies in East and Southeast Asia. "It provides the support that's missing among those three pillars."

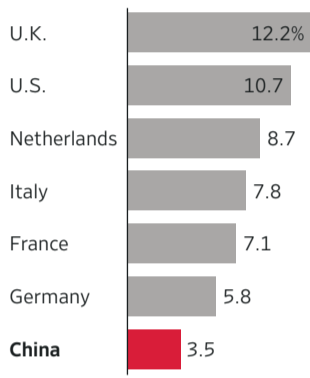
Wealthier Chinese could help boost the global economy with spending on European luxury goods and vacations in places such as Southeast Asia. Swiss watchmaker Swatch Group AG said in January that based on the rebound in sales it experienced in China immediately after reopening, it expects a record year for revenue, powered by sales in China, Hong Kong and Macau as travel resumes.

Bernard Arnault, chairman and chief executive of luxury goods giant LVMH Moët Hennessy Louis Vuitton SE, told analysts and reporters on Jan. 26 that stores are full in Macau. "The change is quite spectacular," he said.

"This is a serious bump for

...but its consumers have less pandemic savings compared with other countries...

#### Excess savings as share of GDP, max. reached during pandemic



everybody," David Calhoun, chief executive officer of Boeing Co., said last month on a call with investors, describing China's reopening as "a major event in aviation." He said the company is aiming to get idled aircraft back in the air and is hopeful on further deliveries to China.

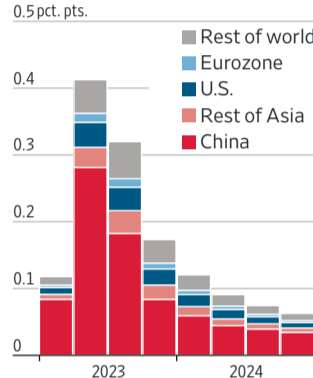
Other companies are more circumspect. Chinese households received far less in fiscal support from their government during the pandemic than workers in advanced economies, and many consumers remain worried about a weak job market and the continuing real-estate slump.

Colgate-Palmolive Co. Chief Executive Officer Noel Wallace told analysts late last month that despite the euphoria about reopening, sales of the company's household goods in China remain soft. "China is a big question mark," he said.

Yum China Holdings Inc.,

...and much of the spending could go to local services, with limited effect abroad.

#### Projected impact of reopening on quarterly GDP growth



which manages restaurant chains including Kentucky Fried Chicken and Pizza Hut in China, said it saw a bump in sales during China's recent Lunar New Year holidays but it is wary about the outlook. "While all these happy improvements are happening, we are also cautious that the value for money, the cautious spending is also happening," Chief Executive Joey Wat said on a Feb. 7 call with analysts.

In previous years of stimulus-fueled growth, when China plowed money into real estate, infrastructure and factories to turn its economy around, its ravenous demand for commodities and machinery was felt all over the world—among tool makers in Germany, copper producers in Latin America, makers of excavators in Japan and coal producers in Australia.

In 2009, China expanded 9.4% thanks to a \$586 billion stimulus package, providing a

powerful counterweight to advanced economies hit hard by the global financial crisis.

Economists at Goldman Sachs estimate China's reopening will add 1 percentage point to global economic growth this year, primarily through higher demand for energy, higher imports and international travel. The biggest beneficiaries are likely to be oil exporters and China's neighbors in Asia, they said.

Modeling by Oxford Economics implies a smaller boost to global growth. The consulting firm said if Chinese gross domestic product grows 5% this year with the end of Covid restrictions, that would lift global growth to just 1.5%, a gain of 0.2 percentage point compared with their previous forecast.

Goldman Sachs estimates the direct effect of China's reopening on U.S. growth to be slightly negative, perhaps shaving about 0.04 percentage point off 2023 growth, as the effect of higher oil prices offsets any increase in exports or tourists. The U.S. and other economies less exposed to the reopening might still benefit from indirect effects, though, if China's revival lifts global trade and business activity overall or contributes to easier financing for households and businesses.

Even if its growth rebounds sharply, underlying issues remain in China's economy. Local governments are saddled with debt, limiting their ability to finance infrastructure spending. China has taken steps to boost the real-estate industry, such as easing lending curbs on overstretched developers, but such policies aren't expected to reverse China's drop in home sales soon because falling prices mean families are still cautious about home purchases, said Tommy Wu, chief

China economist at Commerzbank AG. That will limit China's appetite for commodities such as iron ore, he said.

Other policy goals could weigh on Chinese demand for imports. Beijing is eager to produce more sophisticated capital goods domestically, rather than buy them from Japan and Germany, and has been reining in polluting industries such as steel to meet climate goals.

Steel production fell 2.1% in 2022 from the previous year, and iron ore imports dropped by 1.5%. BHP Group Ltd., the world's largest miner by market value, said in January that it expects China to be a stabilizing force for commodity demand in 2023. But it isn't predicting a rebound to prepandemic rates of growth, saying Chinese steel output will likely plateau this half-decade after what was possibly the peak in production in 2020.

### Domestic travel

While domestic flights in China have picked up quickly, it will take some time before flights to Europe and the U.S. begin to approach prepandemic levels, said Olivier Ponti, vice president insights at ForwardKeys, a consulting firm that tracks travel industry data.

In January, the number of flights to destinations outside mainland China was about 15% of where they were in 2019. The most popular destinations are relatively nearby, including Macau, Hong Kong, Tokyo and Seoul.

For now, Chinese travelers to Thailand, a popular destination, are mostly businesspeople or affluent independent tourists. Thai officials say they expect a slow uptick of visitors as more flight routes open and group tours resume from Feb. 6, but that it could take years for arrivals to return to the levels they were before Covid struck.

China's contribution to the global economy will ultimately depend on the durability of Chinese consumption. For now, even though Chinese households accumulated \$2.6 trillion in fresh savings last year, less than 30% of the money is available to spend straight away. The rest is socked away in long-term savings accounts. The job market is still weak and the real-estate slump is sapping household wealth.

The consumption recovery will be "shallow and short-lived," according to Logan Wright, director of China markets research at Rhodium Group, a research firm based in New York. He predicts that after a quick surge in growth around the second quarter, the recovery in consumer spending will quickly lose steam.

—Nick Kostov, Eric Sylvers, Feliz Solomon, Rhiannon Hoyle and Jeffrey Sparshott contributed to this article.



Left, Covid testing booths transformed into food stalls in Suzhou. Right, a real-estate construction site in Huafan. Many Chinese consumers remain worried about a weak job market and a real-estate slump.



## New Rules In Canada For Digital

Continued from Page One  
YouTube, ByteDance Ltd.'s TikTok, streamers such as Netflix Inc. and Walt Disney Co.'s Disney+, and music service Spotify Technology SA.

The idea, said Peter Menzies, a former official at the Canadian Radio-television and Telecommunications Commission, is to promote Canadian artists, tell Canadian stories and "defend Canada from being completely swamped by American programming."

In other words: more Canada. "I think we're pretty good at what we do, so we should

see a little bit more of us," said Pablo Rodriguez, Canada's heritage minister.

But Ms. Roy and other Canadian YouTube and TikTok creators are concerned that being labeled Canadian would be bad for business. The platforms have said the legislation will compel them to reconfigure their algorithms in Canada to ensure Canadian-made content gets preference over foreign stuff.

The Canadian artists contend this is the opposite of how algorithms are supposed to work: to match content with people's interests.

"People will start to resent Canadian content that is being forced on them," said Justin Tomchuk of Montreal, who makes short animated films he uploads to YouTube under the name Umami. "The algorithm will notice, 'Oh, these Canadian users aren't engaging

with this video so much.' And then, on a global scale, the algorithm could start deprioritizing my videos."

Defenders of the current system, which applies to traditional broadcasting, said Canadian-content rules created an ecosystem that yielded shows such as "Schitt's Creek," "The Kids in the Hall" and "Second City Television," which became hits in the U.S. But Alan Cross, a Canadian radio personality and music historian, said that on the music side, in the 1970s and early 1980s, "a lot of substandard stuff made it to air only because of the quotas."

Under the current rules, officials use a point system to judge whether a song, TV show or film is Canadian. Some rulings have been head-scratchers. A 1991 decision deemed an album by Canadian rocker Bryan Adams, "Waking Up The Neighbours," not Cana-

dian enough. The regulator said that while Mr. Adams was Canadian, his songs didn't qualify because they were co-written by a non-Canadian and recorded in London.

"Second City Television" created the beer-drinking, flannel-wearing characters Bob and Doug McKenzie because the public broadcaster, Canadian Broadcasting Corp., asked for two more minutes of Canada-centric content to meet quotas. Cast member Dave Thomas said in a 1996 CBC interview that he told network executives he could "put up a map of Canada, drink beer, fry back bacon, wear some parkas. Would that be Canadian enough for you?"

At parliamentary hearings last year about the proposed new rules, U.S. streaming companies and studios said the government should exhibit greater flexibility about what

it deems Canadian.

In a hearing about its 2022 animated feature, "Turning Red," executives from Walt Disney noted that the story was set in Toronto, featured a Canadian director and was produced in Canada. The film shows Toronto's CN Tower and its red-and-white streetcars.

The film, however, didn't qualify as Canadian because Disney, a foreign company, owned the rights.

Reynolds Mastin, head of the Canadian Media Producers Association, said he opposes any dilution of current Canadian content rules, including the requirement for domestic ownership of intellectual-property rights. "It would seem very strange that you would put in place a regime to support a Canadian industry and Canadian creators, and then have all the economic long-tail benefits flow to the U.S. and

abroad," he said.

Disney, Netflix and other non-Canadian producers countered that some shows and movies pass as Canadian content even though they are all about the U.S. Some critics cited the documentary "Gotta Love Trump" and the miniseries "The Kennedys."

The Kennedy miniseries was filmed in the Toronto area but starred American actors Katie Holmes and Greg Kinnear. The Trump documentary was produced by a company incorporated in the province of British Columbia.

"As far as I can tell, there is one Canadian interviewed—an immigration consultant in British Columbia—who never reveals he is actually in Canada," said Michael Geist, an internet-law professor at the University of Ottawa and critic of Canada's proposed online law, about the Trump documentary.





**PERSONAL TECHNOLOGY**  
NICOLE NGUYEN

There's one skill all remote workers, workcation-ers, frequent travelers and, frankly, anyone with co-workers in other states or countries must have: the ability to navigate multiple time zones.

It's one I exercise daily. I'm currently based in Paris. My editor is in New York. My family is in California. I am constantly asking myself: *What time is it for them right now? Are they awake? Will this midnight message get lost in their morning deluge?*

To manage the never-ending time warp that is my life, I have a small army of clever clock apps. I've also learned more about hidden settings in Slack, Gmail and other tools. I now organize meetings and schedule messages to land at times when my co-workers are online. I also plan ahead so notifications don't disturb me while I'm fast asleep.

Here are some of my essential tech tools for chaos-free communicating across time zones.

### Converting time zones

► **On desktop:** Time is complicated. My favorite world-clock website, World Time Buddy, makes it simpler. Unlike other online clocks, its interface is clean and minimal.

First, add different cities. World Time Buddy stacks hour-by-hour views of each location, so you can easily see that, say, noon for you is 6 p.m. in Paris. Working hours (8 a.m. to 5 p.m. local time) are highlighted in yellow, while off-hours are marked in blue. If you create a free account, you can overlay events from your calendar on top of the timelines, making it easier to find a time to meet. The best feature? You can use the site to quickly create an event in Google Calendar, Outlook or iCal. It can even copy the times to your clipboard.

I keep the World Time Buddy website tab pinned in my browser so it's always open on my laptop. (In Safari or Chrome, press Control and click on the site tab, then select "pin.")

► **On mobile:** World Time Buddy offers an app for iOS and Android, which I use for converting time on the go. However, the iOS version doesn't come with a home-screen widget. (The Android version does, and it's excellent.)

On an iPhone, the World Clock Time Widget app can display different times across different locations. Since it's visible on your home screen, you don't have to



## Juggling Time Zones Is Easier With These Tools



You can create calendar events on World Time Buddy, left, while the World Time Clock Widget app shows multiple time zones.



one's profile to see their local time. If you work in a distributed company, consider Team Time Zone, a paid Slack integration (starting at \$9 a month) providing a helpful dashboard of each team member's time zone.

### Scheduling messages

Your colleagues are more likely to open notes they receive when they're awake. Here's how to send messages when you want them to be read.

► **Gmail:** On desktop, when composing a message, click the down arrow next to Send to select a date and time. On mobile, tap the three dots in the top right corner to schedule the email. (Note: the times are *your* local time, not your recipient's.) You can review scheduled emails in your Outbox folder.

When I receive important messages late in the evening, I find it helpful to resurface them in the morning. When viewing an email, press the clock icon to "snooze" it. This puts the note at the top of your inbox at your specified time.

► **Outlook:** When composing, select the More Options arrow, then under Delivery options, select "Do not deliver before" and specify a date and time.

► **Slack:** On desktop, click the down arrow next to the send icon. On mobile, long press the send icon. (Slack provides both your time *and* the recipient's time.)

To reup Slack messages received when you're trying to sign off, click the three dots then select "Remind me about this."

### Communicating your time zone

Making other people aware of your time zone can be just as helpful. I like to put mine in my email signature, with a link to a Google results page of the current time.

For finding a time to meet, the popular scheduling app Calendly shows your availability in the recipient's local time. Make sure to set your working hours. If your company uses Google services, you can create a similar appointment-booking page in Google Calendar. Just be aware of the etiquette around sending people your scheduling links.

There will inevitably be moments when you're fast asleep, or just sitting down for dinner, and someone will mistakenly ring, email or text. For those times, set up a Do Not Disturb schedule. You can customize these for iOS and Android, so you can enjoy downtime, wherever you are.

After all, you can't work your full day, then clock back in for theirs!

## Undergrads Learn To Counsel Peers

By ANDREA PETERSEN

Clinton, N.Y.

Hamilton College has found one answer to the growing number of students seeking mental-health care on campus: Send them to other students.

The school trains about a dozen undergrads a year to serve as peer counselors, a role that entails being a good listener to other students. The counselors go through about three days of training per year and attend weekly meetings to review peer conversations with the school counseling center's professional therapists.

Peer counselors, who provide a supportive ear and not actual therapy, relieve some of the demand on the licensed therapists at the campus counseling center, where offerings range from therapy to "mindful movement" classes. The center serves about 40% of the 2,000-member student body a year, up from around 13% a decade ago, says David Walden, director of Hamilton's counseling center and a clinical psychologist.

Hamilton has also increased the number of professional therapists to 10, including full- and part-time, from three in 2014. Peer counselors refer students with more serious problems to the professional therapists.

Dr. Walden says peer counselors are part of Hamilton's response to what he sees as the expanding definition of mental-health problems.

"If everyone has a mental-health condition and if every mental-health condition needs a licensed mental-



health therapist, there simply aren't enough therapists," he says.

### Rising mental-health demands

Hamilton's problem is America's writ small. There aren't enough therapists to meet the country's rising mental-health needs, particularly among children and young adults, and traditional therapy isn't a realistic option for many people because of cost and time. People are seeking help from a growing range of alternatives, some with untested or questionable effectiveness, psychologists say.

More colleges are launching and expanding programs, says Marcus Hotaling, president of the Association for University and College Counseling Center Directors.

One risk: Peer counselors could



Audrey Alix, above, has used Hamilton's peer-counseling service for help with stress. Anthony Thompson, left, says he plans to become a therapist.

face a problem they aren't equipped to deal with and fail to flag it to the professionals.

"We need to be mindful what we are putting onto our students," Dr. Hotaling says.

Companies like ShareWell and TimelyMD have recently launched online peer-support services. Together, which operates a digital mental-health peer-support community overseen and moderated by licensed mental-health clinicians, is now available for students at about 400 college campuses in the U.S. and elsewhere, up from about 200 in 2019. There are also professional peer-support workers who assist veterans and others dealing with serious mental illness and addiction.

Studies measuring the effectiveness of peer support have yielded mixed results. One-on-one peer support didn't reduce symptoms of psychiatric conditions, according to a review of research published in 2020 in the journal BMC Psychiatry. Another

scientific review found peer support was linked to greater happiness and self-esteem and a reduction in symptoms of depression, anxiety and loneliness among young adults, according to an analysis of 17 studies published in 2022 in the journal BMJ Open.

► **On Slack:** This is a little feature I use constantly: Click on some-

be able to, you know, watch some sports games with friends," Mr. Pineau said. "Like I haven't had a weekend off in four years."

Robust training and oversight is key, says Dr. Walden, 45, who has worked at Hamilton's counseling center since 2008. Peer counselors are taught how to spot risk and notify clinical staff if a student is having suicidal thoughts or other severe mental-health issues. Licensed therapists then take over. Peer counselors aren't paid but can receive course credits for their participation in the program.

Audrey Alix's friends on the Hamilton field-hockey team suggested she see a peer counselor last fall after the 19-year-old sophomore admitted she was having trouble sleeping, was feeling buried with schoolwork and was distressed by how little playing time she was getting as a goalie.

Ms. Alix, who also has a longtime therapist, was initially skeptical about peer counseling. "At first, I was, like, how is another student going to help me?" she said.

She chose to see Mac Behrhorst, a 22-year-old senior and lacrosse player, because she figured he could relate to her as a student athlete.

"I got so much off my chest," Ms. Alix says. "He just kind of put things out there for me to think about and helped me dig deeper." She found herself revealing more than she does with friends, since she knew the talks with Mr. Behrhorst were confidential.

During one session, Mr. Behrhorst asked her: If her coach said she could quit field hockey now, what would Ms. Alix do?

She realized that a lot of her stress was coming from field hockey, and ultimately decided to quit the team. "Now I'm a lot happier," Ms. Alix said.

## PERSONAL JOURNAL.

# Salons Cut Off Stylists' Mobility Through Clauses

By LINDSAY ELLIS

When Karrie Williams graduated from beauty school, she went to work at a Drybar in Bethesda, Md. Drybar's noncompete clause, she says, barred her from working at another blow-dry salon or taking conflicting one-time gigs like styling hair for weddings, which could pay as much as \$250 per updo.

Ms. Williams, now 32 years old, says Drybar paid minimum wage at first, but did permit her to do cut-and-color work at other hair salons. The catch: Many of those salons required their own noncompete provisos, too.

"It hindered my growth," she says.

The salon industry offers a window into what politicians and regulators say is the problem with employment agreements that bar workers from going to competitors or picking up side jobs. Long used to prevent white-collar workers from taking trade secrets to competitors, noncompete clauses have expanded to govern lower-wage occupations like janitors and baristas.

President Biden said last week during his State of the Union address that noncompete agreements restrict lower-wage workers and that companies should have to compete for them—and pay people what they are worth.

The Federal Trade Commission has proposed a ban on noncompete clauses, holding that the agreements limit workers' mobility and earnings, as well as hinder businesses from hiring the staff they need.

Nearly one in five American workers is bound by noncompetes, according to FTC estimates. For hairstylists and barbers, 30% of independent salon owners required new hires to sign such agreements, according to economists at the FTC and Duke University.

For hairdressers and barbers, who earn \$35,000 a year on average according to federal data, noncompetes often forbid them from taking a second job, moonlighting as a freelance stylist or moving directly to a competitor for more pay. The FTC estimates that banning noncompetes would expand workers' earnings by at least \$250 billion annually. The U.S. Chamber of Commerce opposes the rule and says it would conflict with state employment laws.

Many salon operators say noncompetes are essential to protect their businesses. For salons like Drybar, which offers a menu of blow-dry styles, like loose curls or Hollywood waves, noncompetes could keep a stylist from going to a rival once he or she learned how to do the company's trademark styles.

"Each employee costs thousands of dollars to get them up to speed," one salon owner wrote in the public comments to the FTC proposal. "It gives me a little security to know they cannot go to one of my competitors across the street."

Salon owners have a record of going after workers they view as violating these agreements. After sales, engineering and medicine, salon work was the most common occupation involved in noncompete lawsuits between 2003 and 2017, according to a Cornell University study published last year.

At Drybar, Ms. Williams rose to manager over several locations, and she says she recalls getting calls from other salon owners checking to see whether their em-



JAMIE KEETER DAVIS FOR THE WALL STREET JOURNAL (2)

Noncompete clauses have made it tougher for Opulent Beauty, above, to hire stylists, says its owner, Patricia Nowakowski, below.



ployees also worked for her, trying to seek potential violations of their noncompetes.

Ms. Williams left Drybar in 2019 and is now the director of operations at a nail salon. She hasn't signed a noncompete and occasionally styles hair on the weekends. Her income is roughly the same as when she was a Drybar manager, though she says she could earn more if she could work at multiple salons at once.

A spokeswoman for WellBiz Brands Inc., which acquired Drybar's franchise rights in 2021, says it leaves employment agreements

## 1 in 5

FTC estimate of American workers bound by noncompete clauses

to individual locations, which are owned and operated by franchisees. (The Bethesda Drybar where Ms. Williams previously worked is no longer in business. Its former manager couldn't be reached for comment.)

"In our industry, there's really not a job where you make a lot," says Emily Olson, 44, a hair stylist outside of Minneapolis.

When employed at a local salon and spa chain years ago, Ms. Olson says the noncompete she signed precluded her from doing competitive work within 5 miles for one year if she left. Later, after a raise and promotion to an executive role, she signed another agreement that prohibited her from competing within 25 miles of the salon for two years.

After having a baby, she left the business, printing out a list of clients before she did so. She returned the list after the employer sent a cease-and-desist letter, and she avoided seeking salon-related work. Unable to cover her ex-

penses, she says, she lost her house and eventually tapped retirement savings to make ends meet. She is back to styling hair now as an independent operator.

In two separate cases, the salon and spa chain where Ms. Olson worked sued former employees related to noncompete clauses; the parties settled.

California, Oklahoma and a handful of other states have declined to enforce noncompetes, and others ban them for workers who earn below a certain threshold.

Yet noncompetes remain in use in those states because bosses expect few employees to challenge them, researchers say.

Patricia Nowakowski, owner of Chicago-area salon Opulent Beauty, says a ban on noncompetes would help her expand beyond the 11 stylists she employs. She typically hires workers right out of beauty school, as they aren't governed by agreements, and avoids hiring from rival salons that use noncompetes, she says.

Ms. Nowakowski doesn't use noncompete agreements and allows her hires to take other salon jobs or freelance. It has been a recruiting plus, she says.

"You can have the freedom to do what is best for your lifestyle and clients," her company's website says. "Consider this an open relationship."

## You Probably Owe Tax On That Side Hustle

By ASHLEA EBELING

Whether you sell vinyl records on eBay, teach tennis lessons and get paid via Venmo, or rent your home on Airbnb, your side hustle can end up as a tax hassle.

The Internal Revenue Service delayed for a year a new law requiring payment processors like Venmo and Cash App and platforms such as eBay, Etsy and Airbnb to send tax forms to users who make more than \$600 in revenue.

Even before the rule kicks in for next year's tax season, however, you have to pay what you owe on that extra money, whether you are sent a 1099-K form or not. Payment processors such as Venmo and gig platforms such as eBay send users 1099-Ks, which account for an individual user's total payments.

Millions of Americans have side hustles in some form, and that number is growing. Transactions now generate digital records on payment platforms such as Venmo and PayPal.

Last year, H&R Block reported a 26% increase in customers filing Schedule C, the form sole proprietors use to report their business income on their tax return.

"For many gig workers, they're surprised that they own a small business in the eyes of the IRS," said Caroline Bruckner, a tax professor and managing director of the Kogod Tax Policy Center at American University.

Being a sole proprietor means new tax responsibilities, including keeping good records throughout the year.

The old law, which still applies to money earned through 2022, said platforms

had to send 1099-Ks only if a user received more than \$20,000 in revenue and had more than 200 transactions. You are still on the hook to pay taxes on revenue below that limit in most cases.

If you make sales for profit on eBay or get paid for tutoring math on Venmo, you will need to account for that income when you file your taxes. Here's what to know about side income and when you may owe taxes.

### Check your state's income-reporting rules

Some states require businesses like Venmo and Etsy

come, and it goes on Schedule E, the form taxpayers use to report rental income. Keep records of expenses, including property repairs and maintenance, which are deductible.

### When you sell your stuff

Generally, you don't have to report personal items sold at a loss on your tax return, said Kathy Pickering, chief tax officer at H&R Block. Say you clean out your closet and sell clothing for less than you originally paid. There is no tax owed and nothing to report.

