

# THE WALL STREET JOURNAL.

## What's News

### Business & Finance

**Venture-capital firms' fundraising hit a nine-year low in the fourth quarter, as the macroeconomic pressures that already weighed on tech startups began to affect limited partners. A1**

◆ **Amazon workers in the company's stock-heavy compensation plan are taking cuts in target pay after a steep decline in the company's share price. A1**

◆ **Google goes before the Supreme Court this week to defend what is regarded as a pillar of the online economy and one blamed for a proliferation of harmful content. A3**

◆ **United Airlines said it would make it easier for parents to book airplane seats next to their young children without paying a fee. B1**

◆ **Global markets were mixed, with U.S. futures edging lower in holiday trading ahead of another busy stretch of economic data. B9**

◆ **Meta will launch a paid subscription service that enables users to verify their accounts with government ID and receive direct access to customer support. B4**

◆ **Twitter said it would soon limit a method of two-factor authentication on its platform to paid subscribers, as it looks to boost revenue and lower costs. B4**

◆ **Ericsson plans to cut around 1,400 jobs in Sweden as the telecom-equipment giant grapples with slowing demand for its 5G gear. B3**

### World-Wide

◆ **Biden made an unannounced visit to Kyiv, a dramatic show of solidarity with Ukrainian President Volodymyr Zelensky days before the first anniversary of Russia's invasion of the country. A1, A6**

◆ **A strong earthquake and its aftershocks struck southern Turkey and Syria, causing buildings to collapse and killing at least three people, Turkish officials said. A8**

◆ **Netanyahu's government pushed ahead with voting on an overhaul of Israel's judicial system that has bitterly divided the country, despite calls from the U.S. to delay the process and build consensus. A9**

◆ **The death toll from Covid-19 is still growing, though the U.S. dodged a major wintertime surge in the disease as the pandemic continues to recede. A3**

◆ **Trump and DeSantis are set to intensify their fight for campaign cash this week in one of the country's wealthiest enclaves. A4**

◆ **Orban signaled Budapest's determination to strengthen ties with Beijing despite U.S. concern over growing Chinese investment in Hungary. A6**

◆ **A major winter storm is set to hit swaths of the U.S. this week, bringing possible heavy snow and blizzard conditions. A3**

◆ **Died: Richard Belzer, 78, acerbic screen detective. A2**

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**Wealth Management: Where new landlords go wrong. R1-6**

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President Biden and Ukrainian President Volodymyr Zelensky together outside St. Michael's Cathedral in Kyiv on Monday.

## Biden Makes Surprise Visit to Ukraine

President meets with Zelensky and pledges \$460 million in new aid as war nears year mark

By SABRINA SIDDIQUI

KYIV, Ukraine—President Biden made an unannounced visit to Kyiv on Monday, a dramatic show of solidarity with Ukraine's leader, President Volodymyr Zelensky, days before the first anniversary of Russia's invasion of the country.

The visit, Mr. Biden's first and the first by any sitting U.S. president since George W. Bush in 2008, was a closely guarded secret. Air Force One departed Washington in darkness early Sunday after the president spent a night on the town with his wife, Jill, on a date in the nation's capital.

In joint remarks with Mr. Zelensky in Mariinsky Palace, Mr. Biden emphasized Ukraine's resilience, and he made the case for continued aid.

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## Bosses to Coders Are Experimenting With AI Programs

Shortly after the release of OpenAI's ChatGPT in November, Jeff Maggioncalda, the CEO of online education company Coursera Inc., jumped

By Karen Hao, Chip Cutter and Benoit Morenne

into the technology to see if it could save him time.

He began using the chatbot to draft company letters and notes, and asked his executive assistant to try the same for

drafting replies to his inbound emails. She prompts ChatGPT based on how she thinks he would respond, and he edits the answers it generates before sending.

"I spend way more time thinking and way less time writing," Mr. Maggioncalda said. "I don't want to be the one who doesn't use it because someone who is using it is going to have a lot of advantages."

Around the world, business people across industries in-

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## Venture Firm Fundraising Slumps to Nine-Year Low

By BERBER JIN

Fundraising by venture-capital firms hit a nine-year low in the fourth quarter, as the macroeconomic pressures that already weighed on technology startups began to affect the investors who underpin the industry.

Venture firms raised \$20.6 billion in new funds in the fourth quarter. That was a 65% drop from the year-earlier quarter and the lowest fourth-quarter amount since 2013, according to data firm Preqin Ltd., which tracks venture-

fund data. The amount was also less than half the level raised in the preceding three months, the first time fundraising volumes decreased from the third to fourth quarter since 2009, the data show.

Fund backers, known as limited partners, invested in 226 venture-capital funds in the fourth quarter, the fewest for that time period since 2012, the Preqin data show. By contrast, they backed 620 funds in the last three months of 2021, when technology stocks peaked.

For much of the past decade, investors including pen-

sion funds, university endowments and family offices raced to pour cash into venture funds, buoyed by the belief that the industry could outpace the returns of other asset classes over time. In that frothy environment, startup investors accelerated the pace of their fundraising and raised multibillion-dollar funds that began to rival the size of some Wall Street investment firms.

The demand continued even after last year's selloff in technology stocks because of continued optimism over technol-

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## Amazon's Stock Slide Dents Pay

By DANA MATTIOLI AND SEBASTIAN HERRERA

The steep decline in Amazon.com Inc.'s stock over the past year is roiling the technology company's stock-heavy compensation plan, resulting in employee pay coming in significantly lower than target compensation, according to people familiar with the matter.

Amazon pays its corporate employees a large chunk of their annual salaries in restricted stock units, and a prolonged slump in the company's shares is causing pay for 2023 to be between 15% and 50% lower than the targets Amazon gave to employees, some of the people said.

"Our compensation model is intended to encourage employ-

Share and index performance over the past year



Source: FactSet

ees to think like owners, which is why it connects total compensation to the company's long-term performance," an

Amazon spokesman said in an emailed statement. "That model comes with some year-to-year upside and risk because the stock price can fluctuate, but historically at Amazon, it's had a history of working out very well for people who've taken a long-term view."

The issues that Amazon is facing are rippling through U.S. tech companies and beyond as a months-long rout in technology stocks hits employee pay. Stock-based compensation at some tech companies can represent a big chunk of employees' annual salaries.

Because of the stock decline, Amazon's human-resources team recently sent training documents to managers about how to communicate what ef-

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### INSIDE



**JASON GAY**  
The NBA's highflying dunk contest roars back with newbie Mac McClung. A14



**BUSINESS & FINANCE**  
Employers in the U.K. put the four-day workweek to the test. B1

## Vacuum Maker Strikes Gold With \$600 Hairdryer-Curler Gizmo

Fans and detractors tangle over Dyson's Airwrap; barrel curls for the dog, too

By RORY SATRAN

The U.S.—land of pageants, cheerleaders, Hollywood, and now, self-care and YouTubers—has always been a hotbed of perfectly groomed hair. So it's perhaps no surprise that this is one of the top markets in the world for Dyson's latest phenomenon, the Airwrap, a hybrid hairdryer-curler tool that delivers salon-ish blowouts and waves at home and costs an eye-popping \$600. Even at that prohibitive price, the Airwrap, launched in 2018, contin-

ually sells out. A hot resale market peddles refurbished models, and dupes abound.

To "Airwrap" has become a verb. On TikTok, a seemingly endless stream of Airwrap-focused videos—from tutorials to takedowns—have been viewed over four billion times. Airwraps are adored by the predictable celebrity and influencer types, but they are also used by dog owners eager to give their Golden Retrievers barrel curls. Horses, babies and luscious-locked "Queer Eye"

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## China's Newest Weapon to Nab Western Technology—Its Courts

Rulings nullify patents in industries it deems important

By STU WOO AND DANIEL MICHAELS

The growing conflict between China and the U.S. extends from computer-chip factories to a suspected spy balloon over American skies. Running through it all is a struggle for technological superiority.

China has striven for years to develop cutting-edge technologies, in part through heavy spending on research. Now, according to Western officials and executives, it also has mobilized its legal system to pry technology from other nations.

Officials in the U.S. and European Union accuse China of using its courts and patent panels to undermine foreign intellectual-

property rights and help Chinese businesses. They say China is focusing such efforts on industries it deems important, including technology, pharmaceuticals and rare-earth minerals.

A U.S. manufacturer of X-ray equipment had a decade-old patent invalidated by a Chinese legal panel. A Spanish mobile-antenna designer lost a similar fight in a Shanghai court. Another Chinese court ruled that a Japanese conglomerate broke antitrust law by refusing to license its technology to a Chinese rival.

At China's Communist Party congress in October, when Xi Jinping secured a third

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## U.S. NEWS

THE OUTLOOK | By Tom Fairless

## Inflation Outpaces Gains in Wages



Wage growth across advanced economies is plateauing or declining from

high levels. For central banks, it is good news: There are no signs of a spiral in which wages push up prices, which push up wages again. That makes it more likely inflation could decline without a significant increase in unemployment.

For workers, though, it is less positive. Wages rose faster last year than in the previous two years, but not as much as prices across major advanced economies, according to projections by the International Labour Organization. Workers' purchasing power—their average inflation-adjusted wage—was lower last year than in 2019, before the pandemic, according to the report. So despite strong demand for workers and ultralow unemployment, labor's share of economic output shrank in many advanced economies.

In the U.S., nominal wage growth—meaning unadjusted for inflation—has slowed sharply since the middle of last year, according to a variety of measures. Average hourly earnings for private-sector nonfarm workers rose 4.4% in the 12 months through January, down from 5.6% last March and less than the 6.4% rise in consumer prices in the year through January.

In Europe, average wage growth across six countries declined to 4.9% in December from 5.2% in November, according to a report by Ireland's central bank and the recruitment company Indeed, which tracks advertised wages across millions of online job ads. Inflation in the eurozone ended the year at 9.2%.

Economists have noted that pay growth tends to lag, not lead, inflation as workers



Pay growth unadjusted for inflation has slowed sharply since the middle of last year in the U.S.

and employers adjust pay expectations to the prices they have experienced. Thus, the recent decline in pay growth might reflect, with a lag, the fact inflation peaked around summer and fall of last year in major economies like the U.S. and eurozone and has since declined, as energy prices fell sharply and global supply-chain pressures eased.

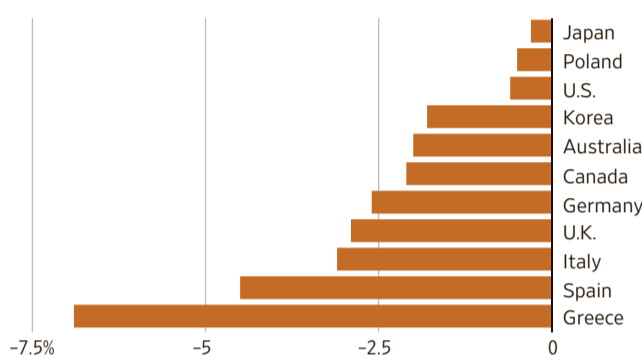
Why, though, did wages never catch up with inflation in the first place? One reason is that wages tend to be sticky, changing relatively slowly and sluggishly—over months and years—while prices can change more rapidly. Firms might be wary of raising wages aggressively since cutting them later would be bad for morale.

Now, slowing economic growth and the threat of layoffs might be tempering workers' demands, said Andrea Garnero, an economist with the Organization for Economic Cooperation and Development. Labor unions in Europe have grown more concerned about job security than wages, he said.

Workers' pay demands

Inflation-adjusted wages are declining across advanced economies, hurting workers' purchasing power.

## Projected change in real wages, year-over-year, 2022



Source: OECD

have been reasonable in part because their incomes were supported by government aid during the pandemic and energy crisis, said Gabriel Makhlof, governor of Ireland's central bank. "People understand that they can make things worse if they require the wrong [pay] deal," he said.

Crucially, the number of workers, which shrank in the first months of the pandemic, is rebounding in many advanced economies, helping

to ease shortages.

Some workers who left the labor force during the pandemic are being tempted back as pandemic savings dwindle and are eroded by inflation. Nearly 83% of Americans ages 25-54 are working or actively looking for work, roughly back to the prepandemic rate, according to the U.S. Labor Department. About 86.5% of Europeans ages 25-54 have jobs or are actively searching, 1 percentage point above pre-

pandemic levels. The U.K. stands out for a decline in its labor-force participation coupled with unusually strong wage growth, suggesting that a shortage of workers could be driving pay higher.

In the U.S., net international migration added more than a million people to the population in the year through mid-2022, the Census Bureau said. Migrant workers could have helped fuel January's robust 517,000 increase in nonfarm payrolls while keeping wage inflation moderate, said Torsten Slok, chief economist at Apollo Global Management. The same forces could be at play in Europe, he said.

History suggests that workers often fail to claw back losses from high inflation. In the U.S., periods of high inflation were, in general, periods of lower real-wage growth, according to research by the Federal Reserve Bank of St. Louis. High inflation in Australia in the 1970s and 1980s led to real income losses for workers, according to the country's central bank.

But there are reasons to think real wages might recover soon. Wage growth remains around its fastest in at least a decade across a range of advanced economies. It could stay elevated as wage bargaining proceeds.

Absent a deep recession, unemployment could stay low enough to preserve some bargaining power for workers. The labor supply is being constrained by aging populations across advanced economies and increased worker absences due to illness, often Covid-19.

And markets are betting inflation will fall rapidly this year across advanced economies. If so, it could well fall below wage growth, so real wages would rise—along with workers' share of the economic pie.

## ECONOMIC CALENDAR

**Tuesday:** S&P Global releases February **business-activity surveys** from around the world. The data firm's January surveys showed that U.S. businesses reported further declines in activity, while the eurozone saw a modest pickup. Also, the National Association of Realtors reports sales of **previously owned homes** in January. Existing-home sales fell 17.8% in 2022, concluding the weakest year for sales activity since 2014.

**Wednesday:** The **Federal Reserve** releases the minutes from its meeting earlier this month, when central bankers voted to raise short-term interest rates by 0.25 percentage point. The minutes will provide more details on the discussions over the decision.

**Thursday:** The Labor Department reports the number of worker filings for **unemployment benefits** in the week ended Feb. 18. Also, the Commerce Department releases its second estimate of **output by the U.S. economy** in the fourth quarter. The economy grew at a solid 2.9% annual rate last quarter, capping a year of slower economic growth when compared with the previous year. And the Statistics Bureau of Japan releases annual inflation data through January.

**Core consumer prices in Japan** rose 4% in December from a year earlier, the fastest pace since December 1981.

**Friday:** The Commerce Department releases figures on **U.S. household spending and income** in January. The department also releases its personal-consumption expenditures price index, a gauge of inflation closely watched by the Fed. The **PCE-price index** rose 5% in December from a year earlier, down from the 5.5% rise in November.

Meanwhile, the University of Michigan publishes its final reading of **consumer sentiment** for February. A reading earlier this month showed that sentiment improved somewhat but remained subdued.

Also, the Commerce Department releases data on **new-home sales in January**, which account for about 10% of the housing market.

## U.S. WATCH



EXPLOSION: A blast at the I. Schumann & Co. metals plant in Oakwood Village, Ohio, on Monday sent more than a dozen people to hospitals, two of them with critical injuries, authorities said.

## LOS ANGELES

## Suspect Arrested In Killing of Bishop

The husband of the housekeeper of a Roman Catholic bishop has been arrested in the Southern California clergyman's death, law-enforcement officials said.

Bishop David O'Connell had been found shot dead Saturday in his home in Hacienda Heights in Los Angeles County.

Law enforcement arrested Carlos Medina, 65 years old, on Monday morning at his home in Torrance, Calif., after acting on a tip, county Sheriff Robert Luna said. Mr. Medina had done work at the bishop's home, and his wife was the housekeeper, Sheriff Luna said.