By contrast, if you sold the clothing for more than what you originally paid, that gain is taxable, and you should report it on your tax return on Form 8949, Sales and Other Dispositions of



to send 1099-K forms to customers who receive relatively small amounts of money. According to payment platform Stripe, the threshold is \$600 in Maryland, Massachusetts, Mississippi, Vermont, Virginia, and the District of Columbia. And it is \$1,000 in New Jersey, \$1,000 and at least four transactions in Illinois, and \$2,500 in Arkansas.

### If you don't get a 1099

You are supposed to report any earned income, whether a company sends you a 1099 or not, Ms. Bruckner said.

### Most rental income is taxable

For landlords and Airbnb hosts, any rent that a tenant pays counts as taxable in-

Capital Assets, and Schedule D, Capital Gains and Losses, Ms. Pickering said.

### You may need to make estimated-tax payments

If you have any self-employment income, you need to think ahead to the 2023 tax year, Ms. Pickering said.

That means having to file estimated-tax payments if you aren't already paying enough in taxes throughout the year and have earned \$1,000 or more from the side hustle. Estimates for tax year 2023 are due April 18, June 15 and Sept. 15, and Jan. 15, 2024.

"It's a very hard lesson for new independent contractors and side hustlers to learn," Ms. Bruckner said.

ROLEX



OYSTER PERPETUAL DATEJUST 36

WEMPE

ESTABLISHED 1878  
700 FIFTH AVENUE & 55TH STREET  
NEW YORK • 212.397.9000  
WEMPE.COM

ROLEX • OYSTER PERPETUAL AND DATEJUST ARE © TRADEMARKS.

# ARTS IN REVIEW



ART REVIEW

## A Forgotten Creative Trio

The work of the three sisters enjoyed renown in the first half of the 20th century

By PETER PLAGENS

Irvine, Calif. Five or six years from now, the Jack & Shanaz Langson Institute & Museum of California Art will have its own new building on a site within the University of California campus here. In the meantime, the Institute occupies a small, marginally sufficient space on the ground floor of a glass commercial tower on one of those wide Orange County boulevards, adjacent to the school. As art museums go, it's tucked a bit out of the way.

Today we could say the same of the Bruton sisters—Margaret (1894-1983), Esther (1896-1992) and Helen (1898-1985)—multimedia artists before the term was put into art-world play. All but forgotten, they're the subject of a modest but informative exhibition, "The Bruton Sisters: Modernism in the Making," through May 6 in the Institute's current galleries. The work consists mostly of what might best be called "artistic souvenirs" of the hopeful idea that modern art could be made appealing to the masses—small easel paintings, mosaic fragments, prints and documentary vitrine materials that tell the story of these three northern California women whose renown in the 1920s, '30s and '40s has now faded to the point of near-total obscurity. "Modernism in the Making," curated by Wendy Van Wyck Good, is the first collective exhibition of the sisters' work in more than a half-century.

The Bruton sisters were the daughters of an Irish immigrant father who became successful in business and built, in Alameda, one of the

largest houses in the Bay Area. When the sisters were young girls they worked in their own female redoubt, a studio in the attic. Margaret went on to study art in San Francisco, and then with Robert Henri at the Art Students League in New York. Esther also took classes at the League and then became an illustrator for the Lord & Taylor department store. Helen learned sculpture and printmaking at the University of California in Berkeley, but soon followed her siblings to New York. In 1925 the sisters sailed to Europe to continue studying art in Italy, England and

### Objects that aimed to make modern art appealing to the masses.

France. After that, they traveled—with their mother—to the Southwest (stopping for a while in Taos, N.M., which by then was a hot spot for modern art and artists), viewing what they could of Native American life and studying its artifacts. Back home in California, the sisters became active members of such artists' groups as the California Society of Etchers, the Club Beaux Arts, the San Francisco Society of Women Artists, and the San Francisco Art Association.

The California of the Bruton sisters' time was, as an exhibition wall label notes, "geographically and culturally removed from established art centers [so that] California modernists were free to experiment, influ-

Margaret Bruton's 'Barns on Cass Street' (c. 1925)

enced by the state's gentle climate, scenic beauty, and optimism about modernity." The sisters fit this circumstance nicely, says another label; they "preferred to create what they called 'living art,' pieces that are beautifully crafted yet also serve a functional purpose in everyday life."

Margaret joined the "Monterey Group" of geometric-abstract painters, and was called, amid praise from the critics, an "ultra-modernist." Her sales were nevertheless few, so she eventually gave up painting to make quite salable terrazzo tabletops. Esther's specialty was murals, but most of them have been destroyed. (Esther was the only Bruton sister to marry—happily, it appears, to a civil engineer who encouraged her artmaking.) Helen was commissioned to create mosaic murals (still extant) for the San Francisco Zoo and an art gallery on the campus of UC Berkeley—works she completed with the help of her siblings.

The Brutons' biggest commission, on which all the sisters worked, was for a 50-foot-high mural, half a football field long, for the Golden Gate International Exposition in San Francisco in 1939. Titled "The Peacemakers," it illustrated, through sculptural relief figures resembling Mayan art, countries on the Pacific Rim. Two decades later, the sisters created the designs for more than 20 mosaic murals for the World War II cemetery in Manila. After that, their names and their work sank into obscurity. Part of the reason was physical: In 1991, the home of a major collector of their art burned down. Mostly, however, what they did simply fell out of style. Some proponents of the Bru-

ton sisters blame the takeover of American modernism by the macho Abstract Expressionists, while others cite a backlash against politically engaged art—this even though the Brutons were hardly critical of the powers-that-were.

"Modernism in the Making" relies heavily on photographs and offers a sketchy, albeit well-intentioned sampler of the Bruton sisters' art. It prompts a wistful

sigh, rather than a gasp of discovery, about a kind of optimistic, well-intentioned, superbly crafted yet poignantly naïve modern art that has mostly disappeared today. To my eye, the best works in the Langson Institute's exhibition are three small black-and-white etchings by Esther Bruton, including "Top of the Tent" (1930). With an almost breathtaking composition, it's right up there with the prints of Rockwell Kent or Thomas Hart Benton.

Who knows, however, what the politics-in-art landscape will look like when the Langson Institute opens its permanent museum on the university campus. It could be that socially concerned art

Imogen Cunningham's 'The Bruton Sisters, Artists' (1930), top right; Helen Bruton's 'Woman With Turquoise Bracelet' (1943), above right; Esther Bruton's 'Untitled (Leopard Mosaic)' (c. 1935), above left

that isn't as fraught with anger as such works of the current moment will return. If so, the Bruton sisters will be headliners once again.

**The Bruton Sisters: Modernism in the Making**  
Jack & Shanaz Langson Institute & Museum of California Art, through May 6

Mr. Plagens is an artist and writer in Connecticut.

### The WSJ Daily Crossword | Edited by Mike Shenk

1	2	3	4	5	6	7	8	9	10	11		
12				13				14			15	
16				17				18				
19				20		21		22				
			23		24			25				
26	27	28				29	30			31	32	
33						34				35		
36						37			38	39		
40				41	42			43				
44				45				46				
	47		48			49	50					
51						52		53		54	55	56
57						58		59		60		
61						62				63		
	64					65				66		

- 14 Bygone interactive elements of websites
- 15 Capt.'s subordinates
- 20 Device for a remote patient
- 22 Ben Affleck thriller set in Iran
- 24 East Germany, for short
- 26 Old photo tint
- 27 Cheerfully encouraging
- 28 Embellished
- 30 Simile words
- 32 Libya's Gulf of \_\_\_\_\_
- 37 Period
- 39 2016 film mistakenly announced as Best Picture winner
- 42 Greek earth goddess
- 43 Prize-winning cable channel?
- 48 Dunn, Ephron and Roberts
- 50 "19," "21," "25" and "30" singer
- 51 See 49-Across
- 52 Apt rhyme for "clock"
- 54 Needed to repay
- 55 "Gone With the Wind" plantation
- 56 "Resident Alien" network
- 59 Numbered hwy.

### REEL LUCKY | By Michael Nebesny

**Across**

- 1 Scotch mixer
- 5 Group of players
- 9 Went to ground
- 12 Move for Nathan Chen
- 13 Cheese with veins
- 14 Nuggets point guard Murray
- 16 Authentic
- 17 Atlantic and Pacific in the NBA, e.g.
- 18 Concede as true
- 19 Bight or bay
- 21 B.F. Skinner's focus
- 23 Introduced
- 25 Shared, as an idea one needs feedback on
- 26 Ought to
- 29 Trilogy, maybe
- 31 Geniuses' nos.
- 33 Producing more chills
- 34 Program in which workers get co. shares
- 35 Oscar de la Renta Pour \_\_\_\_ (men's fragrance)
- 36 Airline that brought the Beatles to New York
- 37 Argentina's Perón
- 38 Worked, as a trade
- 40 Nest egg choice, for short
- 41 Shrek, for one
- 43 Maker of pottery or doughnuts
- 44 Bill dispenser
- 45 Tandoor-baked bread
- 46 Gomez of "Only Murders in the Building"
- 47 Counting rhyme start
- 49 With 51-Down, city in California's Orange County
- 51 Wrote in the margin
- 53 The circled reels wouldn't be a winner in them
- 57 Explosive stuff
- 58 No longer a fan of
- 60 On vacation, say
- 61 Lend \_\_\_\_ (listen)
- 62 Early Briton
- 63 Maker of guns and footballs
- 64 Merchandise: Abbr.
- 65 An athlete might take one
- 66 1944 Normandy event
- 5 Ingredient in some adult gummies
- 6 Suspect's defense, sometimes
- 7 World's largest twin-engine jet, and an especially lucky spin of the circled wheels
- 8 Rear
- 9 Invited to one's home
- 10 Freeze
- 11 Where to order a Choco Brownie Extreme Blizzard

**Down**

- 1 Colorful silk wrap
- 2 Farm team?
- 3 Negotiating goal
- 4 Word of praise in an Easter service

### Previous Puzzle's Solution

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

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



BRUTON FAMILY ARCHIVE/BARBARA CARROLL (C); IMOGEN CUNNINGHAM TRUST (PHOTO)

## SPORTS

## Mahomes Makes His Brady Case

The Super Bowl LVII MVP has staked his claim as the game's singularly dominant quarterback



There isn't an immediate end in sight for the Chiefs' ability to win championships as long as quarterback Patrick Mahomes is wearing red and gold.

By ANDREW BEATON

Glendale, Ariz.

The Kansas City Chiefs' 38-35 victory in Sunday night's Super Bowl was gutsy and dramatic. Patrick Mahomes was gimpy and in pain while playing on a re-taped and re-injured ankle.

But he still engineered the brash play of a drive that will define his career—a 26-yard run late in the fourth quarter to put Kansas City in position to beat the Philadelphia Eagles.

The title cemented the stranglehold that Mahomes and the Chiefs have established on the sport, which is starting to look very much like the golden run of titles that Tom Brady and the New England Patriots collected over nearly 20 years.

Just days after Brady retired as the NFL's consensus greatest quarterback of all time, Mahomes is staking an early claim to his mantle.

"He wants to be the greatest player ever," Chiefs coach Andy Reid said.

The uncanny similarities grow by the season. Both are quarterbacks with a knack for coming through in

clutch situations while playing for coaches who are regarded as all-time geniuses in the sport. Now the Chiefs are becoming so much like the Patriots, Brady's longtime home, that they are developing a reputation for getting controversial calls whistled in their favor.

What Mahomes did this year—performing as the NFL's best quarterback with a patchwork crew of wide receivers—was the story of much of Brady's career.

Along the way, the Chiefs have reached a tier of their own over the past half decade. Inside a sport that prides itself on parity, they have reached every AFC Championship game and three Super Bowls over that span, while winning two titles. Put another way: They have never fallen short of the conference championship during the Mahomes era.

The same way that Brady's Patriots made themselves the only reliable bet for an extended period of time to be in the mix for titles annually—while fostering some resentment along the way—Mahomes's Chiefs are beginning to do precisely that.

"We're building our dynasty," said Chiefs backup quarterback

Chad Henne, who won't be around to see the rest of it. Holding a beer, he announced his retirement after the Super Bowl win.

Brady and Mahomes play football so unlike one another that they could be confused for playing different positions. Brady mastered the art of how to nimbly move inside a phone booth-sized space behind his offensive line and strike with deadly precision. Mahomes

### Mahomes is beginning to rival the astonishing, early-career success of Tom Brady.

plays from sideline-to-sideline with a brilliant freneticism that has annihilated perceptions about what a quarterback can do.

With that diverging blueprint, Mahomes is beginning to rival the astonishing, early-career success of Brady and even some of their biggest moments resemble one another.

Mahomes was 27 years old when he engineered the Chiefs' late drive that set up the game-winning field goal with 8 seconds left to win his second Super Bowl against the Eagles. Brady's second Super Bowl came at age 26, when he led the Patriots past the Panthers after setting up a game-winning field goal with 4 seconds left.

In some ways, Mahomes and Brady have each outpaced one another. Brady, by Mahomes's age, had won his third Super Bowl and had played fewer seasons. Yet while a young Brady had the benefit of playing for coach Bill Belichick and some of the league's greatest defenses, Mahomes, under offensive mastermind Andy Reid, has authored the most prolific statistical start to any quarterback's career.

In both cases, Brady and Mahomes completely transformed the reputations of their respective franchises.

The Patriots and the Chiefs were both considered down-on-their-luck clubs until they suddenly became the most dominant forces in the sport. New England had never won a title before the Brady-Belichick era. Until last winning the Super

Bowl three years ago, it had been half a century since the Chiefs could call themselves champions.

That type of success in New England bred instant resentment. Raiders fans still get outraged at the mere mention of the "Tuck Rule," a reference to the controversial call in a playoff game that went the Patriots' way during a critical moment in Brady's first Super Bowl season.

That this Chiefs' Super Bowl run was propelled by game-altering, late-game penalties on the opposing defense has stoked similar complaints that all the big calls just seem to go Kansas City's way. During the team's AFC Championship win, a late unnecessary roughness call against the Cincinnati Bengals set up the game-winning field goal. Then on Sunday, a defensive holding call against the Eagles on a third down allowed the Chiefs to waste clock and give the ball back to Philadelphia with almost no time left.

"There was no debate," referee Carl Cheffers said of the call after the game.

But perhaps the biggest take-away from this Chiefs championship run has nothing to do with the officials or even how well Mahomes played on one good leg. This season may have been the best indication that there's no immediate end in sight for the team's ability to win as long as Mahomes is wearing red and gold.

If there were ever a season to expect a regression from the Chiefs, it would have been this past campaign. They traded away superstar wide receiver Tyreek Hill and surrounded Mahomes with an almost entirely new receiving corps. (This also resembles elements from the Patriots dynasty, when Brady had to make do with a rotating cast of receivers while one of the few pillars of stability was Rob Gronkowski. Mahomes's Gronk is another future Hall of Fame tight end: Travis Kelce.)

Instead of taking a step backward, though, Mahomes improved in 2022. Throwing to receivers who were essentially strangers to him mere months ago, he improved from a year ago in almost every statistic. He lost his most explosive weapon—and responded by winning his second Most Valuable Player Award.

"The great quarterbacks make everyone around them better," Reid said.

Just as the Patriots and Belichick made cold and calculating decisions to part ways with expensive veterans, the Chiefs learned it's possible to do precisely that—and keep winning—as long as the right quarterback is around. Mahomes is now surrounded by a cast of cheap, young players who only figure to improve over the coming years.

That's scary news for the rest of the NFL. Right when the prime championship window for Mahomes and the Chiefs was supposed to be closing, a new one burst wide open.



Glendale, Ariz.

I'll admit this isn't the ordinary move—an appreciation of the losing quarterback on the morning after the

Super Bowl. The usual drill is to rudely step over the losing team, and wrap our love and superlatives around the champions. Within minutes of the confetti drop, the loser is relegated to history. By sunrise, it's like they didn't exist.

But I want to write a bit about Philadelphia's Jalen Hurts, because he didn't play like a loser at all Sunday in Arizona. He played like someone who very much deserved to win—until he and the Eagles didn't.

In the somber postgame, Hurts made a comment that signaled what this 24-year-old leader is all about.

"You either win or you learn, that's how I feel," Hurts said.

It's a remix of a famous Nelson Mandela quote—*I never lose, I win or learn*—and I think every coach in America just took out a pen and copied that down. *You either win or learn*. In how many locker rooms will that bit of healthy wisdom be deployed in over the coming month? I'm going to drop it on my own children after youth soccer losses.

This is the person Hurts is. By now we all know the basics of his story—the acclaimed quarterback from Texas who ascended to the heights of college football as a starter at Alabama, then painfully lost his job in real time in the biggest game of the year.

A season on the bench later, Hurts found his way to the University of Oklahoma, where he ascended to a starring role again. As an NFL prospect, however, Hurts was shortchanged, lacking in those goofy analyst intangibles like "arm talent."

He went to the Eagles in the second round of the 2020 draft. He became the starter by the end

JASON GAY

## Jalen Hurts: In Defeat, an Appreciation



Eagles quarterback Jalen Hurts rushed for three touchdowns and passed for a touchdown in Super Bowl LVII.

of his rookie season. Of course he did. He is beloved in Philly, his underdog persistence a metaphor for a proud city.

Despite his track record, Hurts showed up at this Super Bowl as the game's clear No. 2 star.

On the other sideline was Patrick Mahomes, the reigning two-time NFL MVP, a thrill ride package of a quarterback who had already won a ring. Mahomes, too, had been shortchanged by some experts as a draft prospect, but so much greatness has happened

since, it's been forgotten.

Every other active quarterback on earth is second billing to Patrick Mahomes.

But had I told you Sunday morning that one quarterback would throw for a glittering 304 yards and a touchdown, plus rush for 70 yards and three touchdowns—a spectacular, historic performance—would you have picked Hurts, or Mahomes?

It was Hurts's night, almost the entire night. He made the long throws and the short throws; he

dazzled with long runs and short plunges, those outrageous training camp squats and dead lifts proving their worth for every single inch. It was the type of performance that made you want to find every skeptical draft analyst and press their nose into the stat page:

*Do you see this? Look at this! No quarterback in 57 Super Bowls has ever played a game like this.*

Even a nightmare fumble in the first half—the Philly quarterback dropped and booted the football straight into the mitts of a Chiefs

defender, who scored—didn't unravel Hurts's composure. He remained steady and got Philadelphia settled. As Mahomes winced with a reinjured ankle, Hurts looked like he'd been here before, many times.

Had the Eagles prevailed, the MVP was a lock.

Then what happened. Mahomes turned back into Mahomes, and the Chiefs surged furiously back to take a late lead. Hurts slipped on a last-second Hail Mary—that Super Bowl turf was an unmitigated disaster—and that was that.

Hurts apologized to his team after the game. It was utterly unnecessary—Philadelphia's failures were almost entirely on the defensive end—but here's his explanation:

"I don't do this to be loved. I don't do this to be hated. I don't do this to seek anyone else's approval. I do it for the guys in the locker room. I do it for all the time that we've invested into this."

The two quarterbacks bumped into each other late in the corridor outside the locker room—a triumphant Mahomes still in his Chiefs uniform; a defeated Hurts already in street clothes for the bus.

Mahomes knew: This scene could easily have been reversed.

"The way he stepped up on this stage, ran and threw the ball and did whatever his team needed to win, that was a special performance," Mahomes said of Hurts. "I don't want it to get lost in the loss."

Hurts didn't win. He will learn.

"The beautiful part about it is everyone experiences different pains, everyone experiences different agonies of life," Hurts said. "You decide if you want to learn from it. You decide if you want that to be a teachable moment. I know I do."

I've nothing more to add. Nothing in football can be promised, but I'm close to certain Jalen Hurts will be back.

## OPINION

## Will a Democrat Challenge Joe?



**MAIN STREET**  
By William McGurn

Joe Biden is running. Though some have called on him not to seek re-election in 2024 for the good of the Democratic Party—including three New York Times columnists in the past week—most observers know what one of those columnists, Maureen Dowd, acknowledged: The 46th president is in no mood to listen.

Democrats who want the president to step aside have good arguments, from polls showing most Democrats want someone else atop the 2024 ticket to legitimate fears about Mr. Biden's health. But those arguments aren't going anywhere. And they won't so long as there is no Democrat willing to primary him.

For most of the past year, when inflation was higher and Mr. Biden's job approval was lower, the presumption was that the party would ease him out. That would in turn clear the way for candidates to emerge. There's no shortage of possibilities, either: Vice President Kamala Harris, Sen. Elizabeth Warren, California Gov. Gavin Newsom, Michigan Gov. Gretchen Whitmer and Pennsylvania Gov. Josh Shapiro are just a few.

It's still possible. The deadlines to get on state primary ballots aren't until late fall, which is a long time in politics. The economy could go

south. With Moscow, Beijing, Pyongyang and Tehran all in a belligerent mood, the administration could find itself facing another conflict that reminds voters of the humiliating retreat from Afghanistan.

Here at home, meanwhile, there is a clear dissonance between the American people's definition of success and Washington's. Take last week's State of the Union address. The Beltway consensus deems it a big hit: Mr. Biden skillfully using his platform to tout his accomplishments and bait some Republican members of Congress into responding boorishly to his remarks.

That's to be expected. The State of the Union is a creature of Washington, which, for all its pageantry, is largely forgotten two days later. When it is remembered, it's almost never for a flash of rhetorical brilliance but for some tangential drama, such as Speaker Nancy Pelosi tearing up Mr. Trump's speech or Rep. Marjorie Taylor Greene calling Mr. Biden a liar.

Yes, the State of the Union is the president's biggest speech of the year—but even here it's not what it used to be. Nielsen reports that 27.3 million Americans tuned in to Mr. Biden last Tuesday. That's down by 10 million from last year, and the smallest audience for an official State of the Union in 30 years. It's still large but it underscores an enthusiasm gap for Mr. Biden.

Likewise the president's "legislative achievements." Outside Washington, no one

cares about legislative achievements. What people care about is policies that deliver results they can see and feel in their own lives. In this light a Washington Post/ABC News poll released this month is bracing. It reports that 62% of Americans say Mr. Biden has accomplished "not very much" or "little or nothing."

### If the party doesn't want Biden to run, it needs a candidate who can beat him.

The White House response seems to be premised on the idea that all Mr. Biden has to do is brag a little more and the public will come around to his view of his own greatness. It's the usual Washington approach of thinking that substance and policies don't matter, that with the right messaging you can fool enough people enough of the time.

Only days after the poll showing huge skepticism about Mr. Biden's achievements, a follow-up reported that only 31% of Democrats and Democrat-leaning independents want Mr. Biden to run again, compared with 58% who want someone else—numbers that have remained roughly steady since September. The president is taking no chances: He has rigged the primaries so that the state that rescued his candidacy (South Carolina) in the 2016 primaries

will now go first, making it harder for any challenger to jump out in front early.

In days past, presidential poll numbers like this practically guaranteed a Democratic primary challenger. In 1979, when Sen. Ted Kennedy challenged President Jimmy Carter for the Democratic nomination he looked unstoppable. Mr. Carter ended up winning—but he had to fight for it.

Republicans, by contrast, had a habit of running their presidential primaries like an Elks Lodge—with the nomination going to the member who'd waited his turn. That's how Republicans got nominees such as Bob Dole in 1996 and John McCain in 2008.

Then in 2016 the parties flipped scripts. Donald Trump's entry into the race transformed the GOP primaries into "The Hunger Games." While over at the Democratic Party word went out that Hillary Clinton was to be coronated, not challenged. The result was that only gadflies such as Bernie Sanders entered the breach.

Whatever the reality today, Joe Biden sees himself as a strong, transformative president, especially after the midterms—or at least stronger than any potential challenger. He is now making clear he won't go gentle into that good night. If Democrats really want someone different atop their 2024 ticket, they need first to come up with a candidate strong enough to take the nomination from him.

Write to [mcgurn@wsj.com](mailto:mcgurn@wsj.com).

**BOOKSHELF** | By Edward Kosner

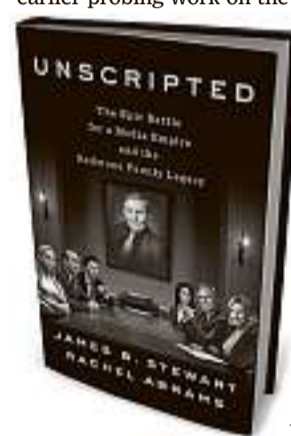
## Sex, Lies And Viacom

### Unscripted

By James B. Stewart and Rachel Abrams  
(Penguin Press, 398 pages, \$32)

Sumner Redstone, who died in 2020 at the age of 97, was one of the killer whales thriving in the swirling currents of the modern media. A hulking old man with dyed red hair and a maimed right hand, he was a mega-billionaire with a ravenous appetite for power, riches—and sex. At his peak at the turn of the century, he controlled Viacom; Paramount Pictures; the National Amusements movie-theater chain; the CBS network, MTV, Comedy Central and Nickelodeon; and the Simon & Schuster publishing house. Then the end came in a crescendo of recrimination, litigation and family turmoil.