The motive behind the shooting was still being investigated,

the sheriff said, and investigators were probing whether a dispute over money could have been an issue. The housekeeper is cooperating with the investigation, he said.

Irish-born Bishop O'Connell, who was 69, had served as a priest and auxiliary bishop in Los Angeles for nearly 45 years.

—Sara Randazzo

## NEW ORLEANS

## Mardi Gras Shooting Leaves Teen Dead

Two people were killed and 14 others injured in mass shootings that occurred over the weekend during the Mardi Gras celebration in New Orleans and at a nightclub in Memphis, police said.

In New Orleans, law enforcement arrived Sunday night mo-

ments after shots were fired around 9:30 p.m. and arrested a suspect, according to the New Orleans Police Department.

A teenage male later died, police said. A 4-year-old girl, 18-year-old male and women aged 22 and 24 were treated at the hospital and released as of Monday afternoon, officials said.

Mansour Mbodi, 21, has been arrested and charged with illegal carrying of a weapon, New Orleans police said Monday.

A shooting in Memphis left one person dead and 10 injured, police said.

The Memphis Police Department said in a post on Twitter that officers responded early Sunday morning to a shooting at a nightclub in the Whitehaven neighborhood. Police later said they charged a man in connection with the shooting.

—Sara Randazzo

## Fundraising By Venture Firms Drops

Continued from Page One

ogy's long-term potential, The Wall Street Journal reported. The slowdown that hit startups last year has now caught up with the investors who fuel venture capital, a reversal of the freewheeling funding environment that led to a record number of new startup funds and allowed more established

investors to swell in size. Venture firms "want to be patient in this market and wait for the right opportunity to come around," said Miguel Lufina, a managing director at Hamilton Lane, an investment firm that backs venture funds. "Managers have slowed down the pace and aren't coming back to market."

The venture firms that bet on tech startups slowed the pace of investing amid a dearth of companies going public, plunging stocks and valuations, and rising interest rates and inflation.

For limited partners, that has meant fewer opportunities to back new funds and a

pause in payouts from their existing bets.

Venture firm Andreessen Horowitz told its limited partners in recent months that it would invest its fourth crypto fund of \$4.5 billion more slowly than the third fund, people familiar with the matter said, alleviating the need to raise another crypto fund soon. The company had raised its fourth fund less than a year after announcing its third crypto fund of \$2.2 billion, an unusually fast pace.

Some firms have made the rare decision to reduce the fees they charge limited partners to better reflect the slowdown in startup investing activity. In De-

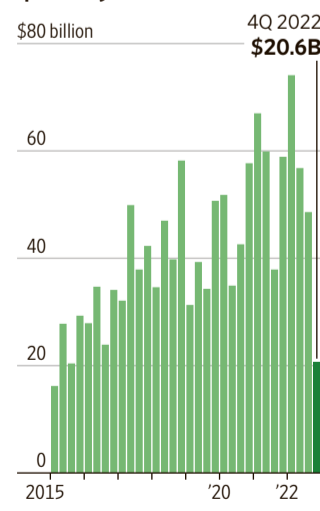
ember, Sequoia Capital said it would allow limited partners in its inaugural crypto and ecosystem funds to pay management fees as a percentage of capital the fund has requested for investments. Venture firms typically charge their investors fees as a percentage of committed capital, and then take an additional cut from profits.

Sequoia, an early backer of Apple Inc. and Airbnb Inc., has invested around 10% of its crypto fund, which was announced in February 2022 alongside the ecosystem fund, which backs young funds managed by other investors. Sequoia funds are typically invested over a two-year time period.

A yearslong drought in startup public listings also has dried up a crucial source of cash used by these so-called limited partners to reinvest in startup funds, these investors said. Venture firms usually return shares of newly public companies to their fund backers, who then sell them for cash and use the money to commit to new funds.

And the sustained drop in public stocks left some university endowments and public pensions overexposed to venture capital, where valuations have been slower to adjust to

## Venture-capital fundraising, quarterly



Source: Preqin

the cooled market. Some of these funds now have far more money in illiquid assets than their investment policies allow, they said.

"There is just less demand from certain limited partners who are already fully allocated," said Sunil Dhaliwal, a general partner at Amplify Partners, an early-stage venture-capital firm. "It is a moment of indigestion."

Mr. Dhaliwal said that many venture firms pulled up their fundraising timelines to the first half of last year, which

might have contributed to the high volumes earlier in 2022. Amplify finished raising \$700 million for two new funds in June, before the fundraising market slowed.

The strained environment has already pushed firms to cut back on their fundraising ambitions for this year.

Tiger Global Management, the most active U.S. startup investor of 2021, recently cut the target for its newest venture fund to \$5 billion from \$6 billion, the Journal reported. The fund, if successfully raised, would be less than half of Tiger's last \$12.7 billion fund, which the firm raised in 2021 and early 2022.

Limited partners have also become more careful about backing funds run by less-experienced investors, who flourished during the bull market because of the large amounts of cash flowing into the startup market. In 2022, limited partners backed 141 funds run by first-time managers, a 59% decline from the prior year and the lowest number since 2013, according to research firm PitchBook Data Inc.

"Limited partners have the luxury of being more selective," said Hamilton Lane's Mr. Lufina. "It is a more challenging fundraising environment right now."

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**CORRECTIONS & AMPLIFICATIONS**

Earthquakes in Turkey two weeks ago left more than 39,600 people dead. A caption in Saturday's World News section with an article about the quakes' impact on Turkey's economy included the figure but omitted the word "dead."

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U.S. NEWS

Supreme Court to Weigh Internet Shield

Google case on terror videos linked to 2015 Paris attack tests pillar of online discourse

By JOHN D. MCKINNON

WASHINGTON—Google goes before the U.S. Supreme Court this week to defend what is widely regarded as a pillar of the online economy—and one blamed for a proliferation of harmful content.

The law at issue, known as Section 230, gives internet platforms legal immunity for almost all third-party content hosted on their sites. A decision to limit that immunity could scramble the business models of the internet's biggest companies—especially social media platforms such as Instagram, TikTok and Google's YouTube that rely heavily on rec-

ommendation algorithms.

"Unless they reaffirm the status quo, they're going to cause a huge disruption," said Alan Rozenshtein, a University of Minnesota law professor, at a Brookings Institution panel discussion about the case last week, where he described Section 230 as "the Magna Carta of the internet."

There is widespread support in Congress for overhauling Section 230, but legislative efforts to do so have stalled.

That has put the Supreme Court in position to potentially rewrite a legal cornerstone of the internet. The case, Gonzalez v. Google, was brought by the family of an American college student, Nohemi Gonzalez, who was among more than 100 people killed during the 2015 Paris terrorist attacks.

The plaintiffs allege that YouTube failed to take down some ISIS terrorist videos and

even recommended them to users. They say that makes Google liable for damages under the Anti-Terrorism Act, although they haven't presented evidence that the terrorists involved saw those videos. In essence, the plaintiffs and their allies argue that Section 230 protection shouldn't apply to platforms' algorithmic recommendations of harmful content.

Google, a unit of Alphabet Inc., prevailed in lower courts by arguing that it is protected by Section 230 of the 1996 Communications Decency Act. The law is often known as a shield because it prevents platforms from being sued for hosting harmful user posts, a measure that has been credited with paving the way for internet platforms to prosper economically.

Section 230 also shields platforms from suits for blocking objectionable content.

Groups supporting the plain-

tiffs, including some child-safety advocates and conservative free-speech proponents, say the case is a long-overdue chance to right a fundamental legal imbalance that has given the online platforms an unhealthy amount of power and influence.

They say the internet ecosystem has become a breeding ground for a range of social ills, from hate speech to eating disorders, largely because of the 1996 immunity shield for online platforms.

In friend-of-the-court briefs, several allies of the plaintiffs focused on the potential harms done to kids online by algorithmic recommendation systems that aim to maximize minors' engagement.

"We've all woken up 20 years later and the internet's not great," said Hany Farid, a computer science professor at the University of California, Berkeley, at the recent Brook-

ings panel. "And maybe it's time to start thinking about how to make the internet a more civilized place."

But the prospect that Section 230 could be scaled back by the high court has caused a wave of worry in the internet industry.

Companies and others filing friend-of-the-court briefs in support of Google include Meta Platforms Inc., owner of Instagram and Facebook, and NetChoice, a trade group that includes TikTok, which is owned by China's ByteDance Ltd.

Microsoft Corp. also took Google's side, saying that platforms "inevitably will have to dramatically cut down on the content they allow on their services—even content they have no reason to believe falls afoul of any law."

A number of conservative pro-business groups have sided with Google, along with the American Civil Liberties

Union and the Progressive Policy Institute.

Limiting Section 230 would stifle the internet's creative ferment by making platforms wary about recommending personalized content—the technology that has made platforms such as TikTok and Instagram so popular, said Jeff Kosseff, author of "The Twenty Six Words That Created the Internet," a book about the Section 230 immunity law.

Also filing a brief in support of Section 230 were the sponsors of Section 230, Sen. Ron Wyden (D., Ore.) and former Rep. Christopher Cox (R., Calif.).

A ruling against Google "would subject platforms to liability for all of their decisions to present or not present particular third-party content—the very actions that Congress intended to protect," the two wrote.

Winter Storm to Cross U.S. This Week

By JENNIFER CALFAS AND GARETH VIPERS

A major winter storm is set to hit swaths of the U.S. this week, with possible heavy snow and blizzard conditions potentially disrupting travel from coast to coast.

Millions of people are expected to experience icy conditions, with weather warnings in place from the West Coast, through the northern Plains and into the Midwest and parts of the Northeast, the National Weather Service said.

"Lots of snow is expected for the western U.S. that will spread across to the east," Rich Otto, a forecaster at the NWS, said.

Delta Air Lines Inc., Southwest Airlines Co. and United Airlines Holdings Inc. said any additional fees would be waived for travelers who may need to rebook flights in certain areas due to weather. The National Weather Service issued a blizzard warning for parts of Wyoming starting Tuesday. In parts of central Wyoming, wind gusts could be as powerful as 75 miles an hour. Wind chills reaching as low as -35 degrees Fahrenheit "could cause frostbite on exposed skin in as little as 30 minutes," said the National Weather Service in Riverton, Wyo.

In California, National Weather Service forecasters warned of a prolonged cold spell that could produce soft hail in some elevated areas and significant snow in parts of the Cascade Mountains in Oregon.

On Friday, freezing rain and heavy sleet storms could extend into parts of Pennsylvania, upstate New York and central New England, Mr. Otto added.



FROM TOP: JAKE MAY/THE FLINT JOURNAL/ASSOCIATED PRESS; BILL PUGLIANO/GETTY IMAGES

MSU Mourns on First Day Back

Michigan State University students and faculty continued to grieve as they returned to the East Lansing campus on Monday, a week after a gunman shot and killed three students and injured five others.

The 50,000-student university's campus remained relatively quiet on the first day back, with many professors allowing students to attend class virtually and some students opting instead to attend a planned protest at the state Capitol in the afternoon.

The shootings took place during evening classes at Berkeley Hall and nearby at the MSU Union, a social hub where students can study, eat and relax.

The gunman, Anthony McRae, 43, killed himself when confronted by police not far from his home in Lansing.

Two wounded students remain in critical condition at Sparrow Hospital, university police said Monday. Two other students were in stable condition with another student in fair condition.

—Associated Press



Covid Death Toll Still Rising, Mostly Among Elderly Charge Faced By Baldwin Downgraded

By JON KAMP

The U.S. has dodged a major wintertime Covid-19 surge as the pandemic continues to recede into the background. But the death toll is still growing.

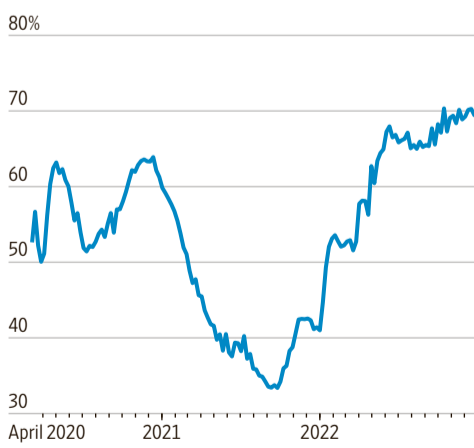
The U.S., which recently topped 1.1 million Covid-19 deaths since the pandemic began, continues to record several hundred more each day, death-certificate data show. The people who are dying remain the elderly, often with underlying health issues such as heart and lung ailments, the data indicate.

These deaths are the consequence of a virus that continues to transmit easily, allowing it to reach vulnerable people, even though built-up immune protection from vaccines and prior infections have lowered the risks for most others, according to doctors and public-health experts. A lagging booster rate is also leaving vulnerable people exposed, they said.

"There are still susceptible individuals out there," said Janet Hamilton, executive director at the Council of State and Territorial Epidemiologists.

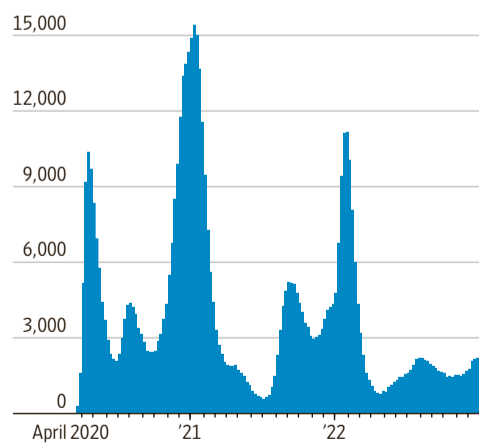
The U.S. averaged about 400 deaths a day in a three-month span covering November through January, based on weekly Centers for Disease

Percentage of weekly U.S. Covid-19 deaths among people ages 75 and up



Note: Data are based on death certificates through end of 2022. Data from recent weeks are incomplete. Source: Centers for Disease Control and Prevention

Weekly U.S. Covid-19 deaths among people ages 75 and up



Control and Prevention counts of death certificates listing Covid-19 as the underlying or contributing cause. Data from the most recent weeks are incomplete.

The current pace is enough to keep Covid-19 among the major causes of death in the U.S. The disease ranked at No. 3 in 2020 and 2021, behind heart disease and cancer.

Deaths caused by Covid are heavily, concentrated among the elderly, an analysis of CDC data shows. In recent weeks people 75 years and older have repre-

sented about seven of every 10 Covid-19 deaths. This age group peaked at 64% of the total during the severe winter surge two years ago and tumbled as low as a one-third of deaths when the Delta variant struck in 2021.

Grant Egley, 90 years old, died from Covid-19 complications on Jan. 7 after falling ill with the virus following a family Christmas gathering in Ohio. He was previously treated for a form of leukemia, but was otherwise fit and healthy and fully vaccinated and boosted, his

daughters said.

The retired U.S. Department of Agriculture scientist was a former ultramarathoner who hit the treadmill at his daughter Catherine Waggoner's house.

In a shift, Covid-19 is now listed on death certificates as a contributing cause of death, rather than the main cause, more than was the case during the pandemic's early days. Physicians, coroners and medical examiners are supposed to include Covid-19 when it played a meaningful role in a person's

death. In 2020 and 2021, the disease was the underlying cause about 90% of the time.

The portion of death certificates listing Covid-19 as a contributing cause has been above 30% since spring 2022, CDC data show. This pattern likely reflects Covid-19 exacerbating other medical conditions, doctors said. Heart issues, lung ailments, cancers, diabetes and obesity are among common health issues that can complicate infections.

Excess deaths—a measure of all deaths in the U.S. above expected levels, based on averages from before the pandemic—remain higher than the number of reported Covid-19 deaths. This suggests the U.S. is likely undercounting its Covid-19 deaths, though not as much as in the pandemic's earliest months, said Robert Anderson, chief of the mortality statistics branch at the CDC's National Center for Health Statistics.