Now, Redstone has found his Ishmael in James B. Stewart, who has ventured once more into the corporate depths and returned, he writes, with "an astonishing saga of sex, lies, and betrayal." His new book, "Unscripted: The Epic Battle for a Media Empire and the Redstone Family Legacy," written with New York Times media reporter Rachel Abrams, joins his earlier probing work on the Walt Disney Co., insider trading,



corporate lawyers and the posh netherworld of American business. Imagine a mash-up of "King Lear" and "Weekend at Bernie's," the 1989 movie comedy about two scamps who prop up a cadaver so they can enjoy a weekend at his beach house, with Redstone starring in both title roles.

Sumner Redstone was a brilliant man. The son of a Boston linoleum salesman who changed the family name from Rothstein, young Sumner finished at the top of his class at the renowned Boston Latin School, winning a scholarship to Harvard and later excelling at Harvard Law. An accomplished linguist, he helped crack Japanese codes during World War II. His father had prospered enough to buy two outdoor movie theaters. After the war, Sumner joined the business and turned the drive-ins into multiplex movie houses—a term he coined—the genesis of National Amusements, the holding company at the heart of his empire.

He could be a monster of hubris. He had maimed his hand in 1979 while hanging from a window ledge at Boston's Copley Plaza hotel as a hallway fire engulfed his room, an unlikely survival that Mr. Stewart and Ms. Abrams claim triggered in him a "sense of invincibility." Nearing 86, he proclaimed at a moguls' retreat: "I have the vital statistics of a twenty-year-old!" Also the social maturity: When asked why he treated people so badly, he replied: "I don't care. I'm going to hell anyway."

As he built his fortune, Redstone was married twice to appropriate spouses. But he was an insatiable hound. The older he got, the younger his lovers. He lavished Viacom stock and \$18 million on a 20-something Hollywood "party girl." An ex-Ford model and Houston Oilers cheerleader got a \$2.5 million house, a stable of show horses and \$7 million in cash for services rendered. And that was just the preliminaries.

In his 80s and 90s, he was living in a mansion in gated Beverly Park with two women, Sydney Holland and Manuela Herzer, who'd graduated from romantic partners to minders. They tended to his every need—including scheduling other women for the daily sex sessions he demanded—and walled him off from old friends and family, especially his daughter, Shari, his business deputy and principal heir. Born in 1954, Shari was known as "Sumner in a Skirt" although her father delighted in berating her, even calling her the "c-word."

The first half of "Unscripted" documents the bizarre hi- and low-jinks chez Sumner as the old man dodders toward senility and Shari tries to oust the two women who have essentially imprisoned her father. Once a commanding figure, Redstone can no longer swallow food and has to be fed through a tube. He drifts in and out of focus and can't easily be understood, so one of his male nurses interprets his grunts and sighs.

### The chaotic life of Sumner Redstone, who parlayed his parents' two drive-in movie theaters into a vast American media empire.

The authors write that Ms. Holland, who has an ex-con boyfriend on the side, and Ms. Herzer, nicknamed "Pitbull," block Shari's phone calls and efforts to visit, then tell the sobbing Redstone that his family no longer loves him. If the pair abandon him, they warn, he will die alone. Redstone responds by bestowing \$150 million on them. But the house staff remains loyal, tattling to Shari and reporting elder abuse to the authorities.

Redstone's soap opera drags on, but eventually he boots the women. Back in charge, Shari embarks on a dual crusade—to claw back the \$150 million from Ms. Holland and Ms. Herzer and to take effective control of CBS, which was prospering under the golden touch of CEO Les Moonves, and Viacom, which was losing ground in the new era of streaming programming.

As Redstone fades, Mr. Moonves takes center stage in "Unscripted." A charismatic millionaire, onetime actor and TV producer, he too turns out to be a womanizer. Through National Amusements, Shari and Sumner are the majority stockholders in both Viacom and CBS. Although Mr. Moonves hints that he'd support Shari's plan to merge the two, the maverick CBS board adamantly opposes the plan. They come up with a scheme to award stock dividends that would dilute Redstone control, triggering an epic legal battle.

Enter Ronan Farrow, the muckraker who exposed Harvey Weinstein in the New Yorker as a sexual predator, turbocharging the #MeToo movement. Word spreads that Mr. Farrow has lined up a half-dozen women who accuse Mr. Moonves of sexual harassment, mostly in the days before he joined CBS. Mr. Moonves reassures his board allies that there's nothing to worry about—"I was never a predator. I was a player," he says—even as he conspires with the manager of one of the women to barter acting jobs for her silence. Mr. Farrow soon delivers not just one bombshell in the magazine, but two—and Mr. Moonves is finished.

Shari prevails. She gets her Viacom-CBS merger and recovers a fraction of the \$150 million from Ms. Holland and Ms. Herzer. In 2019 the compilers of the Forbes "100 Most Powerful Women" list name her No. 24, ahead of Queen Elizabeth. Sadly it's unclear, according to "Unscripted," to what extent the infirm Sumner "understood or was able to savor his daughter's success." In August 2020, he dies with Shari cooing to him on the phone. As the coffin is lowered into the family plot, she serenades him with her own rendition of "My Way."

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

## Down Under, Jitters About National Security



**GLOBAL VIEW**  
By Walter Russell Mead

During the post-Cold War years, Australia was something of a backwater in global politics. Rich in minerals and geographically remote, it was widely known as the "Lucky Country," and its citizens were often even less engaged with world affairs than their American cousins. But as I learned this week, Australians today see themselves on the front lines of a new and dangerous era in international affairs.

Invited Down Under by the Australia/Israel and Jewish Affairs Council to give a series of talks on my recent book on U.S.-Israel relations, I found myself less busy flogging my book or even discussing Middle East politics than I expected, and more engaged in sobering conversations with senior Australian policy makers, scholars and journalists about the gathering global storm.

Here as in Japan, the future of Taiwan keeps officials up at night. During the pandemic, the startling realization that the U.S. and its allies have foolishly and recklessly allowed China to come within shouting distance of domination over the seas around Taiwan has upended business as usual in Australian foreign policy.

The thought of an American

defeat or withdrawal unnerves Australians, who have never forgotten their national nightmare during World War II. When Japan turned south in 1941 to attack Western colonial possessions in Southeast Asia (the Philippines, modern Indonesia and Malaysia, Burma and New Guinea), Australians watched in horror as the British power on which they relied disintegrated. When Japanese forces broke the British navy in the Far East and forced the humiliating surrender of Singapore, Australia lay largely defenseless.

Only America's entry into the war saved Australia from invasion, and it's a lesson Australia remembers to this day. It's the only American ally to have participated in all of America's major wars since 1945; in Korea, Vietnam, Afghanistan and Iraq, Australian forces came to America's assistance. The hope is that the Americans will reciprocate if trouble ever comes to Australia's neighborhood.

From the Chips Act to the Battle of the Balloons, Australians have closely followed every development in what looks increasingly like Cold War II. Warnings by senior American military officials that war in the Taiwan Strait could break out anytime in the next few years have been closely followed here.

Discordant political news from the U.S. jangles nerves here. Reports of isolationist sentiment among Republicans and opposition to defense

spending in both parties leave Australians wondering whether the U.S. could enter another period of isolationism, even as tensions in the Indo-Pacific reach a boiling point.

I found few illusions about what an American defeat or withdrawal would mean. Twenty-six million people scattered across a country roughly the size of the continental U.S. would face ugly choices in a post-American Asia.

### Australians warily watch how the U.S. deals with China's treatment of Taiwan.

"We could survive," one Australian defense thinker told me, "but our whole way of life would have to change." Under those circumstances, Australia would have to "become like Israel," introducing universal conscription and raising the defense budget far beyond current levels.

The new security focus in Australian politics is bipartisan. A center-left government took power following last year's election, but the trend toward an activist foreign policy focused on defense hasn't changed. The new government, which includes some key holdovers in senior positions from the previous administration, has embraced the Aukus agreements, the technological and military

partnership among the U.S., the United Kingdom and Australia negotiated by its predecessor. The centerpiece of the partnership is a commitment to produce top-of-the-line nuclear submarines for Australia that could operate close to China. Those are unlikely to come online soon, however, and Australians are looking for ways to deepen Aukus to create ever-closer cooperation with the U.S. that would both strengthen Australia's defenses and build up its tech industry.

Australian foreign policy is on the move. While traversing the corridors of power in Canberra, I kept running across a large Indonesian delegation. They were in town, it turned out, to advance negotiations for a legally binding treaty of mutual defense.

In Tokyo and Canberra, officials are eager to tell visitors about the deepening relationship between two countries no longer divided by World War II memories. Japanese-Australian cooperation is particularly important in Southeast Asia, where both have deep economic ties and intimate knowledge of the political and cultural forces shaping those countries' attitudes toward the U.S. and China.

The Australians I met weren't happy about their country's new prominence in world affairs. But they recognize that nostalgia for the good old days is a distraction. Australia is preparing to do its part as tensions rise. Let us hope America follows suit.

## A Park Bench Becomes a Love Seat

By Allan Ripp

My friends Norman and Ann have a solid marriage. They've been together more than four decades. They buy each other expensive birthday gifts. They go to plays, concerts and museums. Norm follows Ann's guidance on all things, and he gets to play golf regularly.

They're not exactly lovebirds—they can bicker and never display public affection—but they are nonetheless romantic role models to strangers from around the world, at least for those who stop by a certain spot in New York's Central Park. I've seen their magic work time and again.

A few years ago, the couple purchased a plaque on a park bench near West 104th Street. Under a shaded patch overlooking a duck-and-turtle pond, the inscription announces LOVE FOREVER followed by "Norman & Ann in honor of our 40th

wedding anniversary."

Whether it's the picturesque location or the message, the bench attracts couples and others who purposely choose it, even though it's the middle seat in a set of three. I know, because I often stop to talk to these bench warmers when I'm out walking my dog. I'll re-

### My friends Norman and Ann bought a valentine overlooking a Central Park pond.

port back to Norm and Ann, who live part of the year in Connecticut following Norm's retirement from orthopedic practice. They like to know someone's keeping tabs on their small endowment.

I've chatted with people from all over: Australia, Russia, Taiwan, Germany, South Korea. One woman from Melbourne passed by several

benches with memorial plaques dedicated to a departed soul. "I'd be uncomfortable sitting on someone's blessed memory of the deceased," she explained. "But 'Love forever! That's for me.' Her husband gave a chipper thumbs-up in agreement."

I usually ask to take a photo to share with my friends. No one's ever declined; some invite me to text them the shot or take another with their phone, pointing to the plaque. Chris from Albany asked me to snap him reading the New Yorker. He said he was in between relationships and hoped the bench would bring him luck.

Elinor had a cane and David a walker. "Oh, we're not a couple!" Elinor said, to which David replied, "That's what you think." Elinor had the last word: "Old friends last longer." Arlene from 100th Street had a chartreuse parrot perched on her shoulder. She was technically straddling two benches but quickly shifted

places when I showed her the dedication, saying she wanted to "catch the love vibe."

"What are Norman and Ann like?" asked 20-somethings Ivan and Liza from Brooklyn, enjoying chips and avocado dip. I described them as steady, opinionated and faithful. I told them Ann's a certified sommelier. The hipsters were impressed.

My favorite couple came from the Ardèche region of France. Cyril, a train conductor, and Celine, a secretary, married last summer and were taking a belated honeymoon in New York. Weary from traipsing around the city, they couldn't believe their fortune when they stumbled onto the bench. "Amour pour toujours!" Cyril exclaimed. "C'est magnifique." They hugged me for taking their picture and said: "We love you, Norman and Ann!" I promised I'd deliver the message.

Mr. Ripp runs a press relations firm in New York.

## OPINION

## REVIEW &amp; OUTLOOK

## LETTERS TO THE EDITOR

## The Junk Economics of 'Junk-Fee' Politics

President Biden is from the federal government, and his bureaucracy is here to help you. That's the political subtext of all the President's promises in his State of the Union address, notably his vow to remove what he calls "junk fees" from the economy. But the results are likely to harm the very people he claims to help.

There's no dispute that customers shouldn't be charged without their consent for products they don't want. Nor that businesses should disclose add-on fees before consumers sign a contract or make a purchase. But Mr. Biden's regulators are targeting common business practices that aren't deceptive or unfair.

In recent years, more banks have begun offering free checking accounts and other services. To cover their costs, they charge fees to customers who overdraw their accounts. This is now a target of the Consumer Financial Protection Bureau (CFPB), which has issued guidance prohibiting "surprise" overdraft fees on debit transactions.

For example, an individual with \$100 in his account might incur an overdraft fee if he has an \$80 monthly cable bill automatically withdrawn and then uses his debit card to buy a \$90 pair of sneakers. CFPB director Rohit Chopra calls this a "surprise" fee. But anyone who tracks his bank balance would know he doesn't have enough money to buy the sneakers.

Banning such fees could cause banks to restrict credit to lower-income customers who are more likely to overdraw their accounts. The same goes for the CFPB's proposal last week that would effectively cap credit-card late fees at \$8. This might cause card issuers to shun low-income customers and push more to payday lenders that charge higher interest.

There's no such thing as a free financial product. If regulators limit one source of revenue, businesses will find another to cover their costs. That is one lesson from the Dodd-Frank

Act, which limited debit-card fees that banks charge retailers for using their network. As a result, banks increased overdraft fees.

Federal Trade Commission Chair Lina Khan is tag-teaming with Mr. Chopra on the Biden "junk fee" plan. Last summer she launched a rule-making that would ban auto dealers from adding fees for extended warranties, service and maintenance plans, and theft protection devices, among other things that aren't included in an advertised price.

"Consumers who select and travel to dealerships based on an advertised offer, only to learn late in the process (if at all) that the advertised offer does not apply, have often spent hours trying to purchase a car," the FTC says. But because customers often choose not to buy additional products, advertising an all-in price would be deceptive.

The FTC is also pursuing a broader rule to regulate "unnecessary charges for worthless, free, or fake products or services." But businesses that want to stay in business don't add fees for worthless services—they let customers pay more for services that are valuable to them. This lets consumers compare prices offered by different businesses for different features.

In a useful dissent, FTC commissioner Christine Wilson asked if government-mandated "all-in pricing" would lead to less price competition or force consumers "to pay for goods and services they may not want or need?" Excellent questions.

The CFPB and FTC can already target businesses that use deceptive advertising or defraud customers. But issuing blanket bans on fees and unbundled prices will make markets less competitive, not more. It will also result in higher prices or fewer services for lower-income Americans. Too bad citizens can't sue the government for deceptive advertising.

## The regulatory assault on business will hurt low-income Americans.

## The Bill for CHIPS Subsidies Comes Due

Intel CEO Pat Gelsinger, meet your new boss—Elizabeth Warren. We predicted that last year's semiconductor subsidy bill would subject chip makers to political control. And what do you know? Democrats in Congress are demanding that subsidy beneficiaries be banned from buying back their stock.

The \$280 billion CHIPS and Science Act included \$52 billion for companies to make semiconductors domestically. Chip makers said government aid was urgently needed to prevent chip shortages and compete with China. Now there's a glut of chips owing to declining demand, which has resulted in plunging prices and layoffs.

Unless you're in the teachers union, there is no such thing as free government money. Subsidies invariably come with government regulation on how businesses operate. The law expressly barred chip makers from using government largesse on shareholder buybacks, which was fair.

The National Institute of Standards and Technology also says that the Commerce Department will give funding preference to companies that commit to not engage in stock buybacks. Now eight Democrats in Congress, including Sens. Warren (Mass.), Bernie Sanders (Vt.), and Tammy Baldwin (Wis.)

want Commerce to do more.

In a Feb. 10 letter, they demand that Secretary Gina Raimondo ban chip makers that receive government funds from buying back stock for at least 10 years. They hoist Mr. Gelsinger on his statement in May 2021 that "we will not be anywhere near as focused on buybacks going forward as we have in the past," which he made while lobbying Congress for subsidies.

The Senators add: "Without a blanket prohibition on stock buybacks, companies could accept a \$100 million CHIPS grant from the federal government—and use the funds to construct a semiconductor facility, but immediately turn around and use \$100 million of its own cash for stock buybacks—evading restrictions on CHIPS funding to enrich their stockholders with taxpayer funds."

Many semiconductor projects in line to receive federal support were planned before the bill passed. Taxpayer dollars will go toward new production that would have happened anyway, which will free up company capital for other purposes, including rewarding shareholders as their stock prices plunge.

We hope Ms. Raimondo resists the Democratic plea. But if she doesn't, shareholders will have their CEOs to blame.

## Senators want Commerce to ban chip stock buybacks.

## ISIS, YouTube and Section 230

The Supreme Court on Feb. 21 is taking up *Gonzalez v. Google*, a case on the Section 230 immunity enjoyed by internet platforms. This dispute probably won't produce the blockbuster ruling that critics of Silicon Valley want, but it might illustrate why the questions surrounding Section 230, which will keep coming, are best answered by legislators, not the judiciary.

Under Section 230, internet platforms can't be "treated as the publisher or speaker" of information provided by their users. If a restaurant is defamed on Yelp or Facebook or Twitter, the party who is legally liable is the author of the malicious review, not the website. This makes sense, given that such services are open bulletin boards where enforcement of standards is done by moderators after the fact.

But are internet sites liable for the algorithms they use to sort and present content? The petitioners in *Gonzalez v. Google* say yes. The case was brought by the family and estate of Nohemi Gonzalez, a 23-year-old American student who was killed in a 2015 ISIS attack in Paris. Their argument is that YouTube, which is part of Google, aided and abetted the terrorist group, because its algorithms "recommended ISIS videos to users," which helped spread its message.

The family says YouTube's recommendation engine isn't covered by Section 230. There are a few problems, though. Google's brief says the petitioners "did not allege that any Paris attacker saw any ISIS video" or "that YouTube played any role in bringing about the Paris attack." A related case the Justices will hear on Feb. 22, *Twitter v. Taamneh*, asks whether aiding-and-abetting laws even cover "generic, widely available services" that aren't connected to a specific terrorist act.

If the internet is going to be usable, platforms

need some way to sift the deluge created by the online masses. About 720,000 hours of video are posted to YouTube each day. Its algorithms collate relevant videos based on "thousands of inputs, including factors like a viewer's YouTube search and watch history, location, and time of day," Google says. The company says this conduct is akin to publishing,

and Section 230 says YouTube isn't legally liable as the publisher of user videos. The petitioners try to distinguish YouTube from search engines such as Google, but the effort is unconvincing because the functionality is similar. That isn't to say Section 230 always reaches as far as the tech companies want. Courts are probably stretching the law if they apply its immunity to content that a platform knew was illegal or had a direct hand in creating.

One reason for these complexities is that Section 230 passed in 1996, two years before Google was founded, three years before the word "blog" was invented, and when Mark Zuckerberg was 11 years old. That's why it seems to talk past today's controversies. Do social-media sites have immunity for fact-checks they append to disputed posts? What if search engines use language models to directly answer user queries, with text synthesized from the web?

It's hard to see how the internet as we know it would function without the core liability protection of Section 230, and any GOP attempt to create a Fairness Doctrine to monitor speech on the web would be a grave mistake.

But lawmakers could mandate more transparency about how moderation policies are enforced. They could set rules to stop government officials from secretly jawboning platforms into censorship. They could also clarify how a law from the AOL era applies to an AI age that was unimaginable in 1996.

## Vaccines Didn't Need to Enter the Culture War

Regarding Allysia Finley's column "Why Vaccine Skepticism Is Growing on the Right" (Life Science, Feb. 6): Remember Operation Warp Speed? A Republican Administration pushed for rapid development of a Covid vaccine. Then, rather than bask in its unprecedented success, many chose for unclear reasons to make Covid vaccination part of the culture wars.

The incredibly rapid rollout of two highly effective vaccines was a crowning achievement of modern science. It undoubtedly saved millions of lives. Let's celebrate this moment rather than whining.

BRUCE FREUNDLICH  
Philadelphia

Ms. Finley blames vaccine skepticism on a lack of transparency by the government. I wonder if she would accept some of the blame as well. The data are unequivocal: Vaccines save lives. States with higher vaccination rates had significantly lower Covid

death rates. Ms. Finley doesn't mention this simple, easily verifiable fact.

MARK EVERS  
Lake Oswego, Ore.

Two things are happening at the same time: a general decline since the Vietnam War era of respect for authority, and an expansion of the rules and regulations of the administrative state, justified often by "experts" announcing what the "science" is. The Covid era gave fuel to skeptics of authority as the official experts made pronouncements about mask and vaccine effectiveness that have turned out to be overstated. The official experts in the government intensified this skepticism when they worked with the media gatekeepers to discount, shadow ban and otherwise suppress contrary views. A lesson for the authorities is that trust has to be earned.

JAMES G. RUSSELL  
Midlothian, Va.

## An Existential Threat to Academic Freedom

Joshua Rauh echoes Gov. Ron DeSantis in claiming, without evidence, that Florida's public colleges and universities are "indoctrinating students in progressive ideologies," and that outlawing "woke progressivism," a term never defined, will promote academic freedom ("Florida Shows How to Combat Woke Indoctrination on Campus," op-ed, Feb. 9). The federal district court judge who enjoined enforcement of Florida's Stop Woke Act aptly called that argument "positively dystopian."

To justify the suppression of disfavored viewpoints, Mr. Rauh and the State of Florida contend that faculty at public institutions are state employees, and therefore the state "has simply chosen to regulate its own speech."

The Supreme Court in *Garcetti v. Ceballos* (2006) left open the question of whether the government-speech doctrine applies to higher education, but U.S. Courts of Appeal for the Fourth, Fifth, Sixth and Ninth circuits have all recognized an academic exception to *Garcetti*. Should the arguments advanced by Florida prevail, academic freedom, which has helped make U.S. universities globally preeminent, would largely cease to exist at public institutions.

DAVID WIPPMAN  
President, Hamilton College  
Clinton, N.Y.

PROF. GLENN ALTSCHULER  
Cornell University  
Ithaca, N.Y.

## Digital Currency Brings Design Opportunities

Sean Fieler is right to be concerned about privacy as we consider a U.S. central bank digital currency ("A Digital Dollar Would Empower the Fed, Not Americans," op-ed, Feb. 8), but he fails to consider the troubling status quo if America doesn't act to establish standards and safeguards for the future of money. Payments data is increasingly centralized in large databases maintained by commercial or government actors, which creates significant honey pots of sensitive information susceptible to surveillance and monitoring. Consider that Alipay and WeChat have more than two billion users transacting within their proprietary databases and that China's digital yuan gives the government control over

the ledger for its fiat currency.

Exploration of a U.S. digital dollar can force debate about the proper design of money to the forefront, and ensure that we don't blindly succumb to increasingly centralized, scale-payments systems. To the contrary, a properly designed digital dollar can embed key privacy and legal protections, including through adoption of new privacy technologies, decentralization of access to payments information and explicit recognition of limits on governmental and commercial actors. With digital technology, the question of surveillance, privacy protection and other programmable features is a matter of policy and design choices.

When considering the future of money, we must soberly consider the inevitability of a move to digital. This unlocks a great opportunity to design and implement a future greenback that satisfies American privacy expectations, including Mr. Fieler's.

DANIEL GORFINE  
Director, Digital Dollar Project  
Alexandria, Va.

## The Four-Year Degree and What to Get Out of College

I agree with Scott Wyatt and Allen Guelzo that not all jobs require a four-year college degree ("College Doesn't Need to Take Four Years," op-ed, Feb. 3). They seem to think, however, that colleges need to change. In fact, alternatives such as associate degrees and certificates have been around for decades. Let employers change the credentials that they expect from job applicants.

RUI COELHO  
Belmont, Mass.

Many years ago, as my eldest daughter was heading off to college, my sister sent her a letter with some advice: Take the bare minimum of classes in your major, take a statistics class and fill up the rest of your course load with art-history classes. My sister's reasoning was that everything important my daughter needed to know about her job, she'd learn on the job, and the art history would make her a more interesting person to talk to at a cocktail party.

BOB LUTON  
Jackson, Mich.

## A Tale of an Honest Lawyer

I am sure many enjoyed your editorial "A Shakeup for Unaccountable AGs" (Feb. 9). It reminds me of an old joke: An investment banker decides she needs in-house counsel, so she interviews a young lawyer. She asks, "Would you say you're honest?"

"Honest? Why yes!" affirms the young lawyer. "Let me tell you something about honesty. My father lent me \$120,000 for my education, and I paid back every penny when I tried my first case."