Improving vaccination uptake could help further reduce the Covid-19 death toll, doctors said.

"Can we do better?" said Dr. Michael Stoto, a professor emeritus at Georgetown University and a statistician in epidemiology. "The answer is yes, absolutely."

Charge Faced By Baldwin Downgraded

By JENNIFER CALFAS

Prosecutors in New Mexico are dropping a firearm enhancement from an involuntary manslaughter charge against Alec Baldwin, reducing the amount of prison time he might face in the fatal shooting of cinematographer Halyna Hutchins on the set of the movie "Rust."

The sentencing enhancement, originally included in one of the involuntary manslaughter charges brought against the actor-producer earlier this year, carried a mandatory five-year prison term upon conviction.

The Santa Fe-area district attorney dropped the enhancement for both Mr. Baldwin and film's armorer Hannah Gutierrez-Reed. They both still face involuntary manslaughter charges related to the 2021 on-set shooting and up to 18 months in prison.

A lawyer for Mr. Baldwin didn't immediately respond to a request to comment Monday. Jason Bowles, a lawyer for Ms. Gutierrez-Reed, said "it was the right decision ethically and on the merits."



## U.S. NEWS

## Food Stamp Rules, Costs Get Scrutiny

Lawmakers clash over potential tightening of work requirements ahead of farm-bill talks

By KRISTINA PETERSON

WASHINGTON—The ending of the Covid-19 public-health emergency means a reset for the country's food stamps program, which aids more than 41 million Americans, as lawmakers weigh whether to make more far-reaching changes as part of the next farm bill.

An extra boost in the food assistance for low-income households that Congress authorized at the start of the pandemic will wind down this month, and additional leeway afforded to states around some of the program's rules will end in May.

"As that temporary help and flexibility now ends, we will return to a new normal," Stacy Dean, deputy undersecretary for food and nutrition at the Agri-

culture Department, told lawmakers.

As the program returns to its prepandemic operations in some ways, Republicans are sounding alarms over its eligibility guidelines and price tag.

The nonpartisan Congressional Budget Office estimated this month that the program would cost \$1.2 trillion over 10 years. Officially known as the Supplemental Nutrition Assistance Program, or SNAP, food stamps are funded through the farm bill, typically a five-year bill that yokes together support for farmers with the food stamp program. The current farm bill expires in October.

Sen. John Boozman of Arkansas, the top Republican on the Senate Agriculture Committee, said he worried that the increasing cost of the food stamps program would cut into lawmakers' ability to expand the safety net for farmers. "That's going to really limit, I think, our ability to help the other programs," he said.

Senate Agriculture Commit-

tee Chairwoman Debbie Stabenow (D., Mich.) said spending on food stamps wouldn't affect lawmakers' decisions on other parts of the farm bill. "The reality is we have a farm safety net and a family safety net," she told reporters. "I support both. We have to have both."

The congressional budget forecasters projected that spending on the food stamp program would cost \$127 billion in 2023, up from \$65 billion in 2018—with much of the increase coming from extra aid Congress authorized during the pandemic, in addition to other changes made to how the benefits are calculated.

The current level of food stamp spending is set to turn downward in March, when 35 states and territories end an extra boost in benefits lawmakers established early in the pandemic out of concern that the economic upheaval would make it harder for many families to afford food.

Some states chose to end these extra payments earlier.

The average person receiving food stamps will get about \$90 a month less, according to an analysis from the Center on Budget and Policy Priorities, a left-leaning research and policy group.

Without the emergency boost, SNAP benefits will average about \$6.10 per person a day, according to the analysis. There are multiple guidelines determining eligibility, but a family of three would generally need to earn less than \$30,000 a year in gross income to qualify for food stamps.

Lawmakers are scrutinizing another coming shift: the end of extra flexibility given to states around imposing the program's work requirements.

Under current law, able-bodied adults between the ages of 18 and 49 who meet the income requirements and who don't have dependents are allowed to receive food stamps for no more than three months within a three-year period, unless they are working or enrolled in a work program.

Before the pandemic, states could apply for waivers for people in areas of high and sustained unemployment. But early in the pandemic, Congress allowed states to waive those time limits around how long a beneficiary could be unemployed until the Covid-19 public-health emergency ends, which President Biden has said will happen in May.

Republicans have indicated they believe restoring the normal rules may not be sufficient to motivate any unemployed SNAP recipients to find work. House Speaker Kevin McCarthy (R., Calif.) said he wants to see "continual improvement" in the food stamps program.

"You've got work requirements, and then you want to look—are they working?" Mr. McCarthy said in California earlier this month.

Democrats generally support the existing work requirements, but said they would resist efforts to further restrict access to food stamps.

## Trump and DeSantis To Court Big Donors

By ALEX LEARY

Donald Trump and Ron DeSantis have battled in polls for months over who has a better shot at the 2024 GOP presidential nomination. This week, in one of the country's wealthiest enclaves, they will intensify the fight for campaign cash.

Mr. Trump is scheduled to appear Thursday at a fundraiser for the super political-action committee supporting his White House bid, MAGA Inc. The location: the former president's Mar-a-Lago estate in Palm Beach, Fla.

The following day, Mr. DeSantis, Florida's governor, will kick off a three-day retreat with donors and other supporters. The location: Four Seasons Resort Palm Beach, an eight-minute drive from Mar-a-Lago.

The timing is coincidental, people familiar with the events say. Palm Beach has long been a go-to location for fundraising, and February falls in the middle of the Florida events season.

Mr. DeSantis's allies concede the location of his event is likely to irk Mr. Trump. Aides to the former president declined to comment.

The two men are perceived to have different fundraising imperatives, with Mr. Trump able to rely on money from the GOP rank and file, while Mr. DeSantis has shown strength with wealthy donors. But both will seek to impress the big-money crowd in Florida.

"High-dollar donors don't matter as much to Trump. His fundraising largely comes from the low-dollar donors on-

People familiar with the Palm Beach events say the timing is coincidental.

line," said Terry Sullivan, who managed Florida Republican Sen. Marco Rubio's 2016 presidential campaign.

He said some donors could try to play both sides, recalling how the Rubio campaign held a donor retreat in Miami and some people had just come from a super PAC fundraiser for former Florida Gov. Jeb Bush. Both lost to Mr. Trump in the primary.

Mr. Trump has recently stepped up taunts of Mr. DeSantis, who is fresh off a re-sounding 2022 gubernatorial re-election victory and, polls show, is building national GOP support. The governor has refrained from responding to the attacks but has given every indication he intends to formally join the race in the coming months. He is about to embark on a book tour and is taking on more speaking engagements outside Florida.

Mr. DeSantis's three-day retreat isn't a traditional fundraiser, but among the 150 invited guests will be some of the top Republican donors. The governor, who raised \$200 million for his 2022 bid—a national record for a gubernatorial campaign—has long cultivated ties with the party's leading financiers, including some who have publicly broken with Mr. Trump. The governor has about \$70 million in campaign cash left over, funds that could be directed to a supportive super PAC before he formally announces his candidacy.

Mr. Trump's 2024 fundraising has gotten off to a slow start, in part because of his unusually early campaign announcement, just a week after the midterm elections and heading into a holiday season where many sought to put politics aside.

The Trump campaign is building a traditional fundraising effort, including a program for so-called bundlers—people who collect money from other donors—according to people familiar with the planning.

Mr. Trump has personally made some calls to donors, the people say, though the campaign is expecting Mr. DeSantis to be formidable among that group.

## Carter's Hometown Reflects on Its Native Son

By CAMERON McWHIRTER

PLAINS, Ga.—Many in this southwest Georgia hamlet of about 550 people have met its most famous son, Jimmy Carter—at stores, festivals, church or just on the street.

"He'd stop and talk to people, didn't matter who you were," said Meshia Williams, a 54-year-old who has lived in Plains most of her life. "He would sit down with you, play with your baby."

The Carter Center said over the weekend that the 98-year-old Democratic former president had entered hospice care at his home here, to "spend his remaining time" with his family. The news sparked an outpouring of well wishes from people whose lives he touched, whether during his one term as president in Washington or his decades of philanthropy work in a busy post-presidency.

Residents in Plains, many of whom felt a personal connection to the former peanut farmer ever since he returned here after leaving the White House in 1981, said in interviews over the Presidents Day weekend that they are the Americans who know him best. Many said they are grappling with what will become of their town after his longtime presence is gone.

In 2015, doctors found cancer in Mr. Carter's brain and liver. He said at the time that he would cut back on his work schedule to undergo treatment that included immunotherapy and radiation. Still, he remained active into his 90s.

Dorothy Ingram, 50, an educator from a nearby county, was meeting family outside a restaurant in Plains on Sunday morning when she noticed television crews gathered across the street. She had met the former president several times and was saddened when she heard the news of his apparent decline in health.

"You knew one day it was going to happen, but your heart is not prepared," she said.



IRA SCHWARZ/ASSOCIATED PRESS



NICOLE GRAMME FOR THE WALL STREET JOURNAL (2)



Top, President Jimmy Carter and first lady Rosalynn Carter rode a tandem bike through Plains in 1980 during a visit home. Today, signs of the former president's legacy are everywhere, including at the Plains Trading Post, above. Local resident Meshia Williams, at left, recalled interactions with Mr. Carter. "He would sit down with you, play with your baby," she said.

Mr. Carter's name is plastered on a large red, white and blue sign above the town's only row of stores. The old high school serves as a museum to his life. The railroad depot has a

visitor's center dedicated to his political career. A sculpture of a large smiling peanut standing near a gas station was being repainted Sunday. Throughout the area, historic markers stand at

sites relating to his life and that of his wife, Rosalynn Smith Carter—from the street where the former first lady grew up to Lebanon Cemetery, where generations of Carters and Smiths

## Amazon's Stock Slide Dents Pay

Continued from Page One

fectively amounts to a pay cut to its employees, according to training materials reviewed by The Wall Street Journal.

According to the materials, managers should focus on employees being invested in the long-term performance of the company and hold on to the restricted stock longer until

there is a recovery in the company's stock price.

Amazon has historically given less base-pay compensation to employees than its big-tech peers but made up the difference with stock awards that vest over several years. Employees said the longer an Amazon employee stays with the company, the more their compensation can depend on stock awards, with stocks making up 50% or more of total income for some.

Over the past year, Amazon's shares have declined more than 35% amid a broader technology slowdown and slower growth on Amazon's retail side of the business. When Amazon issues restricted stock units to employees, it is predicated on the longstanding assumption shared in compensation conversations that Amazon's shares would appreciate at least 15% each year, the people said.

Until recently, that had largely been true. Between 2017 and early 2022, the stock price increased on average about 30% each year. But Amazon's stock is currently trading around \$96 a share and some employee pay packages are

structured under the assumption that Amazon's shares would be around \$170, some of the people said.

At a recent all-hands meeting at Amazon's Seattle headquarters, Amazon Chief Executive Andy Jassy addressed the situation, according to a recording of the meeting reviewed by the Journal. "I know that this is and feels like a really difficult time. We have a very uncertain economy, we just had to say goodbye to 18,000 of our teammates, the market is in a funky spot," he said, adding that Amazon and other companies have seen an impact on their stock prices. "The result is compensations are impacted. And that is difficult. All of that is difficult. But I am quite optimistic that we have the chance to emerge from this challenging time in a relatively stronger position than we entered it."

Last year, amid a war for talent and a slumping stock price, Amazon raised the cap for the cash component of Amazon salaries from \$160,000 to \$350,000. This year, the company plans on issuing raises from 1% to 4%, according to some of the people. The com-

pany won't issue more restricted stock to employees to help them meet their target compensation for this year, some of the people said.

Amazon is in the midst of one of the toughest financial stretches in the company's history. In November, it began the largest round of layoffs the company has ever deployed as

The issues that Amazon is facing are rippling through U.S. tech companies.

Amazon adjusted to weakening retail demand coupled with years of mass hiring. By January, the company had laid off 18,000 corporate employees, the highest number of any technology company in this recent wave of layoffs.

The number added to other cuts made across the tech industry. Companies large and small have laid off workers in recent months, including at Alphabet Inc.'s Google, Meta Platforms Inc. and Microsoft Corp.

Since the start of the year, more than 107,000 employees have been laid off across the tech sector, according to Layoffs.fyi, which tracks layoffs.

In addition to eliminating current positions, Amazon also rescinded job offers from some candidates who had accepted them and hadn't yet started, and delayed the start date for some incoming college hires by six months. The Information earlier reported the rescinded offers.

"As part of our annual operating plan review process and in light of the challenging economic conditions, we made the difficult decisions to eliminate some roles in particular businesses for which we had extended offers but the candidates had not yet joined the company, and to delay start dates for some of our college hires by up to six months," the Amazon spokesman said in a statement.

The company recently announced plans to require workers to be in the office at least three days a week by May 1, shifting from a policy that enabled team directors to decide how often staff would be in the office.

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## U.S. NEWS

## Debt-Ceiling Backup Plans Face Hurdles, Too

By Andrew Duehren  
and Siobhan Hughes

There is no clear escape hatch to avoid default if Congress doesn't pass legislation raising the debt ceiling.

Potential alternatives to addressing the borrowing limit—from simply ignoring it, to minting a trillion-dollar coin, to prioritizing certain payments—all face hurdles, underlining doubts about any fall-back plan if Republicans insist on pairing a debt-ceiling increase with spending cuts.

The standoff has raised interest in possible alternatives that could help the U.S. avoid a default. But such approaches

are untested—and there are doubts over whether lawmakers, the White House and financial markets would see them as legitimate or practical.

**Executive action**

Some academics have pondered whether the White House could ignore the debt limit. They say the debt limit is inconsistent with another congressional command to the executive branch: to use money as Congress directs it to in spending legislation. The reasoning goes that if the executive branch observes the debt ceiling and stops certain payments, it isn't following congressional directives on spending.

Some legal experts also believe that the president could invoke the 14th Amendment, which says the validity of U.S. public debt "shall not be questioned," to keep paying the country's bills. But others caution that the 14th Amendment may not grant the White House the full latitude to keep paying the government's bills.

**Prioritization**

Once the Treasury Department's so-called extraordinary measures to preserve cash run out, some officials and lawmakers have discussed the possibility of paying some—but not all—of the U.S.'s bills. Such a possibility would re-

quire the Treasury Department to prioritize certain payments over others, with an eye toward mitigating financial and economic fallout.

Republican lawmakers have separately pushed legislation to prioritize payments not just on government debt, but also for Social Security and Medicare recipients and for veterans programs. But Democrats oppose the approach, which would result in the slashing of other government spending.

**Fed's Treasury buys**

Another idea is that the Fed could step into the market for Treasuries, including by potentially buying defaulted govern-

ment bonds, though officials have cautioned against taking such a step. Earlier this month, Fed Chair Jerome Powell was asked how the central bank may act in the event of a default. He said the public shouldn't assume the Fed could prevent widespread economic fallout.

**Trillion-dollar coin**

Under a proposal that was initially dismissed as a joke, the Treasury could use an obscure commemorative-coin law to mint a coin—say one worth \$1 trillion—and deposit it at the Federal Reserve. The Treasury could then draw the money from the Fed to pay the nation's bills. But Treasury Sec-

retary Janet Yellen has said that minting a platinum coin would compromise the independence of the Fed by conflating monetary and fiscal policy.

**Discharge petition**

Some centrist Republican and Democratic House lawmakers are discussing a rarely used parliamentary procedure to get around potential efforts by House Republican leadership to block certain votes on a debt-ceiling increase.

The process relies on a discharge petition, which requires 218 signatures—or a majority of the House—to dislodge a bill from committee and force a vote on the floor.