"Impressive," grants the banker. "And what sort of case was that?"

"Dad sued me for the money."

MARK QUINN  
Wilmington, Del.

Letters intended for publication should be emailed to [wsj.letters@wsj.com](mailto:wsj.letters@wsj.com). Please include your city, state and telephone number. All letters are subject to editing, and unpublished letters cannot be acknowledged.

## Pepper ... And Salt

THE WALL STREET JOURNAL



"You're good at asking all the right questions. Now let's hear some right answers."

## OPINION

## Iranian Nationalists Reject the Regime

By Reuel Marc Gerecht  
And Ray Takeyh

In Washington's liberal foreign-policy circles, it has long been accepted that any significant foreign military action against Iran would be counterproductive. Iranian nationalism would kick into gear, turning opponents of the regime into angry patriots. Iranian hard-liners would become more recalcitrant, foreclosing the possibility of reform. But 44 years after the Islamic revolution, it's no longer true that Iranian nationalists support the status quo. In fact, they seem to oppose it.

The passage of time hasn't been kind to Iran's theocracy. The mullahs have done much to anger the Iranian people since 1979 and little to win them over. The ruling clergy have always clashed with and sought to quash the Islamic Republic's limited democracy, which initially lent the government considerable domestic

**It's no longer true that a Western military strike would lend the theocracy stronger domestic support.**

political legitimacy and popular support. As democracy died, and with it the possibility of internal reform, protests grew in size and number. Systemic corruption, a dismal economic record, extraordinary managerial incompetence during the Covid pandemic, and a foreign policy whose costs are more obvious than its benefits have alienated Iranians.

Iran was a semi-Westernized country in 1979. The revolution interrupted that process but didn't stop it. By forcing religion into everything, theocracies often drive the societies they govern to secularize. Iranians have become more enamored



Iranian protesters clash with security forces in Mahabad in November.

of Western ideas such as basic rights and representative government—and less guilty about borrowing from the West. This is especially true of women, as has been evident in the most recent nationwide demonstrations triggered by the death of a young Kurdish-Iranian woman, Mahsa Amini, at the hands of the morality police. The demonstrations have also brought out Iranians of all social classes, indicating that opposition is widespread.

Longtime loyal lieutenants of the Islamic revolution now ruminate loudly about the split between Iranian society and the state. Senior clerics express fears about growing secularism and a fallen faith. The website of former President Hassan Rouhani, who supported crushing the student-led reform movement in 1999, is filled with criticism of the current government of Ibrahim Raisi and, by implication, the overlordship of Supreme Leader Ali Khamenei. Former prime minister and failed presidential candidate Mir-Hossein Mousavi, who was a leader of the pro-democracy Green Movement in 2009 and has been under house arrest since 2011, now explicitly calls

for the abolition of the constitution, which empowers the theocrats.

It's unlikely that a Western military response would heal this divide, in great part because of the public's deep disgust for Iran's ruling theocracy. Confronted with an increasingly hostile domestic audience, the regime has sought to create militant believers abroad. Wherever the Islamic Revolutionary Guard Corps can gain traction, it tries to plant mini-Lebanese Hezbollah. But these efforts have met pushback, even in majority-Shiite regions.

The Revolutionary Guard wanted to incorporate Syria into the "resistance front," a regime term for anti-American and anti-Zionist proxies and allies. Instead, Israeli air power has continuously destroyed Iranian bases in Syria, laying bare the Islamic Republic's weakness and killing a significant number of Iranians and Arab Shiite allies. The clerical regime has struggled to find any means to retaliate, which likely emboldened Jerusalem to strike inside Iran itself. Israeli agents have assassinated nuclear scientists and stolen from the regime's nuclear archives. The Israelis have even started to blow things

up—reportedly most recently a facility at a military base in Isfahan likely connected to the development of drones and missiles.

Afraid of escalation and probably deeply ashamed by the Zionists' ability to penetrate Iran's defenses, the clerical regime has offered a muted response. More damning, the public seems indifferent to Israel's intrusions. At the dawn of the revolution, even into the 1990s, such actions likely would have provoked massive demonstrations with little government orchestration. Today the regime distrusts any large gathering for fear it will quickly veer off in an ugly anticlerical direction.

On the streets, Iranians blame their economic plight on their leaders—not the U.S. and its sanctions. Iranians haven't protested Israel's actions in Syria; on university campuses and social media they have harangued officials for making Iran party to a bloodbath. Nationwide, protesters chant against money being sent to Islamist causes they care nothing about. Drones for Vladimir Putin's war in Ukraine no doubt will soon join this list.

Far from quelling Iranians' anger with the regime, a U.S. military response would likely stoke it further. All the theocracy has left to keep its citizens at bay is *haybat*, the fear of insuperable power, which American military action would only damage. Intellectually sensitive to the forces arrayed against him, Mr. Khamenei surely knows that he can't afford a fight with a superpower—or even a protracted clash with Israel—at a time of vast popular unrest. Paradoxically, Tehran is at its most vulnerable while Washington is at its most reticent.

*Mr. Gerecht, a former Iranian-targets officer in the Central Intelligence Agency, is a resident scholar at the Foundation for Defense of Democracies. Mr. Takeyh is a senior fellow at the Council on Foreign Relations.*

White House  
Adopts the  
Sarah Palin  
Playbook

By Ben Ritz

The Biden administration has sensibly rejected attempts by some far-right Republicans to hold the full faith and credit of the U.S. hostage in exchange for spending cuts. The administration now must show it will be open to good-faith budget negotiations after the impasse over the federal debt limit is resolved.

Unfortunately, the White House made a bad call last week, when spokesman Andrew Bates referred to the idea of a bipartisan commission that would make recommendations to shore up the solvency of Social Security and Medicare as "a death panel." This throwback to Sarah Palin's 2009 attack on the Affordable Care Act is as wrong now as it was then. President Biden should reconsider his administration's stance.

**A bipartisan commission to shore up Social Security and Medicare would be the opposite of a 'death panel.'**

Social Security and Medicare are the foundation of American retirement security—and they are in jeopardy if Congress doesn't act. Both programs spend more on benefits than they raise in dedicated revenue. When their trust funds are exhausted, current law requires that benefits automatically be reduced to the level that can be paid with incoming revenue. That day is coming: According to the Congressional Budget Office and the programs' trustees, it could be as soon as 2028 for Medicare Part A Hospital Insurance and 2033 for Social Security.

During the last Congress, Sens. Joe Manchin (D, W.Va.) and Mitt Romney (R, Utah) introduced legislation to create a bipartisan "rescue committee" for every federal program with a trust fund facing near-term insolvency. More than 20 members of the Senate Democratic caucus voted for this common-sense legislation a year ago. The rescue committees, which would consider both revenue increases and spending changes to make sure benefits are paid for the foreseeable future, aren't "death panels." It's worth remembering that Mr. Biden voted for the last major Social Security reform, in 1983, which itself was the product of a bipartisan commission.

If the White House is unwilling to consider even having a conversation about the future of Social Security and Medicare, what is its plan? Is it Mr. Biden's position that a 23% benefit cut for Social Security beneficiaries in 2033 is acceptable? That is what will happen if he and Congress continue to do nothing. Or does he simply want a future Congress to change the law and continue paying for these programs with borrowed money even after the trust funds are exhausted? Such a move would blow up the national debt and ensure that in roughly 25 years annual interest payments will surpass Social Security itself as the largest category of federal spending.

Part of Mr. Biden's unwillingness to engage in a serious conversation about these programs may be due to the toxic imprint the self-proclaimed "king of debt" Donald Trump has had on the Republican Party. Inaction on the biggest budgetary and retirement policy challenge facing our country appears to be one of the few things both parties' 2020 presidential standard-bearers agree on—and for both taxpayers and beneficiaries, that's bad news.

Whereas entitlement reform was once a priority of Republican House Speakers John Boehner and Paul Ryan, their successor, Kevin McCarthy, hasn't explained how House Republicans would cut federal spending to achieve their fiscal goals. At Mr. Trump's urging, he has played down the prospects for any changes to Social Security or Medicare. During the State of the Union, Mr. McCarthy led his conference in awkward applause for Mr. Biden's call not to make any benefit reforms.

The administration and its allies in Congress have fairly criticized Republican lawmakers for not bringing a coherent position into budget negotiations. But if the White House won't consider the idea of a bipartisan commission while refusing to present their own plan for restoring sustainable solvency to Social Security and Medicare, they will be the pot calling the kettle black.

*Mr. Cox is a former chairman of the New York State Republican Party.*

*Mr. Ritz is director of the Progressive Policy Institute's Center for Funding America's Future.*

## Is There Anything ChatGPT 'Kant' Do?

FREE  
EXPRESSION  
By Gerard Baker

Two things fill the mind with ever new and increasing admiration and awe the more often and steadily we reflect upon them: the starry heavens above me and the moral law within me."

Immanuel Kant's famous dictum located moral reasoning in an objective reality, as universally perceptible and discoverable, in principle at least, as the stars in the sky. Philosophical critics and subsequent scientific inquiry heaped doubt on Kant's objectivism, and advancing secularism rendered for many his theist explanation for the morally reasoning immortal soul somewhat antique. In any case he is probably overdue to join the ranks of the other white cisgendered males whose work will be consigned to the burning book pile of history.

But debate about the nature and sources of moral sentiment remains among the most pressing and practical in all of philosophy, shaping and defining our continuing struggle to identify the internal rules we should live by.

As our understanding of the roots of morality evolves, could rapid advances in artificial intelligence shed any light on how conscience works? We know that AI poses numerous ethical questions, but can it contribute any answers?

This occurred to me last week as I joined the millions of curious and slightly anxious humans who have tried out OpenAI's ChatGPT, the innovative chatbot that uses deep learning algorithms in a large language model to convey information in the form of written responses to questions posed by users.

It is, as many have discovered, a remarkably clever tool, a genuine leap in the automation of practical intelligence. We are familiar with its limitations, but given what it is currently capable of and the infancy of the science, we can assume that this

kind of software will get better in ways both awesome and terrifying.

(Let me state here for clarity's sake that this column was not written by a chatbot. From my age and a rough estimation of the future pace of technological progress, I think I have just about enough years of employment left to avoid being replaced by an app. I will let you know if that changes.)

Posing moral problems to ChatGPT produces some impressively sophisticated results. Take a classic challenge from moral philosophy, the trolley problem. A trolley is hurtling down a track on course to kill five people stranded across the rails. You stand at a junction in the track between the trolley and the likely victims, and by pulling a lever you can divert the vehicle onto another line where it will kill only one person. What's the right thing to do?

ChatGPT is ethically well-educated enough to understand the dilemma. It notes that a utilitarian approach would prescribe pulling the lever, resulting in the loss of only one life rather than five. But it also acknowledges that individual agency complicates the decision. It elegantly dodges the question, in other words,

noting that "different people may have different ethical perspectives."

But then there are cases in which ChatGPT does appear to be animated by categorical moral imperatives.

As various users have discovered, you see this if you ask it a version of this hypothetical: If I could prevent a nuclear bomb from being detonated

**Asked a moral question, it either deflects by saying opinions vary or retreats into foolish absolutism.**

and killing millions of people by uttering a code word that is a racial slur—which no one else could hear—should I do it?

ChatGPT's answer is a categorical no. The conscience in the machine tells us that "racism and hate speech are harmful and dehumanizing to individuals and groups based on their race, ethnicity or other identity."

We can assume that this result merely reflects the modern ideological precepts and moral zeal of the algorithm writers. Perhaps even they

didn't mean to ascribe such a moral absolutism to hate speech in this way, and future versions of the algorithm may get more complex and nuanced.

But both answers are in their different ways a useful reminder that artificial intelligence doesn't now and may never have much to offer us on the central questions of morality. One simply weighed neutrally the moral questions involved, the other gave us the moral prescription of its authors.

With almost infinite advances likely in the quantities of the data and the qualities of the algorithms, we can expect ever more intelligent output, with computers getting closer and closer to emulating the cognitive faculties of the human brain. It is even conceivable we might one day have machines capable of writing a Shakespeare play or a Mozart symphony. Yet much less likely is a computer that tells us definitive answers to moral questions. How do you get a machine to feel guilt? How do you write an algorithm that induces the experience of shame?

That in turn suggests the old Prussian's starry-eyed wonderment at the magnificently objective reality of a moral law might be justified after all.

## Ukraine: What Would Nixon Do?

By Ed Cox

Decisive presidential action can make the difference between success and catastrophe in conflicts abroad. Look back 50 years and history gives us an example of the type of American presidential leadership required to defeat Vladimir Putin's Russia in Ukraine and help secure Ukraine's independence for the long term.

The 1973 Yom Kippur War was, much like the war in Ukraine, more than a regional conflict. Israel was an important strategic partner of the U.S. in the Middle East. Egypt and Syria were closely tied to the Soviet Union. When Egypt and Syria launched a two-pronged attack on the holiest day of the Jewish calendar,

Yom Kippur, Israel was caught unaware and unprepared.

Early successes by the Arab invaders put Israel in a fight for its survival. By the third day of the war, Israel was on the ropes. It had lost more than 1,000 fighters and a third of its tanks.

I was in the White House and remember the dilemma my father-in-law, President Richard Nixon, faced: how to ensure Israel's survival without creating a superpower conflict. To avoid being cast as a "pitiful, helpless giant," unwilling to use our military strength to support our allies and strategic partners, the U.S. had to act decisively. Nixon directed the Defense Department to replace all of Israel's military-equipment losses quickly.

The Pentagon didn't get the message. When the president asked for a status report, Henry Kissinger, his national security adviser, told him, "Defense is putting up all kinds of obstacles." Meanwhile, American intelligence was reporting that the Soviets were mounting a large airlift of weapons and supplies to Syria and Egypt.

The president told Mr. Kissinger to instruct the Pentagon to "speed it up." Several days passed, and the Pentagon continued to dither. With the Soviets providing 700 tons of military equipment to Egypt and Syria daily, Nixon knew the U.S. had to act. Told that the Air Force couldn't decide which cargo planes to use, he told Mr. Kissinger, "God damn it, use every one we have. Tell them to send everything that can fly."

## THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES &amp; COMPANY

Rupert Murdoch  
Executive Chairman, News CorpEmma Tucker  
Editor in ChiefRobert Thomson  
Chief Executive Officer, News CorpAlmar Latour  
Chief Executive Officer and PublisherKaren Miller Pensiero, Managing Editor  
Jason Anders, Deputy Editor in Chief  
Neal Lipschutz, Deputy Editor in Chief  
Thorold Barker, Europe; Elena Cherney, News;  
Andrew Dowell, Asia; Brent Jones, Culture,  
Training & Outreach; Alex Martin, Print &  
Writing; Michael W. Miller, Features & Weekend;  
Emma Moody, Standards; Shazna Nessa, Visuals;  
Philana Patterson, Audio; Matthew Rose,  
Enterprise; Michael Siconolfi, Investigations;  
Amanda Wills, VideoDOW JONES MANAGEMENT:  
Daniel Bernard, Chief Experience Officer;  
Mae M. Cheng, SVP, Barron's Group; David Cho,  
Barron's Editor in Chief; Jason P. Conti, General  
Counsel, Chief Compliance Officer; Dianne DeSevo,  
Chief People Officer; Frank Filippo, EVP, Business  
Information & Services, Operations;  
Elizabeth O'Melia, Chief Financial Officer;  
Josh Stinchcomb, EVP & Chief Revenue Officer,  
WSJ | Barron's Group; Sherry Weiss, Chief  
Marketing OfficerPaul A. Gigot  
Editor of the Editorial Page  
Gerard Baker, Editor at LargeEDITORIAL AND CORPORATE HEADQUARTERS:  
1211 Avenue of the Americas  
New York, N.Y., 10036  
Telephone 1-800-DOWJONES

DOW JONES | News Corp

## WORLD NEWS

# Arrests Rise After Turkey Quakes

Authorities allege poor construction; some fear probe will hit low-level offenders

GAZIANTEP, Turkey—Turkish authorities widened a crackdown on those allegedly involved in shoddy construction practices and looting in cities across southern Turkey devastated by last week's earthquakes, making dozens of new arrests as hopes faded of finding many more survivors in collapsed buildings.

By Stephen Kalin,  
Daniella Cheslow  
and David S. Cloud

Relatives of some victims said they feared that the government investigation into why some buildings toppled and others remained standing would focus on lower-level offenders, not politically connected builders and government officials who approved questionable projects.

"All the contractors, all the builders of these houses, all the officials, anyone who signed permits for these kinds of buildings should be punished very harshly," said Suna Ozturk, 57 years old, whose daughter and two grandsons were still missing in the southwestern city of Antakya. "There were so many young people with education, jobs and lives."

Turkish Minister of Justice Bekir Bozdogan vowed last week that no one would escape punishment for the negligence that led to the collapse of buildings.

The death toll from the quakes has reached more than 35,000, with 31,600 fatalities in Turkey and 3,500 deaths in Syria, according to authorities, who say they expect the casualty numbers to continue to rise sharply.

Turkey's Ministry of Environment, Urbanization, and Cli-



People rested by a fire in Kahramanmaraş, Turkey, as the search for earthquake survivors continued on Monday.

mate Change said Monday that of 1.3 million housing units inspected since the earthquakes, more than 10% are damaged enough to need demolition.

An assessment of the damage in all 13 affected provinces will be completed by the end of the week, the ministry said.

All told, the Turkish Enterprise and Business Confederation, an industry trade association, estimated Monday that the earthquake damage will cost Ankara about \$84 billion.

Anger at the government mounted after authorities authorized the demolition of an office in Gaziantep belonging to the ministry, a move that residents charged was aimed at destroying construction records.

The ministry said the building was destroyed because of heavy damage and that all documents stored there would

be moved to archives.

However, on Sunday, binders of files were ground into the rubble, their papers fluttering between concrete and rebar.

"Since day one, one of the greatest concerns of the public has been that the evidence of the earthquake's damage will be concealed and the perpetrators will not be identified or punished," the Board of the Union of Turkish Bar Associations said Monday.

The organization said it would assist in collecting evidence and filing cases against anyone found responsible for approving improper projects, calling the vast earthquake area "a complete crime scene."

Authorities arrested two contractors Monday in Istanbul who were involved in construction of multiple buildings

in Adiyaman, according to state media.

That brought the total number of builders formally arrested in connection with investigations into collapsed dwellings to a least six.

Prosecutors in the Turkish city of Malatya, 150 miles north of the quake epicenter near Gaziantep, arrested 31 people in connection with an investigation into construction flaws that left some buildings flattened while others remained standing, according to state media.

In Gaziantep, officials from the public prosecutor's office on Sunday visited the site of a collapsed building whose contractor was among those detained.

Since Feb. 6, search and rescue crews have pulled out alive only a handful of the building's estimated 800 residents, said a

neighbor who helped with early rescue efforts.

Meanwhile, police patrolling the streets in Gaziantep reported that incidents of looting witnessed in the city mostly involved attempts to steal food from aid distribution sites.

Several incidents of looting from damaged shops and other premises have been reported in the quake zone.

At least 113 other builders, architects and engineers are already in custody, according to Turkish Vice President Fuat Oktay.

## Watch a Video



Scan this code for a video on how mapping tech could help rescue workers.

# Japan's Economy Grows Slightly

By MEGUMI FUJIKAWA

Japan's economy resumed modest growth in the October-December period thanks to a revival in tourism, but analysts said the slow pace of recovery suggested the country still needed monetary stimulus.

The world's third-largest economy after the U.S. and China grew 0.2% in the three months to December from the previous quarter and 0.6% on an annualized basis.

For all of 2022, real growth was 1.1%, but the economy was still slightly smaller than it had been in the pre-Covid-19 years of 2017 through 2019 because of a big drop in 2020 caused by the pandemic.

Government incentives for domestic travel lifted spending at restaurants and hotels, helping private consumption rise 0.5% in the October-December quarter from the previous quarter.

The figure for exports, which includes spending in Japan by tourists from over-

## Incentives from the government for domestic travel lifted spending.

seas, rose 1.4% in the quarter. Japan reopened to most foreign travelers in October.

Economists expect further growth in the current quarter as the loosening up continues. But some said the recovery still lacks momentum, suggesting that the Bank of Japan needs to stick with an easy policy stance under a new governor.

"The recovery from low economic activity caused by the Covid-19 pandemic is delayed," said Crédit Agricole economist Takuji Aida. With the U.S. and other overseas economies facing a potential slowdown this year, "it is likely to be difficult for the BOJ to shift toward monetary tightening," he said.

Tuesday's data showed capital expenditures, which include spending by companies on new factories and equipment, decreased 0.5% in the October-December period from the previous quarter.

Another concern is the inflation rate, which reached 4% in December and could make price-sensitive Japanese consumers hesitant to spend.

Economy Minister Shigeyuki Goto said Tuesday the government would continue to push for wage increases, as many companies prepare to make annual wage decisions in the next month or two. He said he wanted wage increases to exceed the consumer-price inflation rate.

## Backer of Low Rates Tapped to Run Bank

TOKYO—The Japanese government on Tuesday nominated Kazuo Ueda to become the next governor of the Bank of Japan, the first leadership change in a decade after Haruhiko Kuroda's aggressive monetary easing.

Mr. Ueda, 71 years old, is a former University of Tokyo professor of economics and served on the Bank of Japan's policy board from 1998 to 2005.

When news of his likely nomination emerged on Friday, Mr. Ueda said he believed Mr. Kuroda's easing program should stay in place. The Bank of Japan currently has a minus-0.1% short-term policy rate, and it has set a cap of 0.5% on the yield of the 10-year government bond.

Both steps are meant to keep interest rates down across the board and encourage borrowing and spending.

In 1999, shortly after Mr. Ueda joined the policy board, the central bank introduced its zero-interest-rate policy, the precursor of today's mix of policies intended to keep rates low.

—Megumi Fujikawa

# Hong Kong Rebrands, but Ignores Turmoil

By AUSTIN RAMZY

HONG KONG—Hong Kong began promoting its reopening this month with a 30-second video featuring the city's leader, John Lee, zooming across the screen, touting "new opportunities, new facilities, new experiences" as the backdrop fills with the repeated exclamation "more!"

The campaign marks the start of Hong Kong's effort to redefine itself after several tumultuous years that included a mass protest movement, a continuing political crackdown and some of the world's strictest and most enduring pandemic controls, which largely cut off a city long considered open and cosmopolitan.

The advertisements feature a bit of the new, such as a pair of recently opened museums, a bridge across the Pearl River and a high-speed railway to the mainland, and a bit of the old, including diners, city lights and views of iconic Victoria Harbour. Gone unexamined is how life in the city has been transformed.

"There's a lot that's changed in Hong Kong in the last three years, not all negative—there's a lot of positive," said Stephen Barry, managing

partner of the Hong Kong-based branding firm Stepworks, citing a new art museum known as M+. "We're still presenting Hong Kong as if nothing has happened. That's not true."

The campaign will offer 500,000 free air tickets to encourage visitors, which Mr. Lee called "probably the world's biggest welcome ever." On Monday, the city dropped all pandemic restrictions on travel with mainland China; people traveling from abroad are still required to take a rapid Covid test before arrival.

"Hong Kong is now seamlessly connected to the mainland of China and the whole international world," said Mr. Lee, a former police and security official who led the crackdown on the 2019 protests. "There will be no isolation, no quarantine and no restriction on experiencing our great wine-and-dine scenes, on doing business, on joining events and outings, on doing sports, on enjoying the hustle and bustle of Asia's world city."

Hong Kong desperately needs tourists and conferences to help reboot an economy that shrank 3.5% last year and saw its status as a global financial



Dancers perform during the Hello Hong Kong campaign launch.

hub seriously diminished.

To many, particularly supporters of the pro-democracy protests that were crushed by pandemic controls and a security crackdown, the city has lost much of what made it special.

"You see the same buildings, the same bustling streets—Hong Kong looks like before. But what's really important is the soul," said Victoria Hui, an associate professor of politics at the University of Notre Dame. "The Hong Kong brand has been destroyed, and the Hong Kong soul has emptied out."

More than 113,000 people left the city over a 12-month period that ended in mid-2022, contributing to its largest recorded annual population decline, according to government figures. Some went to the U.K., which opened a pathway for as many as five million residents of its former colony to work and even achieve citizenship.

Trust in the local government fell to a record low after the 2019 protests. The widely held belief that Hong Kong had figured out how to withstand Covid-19 collapsed last year as an Omicron variant wave broke

through the city's defense, driving a surge in the death rate.

The government's strict quarantines and other pandemic controls motivated many of those who left Hong Kong. The political crackdown, with Beijing loyalists attacking even mild criticism as a threat to national security, was also a factor.

The promotional push launched days before one of the city's biggest political trials began, with 16 pro-democracy politicians and activists facing subversion charges for organizing a primary election in 2020. They were among 47 charged under Hong Kong's National Security Law—imposed by Beijing two weeks before the primary—in what amounted to a purge of the city's opposition. Most have been held in jail since they were arrested in January 2021.

Countries including the U.S. and U.K. have sharply criticized China's governance of Hong Kong, saying Beijing has undermined the city's autonomy and seriously damaged the freedoms promised to its residents.

Prof. Hui cited the ticket giveaway as a sign of the city's damaged reputation. "Before the protests, you wouldn't need to give out a free ticket," she said.

## WORLD WATCH

### NEW ZEALAND

#### Auckland Braces For Cyclone Gabrielle

Hundreds of flights were canceled and schools closed as Cyclone Gabrielle bore down on Auckland on Monday, two weeks after New Zealand's largest city experienced severe flooding caused by torrential rain.

Thousands of properties lost power and many train services were halted as meteorologists forecast up to 8 inches of rain for the city from Monday through Tuesday's early hours. Authorities warned of potential landslides, with ground across the region still waterlogged after the wettest January since records began.

"Things are likely to get worse before they get better," Prime Minister Chris Hipkins said. American Airlines Group Inc., Air New Zealand Ltd. and Qantas Airways Ltd. were among the carriers that again canceled service into Auckland on Monday.

—Stuart Condie



HUMAN CHAIN: People gathered Monday in Dresden, Germany, to mark the 78th anniversary of the start of the Allied bombing raids on Feb. 13, 1945, that destroyed much of the city center.

### PORTUGAL

#### Study Details Church Sex-Abuse Scandal

More than 4,800 individuals may have been victims of child sex abuse in the Portuguese Catholic Church and 512 alleged victims have already come forward with their stories, an expert

panel looking into historic abuse in the church said Monday.

Senior Portuguese church officials had previously claimed there were only a handful of cases.

Senior clergymen sat in the front row of the auditorium where panel members read out some of the harrowing accounts of alleged abuse in their report.

The Independent Committee

for the Study of Child Abuse in the Catholic Church, set up by Portuguese bishops just over a year ago, looked into alleged cases from 1950 onward. Portuguese bishops are due to discuss the report at an extraordinary meeting on March 3. The statute of limitations has expired on most of the alleged cases.

—Associated Press

### YEMEN

#### U.K. Links Iran to Weapons for Rebels

Britain says it has for the first time presented evidence that Iran is supplying advanced weapons to the Houthi rebels in Yemen, after finding images of tests conducted at the headquarters of the Revolutionary Guard in Tehran on the hard drive of an unmanned aircraft seized by the Royal Navy.

The weapons and other evidence were presented to the United Nations as linking Iran to violations of Security Council resolutions barring weapons shipments to the Houthis, Britain's Ministry of Defense said Monday in London. The U.N. has prohibited weapons transfers to the Houthis since 2014, when the rebels descended from their northern stronghold, toppled the internationally recognized government and seized the capital, Sana'a. Iran has long denied arming the rebels.

—Associated Press



# BUSINESS & FINANCE

© 2023 Dow Jones & Company. All Rights Reserved.

\*\*\*

THE WALL STREET JOURNAL.

Tuesday, February 14, 2023 | B1

S&P 4137.29 ▲ 1.14% S&P FIN ▲ 1.10% S&P IT ▲ 1.77% DJ TRANS ▲ 0.93% WSJ \$IDX ▼ 0.17% 2-YR. TREAS. yield 4.534% NIKKEI (Midday) 27579.61 ▲ 0.56% See more at WSJ.com/Markets

## Toyota Pushes EV-First Strategy

### Next chief Sato says Japanese car maker needs change in manufacturing mindset

By RIVER DAVIS

TOKYO—Toyota Motor Corp.'s next chief executive said he wants to accelerate development of parts and manufacturing methods optimized for electric vehicles, calling for

an "EV-first mindset" in building out Toyota's EV lineup.

"We need to drastically change how we do business," said Koji Sato, who is set to become chief executive in April, taking over from longtime leader Akio Toyoda.

Mr. Sato said Toyota would develop new EVs for its luxury Lexus brand by 2026 using an EV-specialized manufacturing platform—the underlying architecture on which various models can be built.

Until now, Toyota has generally relied on existing technologies to manufacture EVs. Its current EV manufacturing platform is partly repurposed from one used for gasoline-powered vehicles, and its EVs are assembled on lines that also produce other types of cars.

Mr. Sato said an "EV-first mindset" was needed as Toyota builds out its electrified lineup. Lexus will lead this new strategy, which will ultimately

extend beyond just Lexus, he said. Beyond the new Lexus models, Toyota will continue to expand its current EV lineup, he said.

Mr. Sato, 53 years old, was considered a dark-horse candidate to succeed Mr. Toyoda, 66, who has been Toyota's leader since 2009.

The company said that effective in April it would give new posts to three executives who had been seen as leading contenders for the CEO job.

Among them are Kenta Kon, currently Toyota's chief financial officer, and Masahiko Maeda, currently chief technology officer. Mr. Kon will work on initiatives at Toyota's advanced technology and software arm Woven Planet, which is to be renamed "Woven by Toyota" in April, while Mr. Maeda will handle Asia-market strategy.

Toyota previously said it aimed to make its Lexus brand *Please turn to page B2*

## Chevron Considers Waiving Retirement For CEO

By COLLIN EATON AND CHRISTOPHER M. MATTHEWS

Chevron Corp.'s board of directors is considering waiving the company's mandatory retirement age for Chief Executive Mike Wirth, a move that would allow him to remain CEO for a longer period, people familiar with the matter said.

Some board members have said the San Ramon, Calif., oil company doesn't have an internal candidate ready to succeed Mr. Wirth, who would reach the company's fixed retirement age of 65 in late 2025, and that additional time would allow him to prepare a successor. The board members have also said they see no reason to push out an executive who has performed well, the people said.

Chevron's board is under *Please turn to page B2*

## China Cloud Firms Gain Southeast Asia Clout

By RAFFAELE HUANG

SINGAPORE—U.S. cloud-computing companies, dominant globally, face intensifying competition from Chinese rivals in Southeast Asia, offering a head-to-head look at how the two geopolitical rivals' corporate champions stack up in a key technology.

China's Alibaba Group Holding Ltd., Huawei Technologies Co. and Tencent Holdings Ltd. plan to invest hundreds of millions of dollars in Southeast Asia in the coming years.

While Amazon.com Inc. and Microsoft Corp.'s cloud-computing arms still dominate in terms of market share, especially in Singapore, Chinese companies entered emerging markets such as Thailand and Indonesia before their American rivals. There, they are offering lower-price products than their American rivals to win over price-sensitive customers, clients and industry analysts say.

By some metrics, Chinese companies have surpassed their American counterparts. Cloud companies refer to the number of availability zones, or clusters of data centers, to show the scale of their network. In Southeast Asia, Alibaba, Tencent and Huawei each run more availability zones than Amazon Web Services, Microsoft Azure or Alphabet Inc.'s Google Cloud, data from the companies showed. In the cloud-infrastructure-services segment, Chinese companies have surpassed Google by market share in Thailand, data from Gartner showed.



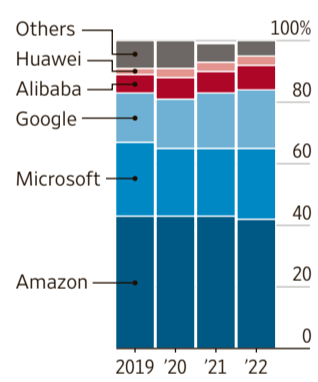
By some metrics, Chinese companies have surpassed their American counterparts. Alibaba's cloud booth at a 2022 conference

Their move is an example of how Chinese tech companies—increasingly driven overseas by a domestic economic slowdown and tighter regulations—are pressuring American rivals in markets that they expand into.

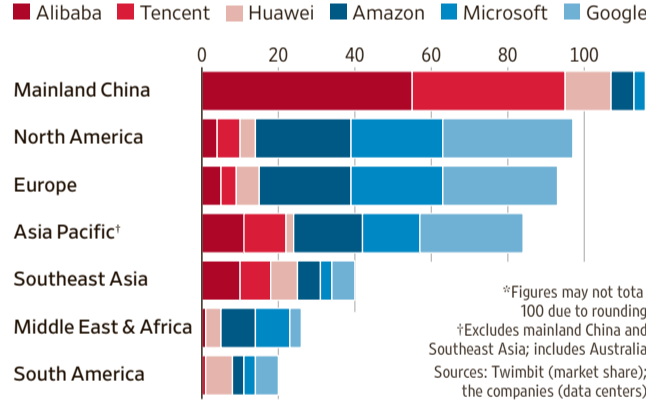
Southeast Asia is a priority market for many Chinese firms, including cloud companies, as they see a better chance of turning profits there compared with mature markets including the U.S. and Europe, where Chinese tech companies face more scrutiny.

*Please turn to page B2*

Market share of cloud service providers in Southeast Asia\*



Clusters of data centers, by region



## Junk-Loan Market Isn't Spooked by Economic Jitters

By MATT GROSSMAN

Business is slowing and interest rates have jumped for junk-rated U.S. companies. Investors who trade their loans, along with corporate chiefs, remain undaunted.

Optimism has burgeoned that highly indebted businesses from consumer manufacturers to software firms will get through the coming quarters relatively unscathed. Loan prices have rallied, defaults remain low and executives say that higher borrowing expenses and weakening demand aren't significantly altering their plans.

Their confidence has buttressed the \$1.5 trillion market for loans to companies rated below investment grade. The loan market helps keep cash-

poor businesses afloat and provides much of the funding for Wall Street's mergers-and-acquisitions machine.

It also offers investors higher returns in exchange for taking additional risk. Unlike junk-rated bonds, leveraged loans typically carry floating interest rates, so payouts to investors—and costs for borrowers—have risen with the Federal Reserve's aggressive rate increases.

Some investors have worried that the added pressure on already shaky balance sheets could spark a wave of missed payments or bankruptcies. That also could presage bigger problems in the economy. Loans were initially resilient last year as the Fed started bringing rates higher, but returned roughly minus

4.5% in a 10-week stretch through May and June as concerns about slowing growth set in.

Now prices have rebounded and borrowers are finding lenders. Executives at many junk-rated companies say they don't see challenges to paying their debt on time.

Sales surged at Chamberlain Group during the pandemic, when stuck-at-home consumers spent more on the company's LiftMaster garage-door openers. Its growth attracted private-equity giant Blackstone Inc., which bought Chamberlain in November 2021, valuing the company at about \$5 billion including debt.

Since last summer, rising interest rates have cooled the housing market and inflation *Please turn to page B10*

### INSIDE



**AUTOMOBILES**  
Ford plans to spend \$3.5 billion to build an EV battery plant in Michigan. **B3**



**HEARD ON THE STREET**  
China's demographic slump threatens to be an economic drag. **B12**

## SEC Targets Loopholes On Insider Trading

By JONATHAN WEIL

For the last two decades, officers and directors at U.S. public companies seeking to trade illicitly on inside information had an almost infallible get-out-of-jail-free card.

All they had to do was use prearranged trading plans when they bought and sold their companies' shares. The odds the government would target them for enforcement actions were slim. It was an unintended consequence of a regulation adopted in 2000 called Rule 10b5-1 that academic research shows was abused by some executives.

That regime is about to change. A new Securities and Exchange Commission rule promises to remove many of the loopholes that allowed corporate insiders to hide behind these trading plans. For

most U.S.-listed companies, new disclosure requirements will kick in April 1.

Among the highlights: Officers and directors will have to wait at least 90 days after starting or modifying a 10b5-1 plan before they can trade under the arrangement. The forms used to report their trades will include mandatory checkbox disclosures showing whether they were using such a plan as well as the plan's adoption date. The companies, too, will have to disclose the substance of 10b5-1 plans in quarterly and annual reports.

"Before the change occurred, you could have an executive utilize a \$100 million 10b5-1 plan, and there would be no trace in public disclosures that they were utilizing such a plan," said Daniel Taylor, an accounting professor at *Please turn to page B11*

Advertisement for Interlake Mecalux featuring the text "MAXIMIZE WAREHOUSE PRODUCTIVITY WITH AUTOMATION" and the website "interlakemecalux.com (877) 632-2589". The ad includes two large photographs of modern warehouse interiors with high ceilings and automated equipment.

# 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.

<b>A</b>	Activision Blizzard.....B4	Exxon Mobil.....B2,B12	Precisely.....B10
	Adidas.....A2	FanDuel.....B4	Prometheus Biosciences.....B12
	Air New Zealand.....A16	Ford Motor.....B3	Qantas Airways.....A16
	Alibaba.....B1	Fox.....B4	
	Alphabet.....B1		<b>R</b>
	Amazon.com.....B1,B4	Honeywell International.....B12	Raytheon Technologies.....B12
	American Airlines.....A16	Huawei Technologies.....B1	Roivant.....B12
	AmerisourceBergen.....A3		<b>S</b>
	Amgen.....B12	<b>I</b>	Salesforce.....B12
	Apple.....B12	Illumina.....B11	Sandvik.....B12
	AT&T.....B12	Instacart.....B11	Stripe.....B11
<b>B</b>		International Business Machines.....B12	Superbook Sports.....B4
	Binance.....A1	<b>J</b>	<b>T</b>
	Blackstone.....B1	Johnson & Johnson.....A3	Tencent.....B1
	Bolton.....B12	<b>L</b>	Teva Pharmaceutical Industries.....A3
<b>C</b>		LKAB.....B12	Three Arrows Capital.....B10
	Cardinal Health.....A3	<b>M</b>	Toyota Motor.....B1
	Chamberlain.....B1	McKesson.....A3	Twilio.....B3
	Chevron.....B1	MGM Resort International.....B4	<b>W</b>
	Cineworld.....B11	Microsoft.....B1	Walmart.....B1
	Contemporary Amperex Technology.....B3	<b>N - Q</b>	Walt Disney.....B1,B4
<b>D - F</b>		Novavax.....B3	<b>Z</b>
	DraftKings.....B4	Paramount Global.....B4	Zoom Video Communications.....B3
	Entain.....B4	Pfizer.....B3,B12	
	Epiroc.....B12		

# INDEX TO PEOPLE

<b>A</b>	Armstrong, Brian.....A2	Gline, Matthew.....B12	Piawwasdy, Vije.....B11
	Arnault, Bernard.....A8	Goss, Roberta.....B10	Raffat, Umer.....B12
	Arumugam, Sudhu.....B10	Gunawan, Daniel.....B2	Ramaswamy, Vivek.....B12
	Atherton, Amber.....B11	Gustavson, Jeff.....B2	Risinger, David.....B12
<b>B</b>		Gutierrez, Horacio.....B2	Rogers, Josh.....B10
	Boivin, Jean.....B11	Haslett, Phil.....B11	Rotman, Frank.....B11
	Bonner, Eimear.....B2	Iger, Robert.....B1	<b>S</b>
<b>C - I</b>		<b>K - R</b>	Sato, Koji.....B1
	Calhoun, David.....A8	Kon, Kent.....B1	Shipchandler, Khozema.....B3
	Catz, Safra.....B2	Kornegay, Jay.....B4	Smith, Kristin.....A2
	Chapek, Bob.....B2	Kumar, Suresh.....B4	<b>T - Z</b>
	Clark, Veronica.....A2	Lamb, Mark.....B10	Toyoda, Akio.....B1
	Davies, Kyle.....B10	Lawson, Jeff.....B3	Tung, Jessie.....B2
	Detmeister, Alan.....A2	Maeda, Masahiko.....B1	Urci, Blerina.....A2
	Donio, Elena.....B3	Magee, Seamus.....B4	Viggiano, Aidan.....B3
	Drake, Lisa.....B3	McCarthy, Christine.....B2	Wallace, Noel.....A8
	Feige, Kevin.....B2	Murdoch, Lachlan.....B4	Wirth, Mike.....B1
	Garnry, Peter.....B11	Neumann, Frederic.....A8	Yuan, Eric.....B3
	Gilboy, Brendan.....B10	Oubina, Jake.....A2	Zhu, Su.....B10
		Peltz, Nelson.....B1	
		Perlmutter, Isaac.....B1	

# Chinese Tech Firms Advance

Continued from page B1

Alibaba Cloud, the biggest Chinese cloud-service provider, in September pledged a new investment of \$1 billion to support its global partners in the coming three years. In January, the cloud arm also set up its international business headquarters in Singapore, while its parent Alibaba remains based in Hangzhou.

Huawei is providing cloud services to government agencies in Thailand and Malaysia for their digital-government and smart-city projects. In November, the company said it would invest \$300 million to develop cloud infrastructure in Indonesia.

When Astra Financial, an Indonesian retail financial service company, considered shifting its on-premise applications to cloud in 2019, Alibaba was the only cloud service provider that had data centers in the country.

Google launched its first data center in Indonesia in 2020, followed by AWS a year later. Astra Financial now also uses cloud services from other companies to reduce its risk, but Alibaba is still its biggest vendor.

"They gave us a good price," said Daniel Gunawan, information technology head at Astra Financial. "Indonesia is sensitive to costs." He said Alibaba also has been swiftly responding to his company's requests.

Chinese cloud companies usually offer prices that are 20% to 40% lower than American firms on different products, resellers of cloud services in Southeast Asia said. That discount, despite eating into profits, has helped the Chinese firms expand in Southeast Asia where many clients are small- and medium-size.

Chinese companies are increasingly delegating market-

ing and sales functions to resellers, as these local partners help remove barriers and lower the cost of entering new markets, resellers and senior managers at cloud companies said.

Tencent has rolled out a global partnership program to recruit local companies in the fields of marketing, sales, technology and customer support to help it deliver and expand services to local customers.

Chinese cloud firms tend to target the industries in which they have more experience. Astra Financial's Mr. Gunawan said Alibaba's expertise in e-commerce and digital finance gave it an edge over other cloud vendors. Alibaba also helped Astra Financial develop an app for financial services in 2021, he said.

Tencent, which owns chat and social-media app WeChat, built on its expertise in audio and video technology to provide cloud services to live-streaming and social-media platforms in countries such as Vietnam and Pakistan. It also supports videogame companies in the region.

As competition intensifies, U.S. companies have started to invest more. AWS has said it would invest \$5 billion each in Thailand and in Indonesia over 15 years to boost data centers and other cloud infrastructure in the two countries. Since last summer, Google Cloud has rolled out plans to build data centers in Malaysia and Thailand and has been supporting government projects for digitalization in Singapore and Indonesia.

Asked about competition with Chinese cloud companies, Google referred to its plans in Southeast Asian countries. AWS and Microsoft didn't respond to requests for comment.

While the U.S. companies' lead in the region won't be overturned quickly, Chinese companies are in it for the long term, said Jessie Tung, co-founder of Twimbit, a Singapore-based research firm. Chinese companies are investing in cultivating local talent to familiarize them with the Chinese technology infrastructure and ecosystem, she said.

# Chevron Eyes CEO Waiver

Continued from page B1

taking the yearslong process of succession planning as it faces the uncertainty of the war in Ukraine, prospects of an economic slowdown and potential oil-market turbulence, as well as political pressure from the U.S. and Europe to prepare for a future that depends less on fossil fuels.

A Chevron spokesman declined to comment.

Mr. Wirth, 62 years old, an engineer and Chevron employee for over 40 years, became chairman and CEO in 2018. At the time, Chevron

had been struggling for years from project-cost overruns and its profit was laid low by an oil-market crash. Mr. Wirth was seen as a cost-conscious executive, having led the company's refining and chemicals business—in which margins are critical—for almost a decade.

As of the fifth anniversary this month of Mr. Wirth taking the helm, Chevron's shareholders have seen a total return of 70%, compared with about 71% for its U.S. rival Exxon Mobil Corp. over the same period, and about 23%, 31% and 65% for its European counterparts Shell PLC, BP PLC and TotalEnergies SE. Chevron vowed last month to repurchase \$75 billion in shares—about a fifth of its market value—over the next several years, a move that was criticized by the White House, which argued it should spend

# Peltz Had Disney Ally In Fight

Continued from page B1  
ure over how to run Marvel's movie studio caused a rift that remains.

Meanwhile, Mr. Perlmutter supported Mr. Peltz and his campaign to get onto Disney's board and push for significant changes to Disney's governance and operations, including cost cuts. Mr. Peltz ended that campaign Thursday after Mr. Iger announced plans to remove 7,000 jobs and reduce spending by \$5.5 billion as part of a reorganization plan.

Though Disney didn't respond to all of Mr. Peltz's demands, the commitment to austerity pleased both him and Mr. Perlmutter. In a Thursday news release, Mr. Peltz's Triam Fund Management LP praised Mr. Iger's "recently announced operating initiatives, which are a win for all shareholders and broadly align with our thinking."

The changes would improve Disney's financial results, Triam said, and Disney's plan to restore its cash dividend—which it suspended in early 2020—by the end of 2023 was a bonus. Disney's shares fell 2% last week but remain up 24% for the year, through Monday.

Mr. Perlmutter declined to comment through a spokesman. He was impressed by the size of Disney's planned cuts, said a person close to the Marvel chairman who spoke with him after Disney made its announcement.

"This whole fight was not, in Ike's mind, about changing the Disney board. It was mostly about changing their

# BUSINESS & FINANCE



Marvel Chairman Isaac Perlmutter has sought to control costs.

attitude," this person said. "For him, overspending is like a cancer. If it's not constantly watched, it grows."

Mr. Perlmutter's views were relevant because as one of Disney's biggest individual shareholders and former CEO of Marvel, he had connections with Disney management and directors that he sought to use to advance both Mr. Peltz's activist campaign and his own agenda of clamping down on spending.

Disney saw Mr. Perlmutter's influence in Mr. Peltz's campaign, and viewed the two men as collaborators in trying to overhaul the company's board, according to people familiar with the matter.

On at least six occasions going back to July, Mr. Perlmutter reached out to top Disney executives, including former CEO Bob Chapek, Chief Financial Officer Christine McCarthy and General Counsel Horacio Gutierrez, as well as to Disney director Safra Catz, and had conversations seeking to persuade them to add Mr. Peltz to the board, according to proxy materials filed in January by Disney with financial regulators.

Messrs. Iger and Perlmutter

have had a tense relationship since 2015, when Mr. Perlmutter's quarrels with current Marvel Studios chief Kevin Feige over budgets and movie slates grew so intense that Mr. Iger, then in his first stint as Disney's CEO, intervened and removed Mr. Perlmutter as CEO of Marvel's movie studio, according to people familiar with the matter. Mr. Iger later

# Mr. Perlmutter and Disney's Mr. Iger have had a tense relationship.

stripped Mr. Perlmutter of further responsibilities, including control over Marvel's television shows, heightening the acrimony between them, these people said.

"He was not happy about it," Mr. Iger said in a Thursday interview with CNBC. "And I think that unhappiness exists today."

Mr. Perlmutter continued to try to influence moviemaking decisions after being forced out as CEO of Marvel, accord-

ing to people familiar with the matter. As recently as October, he sent emails to Disney executives seeking financial information about the movies and questioning the studio's wisdom in greenlighting big-budget titles such as last year's "Doctor Strange in the Multiverse of Madness," which grossed \$956 million globally. Disney has interpreted these inquiries as efforts to undermine Mr. Feige, these people said.

While Mr. Perlmutter doesn't have a good relationship with Mr. Iger, the person familiar with his thinking said, the Marvel leader's motive was to get Disney to reduce spending and maximize profit, and it wasn't motivated by a grudge against Mr. Feige or anyone else at Disney.

Mr. Perlmutter gained control of Marvel in the late 1990s. Disney, under the leadership of Mr. Iger, bought Marvel in 2009 for \$4 billion and took over its catalog of characters and its movie studio. Later, Mr. Perlmutter would try to discourage Disney from making certain titles, such as "Black Panther" and "Captain Marvel," which he thought wouldn't generate significant toy sales, especially overseas, according to people familiar with his thinking.

Over the years, Mr. Perlmutter's frugality became well-known. His colleagues tell stories of how Mr. Perlmutter, a billionaire with multiple houses, would fish paper clips and worn-down pencils out of the trash for reuse.

Messrs. Perlmutter and Peltz have been friends for years. Both men supported Donald Trump's campaigns for president, and Mr. Perlmutter, a member of Mr. Trump's Mar-a-Lago golf club, provided unofficial guidance to Mr. Trump on veterans affairs during his administration.

# Toyota Makes EV Push

Continued from page B1

all-EV by 2035. Lexus is being led by Mr. Sato until he starts as CEO in April. Mr. Sato said Toyota would announce more specifics about its EV strategy after he officially assumes his new role.