## Zaps to Spine Help Stroke Patients In Study

By Nidhi Subbaraman

A fist that opened and shut. A once-limp arm that moved from her side. Two women whose strokes left them with partial paralysis for years saw life trickle back to their limbs when electric pulses were delivered to the back of their spinal cord as part of a pilot study.

Neurologists said the approach, reported Monday in the journal *Nature Medicine*, could be transformative for stroke survivors.

"I think it is amazing," said Helmi Lutsep, a neurologist at Oregon Health & Science University, who wasn't involved with the study. "I think patients will be thrilled if this comes to fruition."

The pilot study was convincing but it would take much larger studies and a decade or more to know if stroke patients generally could benefit, according to Nick Ward, a neurologist at the University College London who wasn't involved with the study.

A stroke occurs when a blockage cuts off blood flow and starves neurons of oxygen or when a blood vessel bleeds, floods the brain and damages cells. The episode can be fatal. Patients who survive can be left with brain damage that results in paralysis, memory loss, and difficulty speaking and processing language, among other effects.

The study participants were a 31-year-old woman who could move her arm but not her hand, and a 47-year-old woman whose arm was immobilized. The women had thin electrodes surgically implanted into the back of their neck for four weeks. During the experiments, the leads from the electrodes were connected to a device and a computer that delivered a low current in rapid pulses into their spinal cord.

The participants were then given a series of tasks; to move their arms forward to reach a target, to grasp objects and move them around, and to pick up and move a cylinder. Sensors on their arms measured muscle activity. The researchers tracked how successfully the participants were able to execute certain movements.

When the current was turned on on the first day of the trial, Heather Rendulic, who is now 33 years old, was able to open and close her hand for the first time in nine years, she said. "We were all in tears," Ms. Rendulic said.

By the end of the study period, Ms. Rendulic was able to complete everyday tasks such as grasping a fork and turning a key in a lock. The enhanced mobility lasted some weeks after her trial ended.

The 47-year-old with more extensive paralysis was able to move her arm and grasp simple objects with her hand, but didn't achieve the dexterity that Ms. Rendulic did.

Marco Capogrosso, a neuroscientist at the University of Pittsburgh, who was part of the team that published the study, and other researchers founded a company, Reach Neuro, to continue testing the technology. The team will do similar experiments with six other volunteers.



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## WORLD NEWS

## Kyiv Trip Was Months in the Making

Only a handful of people knew of plans for president to stop in Ukrainian capital

By Sabrina Siddiqui

KYIV, Ukraine—President Biden spent Saturday evening at Red Hen, a favorite spot in Washington's dining scene, with first lady Jill Biden. Hours later, he departed Andrews Air Force Base aboard Air Force One under a shroud of secrecy for a roughly 20-hour journey that eventually brought him to Ukraine's capital city for a historic wartime visit.

Mr. Biden's trip was meticulously planned for months and aimed to send a strong message of American support for Kyiv days before the first anniversary of Russia's invasion of Ukraine, top U.S. officials said Monday. It was known to only a handful of people at the White House, the National Security Council, the Secret Service and the Pentagon, officials said. A last-minute "huddle," as White House officials described it, on Friday sealed the planning details for the trip, which was seen by officials as high-risk but high-reward.

Unlike with previous presidential trips to warzones, such as Iraq or Afghanistan, the U.S. military doesn't control the infrastructure or security situation on the ground in Ukraine, officials pointed out. That raised the need for planning and additional security, they said. The top levels of the Ukraine government were involved in the planning and coordinated with the White House, officials said.

In the days leading up to the trip, the White House maintained Mr. Biden had no plans to visit Ukraine as part of his scheduled travel to Poland this week to mark the Feb. 24 anniversary of the conflict. The White House even issued a presidential schedule



President Biden visited Ukrainian President Volodymyr Zelensky in Kyiv on Monday in his first trip there since Russia invaded last year, underlining strong U.S. support.

for Sunday that suggested Mr. Biden was still in the U.S.

Only two journalists, rather than the typical pool of about a dozen who trail a president on such trips, were gathered at Andrews Air Force Base in the early hours of Sunday. One of them was with The Wall Street Journal. They were instructed to turn over their phones and were barred for security reasons from doing any reporting on Mr. Biden's whereabouts in real time. The president was joined by just three members of his senior staff: national security adviser Jake Sullivan, deputy chief of staff Jen O'Malley Dillon and

personal aide Annie Tomasini. Moscow was alerted to the trip in the hours before Mr. Biden left, Mr. Sullivan said, though he declined to provide details of the heads-up or of Moscow's response. Rumors of Mr. Biden's visit circulated in the early morning in Kyiv, after whole districts of the city were closed to traffic, creating a larger perimeter than for visits when other leaders have visited. By 8 a.m. local time on Monday, Mr. Biden had arrived in Kyiv. A motorcade of minivans and armored vehicles was captured on video driving in the city. A video by Ukrainian Pres-

ident Volodymyr Zelensky's video team showed Mr. Biden emerging from a white Toyota SUV, instead of the black presidential limousine, for his first stop at Mariinsky Palace. An expanded pool of reporters was assembled on the ground to join in the coverage, which saw Messrs. Biden and Zelensky together walk the gilded halls of the palace. The two leaders posed for photos inside the palace's White Hall. Mr. Zelensky escorted his counterpart to a desk, where Mr. Biden signed a guest book in what marked his first visit to Ukraine since days before he departed the White

House as vice president in January 2017. Air raid sirens blared across the city as Messrs. Biden and Zelensky walked outside St. Michael's Cathedral, a complex of sky-blue and golden buildings that in 2013 became a symbol of Ukrainian resistance against Russia's ambitions across the region. Neither man reacted to the sirens, although they served as a reminder that the leaders were meeting in an active war zone and in a city that has been the target of Russian rockets. The president's visit had remained secret until a video appeared on social media of him

embracing Mr. Zelensky outside St. Michael's Cathedral. The president made one final stop inside the U.S. Embassy before departing the capital, his method of transportation still unknown to the public. Mr. Biden was on the ground in Kyiv for about five hours. It was a strenuous journey for Mr. Biden, 80, that demonstrated his personal affinity for Ukraine. "Kyiv has captured a part of my heart, I must say," Mr. Biden said in remarks earlier in the day.

—Ian Lovett and Gordon Lubold contributed to this article.

## Zelensky Gets Boost From Visit

By Ian Lovett

KYIV, Ukraine—Nearly a year after Russian tanks threatened the outskirts of Ukraine's capital, President Biden walked Monday through central Kyiv, providing a welcome boost to a country battered by war.

Mr. Biden and Ukrainian President Volodymyr Zelensky placed wreaths at the Wall of Remembrance for fallen soldiers, ignoring the air-raid sirens that blared around them.

The visit gave symbolic heft to Mr. Biden's oft-repeated claims that the U.S. will support Ukraine for as long as necessary.

On the street in Kyiv, residents greeted Mr. Biden's visit as a victory.

"Thousands of the best Ukrainian sons and daughters are dying in the fight for their future," said Dmytro Melnychenko, a 25-year-old entrepreneur. "So it's very important for them to see that the U.S. and the world stands with us."

Still, the visit doesn't change the reality on the battlefield for Ukraine. Following the call-up late last year of 300,000 men, Russian forces

are now assaulting a number of areas in Ukraine's east. Though the Russians are suffering heavy casualties, Moscow is slowly gaining territory.

Mr. Zelensky and other Ukrainian officials have repeatedly appealed to the U.S. and other allies for more heavy weaponry—especially jet fighters and long-range missiles—which he says can

**Ukrainians hope it is a sign the West is determined to keep supporting them.**

help drive the Russians back.

Mr. Biden has so far said the U.S. won't send the F-16 jet fighters that Ukraine is requesting. Though he has reversed course on military aid in the past, the U.S. president didn't promise any new weapons systems for Kyiv on Monday, but did announce a fresh \$500 million in military aid, including howitzers, artillery ammunition and antitank missiles.

Mr. Zelensky, dressed in green cargo pants and a black sweater adorned with a Ukrainian trident symbol, told reporters he had spoken with Mr. Biden about long-range missiles.

"This is very important," the Ukrainian president said.

"Biden's visit to Kyiv underlines the critical importance of continuous Western military aid to Ukraine," Franz-Stefan Gady, a senior fellow at the International Institute for Strategic Studies, wrote Monday on Twitter.

New hardware, he added, "will be critical in helping Ukraine hold the front line while massing reserves for counteroffensives."

Rumors of Mr. Biden's visit swirled from the early morning, after whole districts of the city were shut down to traffic, creating a larger perimeter than for visits by other leaders.

The U.S. president's arrival remained secret right until a video appeared on social media of the two presidents outside St. Michael's Cathedral.

Mr. Zelensky, the 45-year-old former comic, is trying to quell allegations of corruption that threaten to erode his sup-

port in the West. It is an endemic problem in Ukraine that he said he would tackle when running for president in 2019. In recent weeks, Mr. Zelensky has dismissed more than a dozen top officials, including the governors of five regions.

Some Republicans in the U.S. Congress have questioned aid to Ukraine and called for stricter oversight of the vast funds that Washington is sending.

Military analysts have suggested that Russian President Vladimir Putin may try to wear down the West by keeping the conflict going until support from Ukraine's allies erodes and Western powers try to push Kyiv to the negotiating table.

Ukrainians hope Mr. Biden's visit is a sign that the West is determined to support them for a war that could take years—and that more weapons may be on the way.

"This is a message to Putin," said Dmytro Zadumin, a 26-year-old real-estate agent, while smoking a cigarette outside a cafe in central Kyiv. "Ukrainians are not alone in this war."

—Nikita Nikolaienko contributed to this article.

## Hungary Welcomes Top China Diplomat

By Thomas Grove and Drew Hinshaw

China's top diplomat, Wang Yi, visited Hungary, one of Beijing's staunchest European partners, where Prime Minister Viktor Orbán signaled Budapest's determination to strengthen ties with Beijing despite U.S. concern over growing Chinese investment in the country.

The visit stood in contrast to other meetings during Mr. Wang's weeklong visit to Europe, where he aims to strengthen ties on the continent at a time of growing tension with the U.S.

In Budapest, Mr. Orbán held talks with Mr. Wang over dinner, and on Monday he met Foreign Minister Péter Szijjártó.

"When we have faced crises in recent years, Hungary has always come out of them stronger than it went into them, but Hungarian-Chinese cooperation has played an absolutely indispensable role in this," Mr. Szijjártó said. Hungary is a prime destination for Chinese investment, and Chinese-Hungarian trade now exceeds \$10 billion, he added.

The visit signaled how, even as the Biden administration seeks to maintain Western unity in the face of Russian aggression, Washington's attempts to shape Europe's approach to China faces an obstacle in Mr. Orbán. The five-term prime minister, who has governed Hungary for half of its post-Communist history, was the first in the European Union to sign a Belt-and-Road memorandum with Beijing, which financed a Chinese-built rail line connecting the country to Serbia.

His country hosts **Huawei Technologies** Co.'s largest supply center outside China, despite U.S. pressure to ban the tech company. After expelling Budapest's Central European University, a U.S.-accredited college founded by liberal billionaire George Soros, Mr. Orbán agreed to host Shanghai's Fudan University, whose Hungarian campus would become the first Chinese university in the European Union.

Other neighbors—Czech Republic, Lithuania, Poland—have meanwhile turned more hawkish toward Beijing.

## President Pledges More Aid

Continued from Page One

spending by the West to support Ukraine's efforts to oust Russian forces.

"One year later, Kyiv stands. And Ukraine stands. Democracy stands," Mr. Biden said. The president's appearance in the streets of Kyiv with Mr. Zelensky was a stark diplomatic act in a week of high-stakes public positioning by an array of world leaders. It was also a show of vitality to an audience back home as the 80-year-old president prepares for an expected 2024 re-election bid.

After the surprise visit, Mr. Biden traveled to Poland, where he plans to meet on Tuesday with President An-

drzej Duda of Poland, along with other European leaders. He is trying to solidify support for the Western alliance against Russia. At the same time, President Vladimir Putin of Russia is set to deliver state-of-the-nation remarks to his national assembly in Moscow.

China's top foreign-affairs official, Wang Yi, is also visiting the Russian capital this week and plans to unveil details of a Chinese proposal to end the conflict. China is grappling with how to approach a Russian ally that has gotten bogged down in Ukraine. Senior U.S. officials, including Vice President Kamala Harris, last week publicly warned Mr. Wang against China providing lethal arms to Russia.

The war will hit its first anniversary on Friday. Russia is ramping up an offensive in the east and Ukrainian officials are bracing for other major Russian moves tied to the one-year mark of the invasion. Mr. Biden also is seeking to bol-

ster public support back home for continued aid to Kyiv. Some Republicans have argued he should be more focused on domestic problems.

Although past U.S. presidents made similarly secret voyages to Iraq and Afghanistan, the security considerations associated with this trip were complicated by the absence of a U.S. military presence on the ground. Air sirens sounded as Messrs. Biden and Zelensky walked outside St. Michael's Cathedral, which for the past decade has served as a symbol of Ukrainian resistance.

While in Kyiv, Mr. Biden announced \$460 million of additional military aid to Ukraine—Washington's 32nd such package—including a range of munitions, Javelin anti-armor systems, infantry support vehicles, communications equipment and medical supplies. Mr. Biden also said additional sanctions would be announced this week targeting

institutions that have sought to evade existing penalties on Russian banks.

Standing beside Mr. Zelensky and flanked by the U.S. and Ukrainian flags, Mr. Biden pledged "unwavering support" for Ukraine and its sovereignty

## 32

Assistance packages provided by Washington during the war

and territorial independence. "I thought it was critical that there not be any doubt, none whatsoever, about U.S. support for Ukraine in the war," Mr. Biden said.

The visit was an overt and public U.S. challenge to Mr. Putin. Mr. Biden pointed to the international response to Mr. Putin's order to invade Ukraine last year. He said coordinated

sanctions from the Atlantic to the Pacific "are squeezing Russia's economic lifelines," adding that Russian forces have lost half the territory they occupied in Ukraine during the early days of the invasion.

Putin thought Ukraine was weak and the West was divided," Mr. Biden said. "He thought he could outlast us. I don't think he's thinking that right now."

Mr. Zelensky, dressed in his trademark olive-green pants with a black sweatshirt and boots, thanked Mr. Biden and Congress, where he delivered a speech in December. "I think this is a historic moment for our country," he said.

U.S. officials informed Russia of the impending visit hours beforehand, an effort to avoid direct conflict during the visit, said Jake Sullivan, the national security adviser.

Russian officials later described the president's visit as a provocation. Spokespeople at the Russian Embassy in

Washington didn't respond to a request for comment.

Kyiv has relied heavily on U.S. military aid over the past year, but Mr. Biden was one of the few Western leaders who hadn't visited the country.

"Joseph Biden, welcome to Kyiv! Your visit is an extremely important sign of support for all Ukrainians," Mr. Zelensky wrote on Telegram on Monday, accompanied by a photo of the two men shaking hands.

The image of Messrs. Biden and Zelensky in Kyiv underscored Ukraine's surprising resilience against a Russian invasion. A year ago, many international leaders believed the Ukrainian government would fall within days.

Mr. Biden's visit to the embattled capital was designed in part to ensure Ukraine's fight doesn't fade from U.S. public consciousness and to rally European support.

—Ian Lovett, Gordon Lubold and James Marson contributed to this article.



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## WORLD NEWS

## New Earthquake Hits Southern Turkey, Syria

GAZIANTEP, Turkey—A strong earthquake and its aftershocks struck southern Turkey and Syria on Monday, causing buildings to collapse and killing at least three people, Turkish officials said, in a sign of the region's vulnerability after it was devastated earlier this month by its worst seismic event in decades.