Even before Mr. Sato, a longtime Toyota engineer, was handed the CEO role, the auto maker had been weighing some changes to its EV strategy.

By making bigger upfront investments in EV-dedicated parts and manufacturing, Toyota hopes to make its EV business more efficient and take advantage of economies of scale.

It also wants to make its own batteries and invest in the supply chain for battery parts rather than relying solely on ready-made batteries from outside suppliers.

The challenge for Mr. Sato is that other auto makers are ahead in implementing some of those ideas—not just Tesla Inc., but also some legacy auto makers as well as China's BYD Co.

EVs already make up a big chunk of vehicle sales in China and Europe, and they are expected to pick up in the U.S. as well in response to more generous tax credits.

Toyota today is the leader in selling hybrid gas-electric vehicles, a technology it pioneered with the Prius in the late 1990s, but its EV sales are



Toyota's next CEO, Koji Sato, on stage. On screen above him, Akio Toyoda (right) and Mr. Sato test-drive Lexus's first EV model.

minuscule.

Last year, EVs made up less than 1% of Toyota and Lexus retail sales. By 2030, the company aims to lift that proportion to about a third of its annual sales of roughly 10 million vehicles.

Mr. Toyoda has frequently said Toyota should offer consumers a range of options including hybrids and hydrogen-powered cars, and he has questioned whether EVs should be pursued exclusively. Mr. Sato echoed Mr. Toyoda's views by saying that the car maker will "continue with an omnidirectional approach without wavering."

Mr. Sato said the new EV strategy was the product of years spent alongside Mr. Toyoda examining business models and considering how

to manufacture EVs so that they are "uniquely Toyota."

"We've seen the kind of EVs we are aiming for," Mr. Sato

said. "Now that the timing is right, we will accelerate that development with a new approach."

# Reliability: A Standard Our Customers Expect.



ManhattanLife™  
Standing By You. Since 1850.

See how we've earned the trust of our customers for more than 170 years.



## BUSINESS NEWS

# Ford to Build Battery Plant in Michigan

Auto maker investing \$3.5 billion in project as it sets ambitious EV production goal

BY RYAN FELTON  
AND NORA ECKERT

Ford Motor Co. is investing \$3.5 billion to build a battery plant in Michigan with help from China's Contemporary Amperex Technology Co. Ltd., a win for the auto maker's home state, which has seen many recent automotive projects head elsewhere.

The facility, which will be built in Marshall, Mich., about 100 miles west of Detroit, is expected to create about 2,500 jobs, Ford said Monday. The auto maker said a wholly owned subsidiary would manufacture the battery cells using technology and expertise provided by CATL, the world's largest maker of batteries for electric vehicles.

Ford is seeking to boost its domestic EV-making supply chain to help it produce two million electric vehicles a year globally by the end of 2026. The company has secured about 70% of the battery capacity needed to reach its 2026 goal, it has said.

Auto makers are working to secure key minerals and build battery factories as they rush to produce more electric vehicles. Financial incentives for North American production of battery cells and materials included in the federal Inflation Reduction Act



The company will join with China's Contemporary Amperex Technology in building the factory. Assembling the electric F-150 pickup.

passed last year has accelerated those efforts, executives and analysts say.

Ford considered sites for the battery plant in Mexico and Canada, but ultimately settled on Michigan in part because of the federal subsidies available under the new law, executives said.

"The IRA was incredibly important for us and frankly it did what it intended to do," said Lisa Drake, vice president of EV industrialization for the company's electric vehicle division.

Ford in 2021 completed plans to locate its largest EV-related project farther south:

three battery-cell factories and an electric-truck plant being developed in Tennessee and Kentucky. Many of the auto industry's battery factories and other EV investments have gone to Southern states and away from the sector's traditional Great Lakes stronghold.

Ford's planned Michigan factory will produce lithium-iron-phosphate battery cells, a type commonly used in China. So-called LFP chemistry is generally lower-cost than the nickel-and-cobalt combination widely used in North America and Europe. Ford said last summer that

it planned to add LFP as a way to reduce the cost of its EVs, and disclosed that it planned to work with CATL on that effort. The move allows Ford to reduce its reliance on nickel-and-cobalt-based batteries, prices of which have risen over the past year.

CATL will begin supplying LFP battery packs to be used on Ford's Mustang Mach-E electric SUVs starting this year and F-150 Lightning EV pickups in 2024, the company has said.

Several other car manufacturers have said they plan to expand their use of LFP batteries. Those battery cells have less energy density, which previously dissuaded auto makers from their use in Europe and North America, where driving distances are a greater consideration.

Auto makers in recent years have been able to boost the driving range of LFP-based EVs, which also have the benefit of greater durability and reduced fire risk compared with nickel-and-cobalt-based chemistries, analysts and executives have said.

"These batteries will give our customers who often tow and haul to get the range they need to get the job done," Ms. Drake said.

Ford executives said Monday that CATL employees will be stationed at the factory and that some materials for construction will be shipped from China. But the U.S. company will control all aspects of the plant's operations, the executives said.

## Big Law Firms Are Turning to Layoffs As Demand Slows

BY ERIN MULVANEY

Some large law firms, citing economic headwinds and slowing demand, are tightening their belts by shrinking their attorney ranks and eliminating professional staff.

The law firms that have cut associate attorneys in recent months include **Shearman & Sterling LLP**, **Goodwin Procter LLP** and **Stroock & Stroock & Lavan LLP**. **Davis Wright Tremaine LLP** said it would eliminate professional staff, but not attorneys.

The fall in demand for legal work last year followed years of growth driven by a boom in mergers-and-acquisitions work, prompting hiring sprees accompanied by six-figure bonuses for even lower-level attorneys. Firm expenses rose in 2022, colliding with economic pressures that have broadly affected U.S. industries.

"The work has fallen off a cliff," said law-firm consultant Peter Zeughauser. "The firms that were really red hot and significantly over-hired are the first movers to lay people off."

New York-based firm **Shearman & Sterling**, which said it has about 850 lawyers, last week announced it was cutting 12 attorneys and 26 members of the professional staff. The layoffs were in the transactional practice areas "most affected by the current and projected market conditions," the

firm said in a statement.

"While it is always painful to part ways with colleagues, and we have been able to avoid these actions up to this point, it was a critical step to align our capacity levels with existing client demands," a firm spokesman said.

Goodwin Procter's leadership team in a January memo to staff said that since 2019, the firm's lawyer population grew by 60%, but in recent months "macroeconomic headwinds" and a slowdown in demand led to a 5% reduction that affected associates, professional-track attorneys, paralegals and science advisers, and as well other professional staff. The firm said it has nearly 2,000 attorneys worldwide.

"After much thought and careful reflection, we concluded that—regrettably—our current staffing levels are too high for our current and projected demand," the memo said.

A spokesman for Stroock, which has about 230 attorneys, said in a statement that following a comprehensive review of practice groups, the firm laid off nine attorneys and 18 staff and business professionals.

Davis Wright Tremaine laid off 21 nonlawyer staff, according to a memo sent last week from Scott MacCormack, the firm's managing partner, who said the adjustments will make room for recruitment and investments elsewhere.

## Novavax to Sell 1.5 Million More Covid Vaccines to Government

BY LIZ ESSLEY WHYTE  
AND STEPHANIE ARMOUR

The U.S. government has agreed to buy 1.5 million more doses of **Novavax Inc.**'s Covid-19 vaccine, the company said, part of efforts preparing for the end of government purchases and the start of a commercial market for the shots.

Novavax wouldn't provide the monetary value of the deal or the price that the federal government would pay per dose.

The Biden administration has said it plans to end in May the national public-health emergency for the pandemic. It is also telling Covid-19 vaccine makers that they will need to start selling their shots commercially.

The Novavax deal would ensure a supply during the period before private buyers take over purchases, which the government expects would be in the fall, according to people familiar with the planning.

Under the terms of the deal, the federal government will also partially fund Novavax's future work on Covid-19 vaccines by, for example, adapting its shot to target future variants or putting it in smaller vials.

Novavax's protein-based Covid-19 vaccine hasn't been used nearly as much as messenger RNA shots from Pfizer Inc. and its partner BioNTech SE and from Moderna Inc.



The deal would ensure a vaccine supply before the government ends purchases. Novavax's Maryland lab.

Some people are allergic to the mRNA shots.

In July 2022, the federal government bought 3.2 million doses of Novavax's vaccine, but they have either expired or will do so soon, according to people familiar with the deal.

The deal "is the U.S. government saying a protein-based option is still important to us and partnering with us to make that happen, not only for now but the upcoming season," said Silvia Taylor, Novavax's chief communications officer.

Under the new agreement,

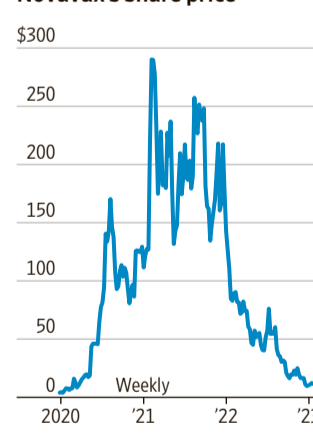
the federal government will use money it had already set aside for its \$1.8 billion Operation Warp Speed deal with Novavax.

The Gaithersburg, Md.-based company said last year that demand for its shots had been lower than the company expected and reduced its revenue outlook.

For the third quarter, the company reported total revenue of \$735 million, including \$626 million from its Covid-19 vaccine.

Novavax shares closed down 1% in trading Monday to \$9.78.

Novavax's share price



Source: FactSet

## Twilio to Eliminate 17% of Workers in Its Second Round of Job Cuts

BY WILL FEUER

**Twilio Inc.** said it is laying off about 17% of its employees, its second round of job cuts in about five months, and reducing certain employee perks as the cloud-communications company moves to give priority to profit over growth.

Chief Executive Jeff Lawson said Monday that the company is reorganizing into two business units: Twilio Communications and Twilio Data & Applications.

Khozema Shipchandler, the current chief operating officer, will serve as head of the new communications unit, while Elena Donio, president of revenue, will head up the Data & Applications business.

Mr. Lawson said the communications business grew too big and needs to become more efficient, while other areas need to accelerate growth. The



Twilio said it was halving its CEO's base salary at his request.

overall company grew rapidly during the pandemic. Twilio had 8,992 employees on Sept. 30, before the impact from its first round of layoffs, up from 3,060 employees on March 31, 2020, according to regulatory

filings.

"For the last 15 years, we ran Twilio for growth, building a tremendous customer base, product set, and revenue base," Mr. Lawson said in a memo to employees. "But en-

vironments change—and so must we. Now we have to prioritize profit far more than before."

Twilio joins a wave of companies across technology and other sectors that are laying off workers and cutting costs amid concerns around slowing growth and broader economic uncertainty.

Last week, **Zoom Video Communications Inc.** said it was laying off 1,300 employees, or 15% of its staff, and cutting Chief Executive Eric Yuan's salary.

In a securities filing, Twilio said it was slashing Mr. Lawson's base salary of \$134,000 roughly in half, at his request. The company also named Aidan Viggiano, a former General Electric Co. executive, as chief financial officer. She has held finance roles at Twilio since 2019.

Mr. Lawson said Twilio is

winding down certain perks, including an employee allowance for books and wellness. The company is also sunseting its Twilio Recharge program, which allows employees to apply for a month-long paid sabbatical every three years.

The company will also close some offices as Twilio pursues a remote-work culture. The company will redirect some cost savings toward higher travel budgets, Mr. Lawson said.

The company expects to book about \$100 million to \$135 million in charges tied to the latest round of layoffs. Last year, the company moved to close some offices, which resulted in an impairment loss of \$97.7 million and roughly \$7 million to \$10 million expected to be booked in the first quarter of 2023.

The latest round of closures is expected to add \$10 million

to \$25 million in impairments this year.

It is the second round of layoffs for Twilio, which cut 11% of its workforce in September, saying at the time that the business had grown too quickly.

The cloud company is reorganizing into a pair of separate business units.

The first round of layoffs was meant to streamline the company as it was then structured, and more are now needed to position Twilio for success as it restructures, Mr. Lawson said.

Shares closed Monday's trading up 2% at \$61.32.

## TECHNOLOGY &amp; MEDIA

WSJ.com/Tech

# Walmart to Shut Three Technology Hub Sites

Retail giant orders hundreds to relocate, considers requiring two days in office

By SARAH NASSAUER

Walmart Inc. plans to close three of its U.S. technology hubs and require hundreds of workers to relocate to keep their jobs, according to a memo reviewed by The Wall Street Journal.

The retailer will also begin to require all its technology workers to come into the office at least two days a week.

The retail behemoth will close offices that house technology staff in Austin, Texas, Carlsbad, Calif., and Portland, Ore., according to a memo to staff last week from Suresh Kumar, Walmart's global chief technology officer.

Walmart will pay for work-

ers in those locations to transfer to other primary offices, such as San Bruno, Calif., or the company's headquarters in Bentonville, Ark. The company hopes to relocate most of the workers, and some will be allowed to become full-time remote workers, a spokeswoman said. Those that leave will be given severance pay, she said.

"We've made the decision to focus our tech team's presence within select locations," said the spokeswoman. Rival Amazon.com Inc. and other large technology firms have recently announced plans to cut thousands of jobs.

In addition, most of Walmart's global technology workers will need to be in their assigned office at least two days a week, Mr. Kumar said in the memo. Many workers in Walmart's Bentonville corporate headquarters have been required to work in-per-

son five days a week since last year. The shift is a sign that even for technology companies that earlier in the pandemic embraced remote work, in-person work and central offices will play a role going forward. Activision Blizzard Inc., publisher of videogames such as "Call of Duty," on Monday stepped up its in-office policy, notifying some employees that they would need to report to offices three days a week beginning in April.

The gaming giant's move follows that of Walt Disney Co., which said it will require workers to come to its offices four days a week beginning in March. Other employers, including financial giant Vanguard Group, have pushed employees in recent weeks to adhere to existing hybrid-work schedules, often at three days a week.

Last year, Mr. Kumar an-



Suresh Kumar informed Walmart employees of the changes in a memo to staff last week.

nounced plans to open tech hubs in Atlanta and Toronto and plans to hire thousands more staff to his team, which he said was around 20,000 people globally. Before the closures, the company had 11 tech hubs in the U.S. and six abroad, according to its website.

Walmart has around 1.7 million U.S. workers, the majority hourly staff in stores

and warehouses, and about 600,000 in other staff abroad. It recently announced plans to raise its minimum U.S. store wages, amid a tight job market for hourly workers.

Earlier in the pandemic, Mr. Kumar told its corporate technology staff that remote work would stick around longer than in other parts of the organization.

The group aimed to make

"virtual work the new normal for Global Technology," Mr. Kumar said in a LinkedIn post in the spring of 2020. "We've decided that even as restrictions are lifted and other groups in Walmart eventually return to their offices, we will take our time, and think about how we can invent the workspace of the future."

—Chip Cutter  
contributed to this article.

# Big-Game Garners So-So Results for Betting Firms

By KATHERINE SAYRE

Sunday's Super Bowl marked a record-setting day for sports-wagering activity in the U.S., but the outcome of the dramatic game produced lackluster results for sports-betting companies in terms of profits, according to analysts and sportsbook executives.

Sports bettors' money favored the Philadelphia Eagles winning the game, making the Kansas City Chiefs' victory a win for the sportsbooks. But the high final score of 38-35 handed a win to bettors who favored the over on total points scored.

Big performances by stars like the Chiefs' MVP quarterback Patrick Mahomes also translated to some winning payouts for prop bets on indi-

vidual players' stats.

"I would chalk it down for us as an OK-to-good day," said Jay Kornegay, executive vice president of Superbook Sports operations, which includes the sportsbook at Westgate Las Vegas Resort & Casino. "It produced a winning day, but it wasn't one for the books," he added.

In Nevada, sports-betting operators accepted \$153 million in bets on the Super Bowl, down nearly 15% from last year's record of nearly \$180 million, the state's regulatory Gaming Control Board said Monday. The operators took in about \$11.3 million after paying out winning bets, down from about \$15.4 million for last year's game and about average compared with recent years, the board said.

The Super Bowl is crucial for gambling companies. Sports-betting operators seize the game as an opportunity to acquire new customers, while also trying to manage their risk as money pours in from

**'I would chalk it down for us as an OK-to-good day,' says one executive.**

gamblers betting on all aspects of the game.

In the event of an unlikely event—such as a big volume of gamblers correctly picking the final score—sportsbooks stand to lose millions.

"I don't think any sportsbook is going to have to go into their quarterly earnings call and put the blame on the Super Bowl for larger-than-expected losses," said Chris Grove, partner emeritus at Eilers & Krejčík Gaming, a gambling research firm. "But I don't think that this was as profitable of a Super Bowl for sportsbooks as it might have been otherwise."

BetMGM said it saw a record for total bets placed on the game, driven by the expansion of sports betting. BetMGM is a joint venture of MGM Resorts International and Entain PLC.

"The Chiefs winning the Super Bowl was a good outcome for the sportsbook, but bettors made money with the over hitting," said BetMGM sports

trader Seamus Magee in a statement.

GeoComply, which monitors online sports-betting transactions to ensure bets are being made in states where it is legal, reported making 100 million geolocation checks during the Super Bowl weekend, up 25% from last year's game. The company counted 7.4 million active betting accounts over the weekend, up 32% from last year.

More than 100,000 geolocation checks came from in and around State Farm Stadium in Glendale, Ariz., from more than 8,000 betting accounts, according to GeoComply.

The Super Bowl was held in a state with legalized sports betting for the first time, which meant fans at the game could bet from their mobile

phones in the stadium.

Sports-betting companies have hyped their apps in recent weeks with promotions tied to the big game.

FanDuel Group and DraftKings Inc., the No. 1 and No. 2 in sports-betting market share, each had an advertisement during the Super Bowl broadcast.

"The Super Bowl ads are another signal of those two brands trying to put additional distance between themselves and the rest of the field," Mr. Grove said.

Thirty-six states and the District of Columbia have legalized sports betting. More than 50 million Americans were expected to bet about \$16 billion on the Super Bowl, according to a survey from the American Gaming Association.

**THE MORE YOU UNDERSTAND HER WORLD, THE MORE POSSIBILITIES YOU SEE.**

For Julia's family, early screening for autism made a lifetime of difference. Find out more at [ScreenForAutism.org](https://ScreenForAutism.org)

autism speaks | SESAME WORKSHOP | ad COUNCIL

© 2019 Sesame Workshop. All rights reserved.



People watch Super Bowl LVII at a bar Sunday night in Newport Beach, Calif.

# Super Bowl Draws 113 Million Viewers, Short of Record

By JOE FLINT

Some 113 million viewers watched the Kansas City Chiefs beat the Philadelphia Eagles in Super Bowl LVII, according to preliminary data from Nielsen and Adobe Analytics, which they said made it the third-most-watched television show of all time.

The numbers are a slight improvement from the 112.3 million who watched the Los Angeles Rams defeat the Cincinnati Bengals in last year's game on NBC, its streaming platforms and Telemundo Spanish service.

The record for Super Bowl viewership remains 2015's Super Bowl XLIX on NBC, which averaged an audience of 114.4 million viewers. Like Sunday's game, Super Bowl XLIX—in which the New England Patriots edged the Seattle Seahawks—also went down to the wire.

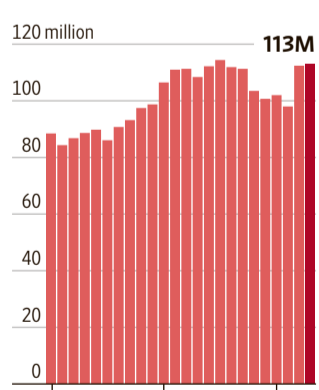
The Super Bowl's ratings performance comes as viewership for traditional television has declined as more viewers flock to streaming and video-on-demand platforms.

Other live events such as awards shows have seen rating drops in recent years, making major sporting events like the Super Bowl ever more important to advertisers.

Some commercials in Sunday's game topped \$7 million, a record.

Fox Corp. Chief Executive Lachlan Murdoch said last week

**Average number of Super Bowl viewers**



Note: 2021 and later include streaming platforms and Spanish language outlets. Sources: Nielsen; the networks

on a call with analysts that the Super Bowl and surrounding coverage of the game would likely generate about \$600 million in gross ad revenue.

Fox Corp. and Wall Street Journal parent News Corp share common ownership.

The ratings for the game include totals from Fox's broadcast coverage and various streaming platforms, including the NFL's own platform. The figures also include Fox Deportes, the Spanish-language platform of Fox Sports. The figures take into account viewing from bars and restaurants as well.

The half-time show featuring a performance by Rihanna averaged 118.7 million viewers, Fox said.

The game was also the most-streamed Super Bowl in history with seven million viewers choosing to watch the Super Bowl online, a gain of 18% over the six million that streamed the game last year, according to Adobe Analytics.

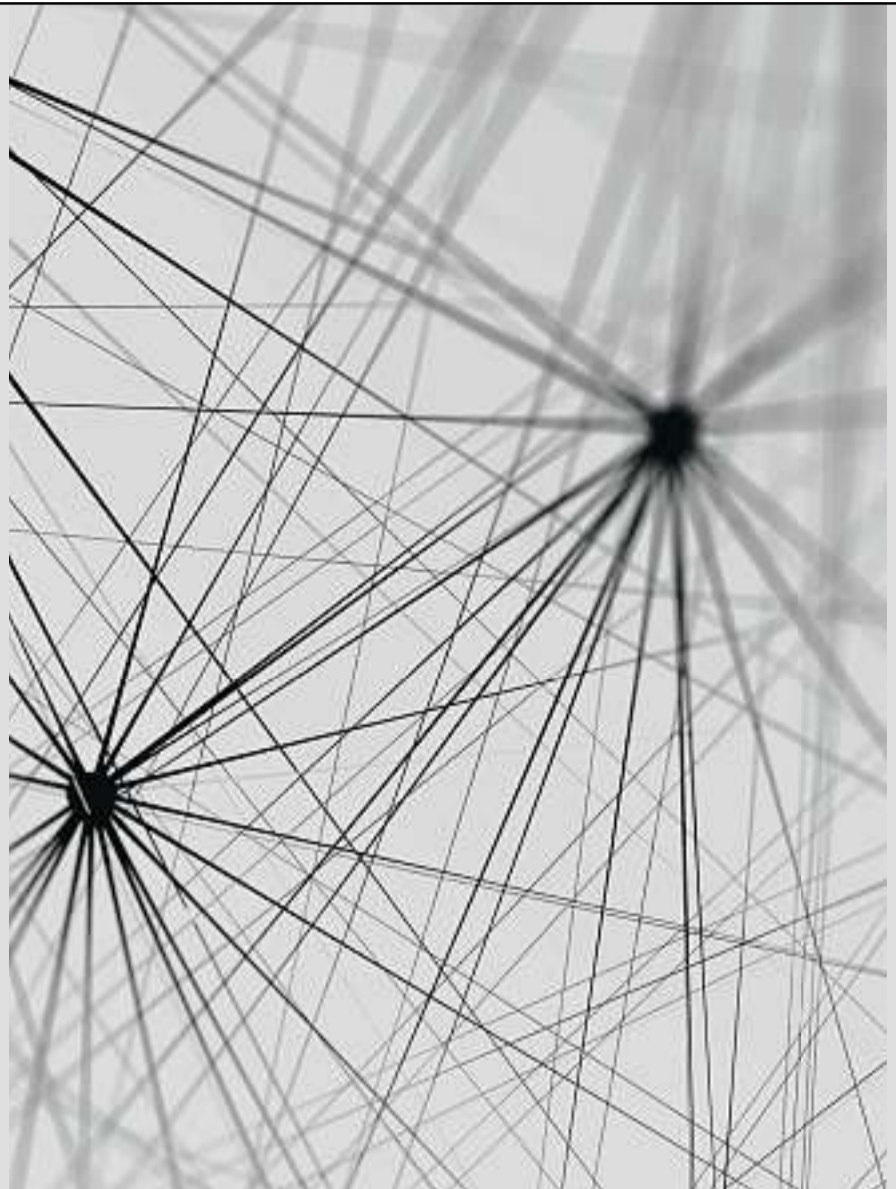
For the NFL, the strong viewership caps off a solid season in terms of ratings. While overall NFL viewership was down 3%, that decline is mostly due to the move of "Thursday Night Football" to Amazon.com Inc.'s Prime Video streaming service.

Regular-season ratings were up for NBC, Fox and CBS's Sunday packages of games. NBC's "Sunday Night Football" package increased viewership by 3% to 19.9 million viewers a game.

Sunday afternoon coverage on Fox improved jumped 4% to 19.4 million viewers a game while CBS's Sunday afternoon coverage was up nearly 3% to 18.5 million viewers. CBS is a unit of **Paramount Global**.

Walt Disney Co.'s ESPN saw a slight decline for its "Monday Night Football" franchise that was attributed in large part to the cancellation of the Cincinnati Bengals-Buffalo Bills match on Jan. 2 after Bills player Damar Hamlin suffered cardiac arrest during the game.

That game was averaging close to 21 million viewers when play ceased and it wasn't factored into ESPN's season ratings average.



**WSJ**

---

**Health**

**FORUM**

**The Premier Gathering for Leaders in Health**

MARCH 6 | BOSTON | ONLINE

From research to ROI, how is the science and business of health changing—and where is it going next? Join us to participate in lively discussions on the topics making headlines, ranging from advances in drug development to the new economic realities facing hospitals and health systems, investment outlooks and much more.

This is where you'll connect with an influential group of business executives and practitioners from across health—including stakeholders from the worlds of finance and venture capital, law and government—to explore the future of this far-reaching field.

**REQUEST AN INVITATION**  
[WSJ.com/healthforum](https://www.wsj.com/healthforum)

Complimentary Online Access for WSJ Members  
 Use Code: **WSJ**

Speakers Include



**Christopher A. Viehbacher**  
 President and CEO  
 Biogen



**Chelsea Clinton, D.Phil., M.P.H.**  
 Vice Chair,  
 Clinton Foundation  
 Vice Chair, Clinton  
 Health Access Initiative



**Vineeta Agarwala, M.D., Ph.D.**  
 General Partner  
 Andreessen Horowitz



**Stéphane Bancel**  
 CEO  
 Moderna



**Antoine Papiernik**  
 Chairman and  
 Managing Partner  
 Sofinnova Partners



**Sree Chaguturu, M.D.**  
 EVP and Chief Medical  
 Officer  
 CVS Health



**Anne Klibanski, M.D.**  
 President and CEO  
 Mass General Brigham



**Amir Dan Rubin**  
 Chair, President  
 and CEO  
 One Medical



**Zach Reitano**  
 Co-Founder and CEO  
 Ro



**Soumi Saha**  
 SVP, Government  
 Affairs  
 Premier

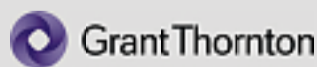


**Leslie B. Gordon, M.D., Ph.D.**  
 Co-Founder and  
 Medical Director  
 The Progeria Research  
 Foundation



**Matt Kaerberlein, Ph.D.**  
 Professor, University of  
 Washington School of  
 Medicine  
 Chief Science Officer,  
 Optispan Geroscience

PRESENTING SPONSORS



**THE WALL STREET JOURNAL.**  
 TRUST YOUR DECISIONS

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.

Monday, February 13, 2023
Stock Sym Close Net Chg
ABB ABD 34.06 0.43
ADT ADT 8.34 0.03
AECOM AEC 90.25 0.44

Stock Sym Close Net Chg
AnalogDevices ADI 180.45 1.99
Amazon.com AMZN 99.54 1.93
Amgen AEM 154.60 2.05

Stock Sym Close Net Chg
Altria MO 47.85 0.61
Amazon.com AMZN 99.54 1.93
Ambev ABEV 2.51 0.07

ADVERTISEMENT
The Marketplace
To advertise: 800-366-3975 or WSJ.com/classifieds

COMMERCIAL REAL ESTATE
THE PERFECT 1031 EXCHANGE PROPERTY
INCREDIBLE APPRECIATION FOR FUTURE GENERATIONS
NNN GROUND LEASE
3 ACRES PRICE: \$14 MM
ZONED FOR HIGH-RISE APARTMENTS WITH UNOBSTRUCTED SPECTACULAR VIEWS OF DOWNTOWN DENVER

Stock Sym Close Net Chg
Altria MO 47.85 0.61
Amazon.com AMZN 99.54 1.93
Ambev ABEV 2.51 0.07

Stock Sym Close Net Chg
Altria MO 47.85 0.61
Amazon.com AMZN 99.54 1.93
Ambev ABEV 2.51 0.07

BUSINESS OPPORTUNITIES
ESTABLISHED AEROSPACE MANUFACTURER
Projected revenue of \$40 million+ for 2023
Premier supplier of safety-critical aerostuctures to the global aerospace and defense industry.

M & A BUSINESS BROKERS
Sell & Show Businesses
Oppty To Make 6 Figures
As Independent Contractor
Work From Home / Outside Sales

THE HIGH COURT OF IRELAND COMMERCIAL
2023 No. 107 COS
IN THE MATTER OF LINDE PLC

PUBLIC NOTICES
THE HIGH COURT OF IRELAND COMMERCIAL
Record No. No. 2023/16 COS
IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 1141 OF THE COMPANIES ACT 2014

NOTICE IS HEREBY GIVEN pursuant to Section 453(2)(b) of the Irish Companies Act 2014 (the "2014 Act") that the following resolution approving a proposed scheme of arrangement (the "Scheme") between Linde plc (the "Company") and the Scheme Shareholders (as defined in the Scheme) was approved at a meeting of the Scheme Shareholders held on 18 January 2023 (which meeting was ordered by the High Court of Ireland (the "Court") on 5 December 2022 following an application by the Company pursuant to section 450(3) of the 2014 Act).

PUBLIC NOTICES
THE HIGH COURT OF IRELAND COMMERCIAL
Record No. No. 2023/16 COS
IN THE MATTER OF LINDE PLC AND ROUNDEWAY PLC
NOTICE IS HEREBY GIVEN that an Originating Notice of Motion issued out of the High Court of Ireland dated 7 February 2023, seeking an order pursuant to Section 1141 of the Companies Act 2014 (the "Act") confirming the proposed merger by absorption of Linde plc and Roundway plc (the "Applicants") under Chapter 16 of Part 17 of the Act, pursuant to which Linde plc will merge with and into Roundway plc (the "Merger") is directed to be heard in the Commercial List of the High Court of Ireland, sitting at the Four Courts, Inns Quay, Dublin 7, Ireland, at 2:00 pm (Dublin time) on Monday, 27 February 2023 (the "Hearing").

THE WALL STREET JOURNAL.
THE MARKETPLACE
(800) 366-3975
wsj.com/classifieds
© 2023 Dow Jones & Company, Inc. All Rights Reserved.

Dividend Changes

Company Symbol Yld % Amount New/Old Frq Payable/Record
Increased
AllianceBernstein AMB 7.3 70/64 Q Mar16/Feb21
Amer Homes 4 Rent Cl A 2.5 22/18 Q Mar31/Mar15

Cash Prices

Monday Monday
Energy Grains and Feeds
Coal,C.Aplc.12500Btu.12502-r,w 131.650
Coal,PwdrRvrBsn.8800Btu0.8502-r,w 15.400
Barley,top-quality MnpIs-u 1.94
Bran,wheat middings, KC-u,w n.a.

Borrowing Benchmarks

wsj.com/market-data/bonds/benchmarks
February 13, 2023

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.
Inflation
Dec. index Chg From (%)
level Nov '22 Dec '21
U.S. consumer price index
All items 296.797 -0.31 6.5
Core 300.113 0.17 5.7



Alex Hussey

# I AM A VETERAN AND THIS IS MY VICTORY.

**“My victory is removing ‘can’t’ from my vocabulary.”** Alex was hit by an IED in Afghanistan. He lost both legs, his left hand and has a traumatic brain injury. With support from DAV, Alex is taking on mountains. DAV helps veterans of all generations get the benefits they’ve earned—helping more than a million veterans each year. Support more victories for veterans® [Go to DAV.org](https://www.dav.org).

**DAV**<sup>®</sup>  
KEEPING OUR PROMISE TO  
AMERICA'S VETERANS

# COMMODITIES

wsj.com/market-data/commodities

## Futures Contracts

Metal & Petroleum Futures						
	Open	High	Low	Settle	Chg	Open interest
<b>Copper-High (CMX)</b> -25,000 lbs., \$ per lb.						
Feb	4.0275	4.0500	4.0275	4.0870	0.0595	904
March	4.0185	4.0685	3.9935	4.0575	0.0410	88,341
<b>Gold (CMX)</b> -100 troy oz., \$ per troy oz.						
Feb	1859.00	1861.00	1850.00	1851.90	-10.90	924
March	1866.70	1868.50	1852.70	1855.10	-10.80	2,107
April	1876.70	1877.20	1860.80	1863.50	-11.00	349,432
June	1892.50	1893.00	1877.60	1880.10	-11.10	42,040
Aug	1908.50	1910.60	1895.00	1897.60	-11.20	13,842
Oct	1916.40	1926.60	1913.60	1914.90	-11.10	4,712
<b>Palladium (NYM)</b> -50 troy oz., \$ per troy oz.						
Feb	1526.50	1564.00	1515.00	1535.50	11.60	
March	1526.50	1564.00	1515.00	1535.50	11.60	8,130
<b>Platinum (NYM)</b> -50 troy oz., \$ per troy oz.						
Feb	950.50	963.10	938.10	953.30	7.70	1
March	950.50	963.10	938.10	953.30	7.70	60,497
<b>Silver (CMX)</b> -5,000 troy oz., \$ per troy oz.						
Feb	21.780	21.975	21.780	21.818	-0.216	42
March	22.030	22.085	21.785	21.852	-0.223	69,083
<b>Crude Oil, Light Sweet (NYM)</b> -1,000 bbls., \$ per bbl.						
March	79.94	80.62	78.45	80.14	0.42	171,732
April	80.05	80.78	78.67	80.33	0.41	254,214
May	80.24	80.87	78.83	80.45	0.41	156,408
June	80.14	80.75	78.77	80.36	0.41	242,803
Sept	78.38	79.44	77.69	79.12	0.43	113,200
Dec	77.40	77.83	76.20	77.55	0.47	200,573
<b>NY Harbor ULSD (NYM)</b> -42,000 gal., \$ per gal.						
March	2.8700	2.9223	2.8188	2.9057	0.411	56,667
April	2.8461	2.8880	2.7902	2.8739	0.367	60,978
<b>Gasoline-NY RBOB (NYM)</b> -42,000 gal., \$ per gal.						
March	2.5065	2.5337	2.4654	2.5311	0.274	81,337
April	2.7047	2.7303	2.6626	2.7276	0.252	84,574
<b>Natural Gas (NYM)</b> -10,000 MMBtu., \$ per MMBtu.						
March	2.580	2.610	2.376	2.405	-1.09	164,176
April	2.663	2.689	2.473	2.499	-1.08	143,360
May	2.832	2.853	2.663	2.685	-0.93	215,352
July	3.186	3.186	3.035	3.052	-0.71	65,825
Sept	3.183	3.183	3.040	3.060	-0.62	78,121
Oct	3.230	3.255	3.111	3.134	-0.63	79,827

	Open	High	Low	Settle	Chg	Open interest
May	1532.75	1546.25	1529.25	1536.00	2.50	240,990
<b>Soybean Meal (CBT)</b> -100 tons, \$ per ton						
March	500.80	508.20	500.30	504.00	4.60	114,220
May	481.10	488.60	480.50	485.40	5.20	186,314
<b>Soybean Oil (CBT)</b> -60,000 lbs., cents per lb.						
March	60.37	60.84	59.56	60.14	-4.0	87,759
May	60.52	60.94	59.70	60.24	-4.2	153,295
<b>Rough Rice (CBT)</b> -2,000 cwt., \$ per cwt.						
March	18.09	18.16	17.85	17.91	-1.8	3,992
Sept	16.70	16.70	16.62	16.59	-1.3	1,629
<b>Wheat (CBT)</b> -5,000 bu., cents per bu.						
March	789.00	796.00	776.00	792.00	6.00	101,699
May	798.00	804.75	786.25	800.75	5.00	127,971
<b>Wheat (KC)</b> -5,000 bu., cents per bu.						
March	910.25	916.25	896.25	912.25	3.25	63,818
May	898.00	903.25	885.25	900.25	3.50	64,637
<b>Cattle-Feeder (CME)</b> -50,000 lbs., cents per lb.						
March	187.025	188.200	185.550	187.200	9.00	16,890
April	191.550	192.425	190.150	191.600	8.25	11,893
<b>Cattle-Live (CME)</b> -40,000 lbs., cents per lb.						
Feb	161.825	162.275	161.700	162.275	1.075	11,457
April	164.650	165.250	164.125	165.100	1.150	139,395
<b>Hogs-Lean (CME)</b> -40,000 lbs., cents per lb.						
Feb	75.800	75.950	75.700	75.825	-0.025	16,964
April	83.775	86.525	83.700	86.350	3.050	101,925
<b>Lumber (CME)</b> -110,000 bd. ft., \$ per 1,000 bd. ft.						
March	416.70	423.30	408.10	414.10	-5.50	1,387
<b>Milk (CME)</b> -200,000 lbs., cents per lb.						
Feb	17.93	17.97	17.88	17.94	...	4,250
March	18.08	18.08	17.82	18.01	-0.05	6,465
<b>Cocoa (ICE-US)</b> -10 metric tons, \$ per ton						
March	2,583	2,634	2,580	2,621	57	23,867
May	2,623	2,667	2,619	2,657	51	107,023
<b>Coffee (ICE-US)</b> -37,500 lbs., cents per lb.						
March	174.50	179.75	174.00	177.05	2.30	23,416
May	173.85	179.35	173.85	176.75	2.10	87,296
<b>Sugar-World (ICE-US)</b> -112,000 lbs., cents per lb.						
March	21.57	21.66	21.12	21.20	-3.8	184,184
May	19.96	20.08	19.61	19.68	-3.6	366,832
<b>Sugar-Domestic (ICE-US)</b> -112,000 lbs., cents per lb.						
May	37.00	...	...	37.00	...	2,656
July	36.99	...	...	36.99	...	2,398
<b>Cotton (ICE-US)</b> -50,000 lbs., cents per lb.						
March	85.15	86.73	84.53	85.64	3.7	28,441
May	85.58	86.77	84.85	85.79	2.1	83,358
<b>Orange Juice (ICE-US)</b> -15,000 lbs., cents per lb.						
March	245.55	245.55	232.55	232.85	-19.70	5,675
May	232.85	234.00	225.35	225.85	-9.70	5,292

## Interest Rate Futures

	Open	High	Low	Settle	Chg	Open interest
<b>Ultra Treasury Bonds (CBT)</b> -\$100,000, pts 32nds of 100%						
March	138-030	139-140	137-260	139-000	1-01.0	1,440,314

	Open	High	Low	Settle	Chg	Open interest
June	138-260	139-310	138-130	139-180	1-01.0	24,725
<b>Treasury Bonds (CBT)</b> -\$100,000, pts 32nds of 100%						
March	126-300	127-190	126-230	127-120	14.0	1,210,233
June	128-060	128-290	128-020	128-230	14.0	11,185
<b>Treasury Notes (CBT)</b> -\$100,000, pts 32nds of 100%						
March	112-205	112-280	112-170	112-250	3.0	4,168,132
June	113-045	113-130	113-025	113-105	3.0	51,124
<b>5 Yr. Treasury Notes (CBT)</b> -\$100,000, pts 32nds of 100%						
March	107-275	107-302	107-237	107-272	-1.7	4,146,747
June	108-087	108-130	108-065	108-100	-1.7	109,919
<b>2 Yr. Treasury Notes (CBT)</b> -\$200,000, pts 32nds of 100%						
March	102-063	102-076	102-041	102-057	-1.4	2,598,150
June	102-172	102-187	102-150	102-166	-1.7	27,501
<b>30 Day Federal Funds (CBT)</b> -\$5,000,000, 100 - daily avg.						
Feb	95.4325	95.4325	95.4275	95.4300	...	507,204
April	95.1550	95.1600	95.1550	95.1600	...	245,416
<b>10 Yr. Del. Int. Rate Swaps (CBT)</b> -\$100,000, pts 32nds of 100%						
March	102-200	102-065	102-145	102-145	4.0	17,407
<b>Three-Month SOFR (CME)</b> -\$1,000,000, 100 - daily avg.						
Dec	95.5550	95.5550	95.5525	95.5550	...	737,694
March	95.0700	95.0725	95.0575	95.0650	-0.050	1,413,773
<b>Eurodollar (CME)</b> -\$1,000,000, pts of 100%						
Feb	95.1175	95.1300	95.1175	95.1364	0.239	79,332
March	94.9400	94.9500	94.9350	94.9425	0.075	811,430
June	94.6400	94.6550	94.6150	94.6250	-0.200	703,808
Dec	94.8600	94.8900	94.8300	94.8650	-0.150	645,917

## Currency Futures

	Open	High	Low	Settle	Chg	Open interest
<b>Japanese Yen (CME)</b> -¥12,500,000, \$ per 100¥						
Feb	7585	7605	7527	7534	-0.071	479
March	7639	7641	7552	7578	-0.056	160,492
<b>Canadian Dollar (CME)</b> -CAD 100,000, \$ per CAD						
Feb	7488	7504	7475	7498	0.004	86
March	7495	7506	7476	7499	0.004	143,463
<b>British Pound (CME)</b> -£62,500, \$ per £						
Feb	1.2043	1.2133	1.2032	1.2126	0.076	622

	Open	High	Low	Settle	Chg	Open interest
March	1.2059	1.2158	1.2037	1.2138	0.082	204,263
<b>Swiss Franc (CME)</b> -CHF 125,000, \$ per CHF						
March	1.0855	1.0912	1.0830	1.0901	0.050	37,267
June	1.0947	1.1024	1.0944	1.1013	0.051	506
<b>Australian Dollar (CME)</b> -AUD 100,000, \$ per AUD						
Feb	0.6925	0.6955	0.6891	0.6949	0.035	95
March	0.6924	0.6981	0.6898	0.6970	0.049	126,720
<b>Mexican Peso (CME)</b> -MXN 500,000, \$ per MXN						
Feb	0.05360	0.05360	0.05360	0.05360	0.00005	5
March	0.05331	0.05361	0.05313	0.05349	0.00019	269,978
<b>Euro (CME)</b> -€125,000, \$ per €						
Feb	1.0672	1.0710	1.0656	1.0704	0.030	715
March	1.0698	1.0749	1.0674	1.0735	0.043	763,307

## Index Futures

	Open	High	Low	Settle	Chg	Open interest
<b>Mini DJ Industrial Average (CBT)</b> -\$5 x index						
March	33905	34289	33759	34268	373	83,888
June	34129	34550	34025	34535	378	1,105
<b>Mini S&amp;P 500 (CME)</b> -\$50 x index						
March	4105.00	4150.75	4078.75	4147.25	47.50	2,012,007
June	4140.50	4188.00	4116.00	4185.00	48.25	24,673

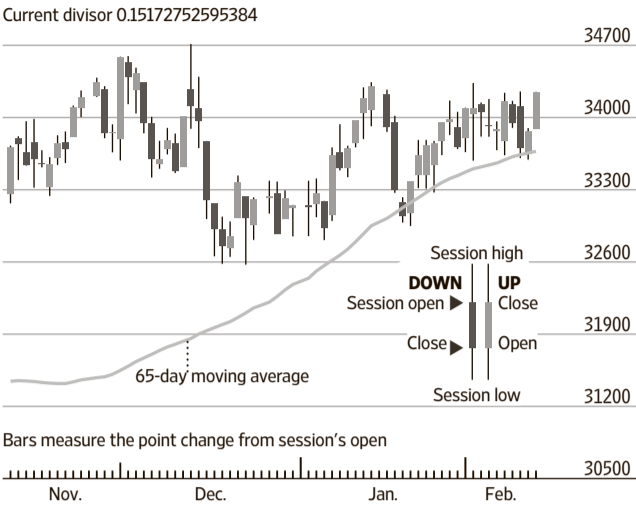


MARKETS DIGEST

EQUITIES

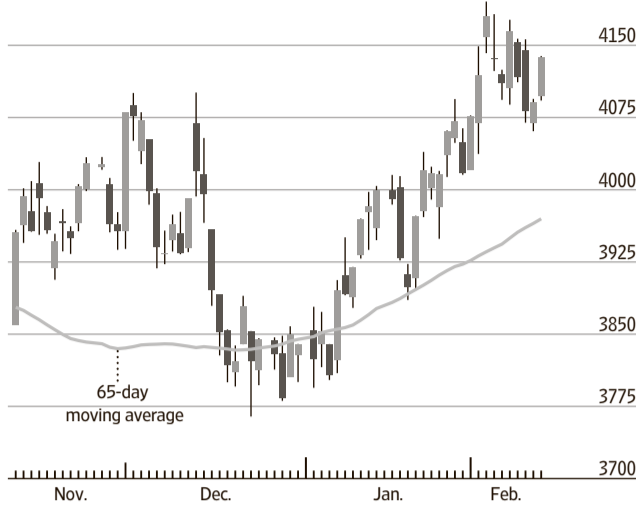
Dow Jones Industrial Average

34245.93 ▲ 376.66, or 1.11%
High, low, open and close for each trading day of the past three months.



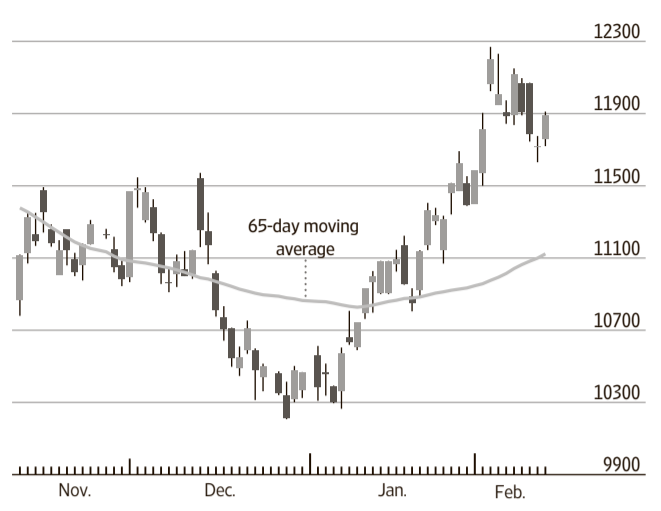
S&P 500 Index

4137.29 ▲ 46.83, or 1.14%
High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

11891.79 ▲ 173.67, or 1.48%
High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

Table listing various stock market indexes including Dow Jones, Nasdaq Stock Market, S&P 500, and Russell 2000 with their latest values and percentage changes.

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 of most-active issues in late trading including Palantir Technologies, Aesther Hlthcr Acqn Cl A, and others.

Percentage gainers...

Table of percentage gainers including Fusion Pharmaceuticals, Palantir Technologies, and others.

...And losers

Table of percentage losers including iShares MSCI ACWI ETF, Amkor Technology, and others.

Trading Diary

Volume, Advancers, Decliners

Table showing trading volume, number of advancers, and decliners for NYSE and NYSE Arca.

International Stock Indexes

Table of international stock indexes from various regions including Europe, Asia-Pacific, and others.

Percentage Gainers...

Table of percentage gainers in international markets including China Jo-Jo Drugstores and others.

Most Active Stocks

Table of most active stocks including Sorrento Therapeutics and others.

Percentage Losers

Table of percentage losers in international markets including Frequency Therapeutics and others.

Volume Movers

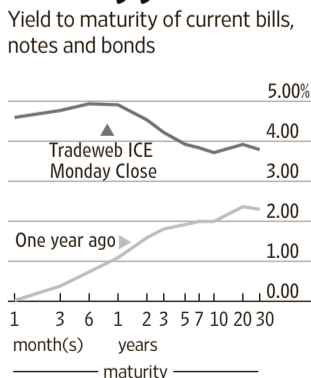
Table of volume movers including Counter Press Acqn Cl A and others.

CREDIT MARKETS

Consumer Rates and Returns to Investor

Table showing U.S. consumer rates and returns to investor for various financial products.

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table of corporate borrowing rates and yields for various bond types.

CURRENCIES & COMMODITIES

Currencies

Table of U.S. dollar foreign-exchange rates for various countries and currencies.

Commodities

Table of commodity prices for various goods like oil, gas, and metals.

BANKING & FINANCE

Corporate Climate Plans Fall Short of Goals, Report Finds

By Dieter Holger

The climate plans of major companies continue to fall short—but there are some bright spots.

The second annual report examining the net-zero plans of climate-leading global companies found little improvement over the last year as their self-reported decarbonization plans continue to fall well behind the stated ambitions to cut their emissions.

The Corporate Climate Responsibility Monitor 2023 published Monday found that the combined net-zero pledges of 24 industry-leading companies would reduce their total greenhouse-gas emissions by 36% by their respective target years, typically 2040 or 2050, compared with the at least 90% emission reductions needed.