By Jared Malsin,  
Elvan Kivilcim  
and Chao Deng

The new 6.4-magnitude earthquake shook the southern Turkish province of Hatay just after 8 p.m. local time, according to Turkey's disaster management agency AFAD. It was followed by several tremors, including one of magnitude 5.8, in the same region minutes later. More than 300 people were treated for injuries across Turkey and Syria, according to officials in both countries.

Southern Turkey had already suffered some of the worst destruction in the Feb. 6 twin quakes that unleashed a catastrophe, killing at least 47,000 people in both Turkey and Syria and uprooting millions from their homes.

The new seismic shock piled more traumas on the people of southern Turkey and northern Syria where residents are scrambling to find shelter and rebuild lives. It



People huddled on the streets in Antakya, Turkey, after a 6.4-magnitude quake struck on Monday.

also renewed some of the worst horrors of the initial quakes, trapping people beneath the rubble of collapsed buildings while rescue workers raced to save them, according to local officials.

"Everywhere it's dust and smoke," said Cemil Baklaci, a 32-year-old engineer from Antakya, Hatay's provincial capital, who was living in a container in the street after being displaced from his home by the Feb. 6 earthquakes.

"We are outside, we cannot go anywhere near the buildings. There are ambulance sirens all

around," he said, adding that some of the buildings damaged in the initial earthquakes collapsed on Monday night.

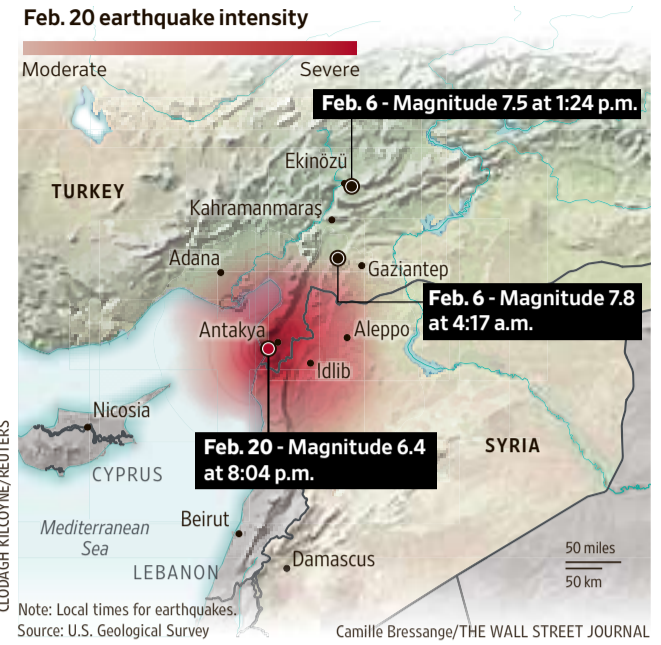
"We are currently analyzing the earthquakes in Hatay. We ask our citizens to stay away from damaged buildings," said Turkey's vice president, Fuat Oktay, in remarks carried on Turkey's state news agency minutes after the earthquake.

The new earthquake's epicenter was just over 10 miles from Antakya, near the town of Samandag, which also suffered heavy destruction in the prior earthquakes, according

to the U.S. Geological Survey. Monday's earthquake took place at a depth of 10 kilometers, or 6.2 miles, USGS said.

Monday's earthquake was felt as far away as Egypt and Lebanon. Within Turkey it was felt more than 170 miles north-east of the epicenter in Turkey's Sanliurfa province, according to the local governor. In Lebanon, people fled their buildings into the street, according to the country's state news agency.

The Feb. 6 earthquakes, of magnitude 7.8 and 7.5 respectively, took place along two separate spines cutting across



hundreds of miles of southern Turkey near the border with Syria. The region is now littered with destroyed cities and towns.

In the town of Samandag near the epicenter, people huddled under blankets in town squares with no electricity, witnesses said.

"It's controlled chaos," said Arie Amaya-Akkermans, an Istanbul-based writer and curator who was in Samandag.

"People gathered in Samandag square covered in blankets sitting waiting for the morning," he said via text message.

In Gaziantep, a city near Turkey's border with Syria, Yasemin Sarukan, 40, came out with her sister-in-law from their five-story apartment.

"I don't trust my own home," she said, adding that they were contemplating sleeping on the streets or at a nearby cafe.

#### Watch a Video

Scan this code for a video on how mapping technology can aid rescue effort.

## Blinken Pledges \$100 Million in U.S. Aid for Recovery

By William Mauldin  
and Jared Malsin

ANKARA, Turkey—Secretary of State Antony Blinken pledged \$100 million in U.S. aid to Turkey and Syria, in a sign of how the devastating earthquakes have transformed the former country into a recipient of foreign assistance, after years of building power through humanitarian and military efforts abroad.

"The United States is here to

support you in your time of need, and we will be by your side for as long as it takes to recover and rebuild," Mr. Blinken said on Monday in Ankara.

The top U.S. diplomat met with President Recep Tayyip Erdogan, discussing earthquake relief and both countries' support for Ukraine amid its war with Russia.

Hours later on Monday, southern Turkey was hit by another strong earthquake and its aftershocks, in a sign of the

region's vulnerability after it was devastated by the country's worst seismic event in decades this month.

A day earlier, Mr. Blinken flew into the earthquake zone in southern Turkey, landing at Incirlik air base, where American and Turkish military personnel jointly coordinate air-traffic control for cargo flights arriving daily with supplies.

Mr. Blinken toured the quake damage area by helicopter with Turkish Foreign Min-

ister Mevlut Cavusoglu, who said the solidarity shown would have a positive effect on the U.S.-Turkish relationship. Mr. Blinken thanked American aid workers—and dogs—involved in the effort.

The quakes on Feb. 6 have killed more than 47,000 people across Turkey and Syria. Millions in Turkey were uprooted from their homes, overwhelming the government, which appealed for international aid within hours of the disaster.

Citizens say Ankara's response left thousands stranded without help in the initial hours after the seismic shock.

That appeal for aid reverses Turkey's role as a major player in international humanitarian relief, where the Turkish government and nonprofit groups have responded to natural disasters and wars throughout the world in recent years.

Turkey also accepted more than three million refugees from neighboring Syria before clos-

ing its borders to new arrivals fleeing a decade of war there.

Turkey has used its role as a place of relative stability in a region beset by wars to build up its influence in international affairs. Mr. Erdogan has played a central role in diplomacy around the Russian invasion of Ukraine, helping to broker a grain export corridor and prisoner exchanges.

Turkey has accepted help from more than 100 countries since the earthquakes struck.



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WORLD NEWS

Israel Moves Ahead on Judicial Changes Gay Rights Further Divide Anglicans

By DOV LIEBER AND AARON BOXERMAN

JERUSALEM—The government of Israeli Prime Minister Benjamin Netanyahu pushed ahead Monday with voting on an overhaul of Israel's judicial system that has bitterly divided the country, despite calls from the U.S. to delay the process and build consensus.

Lawmakers voted Monday night on the first reading of a bill that would grant Israel's ruling coalition effective control over the appointment of judges and ban judicial review over laws that have quasi-constitutional power, known as Basic Laws. The bill passed 63-47, with the votes in favor coming entirely from the coalition. The bill will need to pass two more rounds of voting before becoming law, a process that could take weeks or months.

Tens of thousands of protesters opposing the legislation gathered around Israel's parliament, or Knesset, for the



Protesters opposed to the proposed judicial overhaul rallied Monday outside Israel's parliament, or Knesset, in Jerusalem.

second straight week. Hundreds of thousands have joined weekly demonstrations across the country since the government said last month it would advance the legislation.

Israel's opposition, the

country's nonpartisan president and the U.S. all have asked the government to delay the legislation so that a broad consensus could be reached.

Israel's attorney general, chief supreme-court justice

and former high-ranking justice officials say the judicial overhaul will give unchecked power to the country's ruling coalition. Mr. Netanyahu and his coalition partners say Israel's top court is controlled by left-wing justices who can too easily strike down laws, government policies and appointees that are supported by the majority of the country.

Israeli security officials say the heated rhetoric surrounding the legislation could lead to political violence. About a third of the country thinks current political divisions could result in civil war. Economists in Israel and the U.S. have also warned of economic damage the judicial overhaul could cause if it harms the checks and balances that prevent government corruption.

But the government figures advancing the judicial overhaul say they won't delay the process. Mr. Netanyahu and his allies have said the opposition can conduct a dialogue with

the government between the vote Monday night and the second and third readings of the bill before it is passed into law.

In remarks to his party, the Likud, on Monday, Mr. Netanyahu accused protesters of "trampling on democracy" by blocking roads and a few coalition lawmakers from leaving their homes earlier Monday.

"Tonight there will be a vote, and tomorrow I hope the road to dialogue will be opened," Mr. Netanyahu said.

Israel's attorney general has said Mr. Netanyahu can't involve himself in the overhaul because his trial on corruption charges creates a conflict of interest. He has denied the charges.

Yair Lapid, the opposition leader, said the judicial overhaul being voted on would "abolish democracy in Israel." He said the government has "blocked any attempt at dialogue while they continue to run amok for hasty and irresponsible legislation."

Gay Rights Further Divide Anglicans

By FRANCIS X. ROCCA

Conservative Anglican archbishops on Monday said the Church of England had forfeited its traditional leadership role in the worldwide Anglican Communion by approving the blessing of same-sex relationships this month, opening a historic rift in one of the world's biggest Christian denominations.

"The Church of England has chosen to break communion with those provinces who remain faithful to the historic biblical faith," the archbishops wrote, adding that their fidelity to traditional teaching makes it impossible for them to remain connected to it or to other Anglican churches that have adopted liberal teaching on homosexuality. "This breaks our hearts and we pray for the revisionist provinces to return" to tradition.

The statement said the archbishops were "no longer able to recognize the present Archbishop of Canterbury, the Rt Hon & Most Revd Justin Welby, as the 'first among equals'" among Anglican bishops.

The outspoken denunciation of the Church of England by 12 leading Anglican archbishops from around the world marks a watershed in a long-running crisis of unity in the Anglican Communion over teaching and practice on homosexuality.

Over the past three decades, Anglicans in Africa and other parts of the global south have become increasingly critical of the socially progressive tendency of churches in the West, clashing particularly on LGBT rights.

Conservative Anglican churches, including some in Africa that represent nearly half the world's estimated 100 million Anglicans, have broken off relations with churches that espouse liberal teaching and practice on homosexuality, including the Episcopal Church in the U.S.

But a break with the Church of England, the historical progenitor of Anglican churches around the world, could threaten the very survival of the Anglican Communion, a loose federation whose bishops recognize the Archbishop of Canterbury in England as their spiritual leader.

The full impact of Monday's statement will depend on how many of the 42 national Anglican churches sign on.

The statement is a clear setback for Archbishop Welby, who has dedicated much of his 10 years on the job to trying to bridge the growing gap between progressives and conservatives over gay rights.

WORLD WATCH



Rescue crews searched for survivors Monday in São Sebastião, Brazil, after flooding triggered landslides, killing at least 36 people and displacing hundreds.

NORTH KOREA

Regime Fires Missiles After Allied Air Drills

North Korea fired two ballistic missiles off its east coast, as the sister of leader Kim Jong Un warned the U.S. and South Korea against holding military drills and deploying strategic assets on the Korean Peninsula.

The country fired two short-range ballistic missiles shortly after 7 a.m. local time on Monday, Seoul's military said. The projectiles flew between 200 and 250 miles and landed in the sea be-

tween the Korean Peninsula and Japan. Firing the missiles demonstrated the military's readiness against air drills conducted by the U.S. and South Korea, the North's state media said.

Washington and Seoul staged combined air drills on Sunday, involving U.S. B-1B strategic bombers and South Korean jet fighters.

Kim Yo Jong, the sister of the North Korean leader, warned on Monday that the North was prepared to use the Pacific as its "firing range" in response to increased military activity by the U.S. and South Korea.

—Dasl Yoon

IRAN

Enriched Uranium Raises Concerns

United Nations atomic agency inspectors have detected uranium that has been enriched to near weapons-grade in Iran in recent weeks, three senior diplomats said, a finding that will deepen concerns about Tehran's nuclear ambitions.

Iran has been producing highly enriched, weapons-grade material of 60% purity since early 2021, but the material found was of 84% purity, accord-

ing to the diplomats. Weapons-grade enriched uranium is generally considered to be from around 90% enriched uranium.

The diplomats said they had been informed that Iran doesn't appear to be accumulating a stockpile of the 84% material.

Bloomberg News earlier reported the International Atomic Energy Agency findings. The IAEA said late Sunday it was aware of media reports about the findings and "is discussing with Iran the results of recent agency" work to verify Iran's nuclear activities.

—Laurence Norman

BRAZIL

Flooding, Landslides Leave Dozens Dead

Heavy rains and flooding have left dozens dead and hundreds displaced in Brazil's São Paulo state.

At least 36 people were killed in the city of São Sebastião, roughly 100 miles east of São Paulo, the local government said. Carnival festivities were canceled in the coastal cities of São Sebastião, Ubatuba, Bertioga and Caraguatatuba.

—Gareth Vipers

FROM PAGE ONE

Businesses Experiment With AI

Continued from Page One

cluding architecture, software and entertainment are testing out tech's new frontier: so-called generative AI programs that produce writing, images and art much like humans do.

In the past, AI was hidden within layers of back-end infrastructure for streamlining logistics or automating content moderation. Now, applications like ChatGPT and the image-generator Midjourney have placed the technology directly into the hands of individuals and small businesses who are using the tools to see if they can automate laborious tasks or speed up creative processes. Some are driven by the thrill of being able to do things not previously possible; others by an existential push to master the nascent technology so they don't fall behind.

The groundswell of experimentation has put larger corporations on notice that such tools could soon shake up their industries. From Netflix Inc. to oil-and-gas producer Devon Energy Corp., some companies have started taking tentative steps with generative AI.

AI experts caution, how-

ever, that such tools should only be used to support people who are already experts in their domain. Generative AI has been shown to spew disturbing content and misinformation, while other concerns have surfaced over intellectual property theft and privacy.

"The purpose that it is serving is not to inform you about things you don't know. It's really a tool for you to be able to do what you do better," said Margaret Mitchell, chief ethics scientist at AI research startup Hugging Face.

Telmo Gomes, the co-founder and IT director of LiveSense, which is based in Melbourne, Australia, said ChatGPT saves him significant time on research. After his company was hired to develop a system that can detect vaping in public places, he spent hours calling people and googling to determine which sensors worked best. Information was limited; other companies selling vaping detection solutions didn't disclose what they were using.

Then he typed the question into ChatGPT. Within a few seconds, it spat back several answers, including ones that exactly mirrored the solutions he had settled on from his research. It also added a note of caution to consider the ethics of monitoring people's behaviors.

"It completely blew my mind," Mr. Gomes said. "We're a small company. It will let us do more with less."

Nidhi Hegde, a designer at

Wimberly Allison Tong & Goo, an architecture firm specializing in luxury hotels, said she concluded generative AI would transform her profession when a client sent her team early concept sketches of the building they wanted, which they had created with Midjourney.

Midjourney, which launched in July, takes a range of prompts from text to three-dimensional forms and gives users a high degree of control to edit its generated images.

The sketches that the client provided are traditionally the architect's job, but Ms. Hegde

An architectural firm used a program to generate variants of design sketches.

embraced the process. She fed the client's images back into Midjourney and asked the program to create several new variations with different structures while keeping a similar design. The clients loved the final version, she said.

"The role of the architect really, really changes," she said. "Within the industry, we really have to rethink what we're doing as a service."

Ms. Hegde now regularly uses Midjourney and dedicates the first half-day of each project to what she calls "the fail-

ure stage." Once, she fed Midjourney an image of a rock and asked it to "make the rock gold." It generated a glittering gold torso of Dwayne "The Rock" Johnson.

At the Oklahoma headquarters of driller Devon Energy, leadership grew excited about ChatGPT after a group of technicians showed that they could use the tool to test their computer code, said Trey Lowe, the company's chief technology officer. The group manages the firm's automation system, which controls equipment in oil fields.

Separately, engineers and scientists have started using the tool to summarize large technical documents, he said. The experiments persuaded the company to pay close attention to how the technology develops.

Many in white-collar and creative professions fear that once generative AI advances enough, it will replace them the way robots have replaced factory jobs.

In February, Netflix faced backlash on Twitter after saying it used generative AI to create the background images in a short anime film posted on YouTube. Critics said the move threatened to take opportunities away from human artists.

Taiki Sakurai, Netflix's director of anime, said the company is committed to supporting human talent.

—Sarah Krouse and Alexandra Bruell contributed to this article.

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## FROM PAGE ONE

## Chinese Courts Void Patents

Continued from Page One

term as party leader, he praised the country for becoming a global innovator and pledged to help it prosper further. "We will increase investment in science and technology through diverse channels and strengthen legal protection of intellectual property rights, in order to establish a foundational system for all-around innovation," he told Chinese lawmakers.

The battle over China's acquisition of technology has raged for years. Counterfeit products and logo look-alikes are pervasive in China. Recently, Beijing has tried to crack down on domestic companies violating the intellectual-property rights of some foreign firms. In July, luxury shoemaker Manolo Blahnik said it won a long-running trademark dispute against a Chinese businessman accused of improperly selling shoes under a similar name.

Officials in the U.S. and EU and executives at some Western companies, however, say Beijing is going the opposite route in some industries. China's State Administration for Market Regulation, the government body that oversees all intellectual-property matters, and the Chinese embassy in Washington didn't respond to requests for comment.

### Growing competition

The conflict is central to the growing competition between the U.S. and China for technological and economic superiority. The U.S. has slapped restrictions on chip-related exports to China. Beijing has accused the U.S. of politicizing science and technology to try to protect American leadership in those fields.

In December, the EU sued China in the World Trade Organization on behalf of Swedish telecom-equipment maker Ericsson AB and other companies, complaining that China has barred EU companies from suing to protect their patents in courts outside China. The EU called China's policy "extremely damaging," saying Chinese companies requested the intervention "to pressure patent right holders to grant them cheaper access to European technology."

Canada, Japan and the U.S. had asked to join an initial ver-

sion of the European complaint, which the EU said could now take about 18 months to adjudicate.

China's Ministry of Commerce said it regretted the EU's decision, would comply with WTO dispute-settlement procedures and would "resolutely safeguard its legitimate rights and interests."

In a 2021 EU survey about global intellectual-property protection, responding companies and people expressed concerns about "a tendency of court rulings to favor Chinese stakeholders when strategic sectors or companies, in particular state-owned enterprises, are concerned," according to the survey. Respondents called patent invalidation a serious problem in China.

Beijing's stance on intellectual property has global implications because so many products are made in China.

"Intellectual property is a core factor for competitiveness on the international stage, as well as a focal point of international dispute," Mr. Xi said in a November 2020 speech to a committee of leading Communist Party members, according to an excerpt in a party publication. "We need to have the courage and the capacity to stand up for ourselves in this regard." After Mr. Xi's address, leading party members concluded China must "shift from being a major absorber to a major producer of IP and establish itself as a global IP leader," the publication said.

Fractus SA, the Spanish antenna designer, and Vectis IP Ltd., its British technology-licensing partner, were among at least eight companies that had patents overturned in China at the same time in late 2020. A Shanghai court refused to stop what Fractus and Vectis alleged was infringement of their wireless antenna patents by a Chinese company. The two companies, which are litigating several patents with Chinese rivals, are appealing the ruling. "It is puzzling that so many cases went wrong at the same time," said Vectis Chief Executive Giustino de Sanctis. He said the experience prompted his company to moderate its once-strong expectations for the Chinese market.

Patent holders worldwide are routinely obliged to license technologies that are crucial to an industrial standard, such as 5G telecommunications. In other cases, they are free to select the licensees.

A court in Ningbo, near Shanghai, ruled in 2021 that an affiliate of Japan's Hitachi Ltd. had violated antitrust law by refusing to license its patented rare-earth magnet technology to a Chinese company. The rul-



An image from X-ray scanning equipment in a van made by American Science & Engineering.

ing is "far removed from international practice in relation to the exercise of patent rights and the application of antitrust law," Hitachi Metals said in a written statement. It is appealing to China's Supreme People's Court.

Mallentech Electronics Inc., an automotive-sensor maker with 35 employees in Troy, Mich., has accused two Chinese companies of improperly taking trade secrets and Mallentech-designed machinery, and of applying for seven patents using Mallentech's intellectual property. In 2021, a municipal court in Chengdu said that Mallentech's evidence was inadmissible because of how it was collected.

Mallentech is appealing the decision.

"The Chinese legal system is biased against foreign companies," said Mallentech President Steve Chen, a Chinese-born naturalized American.

American Science & Engineering is the X-ray equipment maker whose patent was invalidated by China in 2018. The Billerica, Mass.-based company had pioneered X-ray telescopes, then shifted its focus after realizing its technology could detect dangerous or illegal items at security checkpoints.

AS&E devised a product to complement the machines it made for airports and seaports. It placed a low-powered X-ray machine on the back of a Ford Motor Co. chassis. The U.S. military used the mobile scanner to detect improvised explosive devices during the wars in Afghanistan and Iraq, the company said. Domestic law en-

forcement could disguise the vehicle as a delivery van and use it to scan cars in, say, a stadium parking lot.

The X-ray van, called the ZBV, made its debut in 2003. Michael Tropeano, general manager of AS&E's cargo-scanning division, said he thought the product would be a winner from day one.

Rivals were impressed. "AS&E was far and away the world leader" in its segment, said Stephen Phipson, president from 2004 to 2011 of the detection unit of British rival Smiths Group PLC. Los Angeles-based OSI Systems Inc., which makes Rapiscan airport-security machines, acquired AS&E in 2016 for \$269 million.

### China's stance on intellectual property has global implications.

In 2017, Mr. Tropeano heard from a colleague about a pitch in Argentina by a Chinese rival, Nuctech Co., that appeared to be promoting a ZBV copycat.

AS&E didn't have patent protection in Argentina, but it did in China. An AS&E lawyer sent Nuctech a letter. "Recently we've noticed that Nuctech may be offering similar products for sale," it said. AS&E took protection of its intellectual property seriously, the letter said, and suggested that the two companies discuss a licensing agreement.

A few days later, a Nuctech

executive responded by saying the company owned all relevant intellectual-property rights. That same day, a Chinese trade group asked China's Patent Reexamination Board, a legal body, to consider invalidating AS&E's rights to its scanning van.

### Unfavorable ruling

In 2018, the board did just that, concluding that AS&E's patent wasn't original enough. "Once that happened, I was like, 'Holy cannoli. Here they come into the market,'" Mr. Tropeano said.

Nuctech played no role in invalidating AS&E's patent, said Robert Bos, a Nuctech deputy general manager. The company, once led by the son of former Chinese leader Hu Jintao and now controlled by a Chinese state-run nuclear-plant operator, said it developed its own X-ray van and began selling it in 2000.

AS&E's scanning van was one of the company's most profitable products, generating sales of more than \$1 billion since its introduction. Company executives figured that appealing the Chinese court's decision likely would be futile, but was worth doing anyway. But first they needed to try to fend off Nuctech in countries where AS&E didn't have patent protection, including much of Latin America and Eastern Europe.

The company slashed the price of the ZBV, which had sold for about \$1 million each. In a reverse auction in Brazil for about a dozen machines, Mr. Tropeano said, he decided to do whatever it took to win

because he wanted to prevent Nuctech from breaking into the market.

AS&E couldn't match Nuctech's pricing. "These guys are going to go to a dollar," Mr. Tropeano recalled thinking. AS&E eventually won after local authorities disqualified Nuctech because of errors in the bid procedure, AS&E said.

AS&E boosted research and development to try to stay ahead of Nuctech's models. Mr. Tropeano said pulling away from Nuctech was hard. "They're catching up," he said. "It becomes about incremental improvements."

At the time, the Trump administration was trying to ban the use of equipment from Huawei Technologies Co., the Chinese cellular-hardware maker, in the U.S. and allied countries over spying fears.

Jenna Dunay, vice president for international government affairs at AS&E's parent company, OSI, reached out to U.S. officials in agencies including the International Trade Administration's Advocacy Center, which helps American companies win foreign-government procurements.

She said she told U.S. officials that Nuctech was an even bigger threat than Huawei, on both commercial and national-security grounds, because it, unlike Huawei, is directly owned by Chinese state entities. She said Nuctech could potentially send data to Chinese authorities, or obscure or alter images or videos. In the worst-case scenario, she said, Nuctech could allow hidden soldiers or weapons through checkpoints.

A Nuctech spokeswoman said AS&E's argument was "appalling speculation." She said Nuctech was a politically neutral company.

In May 2020, the State Department sent its diplomats a memo outlining a campaign to lobby allies to ban Nuctech from their countries. In December of that year, the Commerce Department's Bureau of Industry and Security added Nuctech to a list that makes it hard for the Chinese company to buy U.S. components without Washington's authorization.

In 2021, AS&E exhausted the appeals process in China, which upheld the original ruling. Last August, the company was notified of a new legal proceeding.

A Chinese patent panel opened a new case against AS&E after receiving another petition. The panel will decide whether to invalidate an AS&E patent for the technology behind a stationary vehicle scanner.

—Chieko Tsunoka  
contributed to this article.



Michael Tropeano, general manager of AS&E's cargo-scanning division, and some of the company's ZBV X-ray vans. In 2017, he heard from a colleague about a pitch in Argentina by a Chinese rival.



## Pricey Hair Styler Is a Hit

Continued from Page One

star Jonathan Van Ness have all gotten the Airwrap treatment. On Etsy, you can choose from hundreds of bespoke racks to store your Airwrap. Passalacqua, an elegant Lake Como resort, offers Airwraps in every room.

Airwrap enthusiasts spread the gospel of good hair from sorority houses to Pilates studios, and in Facebook groups that have sprung up to trade attachments and share styling tips. Since it's an investment, savvy shoppers sometimes finagle a way to try one before committing. Alyssa Bennefield, 34, an NFL cheerleader in Lou-

isiana, borrowed her cousin's Airwrap before buying her own secondhand from a woman "who couldn't figure it out." With its panoply of attachments, including multiple sizes of barrel curlers, different bristled brushes and a flyaway attachment, the Airwrap can stump the less patient among us.

Ms. Bennefield was pleased to report that she could figure it out, and that her hair stayed put through five hours of practice and a full football game, including such moves as "tumble passes, roundoffs, back handsprings, aeriels, which are no-handed cartwheels. Oh, and full-on dance routines."

The tool has helped boost British appliance company Dyson. Launched in 1993 by James Dyson, an engineering wonk with a vision of a better vacuum, the family-owned company had revenue of \$7.23 billion in 2021. Hair care now accounts for 30% of the U.S.

business. Dyson's Chief Commercial Officer Tom Moody said, "We do see [hair care] as being the fastest-growing part of our business."

The Airwrap joins the Supersonic, the brand's more-straightforward hairdryer, which costs \$430, launched in 2016. But perhaps the strongest sign of the Airwrap's effect is the company's October announcement that it would be investing \$600 million in beauty technology development, with a plan to launch 20 new beauty products in the next four years.

Many wonder whether the Airwrap is worth it. As one popular TikTok caption reads: "Everyone be wanting the Airwrap until they see the price." One Reddit user asked if, at that price, the tool cures cancer. Dyson's Mr. Moody is quick to trumpet the tool's engineering sophistication: its tiny yet powerful yet quiet engine, its nimble air flow, its reduced

heat damage.

Sophisticated engineering aside, the Airwrap has become a status symbol. Its smooth oval storage box can be monogrammed in gold with its user's initials. Annaliese Dayes, 36, a TV host in London, said "Dyson has done a great job at marketing it as a luxury item...I think the design is a big part of it, and is much of the selling factor. And even just the packaging and the way it turns up, it looks good." She concluded, "It's a designer handbag really, isn't it?"

Ms. Dayes, however, is unconvinced about the Airwrap's effectiveness for all hair types. While she likes the ease of the blow-dry experience, she prefers the Supersonic and didn't think that the curling attachments on the Airwrap were right for her. "I'm just not entirely convinced that it's for Afro hair in any way," she said.

Another skeptic is Bethenny Frankel, the founder and CEO

of lifestyle brand Skinnygirl and a former "Real Housewives of New York" cast member. A de-influencer of sorts, Ms. Frankel tested the Airwrap, along with competitors, posting candid reviews on TikTok. In one video, she said the Airwrap was "not at the level," captioning the clip: "Don't waste your money." She found the bristles of the brush too hard.

In an interview, Ms. Frankel said, "I think the Dyson being expensive means people feel like they are missing out, and they've all been influenced." She said that when she got her Airwrap, her tween daughter was uncharacteristically impressed, saying, "Oh, my God, mom, you have the Dyson." Ms. Frankel said that to her daughter, "I was a celebrity for the first time because I had the Dyson."

Ms. Frankel admitted the concept of getting a salon-quality blowout at home is

"amazing." "I actually think that that's something that solves a problem," she said. If you can figure out how to use it in a way that works for your hair, you can avoid schlepping to the hairdresser. In that sense, the Airwrap is threatening the big-time blow-dry bar industry.

The late writer Nora Ephron, in her essay "On Maintenance" from the 2006 book "I Feel Bad About My Neck," described getting a twice-weekly blow dry as "cheaper by far than psychoanalysis, and much more uplifting." In approximately 10 trips to the stylist for a \$60 blow-dry, one could justify the pricey tool. Or maybe cutting it all off is a better solution. As Ms. Ephron wrote, "The amount of maintenance involving hair is genuinely overwhelming. Sometimes I think that not having to worry about your hair anymore is the secret upside of death."



# PERSONAL JOURNAL.



PHOTO ILLUSTRATION BY ELENA SCOTTI/THE WALL STREET JOURNAL. SHUTTERSTOCK (2)

She was inspired after becoming close with the mother of her son's college roommate through phone calls last fall. She's now holding weekly calls with friends—the ones who pick up, anyway.

She says some of her friends respond to calls with texts because they don't like talking on the phone.

"We have all this technology now that allows us to get things done faster, but we seem to have less time to spend on our relationships," says Ms. Byrne, 49.

Several women I interviewed—over Facebook Messenger—said they prefer texting to calling. Their reasons include being introverted, fearing awkward silences and feeling pressed for time.

Rebecca Kivelevitz, a psychologist in Brooklyn, N.Y., told me she dreads phone calls. "There's often the worry 'Is this a good time to talk?' and the inevitably awkward 'How do I wind down this conversation because I really want to get off the phone already?'"

## Early birds

Talking on the phone these days requires planning. If you cold-call someone, they're likely to think something bad has happened. Gina Clapper and her childhood friend, Tracy McDonald, started talking on the phone regularly during the pandemic. The two women, who live about 150 miles apart in Illinois, have kept it up. They talk every Saturday at 7 a.m.

"It's hard to find time when your spouse and kids don't feel you're taking time away from them," says Ms. Clapper, 51. "At 7 a.m., everyone is still sleeping and no one needs me."

Ms. McDonald's husband, a firefighter, is often at work at that time.

Both women usually walk their dogs or do housework during their one- to two-hour conversations.

"It brings me joy to talk to Gina," says Ms. McDonald, 50 years old. "It's just something I need."

Shari Edelson, 54, says she schedules phone dates with a number of friends, including longtime friend Chris Tanner. He lives in Atlanta and she lives in Marlton, N.J.