The 22 companies with 2030 targets would deliver an average reduction of 15% of their real emissions, far below the 50% target that the United Nations' Race to Zero campaign endorses. The report also raised concerns about plans that rely on carbon offsets, provide misleading disclosures and exclude emission sources in supply chains.

The gap is particularly stark as these businesses are part of the U.N.-backed Race to Zero campaign. Responsible for 4% of global greenhouse-gas emissions, they span eight



Fast-fashion retailer H&M was among five companies singled out for hitting emissions targets.

sectors including automobiles, fashion, food and technology and have combined yearly revenue of more than \$3 trillion. The analysis was done by non-profits NewClimate Institute and Carbon Market Watch.

"At a time when corporations need to come clean about their climate impact and shrink their carbon footprint, many are exploiting vague and misleading 'net zero' pledges to greenwash their brand while continuing with business as usual," Carbon Market Watch's executive director, Sabine Frank, said.

The analysis echoes the findings of another report published last week by environmental nonprofit CDP that said only 81 of nearly 19,000 companies that disclose through its platform have credible climate

transition plans. Despite the shortfalls, the Corporate Climate Responsibility Monitor did identify some best practices among companies, which can serve as examples for others.

To demonstrate a "commitment to deep decarbonization," the report says a company's net-zero plans should reduce all its emissions, including from its entire value chain—so-called scope 3—by at least 90% by their target date, typically 2040 or 2050. This aligns with the guidance from the Science Based Targets initiative that voluntary carbon credits can be used to offset a maximum of 10% of emissions.

Five companies among the 24 examined in the report hit the 90% target: fast-fashion retailer H&M Hennes & Mau-

ritz AB, cement-and-concrete maker Holcim AG, auto manufacturer Stellantis NV, shipping giant AP Moller-Maersk AS and engineering-and-steel company Thyssenkrupp AG. The net-zero plans of Holcim and H&M have also won approval from the Science Based Targets initiative. Food retailer Koninklijke Ahold Delhaize NV, carrier American Airlines Group Inc., food-and-beverage company Nestle SA and Maersk are among businesses seeking SBTi approval.

Helping suppliers is crucial to advancing decarbonization plans, according to the report. Apple Inc., iPhone manufacturer Foxconn Technology Co. and H&M were all noted for helping their suppliers to access renewable energy with financial support or advice.

Three Arrows Founders Prepare Claims Exchange

By Weilun Soon and Caitlin Ostroff

The founders of failed hedge fund Three Arrows Capital Ltd. have resurfaced with a \$25 million crypto-exchange venture that will let users trade bankruptcy claims from insolvent platforms and funds, including their own.

Open Exchange, or OPNX, was created by Su Zhu and Kyle Davies—who set up Three Arrows together—and the two founders of crypto exchange CoinFLEX. The new platform is expected to launch by the end of this month, Mr. Zhu said. It has begun accepting applications from individuals who want to be among the first to trade their crypto claims; Mr. Zhu tweeted on Sunday that there were more than 3,600 sign-ups so far. U.S. residents are among those that aren't eligible for the wait list, the company said.

The company's website said there is a \$20 billion market of crypto claimants, and the exchange will allow creditors to convert their claims into cryptocurrencies to use them as margin collateral for crypto futures trading. Claims against Three Arrows Capital are among those that can be traded on the exchange, in addition to claims against FTX, Genesis Global Capital, Celsius Network LLC and others, OPNX said.

Further down the road, OPNX wants to introduce decentralized custody and clearing services and stocks and

foreign-exchange products, Mr. Zhu said in a tweet.

Mr. Zhu and Mr. Davies started OPNX alongside CoinFLEX's Mark Lamb and Sudhu Arumugam. CoinFLEX filed for restructuring in a Seychelles court in August. Three Arrows, one of the industry's biggest crypto hedge funds, collapsed last summer after suffering heavy losses when multiple tokens plunged in value. The company is undergoing liquidation proceedings in a British Virgin Islands court.

Flex, the native token of CoinFLEX, will be OPNX's primary token. The token's price jumped to \$1.61 after the announcement, though it has since fallen to about \$1.16, CoinGecko data show.

Details of the bankruptcy-claims exchange were leaked last month, when a pitch deck to potential investors that was seen by The Wall Street Journal showed the founders were looking to raise money for a new platform nicknamed "GTX," a poke at FTX. CoinFLEX subsequently clarified that the name was a placeholder.

OPNX's founders have raised at least \$25 million for the Dubai-based venture and are gearing up for the exchange's launch, Mr. Zhu said.

Other crypto exchanges are also offering users the chance to trade bankruptcy claims. On Sunday, Huobi, a Singapore-based crypto exchange, said FTX's creditors can start trading FTX users' debt tokens, called FUD, on its platform.

Junk-Bond Market Not Spooked

Continued from page B1

has sapped household budgets, pulling Chamberlain's sales behind its managers' projections in the second half of last year. Meanwhile, the all-in-rate that Chamberlain pays on the roughly \$2 billion floating-rate loan that financed Blackstone's acquisition has increased to more than 6.9% from roughly 4.9% when it was issued. In

October, Fitch Ratings downgraded the rating on the loan to B from B-plus, citing higher debt levels and lower profit margins.

Still, the burden hasn't disrupted Chamberlain's plans to invest in product development, said Brendan Gilboy, its finance chief. "We're feeling that pressure, but it's not affecting our strategy at this point," he said. He projected that brand strength would bolster sales through a downturn, leaving debt payments unstressed.

Investors' outlook for the market also remains upbeat. Morningstar's index of market-traded corporate loans with below-investment-grade rat-

ings hasn't fallen on any trading day since Dec. 20, about eight weeks ago. It has gained 3.5% so far this year, erasing 2022's losses.

When rates rise, loans reupward investors with greater income. But higher interest expenses risk stretching a borrower too thin, potentially tipping the company into default.

Reflecting that increase, the yield offered by Morningstar's index of the 100 most traded loans stands around 9%, up from 4% a year ago.

Some businesses, including Chamberlain, have used contracts called interest-rate swaps to soften the blow. In these deals, a third-party fi-

ancial firm takes a borrower off the hook for changes in interest rates, in exchange for fixed payments. Borrowers without swaps remain exposed to higher interest costs, but many project they will still have enough cash to make payments.

Precisely Holdings LLC, a maker of business software, experienced slowing growth in the second half of last year, Chief Executive Josh Rogers said. Project-approval cycles for business customers have slowed, he said, part of the reason that tech companies are broadly bracing for a downturn.

Precisely has tightened its belt, cutting about 5% of its

workforce this year and reducing office space. Even though interest payments on Precisely's loans have grown more expensive, the burden remains manageable, Mr. Rogers said. The company issued roughly \$2.1 billion of loans in 2021 and issued add-on debt last year, according to Leveraged Commentary & Data.

One factor supporting Precisely and most other junk-rated borrowers is that few have to worry about seeking new financing for years to come. At issuance, Precisely's 2021 loans were set to mature in 2028, according to LCD.

Many peers followed a similar strategy. Of the 100 most-

tracks, none are due this year and only five mature in 2024. Forty-four are in place until either 2028 or 2029.

Investors are betting that far-off maturities can help keep defaults in check even if a recession hits. By dollar amount, just 0.8% of Morningstar's loan index was in default last month, according to LCD, a slight rise from December but far below the 10-year average of 1.9%.

Defaults might rise to closer to 3% next year, said Roberta Goss, head of bank loans at Pretium Partners LLC. But the risk is concentrated among a limited group of companies with the worst strategic outlooks, she said.

New Highs and Lows

Table with columns: Stock, Sym, Hi/Low, % Chg, Stock, Sym, Hi/Low, % Chg. Lists various stocks and their price movements.

Table with columns: Stock, Sym, Hi/Low, % Chg, Stock, Sym, Hi/Low, % Chg. Lists various stocks and their price movements.

Table with columns: Stock, Sym, Hi/Low, % Chg, Stock, Sym, Hi/Low, % Chg. Lists various stocks and their price movements.

Table with columns: Stock, Sym, Hi/Low, % Chg, Stock, Sym, Hi/Low, % Chg. Lists various stocks and their price movements.

Table with columns: Stock, Sym, Hi/Low, % Chg, Stock, Sym, Hi/Low, % Chg. Lists various stocks and their price movements.

Table with columns: Stock, Sym, Hi/Low, % Chg, Stock, Sym, Hi/Low, % Chg. Lists various stocks and their price movements.

Biggest 1,000 Stocks

Table with columns: Stock, Sym, Close, Net Chg. Lists the top 100 stocks by market cap.

Table with columns: Stock, Sym, Close, Net Chg. Lists the top 100 stocks by market cap.

Table with columns: Stock, Sym, Close, Net Chg. Lists the top 100 stocks by market cap.

Table with columns: Stock, Sym, Close, Net Chg. Lists the top 100 stocks by market cap.

Table with columns: Stock, Sym, Close, Net Chg. Lists the top 100 stocks by market cap.

Table with columns: Stock, Sym, Close, Net Chg. Lists the top 100 stocks by market cap.

Mutual Funds

Table with columns: Fund, NAV, Chg, %Ret. Lists mutual funds and their performance.

Table with columns: Fund, NAV, Chg, %Ret. Lists mutual funds and their performance.

Table with columns: Fund, NAV, Chg, %Ret. Lists mutual funds and their performance.

Table with columns: Fund, NAV, Chg, %Ret. Lists mutual funds and their performance.

Table with columns: Fund, NAV, Chg, %Ret. Lists mutual funds and their performance.

Table with columns: Fund, NAV, Chg, %Ret. Lists mutual funds and their performance.

Monday, February 13, 2023

Table with columns: Fund, NAV, Chg, %Ret. Lists mutual funds and their performance for the day.

Table with columns: Fund, NAV, Chg, %Ret. Lists mutual funds and their performance for the day.

Table with columns: Fund, NAV, Chg, %Ret. Lists mutual funds and their performance for the day.

Table with columns: Fund, NAV, Chg, %Ret. Lists mutual funds and their performance for the day.

Table with columns: Fund, NAV, Chg, %Ret. Lists mutual funds and their performance for the day.

Table with columns: Fund, NAV, Chg, %Ret. Lists mutual funds and their performance for the day.

MARKETS

Stocks Advance Ahead of Inflation Data

Fidelity National was worst performer in the S&P 500 after it announced spinoff

By Caitlin Ostroff and Jack Pitcher

Stocks rose as investors awaited inflation data this week that will help them assess where monetary policy is headed.

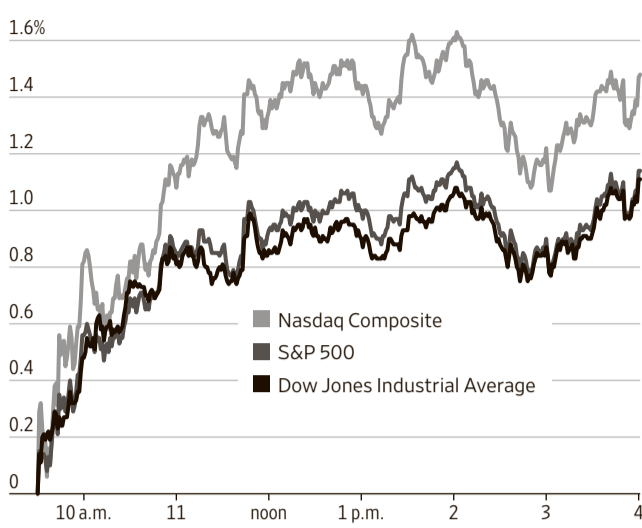
The S&P 500 gained 46.83 points, or 1.1%, to 4137.29, and the Dow Jones Industrial Average rose 376.66 points, or 1.1%, to 34245.93. The Nasdaq Composite climbed 173.67 points, or 1.5%, to 11891.79

The Labor Department is set Tuesday to release January's consumer-price index reading, a closely watched measure of what consumers pay for goods and services. Stocks have gained this year, with the S&P 500 up 7.8%, as investors broadly expect inflation to continue moderating, though some are wary that inflation could settle above the Federal Reserve's 2% target.

"The key thing here is at what level will inflation begin to stabilize," said Peter Garnry, head of equity strategy at Saxo Bank. "If these inflationary factors are persistent, then the Fed will be in a position where they have to do more or keep rates up longer than the market is pricing."

Higher interest rates typi-

Index performance Monday



Source: FactSet

cally hurt stocks by increasing the attractiveness of safer alternatives like Treasuries. The effect is particularly felt by technology stocks, whose value depends heavily on expected growth, as higher interest rates make future profits appear less valuable in today's money.

Although the busiest phase of fourth-quarter earnings season is over, several big companies, including American International Group, Airbnb, Applied Materials, Cisco Systems, Coca-Cola and Kraft Heinz, are due to report this week.

So far this year, a higher-than-usual share of companies has missed consensus sales and profit forecasts, according to FactSet. Overall, quarterly profits are set to fall 4.9% year

over year, marking the first such shrinkage since 2020, its analysis shows.

Gains were broad-based Monday, with every S&P 500 sector, except energy, closing higher. The trading was a bounceback from the S&P 500's 1.1% decline last week, its first weekly drop of the year.

When the CPI report hits Tuesday, the market will be focused on core services inflation, which is the most affected by tight labor markets and higher wages, Jean Boivin, head of the BlackRock Investment Institute, wrote in a note Monday.

"We're also looking for ongoing signs of economic damage in U.S. retail sales and industrial production," Mr. Boivin wrote.



Biotech Illumina was the best performer in the S&P, 500, rising \$19.36, or 9.9%

Retail-sales figures, set to be reported Wednesday, will provide clues on the health of the U.S. consumer. Median consumer expectations for household income growth fell by more than a percentage point to 3.3% in January, according to Federal Reserve Bank of New York data released Monday. Although that is still above prepandemic levels, it was the steepest one-month decline since the Fed began to measure it nearly a decade ago.

Payments giant Fidelity National Information Services was the worst performer in the S&P 500, with shares tumbling \$9.43, or 13%, to \$66 after it said it plans to spin off its merchant business, essentially undoing a \$43 billion acquisition

it made in 2019. Biotechnology company Illumina was the best performer in the broad-based index, with shares rising \$19.36, or 9.9%, to \$215.94.

Shares of Cineworld, the British movie theater operator that owns Regal Cinemas, closed up 18% in London after a report that rival Vue International was planning to put forward a takeover bid.

In bond markets, the yield on the 10-year U.S. Treasury note ticked down to 3.71% from 3.74% Friday.

In energy markets, Brent crude, the international oil benchmark, rose 0.3% to \$86.61 a barrel, reversing earlier losses. Oil prices have risen in five out of the past six trading sessions.

Overseas, the Stoxx Europe

600 gained 0.9%. Early Tuesday, Japan's Nikkei 225 was up 0.6% and South Korea's Kospi was up 0.8%. Hong Kong's Hang Seng Index was down 0.2% and mainland China's CSI 300 was down 0.2%. S&P 500 futures fell 0.1%.

AUCTION RESULTS

Here are the results of Monday'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 columns for Applications, Accepted bids, noncomp, foreign noncomp, Auction price (rate), Bids at clearing yield accepted, and 13-Week/26-Week values.

Both issues are dated Feb. 16, 2023. The 13-week bills mature on May 18, 2023; the 26-week bills mature on Aug. 17, 2023.

Summit Partners Closes New Europe Fund

By Chris Cumming

Summit Partners, one of the pioneers of growth-equity investment, has closed its fourth fund to invest in rapidly growing businesses in Europe.

The vehicle, Summit Partners Europe Growth Equity Fund IV, closed at €1.4 billion, the equivalent of about \$1.49 billion, the firm said Monday. The fund was oversubscribed and reached its hard cap, or upper fundraising limit.

The new fund is 27% larger than Summit's third Europe fund, which closed with €1.1 billion in 2020.

Summit is one of the earliest private-equity firms to specialize in growth-equity investment. Summit has raised over \$43 billion since its 1984 founding across its growth, venture-capital, credit and public-equity strategies.

Growth-equity investment boomed during the postpandemic period of 2020 and 2021, with U.S. growth deal volume surging from \$58.8 billion in 2019 to \$130.3 billion two years later, according to PitchBook Data Inc., a company that tracks data about the private markets. In 2022, deal flow declined to \$102.9 billion, but was still very high by historical standards.

The growth-equity fundraising environment, too, has leveled off from its 2021 peak, though it remains robust. Last year, U.S. growth vehicles collected \$69.9 billion, 33% less than in 2021, but still the second-highest figure yet, PitchBook said.

With its new fund, Summit will apply its growth-investment playbook to European businesses, aiming to invest €20 million to €80 million per deal, taking both minority and majority stakes. The vehicle will target sectors including technology, healthcare and life sciences and growth products and services, the firm said. Summit's European team is based largely in London.

European companies Summit has backed previously include Akeneo, a France-based maker of technology for merchants and brands, and Belgium-based Odoo, which makes software for small and midsize businesses.

Summit has been busy on the fundraising trail in recent years. In 2021, it closed its 11th flagship U.S. growth-equity vehicle at \$8.35 billion. In 2020, it closed its fifth venture capital fund with \$1 billion, along with wrapping up the third Europe fund.

Startup Workers Face Dilemma on Options

By Angus Loten and Yuliya Chernova

Startup workers looking to cash in their stock options are being forced to make tough choices: Hawk their shares at a sharp discount on secondary markets, press their multibillion-dollar employers to go public in a rocky market, or hold on and hope the market will recover.

Amber Atherton, a partner at venture firm Patron, says she and others in Silicon Valley who own startup shares as current or former employees of startups aren't responding to bids from buyers in secondary marketplaces.

"They bid a price—it's very low right now," Ms. Atherton said, adding that she isn't selling. "There's a lot of inbound activity on secondary sales, but I imagine they are not getting a lot of interest."

The issue is coming to a head as late-stage ventures once primed for initial public offerings are instead opting to stay private indefinitely, citing unfavorable conditions. Meanwhile, an ongoing reset of private-market valuations has startup founders reluctant to sell their businesses any time soon. The windfall for startup shareholders typically comes with either an IPO or acquisition.

New, cash-strapped ventures offer shares in the startup as a recruiting incentive in lieu of higher paychecks. But that perk is far less meaningful when stock prices are sinking.

Facing pressure from workers, Stripe Inc., a 13-year-old payments startup, last month set a goal of either taking the company public or allowing workers to sell shares in secondary markets within the next 12 months. Stripe has since reduced its internal valu-



Grocery-delivery startup Instacart scrapped a planned IPO. A company worker shopping for clients.

ation to \$63 billion, a far cry from the \$95 billion set in a March 2021 funding round, The Wall Street Journal previously reported.

In October, grocery-delivery startup Instacart Inc. scrapped a planned fourth-quarter IPO, citing turbulent markets. Earlier in the year, Instacart executives told investors the IPO was specifically aimed at allowing workers to sell their long-held shares, the Journal previously reported.

The standoff is especially vexing to workers with the tech sector aggressively laying off employees, said Vieje Piauwasdy, senior director of equity strategy at Secfi Inc., a San Francisco-based firm that provides financing for startup workers to exercise stock options.

"Everyone is pretty frustrated about the whole situation," Mr. Piauwasdy said. "The last thing you want to do is screw over your employees that have been with you from the start."

At the same time, the leverage workers have over their

employers is very diminished in the current job market.

"This isn't a time for companies to be thinking about liquidity for employees. Employees are happy to have jobs, given the layoffs in the tech sector," said Frank Rotman, co-founder, partner and chief investment officer at venture firm QED Investors.

The median age of startups when they go public has been creeping up for decades. It was six years between 1980 and 1989, and rose to 11 years between 2001 and 2022, according to an analysis by University of Florida researcher Jay Ritter. Troubled markets over the past year are prolonging the wait even further, analysts said.

Only 76 venture-backed startups in the U.S. went public last year, down from 303 in 2021, and the lowest number in over a decade, according to a joint report by market analytics firm PitchBook Data Inc. and the National Venture Capital Association, an industry group. Over the same period, 869 U.S. startups were ac-

quired, down from 1,258, the report said.

Taken together, exit value last year across the U.S. startup sector fell more than 90% from 2021 to \$71.4 billion, the report said.

"Imagine joining a growing startup in 2021, being pitched on a 2023 IPO, and taking a massive pay cut but lots of stock options," said Phil Haslett, co-founder and chief strategy officer at EquityZen, an online marketplace for trading employee shares in privately held companies. "Then you're told that the company is delaying their IPO for, roughly, forever," he continued. "That's a recipe for shareholder animosity."

Mr. Haslett said as many as 300 private-company shareholders are signing up for the company's trading platform every week, including workers at unicorn startups—private ventures valued at or above \$1 billion. That is a sharp increase in new users from the previous quarter, he said. "Clearly there's a sense of urgency to get some cash in the

bank. Stock options don't pay the bills," he added.

Yet selling private-company stock options—if vesting conditions allow for pre-IPO sales—can come with steep discounts, especially in waver-ing markets. EquityZen saw discounts on its platform over the December-January period average roughly 40% of share prices set at a startup's previous funding round, Mr. Haslett said.

As they grow more impatient, workers often pressure startup founders to accelerate exit plans, investment bankers and venture-capital market lawyers said. There are also costly tax implications for startups as worker stock options mature or expire, they said.

Whether a company responds to employee dismay depends on the situation, said Larry P. Naughton, an attorney who works with startups and venture firms at the law firm of Mintz Levin Cohn Ferris Glovsky & Popeo PC.

"For the shareholders who are not employees, it is not really an issue if the employee shareholders aren't getting the price they had hoped to get for their shares," he said.

"One definite impact it does have, however, is on the morale of the employees. If they've concluded that their equity isn't worth what they thought it was worth 12 months ago, then that is discouraging," he said, adding that companies are more likely to lose valuable workers in such a scenario.

As they extend the runway to an exit, some late-stage startups are taking steps to provide workers with other financial options. For instance, after postponing its IPO, Instacart offered companywide bonuses to employees.

Trading Loopholes Targeted

Continued from page B1 the University of Pennsylvania and the co-author of a 2021 study on 10b5-1 abuses that was cited in the SEC's final rule.

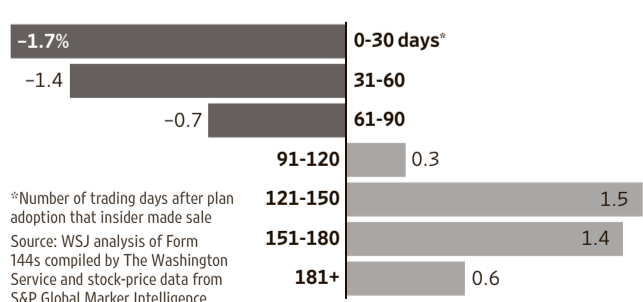
Some insiders were selling shares less than a month after adopting their plans, sometimes even the same day, or adopting and initiating trading plans right before earnings announcements. Another trick has been to adopt multiple 10b5-1 plans and later selectively cancel the ones that

wouldn't work to the insider's benefit. Potential abuses of 10b5-1 plans were the subject of a Wall Street Journal article in June that was cited in the SEC's final rule.

Under the old rule, corporate insiders were supposed to set up the plans only when they weren't aware of any material, nonpublic information. Corporate insiders didn't have to disclose that they were relying on such plans when they reported their trades, although many did anyway. The companies didn't have to disclose the plans' existence. The dearth of information often left investors wondering whether a top executive's well-timed trades were too good to be legal.

Just as the old rule begot new manipulations, the new rule won't eliminate them all. The SEC noted concern that

Average change in share prices 60 days after insider sales, grouped by days after plan adoption



\*Number of trading days after plan adoption that insider made sale. Source: WSJ analysis of Form 144s compiled by The Washington Service and stock-price data from S&P Global Market Intelligence

some insiders might time market-moving disclosures around insiders' prescheduled trading dates, delaying the release of bad news until after scheduled sales or accelerating the release of positive news so it comes out beforehand.

The SEC said its new rule addresses this by requiring that all users of 10b5-1 plans

"must act in good faith." Mr. Taylor said that could be hard to enforce. "If the executive knows they have a scheduled sale and alters the timing of a bad-news disclosure to be one or two days after the sale, it may be very difficult for regulators to prove that the timing was altered for the purpose of his sale," he said.

An SEC advisory committee had recommended requiring more timely disclosures by companies of 10b5-1 plan adoptions and changes—within four days, rather than waiting for quarterly reports—which could help make manipulations easier to spot. The SEC declined.

The same committee also recommended requiring all U.S.-listed companies to follow the same insider-trading reporting requirements and use all the same disclosure forms. Under current rules, those filing requirements don't apply to many overseas companies that trade on U.S. exchanges. Under the new rules, insiders at foreign filers still won't have to follow the same disclosure rules for stock sales and purchases as insiders at U.S.-based companies.