Ms. Edelson blames social media for the increasing distance between friends. "Friendship isn't commenting on a picture someone posted on Instagram or commenting on a text," she says. "Hearing someone laugh or cry, that's friendship."

A few weeks ago, the two talked for six hours. Mr. Tanner, 53, says he rarely talks to male friends on the phone: "Guys, in general, don't talk to guys on the phone much."

Ms. Edelson says she learns things in calls that wouldn't come through in messaging apps.

"In texts, people will say, 'I'm fine, things are great.' When you get on the phone with someone, you often find out things are not OK," she says. "People in a text aren't going to tell you they're falling apart."

## Friends Found a Radical Cure For Loneliness: the Phone Call



FAMILY & TECH  
JULIE JARGON

Women are finding solace in the phone call. Dinging phones keep us in constant communication with partners, kids, teachers and friends through texts and direct messages. But the stream of short, written updates often feels transactional.

Many women in their 30s and up are battling this overwhelming communication by embracing more phone conversations. Just like people might carve out specific time for the gym or weekly check-ins with a therapist, these women are blocking off phone time.

"I don't think it's until you have regular phone calls with friends that you realize what you've been missing. What I was missing was real connection, and not just with other people, but with myself," says Doulton Wiltshire, a 35-year-old mom in Deep River, Ontario. "Talking to my friends is my therapy."

As the loneliness of the pandemic lingers, they've gained new perspective on the importance of



Doulton Wiltshire, a 35-year-old mom in Deep River, Ontario, incentivizes herself to hold weekly calls with friends by tracking them in a journal.



NATALIE SURETTE/DOLTON WILTSHIRE

friendship. They're channeling it into the sort of lengthy phone calls that marked their teen years.

Ms. Wiltshire made it a goal a few months ago to have one phone call, one video call and one in-person meetup with friends each week. She decided to treat calls like the "key performance indicators" she uses in her online-tutoring business. She tracks them in a journal.

She had to psyche herself up before she began. She worried she'd be intruding on others. She wondered if she had the energy for

regular calls.

Once she mustered the will, she found her concerns were unfounded. Friends welcomed the opportunity for calls, as long as they could fit them into their schedules. (They sometimes use Calendly links to book times.)

She has been at it weekly for three months and says it's made her happier. The mother of a 2-year-old, she feels guilty that the calls might eat into her family time. But her husband, who plays hockey three times a week, encourages her.

"I want three hours a week to refill my cup, and yet it feels like some kind of luxury," she says. But she also knows it's empowering. "I get way more out of having a good conversation with a friend than I do from a bubble bath or a candle."

## Calling is caring

Eight decades of research from Harvard University has shown that close relationships are the most critical component of health, happiness and longevity, more so than exercise and a good diet. Being lonely leads to chronic stress and has been found to be more detrimental to health than being obese.

While close friends keep the bond strong with various modes of communication, texts alone don't cut it, says Shasta Nelson, who has spent 15 years talking to tens of thousands of people for her books and lectures on friendship.

"What we know is that the more frequently we are in touch with someone, the more we feel they're there for us when we need it," she says. "There's an intimacy with phone calls; they allow us to be more vulnerable and to go deeper."

Chris Byrne of Traverse City, Mich., decided this year to be more intentional about calling friends.

## MY RIDE | A.J. BAIME

# Oregon Trail Leads To a Thing of Beauty

Jeff Meier, a 62-year-old automotive consultant living in Los Angeles, on his 1969 Lamborghini Miura S, as told to A.J. Baime.

IN 2000, I was visiting relatives in Oregon. My aunt told me about this guy who owned an old orange Lamborghini. I asked, "What model?" She said, "How would I know?" I was curious. My sister knew everyone in this little town, and she was able to find him. He lived on an 800-acre ranch. There was this long dirt road, and a shack that looked deserted. I knocked on the door and this hunched-over man came out.

He asked, "Hey, son, how can I help you?" I said, "I'm visiting from out of town. I'm a car guy. I heard you're a car guy." He said, "Come on in."

His name was Earl, and he started telling stories. I asked about a photo of this orange Lamborghini on his refrigerator. He led me to his garage, pulled a tarp away, and there was this Miura. I could not believe my eyes. This is an incredibly rare vehicle. It has been called the father of all supercars, and the most beautiful car of all time. It is also the car that put Lamborghini on the map.

As the story goes, back in the 1960s, Ferruccio Lamborghini was just a couple of years in business as a car manufacturer in Italy. He had made his money building tractors. He had young guys working for him and they wanted to go racing. They designed this chassis and engine,



and through a series of events, this car went into production with a body built by the coachbuilder Bertone. [A coachbuilder is a designer and builder of car bodies.]

When the Miura made its debut in 1966, it was as if a spaceship had landed. It was the most outrageous and extravagant thing—a mid-engine, transverse-mounted V-12 race car with a streetcar body. It was the fastest car in the world. All kinds of celebrities bought Miuras—Miles Davis, Twiggy the model. [Lamborghini ended up building 763 Miuras between 1966 and 1972, according to the company's website.]

I have been involved in cars my entire life. When I was growing up, my father owned an auto-repair shop. When I was 20, I got a dream job caretaking a collection of vintage cars. The job paid \$5 an hour, but I would have done it for free. I have been involved with vintage au-



'Without a doubt, this is the car that put Lamborghini on the map,' says Jeff Meier, below, of the Miura, seen above with its nose and engine compartment lids open, along with its 'eyelashes,' left, a surprising design feature.



tos ever since. When I discovered Earl's Miura, I knew it was one of the finest unrestored original examples I had ever seen. It was amazing because existing cars typically had rust problems, or they'd been in accidents, or they've had engine fires. This car had none of that. And it

was an S version, with more horsepower and nuanced styling.

I asked Earl how he had gotten it. He had been an engineer who purchased this car as a retirement gift to himself from a Chicago dealership in 1970. He had driven it out to Oregon. From the time he

bought the car to when I first saw it, he was the only person who had driven it. The car had 16,000 miles on it, and it still had its original set of tires. It was a true needle-in-a-haystack scenario.

Earl refused to sell me the car, but I kept in touch. When he died in 2005, I was notified by the estate, and I was able to acquire the Miura at market price. In a 10-year period, I took the car from being a "barn find" to a first-in-class winner at the Pebble Beach Concours d'Elegance [widely regarded as the most prestigious vintage car show in the world] in California.

What is it like to drive this car? The Miura sits so low to the ground that when you look out your window you are looking at the wheels of the cars around you. The high-revving engine is right behind you. The music from this 12-cylinder, the mechanical sounds of the transmission, it is all hard to describe. It is just magical.

YURI HASEGAWA FOR THE WALL STREET JOURNAL (3)



## PERSONAL JOURNAL.

# U.S. Parents See Fresh Solutions In Russian Math

By ELLEN GAMERMAN

**O**n RussianMathTutors.com, a site promoting a Soviet-era style of math instruction, a sample question involves Masha, a mom who bakes a batch of unmarked pies: three rice, three bean and three cherry. The student must determine how Masha can find a cherry pie “by biting into as few tasteless pies as possible.”

While Masha is biting pies, American parents are eating it up.

In the smarter, faster, better quest that is child-rearing in the U.S., goal-oriented moms and dads eager to give their children an academic edge have long looked beyond U.S. borders for math education. Singapore math promotes concept mastery and critical thinking. Japa-

can't do enough.”

While parents advocate for more math, children are grappling with what some call “math trauma,” the stress that comes when students mess up rote memorization drills, get called out for wrong answers or freeze in fear during timed tests.

“There are people that walk among us who have been traumatized by math,” said Kasi Allen, director of learning and knowledge management at the Ford Family Foundation and a former math education college teacher who is researching a book on the subject. “Math trauma says, ‘Something happened to me when I was trying to learn math that hurt me, and it keeps hurting, and I need to work through it so I can be the mathematical thinker I want to be.’”

Parents are now faced with a choice between math brands that often sound similar. Most of these teaching methods billboard the same thing: independent, critical thinking over blind recitation.

That leaves competitors like Russian math and Singapore math sometimes searching for differences to prove which one is best. Divisions exist even within the disciplines.

Alexander Kolchinsky, a former Silicon Valley software developer who emigrated from the Soviet Union as a child and started Russian Math Tutors a couple of years ago, said he uses a curriculum that goes beyond math by teaching kids to learn. It incorporates ethics as well, he said, like word problems that include the idea of giving up a seat for an elderly person.

Many Russian math questions are Americanized. Mr. Kolchinsky tussled with one problem involving three husbands who board a boat with their wives and then grow jealous of each other's spouses. The student is asked to figure out how to transport the wives to the other



Parents hope a Soviet-era style of math instruction may give their children an edge.

side of the river, given the rivalries.

“Somebody suggested, ‘Use animals,’ but animals don't get jealous,” Mr. Kolchinsky said. Finding the question's premise too dicey, he scrapped it altogether.

The classes, which are virtual, are run with a competitive mindset, he said. “We don't hit the children with a ruler, obviously, because it's online,” Mr. Kolchinsky said, adding that there would be no such punishment regardless. “But it is a serious class.”

Russian Math Tutors—whose database includes about 400 students, 80 of them current—is minuscule compared with the Russian School of Mathematics, an American company founded in Massachusetts in 1997 by immigrants from Belarus and Ukraine that is teaching 60,000 students across 70 branches. Its after-school small-group classes, which can stretch longer than an hour and feature an

exclusive curriculum, range from \$2,000 to \$3,000 a year.

Mr. Kolchinsky sees his company's size as an asset. “Our program is geared toward more-talented children, it's more challenging than theirs,” he said, referring to the rival Russian School of Mathematics. “If you want to really do well in math, you go for private lessons.”

Masha Gershman, vice president of outreach at the Russian School of Mathematics, said she hasn't heard of Russian Math Tutors and added that her school uses group learning because it fosters greater understanding and engagement in class.

Russian math hits the spotlight against a fraught backdrop. Last year, amid the Russian invasion of Ukraine, Mr. Kolchinsky considered removing the word “Russian” from “Russian Math Tutors” and renaming the company BYOM, short for Build Your Own Math.

“People have some kind of dis-

taste for anything with the name ‘Russian,’” he said. After seeing that Google searches for the term “Russian Math” held steady despite the war, he decided against it. Ms. Gershman said demand for her school's method has stayed consistent. Last year, the school added six locations.

Some parents are seeking out these programs because they fear public schools are leaving their children behind from a young age. Dipa Brahmhatt enrolled her second-grader at the Russian School of Mathematics near her home in Katy, Texas, during the pandemic. “We read about Russian math, we heard about it, we listened to the TED talks, we just felt like in terms of critical thinking for the future it had a lot of potential,” Ms. Brahmhatt said. Her 8-year-old son, Raaj Mohan, who was diagnosed with Tourette syndrome last year, was getting C's in math before he started at the school.

Now he's getting A's, she said.

The transition from American math teaching isn't always smooth. When 14-year-old Jaylen Amlani started taking classes as a fourth-grader at the Russian School of Mathematics near his home in Burlingame, Calif., he was “not a happy camper,” he said. He couldn't wrap his head around a certain kind of pictorial math problem. “It looked like an alien symbol.”

Now he is a high-school freshman who spends four hours a week in Russian math class. The effort has launched him at least two years ahead of many classmates, he said. Jaylen, who is considering a career in artificial intelligence, credits Russian math for putting him on a fast track.

“It just looks amazing on applications,” he said, “but at the same time you're going into college knowing exactly what you want to pursue.”

## \$3,000

Annual fee for some programs at the Russian School of Mathematics

nese math espouses the discipline of daily study. Now, another turbo-charged math style is having its moment. Russian math, which uses reasoning and abstract concepts to build understanding, is lighting up parent group chats as the country emerges from a pandemic that left children zoning out over Zoom and schools giving priority to social-emotional recovery over homework.

“I always think for students it's great to aim higher,” said Andrea Campbell, a mother from Newcastle, Calif. Her three children have studied with \$20-an-hour instructors from Russian Math Tutors for the past two years as they pursue math competitions. “For math, you

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## Colleges Woo Later Matriculators

Top schools roll out pricey programs for older professionals

By ANNE TERGESEN

**C**olleges are creating new programs for older adults who are contemplating what to do next as they near the end of their careers.

The programs are designed for midlife professionals who typically have at least two decades of experience. About eight exist so far, many at elite institutions such as Harvard University and Stanford University, with more schools developing their own offerings. One-year programs often range from \$50,000 to \$60,000 or more, depending on the institution, with discounts available to some.

Participants—generally in their 50s and 60s—typically audit courses, interact with professors and attend dinners and campus events. They take classes that encourage introspection and the exchange of ideas about how to chart a new course, whether it is a new job, non-profit work or some other interest. Many make new friends, something that isn't always easy in midlife.

Colleges are catering to an aging population as overall enrollment has declined. There are also more people working longer. Among workers ages 65 to 74, more than a quarter are in the civilian labor force, up from 20% in 2001. The figure is projected to rise to 31% in 2031, according to the U.S. Bureau of Labor Statistics.

Many of those enrolling have spent the past two or three decades establishing careers, raising children and having little time to themselves. The programs are designed to meet this new moment of change, where they now have more free time but may lack direction on how to be as fulfilled in this new chapter.

The programs typically admit 15 to 50 participants.

### A search for identity and impact

Many baby boomers are choosing to reinvent them-

selves rather than retire to a life of leisure, said Seth Green, a dean at the University of Chicago, which plans to launch a program for seasoned executives in September.

Connie Lindsey, 65, retired in 2021 as head of corporate social responsibility and global diversity, equity and inclusion at Northern Trust Corp. She has applied to the University of Chicago's forthcoming program, called the Leadership & Society Initiative. Ms. Lindsey serves on

boards of nonprofits, including the American Cancer Society.

She says she wants to spend time considering how she can have a greater impact on causes she cares about, including addressing inequities in healthcare.

“In this season of my life, I want to continue to live knowing that I have made a difference,” Ms. Lindsey said.

### The love of learning

Tim Weber, a 56-year-old Notre Dame alumnus, joined Notre Dame's Inspired Lead-



Connie Lindsey, 65, has applied to the University of Chicago.

ership Initiative this fall after retiring in May as a rear admiral from the U.S. Navy.

After a three-decade career, “it was time to step away and explore new options,” said Mr. Weber, who oversaw 10 hospitals and global medical-research labs.

Participants take a literature course with a heavy dose of classics, are assigned faculty advisers, and have access to spiritual directors from a variety of faiths, director Thomas Schreier said.

Mr. Weber has taken classes in international development and global health that have inspired him to consider new options, such as working for a nonprofit abroad. He has also read authors from Sophocles to Desmond Tutu and discussed the values that help guide life decisions. “This is really about learning for the love of learning,” he said.

Some graduates make big donations. Others serve as mentors for participants who

KEVIN SERNA FOR THE WALL STREET JOURNAL



# ARTS IN REVIEW

By LAURA JACOBS

**A**nd I walk down the street and bop to the beat / With Lee on my leg and Adidas on my feet.”

In 1986, Run-DMC released “My Adidas,” a love song to those sneakers. Not only was it a big hit but it won the rap group a million-dollar endorsement deal, a first in the world of hip-hop. Fast-forward to 2023. Walk into any high-end shoe salon and half the real estate in the room belongs to designer sneakers: high-tops and low-tops, platformed, blingy and logoed. The subculture of hip-hop—which takes in MCs, DJs, VJs, break dancers, rappers and “aerosol” artists—is now thoroughly mainstream. How did we get here? “Fresh, Fly and Fabulous: Fifty Years of Hip Hop Style” at the Museum at FIT shows how.

Co-curated by Elizabeth Way, an associate curator at the museum, and the hip-hop journalist and author Elena Romero, the exhibition begins in the vestibule outside the Special Exhibitions gallery, where in two alcoves we’re introduced to hip-hop elements of style—Kangol hats, Cazal glasses, tracksuits, shearling coats, letterman jackets and denim painted with graffiti—along with crucibles of the breakout form: the Bronx club Disco Fever; Tommy Boy Records, its sought-after lanyards symbols of inside status; BET (Black Entertainment Television); and the films of Spike Lee, who zoomed in on a generation that was restyling the way it wore success. A long wall plastered with posters announcing “Rap-Mania,” rap-a-thons and Reggae Rap catches the fever.

Head into the main gallery and you’re hit with crowding color and a controlled chaos that suggests raw urban energy. Taxi-yellow scaffolding rises from black platforms, and the lighting is low and clubbish, the black ceiling tracked with spotlights. The curators have not arranged the show chronologically but thematically. They don’t title those themes, either, instead letting them flow one into the next, which accentuates hip-hop’s shoulder-to-shoulder creativity, the riffing one-upmanship between performers and fans alike.

Those who were there (and scholars agree) say that hip-hop began on Aug. 11, 1973, when DJ Kool Herc helped his sister throw a party in the community room at 1520 Sedgwick Ave., the South Bronx building



EXHIBITION REVIEW

## ‘Hip Hop Style’: From Gritty to Gucci

A subculture’s fashion journey from urban streetwear to contemporary couture

where they lived. Kool Herc had two turntables and used them to isolate and repeat musical breaks, a sort of aural sorcery. The technique spread through house parties and park jams, accumulating layers of rhythmic complexity and textual virtuosity. Hip-hop would take turntablism to a new level, with bouncy breakbeats and the new scratching, an impro-

**Unafraid to mix silhouettes and semantics and play with proportion.**

vised deconstruction that read as liberation. Hip-hop fashions embodied this freedom, mixing silhouettes and semantics, playing with proportion, and “scratching” at the subtext of luxury brands.

Although much of hip-hop’s fashion vocabulary pulls from workwear, outerwear (puffers!) and sports, there is a huge aspirational reach inherent in its styling. The Bronx in the 1970s was ravaged by poverty and urban decay. Young people were looking for escape and they found it in the late ’80s,

the curators tell us, in brands like Ralph Lauren. And not just because he appropriated American Dream imagery in his WASPy polo shirts and stadium jackets, but because he, too, was Bronx born and raised. The designer Tommy Hilfiger was hip to hip-hop from the start. His brother Andy, a musician steeped in the New York music scene, connected him with Snoop Dogg.

In the early ’90s, establishment fashion finally focused on hip-hop styling. Karl Lagerfeld led the way with his 1991 dookie chain nameplate for Chanel. Still, some brands weren’t having it. In 2000, hip-hop’s beloved LV—Louis Vuitton—issued a cease-and-desist order against Supreme, a streetwear company that was using its logo. By 2017, Vuitton’s menswear designer Kim Jones was collaborating with Supreme on a monogram hoodie. Gucci, another bootleg favorite, today has a ready-to-wear collection named for Dapper Dan, the father of Harlem-based hip-hop couture. He looms large in this show of over 100 pieces.

Just as important are the artists who have collaborated with brands. A 2022 line by Cardi B and Reebok is represented by a teal sweatsuit with matching sneakers, while

a pink ensemble from 2017 is the work of Rihanna and Puma. Pink, we learn, is a polymorphous hip-hop color. Worn by men, it’s a rejection

of traditional norms: The pink polo shirt was popularized by rappers Sean Combs, Kanye West and Pharrell Williams (who was just named creative

director for Louis Vuitton menswear). Worn by women, pink doubles down on fierce femininity.

Hip-hop heads should thrill to the custom MCM bustier made by Misa Hylton and worn by Beyoncé in the 2018 music video “Apeshit.” It’s followed by seven red-carpet ensembles from designers such as Thierry Mugler and Moschino. Thom Browne’s 2018 quilted cocoon dress of radiant yellows and cool blue-greens, worn by Doja Cat to the MTV Video Music Awards of 2021, is fit for an Egyptian deity.

The exhibition’s most elevated ensemble is by Virgil Abloh, who became artistic director of Vuitton’s menswear in 2018, and died of a rare cancer in 2021. Shown in his last collection, Fall 2022, the matching jacket and jeans is cut from LV-monogrammed denim that’s been applied, seemingly haphazardly, with a distressed, strangely delicate floral fabric. The vision is eye-filling, complicated, suggesting the gritty beauty of peeling posters against a blue sky. Abloh captures the heart of hip-hop—the dreams rooted in rhythms of the street, the sports arena, the community room.

**Fresh, Fly and Fabulous: Fifty Years of Hip Hop Style** Museum at FIT, through April 23

Ms. Jacobs is the Arts Intel Report editor for the weekly newsletter *Air Mail*.



THE MUSEUM AT FIT (5)

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

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				50		51		52		53	54	55
56	57	58	59			60	61		62			
63					64			65				
66					67				68			
69						70				71		

- 30 Bumble Bee product
- 31 Brings to a close
- 32 They may clash
- 33 Flight unit
- 34 “The nerve!”
- 35 Gran Canaria, por ejemplo
- 36 Recess for reading
- 37 “Morning Edition” network
- 41 “Good Morning America” network
- 44 Aqua
- 46 Opening
- 48 Removes a curse?
- 51 Bank lobby array
- 53 Actionable article
- 54 Conductor Seiji
- 55 Wise folks
- 56 Foreclosure email, perhaps
- 57 Qdoba order
- 58 Poetry and painting, for two
- 59 “Oh my!”
- 60 Wasn’t honest
- 61 Convention center event
- 65 Catchall abbr.

### DUFFEL SHUFFLE | By Jared Goudsmit

- |   |  |                                     |   |
|---|--|-------------------------------------|---|
| <b>Across</b>                           | 39 Word after screen, stress or smell        | 69 Dances, punk-style               | 15 Some Nikons, briefly                 |
| 1 Muppet eagle                          | 40 Top dog                                   | 70 Colleague of Sleepy and Sneezey  | 18 Monopoly avenue next to Ventnor      |
| 4 Unbridled happiness                   | 42 Nullify                                   | 71 ___ Vegas                        | 22 “Conquer anger with love” proclaimer |
| 7 Resident of the Shire                 | 43 Perry of fashion                          | <b>Down</b>                         | 24 Finish for the Red Cross’s URL       |
| 13 Ballyhoo                             | 45 Unwelcome lawn growth                     | 1 “Open wide, patient!”             | 27 Tim Cook’s deg.                      |
| 14 Big number?                          | 47 Control group’s treatment                 | 2 Pueblo building material          | 29 Quadruple                            |
| 16 Anxious state                        | 49 Potent java, informally                   | 3 Industry bigwig                   |   |
| 17 Trendy type of seat                  | 50 Edison’s middle name                      | 4 Objective of an applicant         |   |
| 19 Not as remote                        | 52 Casual shirts                             | 5 Moonfish                          |   |
| 20 Share a border with                  | 56 Insect with jaws resembling antlers       | 6 December celebration              |   |
| 21 Where you’ll find the thyme          | 62 Minnelli of “Cabaret”                     | 7 Ravenous feeling                  |   |
| 23 Word on a name tag                   | 63 King of music                             | 8 Vitamin regimen                   |   |
| 25 Took to court                        | 64 Potpourri, and a hint to the puzzle theme | 9 Yellowstone beast                 |   |
| 26 Site of the humerus, radius and ulna | 66 Goes on the blink                         | 10 Medieval poet                    |   |
| 28 Conscripted fellow                   | 67 Quatre + trois                            | 11 “Now it adds up”                 |   |
| 33 Cotton Club ensemble, perhaps        | 68 Lamb’s mother                             | 12 Coastal flier with a forked tail |   |

**Previous Puzzle’s Solution**

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

The contest answer is **BESS TRUMAN**. The four longest Across answers end with the first names of first ladies: PAT Nixon, MAMIE Eisenhower, NANCY Reagan, LAURA Bush. As suggested by the clue for MARY (“Lincoln, who was wife of the 16th president”), the letters in the grid squares numbered with the numbers of the respective presidents, in order, spell the first name of the contest answer.

► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](https://www.wsj.com/puzzles).



Cazal glasses, left; Puma/Rihanna ensemble (Spring 2017), below; Chanel necklace (Fall 1991), below left; installation view of the exhibition, above right; Kangol Bermuda bucket hat, top



## SPORTS

JASON GAY

# Highflying Dunk Contest Roars Back

Mac McClung has played in two NBA games. He unleashed a thrilling night above the rim in Utah.



For the record, I don't consider the declining state of All-Star Games to be the greatest dilemma facing planet Earth. Candidly, I wouldn't even put it in the Top 5. As a societal priority, I would put fixing All-Star Games somewhere between edible pickleball rackets and tuxedos for chickens.

That said, we can probably agree that the NBA All-Star Game's Slam Dunk Contest had reached a dilapidated state. This competition was once a showcase of the NBA's signature virtuosity—the ability of its players to defy gravity, be creative and introduce new athletic shoes. It featured towering legends of the game like Michael Jordan, Dominique Wilkins, and of course, the beloved 5-foot-6 astronaut from Atlanta, Spud Webb.

Then the Slam Dunk fell on hard times. It no longer was the domain of the game's greatest showmen. The best players stopped doing it, fearful of jeopardizing their knees, ankles, wrists, fingers, their multi-million-dollar megadeals, or perhaps, their robust egos. Dunk creativity waned, replaced by sponsor-baiting stunt craft like Blake Griffin leaping over the official automobile of the NBA.

Had Peak Dunk passed? With a few exceptions (a 2016 duel between Zach LaVine and Aaron Gordon), the Saturday night contest became a highly skippable event. The comparably safer 3-point contest, still graced by stars like Steph Curry and Damian Lillard, took its luster. The slam dunk field thinned to rookies and benchwarmers. It got to the point that a guy who was barely in the NBA could sign up to dunk.

Which is what happened Saturday night. The NBA newbie in question was Mac McClung, a 24-year-old, 6-foot-2 minor leaguer from Gate City, Va., whose inclusion could have signaled the C-list demise of this once-proud event...but instead brought the whole dang thing roaring back to life.

McClung unleashed a ferocious aerial display, a near-perfect assembly of dunks which brought the Salt Lake arena to its feet, pro-

voiced a zillion clunky "White Men Can Jump" Dad jokes, and, according to no less a rim-rattling authority than the TNT Gandalf Shaquille O'Neal, may have "saved" the Slam Dunk Contest from extinction.

How exceptional was this? Just days before, McClung had signed a "two-way" contract with the Philadelphia 76ers allowing him to shuttle between the pro club and its G-League affiliate, the Delaware Blue Coats. McClung is obviously a talented basketball player with rare skill and hops, but the fact is he has played in two NBA games in his life, which, I don't have to remind you, is only two more NBA games than you or I have played in our lives.

He wasn't out of nowhere, though. McClung was basically a ringer, long a viral sensation: Videos of him throwing down outrageous dunks in high school and amateur competitions had filled social media channels for years. While he accomplished other feats (he broke Allen Iverson's Virginia single-season high-school scoring record) and went on to play at Georgetown and Texas Tech, he went undrafted by the NBA. McClung seemed destined to be remembered in 3-second clips, like The Bunny Rabbit Being Woken Up By His Own Sneeze and The Cat Who Really Likes Resting in a Tiny Box.

On Saturday, McClung was something else: Somebody who really, really cared about winning the Slam Dunk contest, which turned out to be exactly what this fading contest needed. McClung was in a competition with three NBA up-and-comers (Houston's Kenyon Martin Jr., New Orleans's Trey Murphy III and New York's Jericho Sims) and it was clear from the start that he was taking this seriously—not in the alarming way that some adults take backyard Wiffle ball seriously, but in an upbeat, eager way.

Mac McClung brought energy to all four of his dunks, which were creative, gravity-defiant, and loaded with confident swagger. He was there to win, and he did, easily. He nearly averaged a perfect 50, the only blemish a stingy 49 from WNBA icon Lisa Leslie in



KYLE TERADA/USA TODAY SPORTS/REUTERS

Mac McClung won the Slam Dunk Contest during the NBA's All-Star festivities in Salt Lake City on Saturday.

round two.

The best part of McClung's night, honestly, was how the NBA stars reacted to it, how MVP players like Giannis Antetokounmpo recorded him on their phones and leapt to their feet with each completion. An All-Star Game is a summit of basketball's elite, but the superstars know there are just as many players out there like Mac McClung, bouncing around, surviving on two-way contracts, fighting

for livelihoods in practice scrimmages and empty gyms.

It's good to be reminded of that. It's fun to watch a newcomer thrilled by the familiar—like it was this weekend at Daytona, where the action sports stunt star Travis Pastrana won himself a start in the 500, couldn't stop talking about how pumped he was to be on the track, and impressively finished 11th, right there among the big wheels, despite a final-lap wreck.

More of this, please. More Travises. More Macs.

It's hard to say if McClung goes places in basketball from here—he's certainly now a bigger name, with fresh endorsement potential. He probably won't need to reintroduce himself this week at Sixers practice. If nothing else, he reminded us that starry moments like this can still matter, at least more than an edible pickleball racket, or a chicken tuxedo.

## Man United Begins Sifting Through Numerous Bids

By JOSHUA ROBINSON  
AND BEN DUMMETT

Three months after announcing that they were open to selling one of the most prized assets in sports, the Glazer family received a set of preliminary bids for soccer giant Manchester United before a deadline on Friday evening. Though two were made public by the bidders, several more offers poured in for both partial stakes in the club and to acquire the team outright, according to a person familiar with the process.

United itself hasn't commented on the sale process since the initial deadline on Friday, and the valuations of the bids aren't known. The multiple offers—including one from the chairman of a Qatar bank and the other from a British billionaire—could put the Glazers in a position to capitalize on a hot market that has recently pushed the valuation of top sports properties to new record highs.

The current record mark belongs to Chelsea, which sold to a group led by American investor Todd Boehly for around \$5.3 billion last May. A month later, the North American record fell when a Walmart heir struck a deal to buy the Denver Broncos for \$4.65 billion. Manchester United, which is listed on the New York Stock Exchange, currently has a market value of more than \$4 billion.

Manchester United's advisers, the New York-based Raine Group, are expected to take the next week or so to sift through the proposals and eliminate those that don't measure up.

The two public bidders are well known to anyone who has followed the roster of wealthy interests still interested in buying sports properties at the new, elevated price levels.



Sheikh Jassim Bin Hamad Al Thani and Jim Ratcliffe are among the bidders for soccer club Manchester United.

The first came from Sheikh Jassim Bin Hamad Al Thani, the chairman of the Qatar Islamic Bank and the son of the country's former prime minister. In his proposal, he pledged to wipe out the club's debt and upgrade United's aging infrastructure, including the 74,000-seat Old Trafford stadium.

The second was from Jim Ratcliffe, the chairman and founder of the Ineos petrochemical company and Britain's richest man. A self-confessed lifelong Man United fan, Ratcliffe is already heavily involved in sports through his ownership of the OGC Nice soccer team in the French top tier, FC Lausanne-Sport in Switzerland, and the Ineos Grenadiers cycling

team, among other interests. Ratcliffe also made a late, unsuccessful effort to take over Chelsea last spring.

Whether Ratcliffe would be the sole investor is unclear.

Another unusual factor in the bidding process has also emerged in the sale landscape. An American investment group, Elliott Management Corp. has declared itself willing to help anyone in the mix. Elliott, which had previously acquired AC Milan in Italy in 2018, has indicated to prospective bidders that it would consider financing a bid but it has no plans to make its own offer for the team, according to a person familiar with the matter. Elliott isn't cur-

rently aligned with any particular bidder, the person said.

Both public bids so far come with their own sets of issues, stemming mainly from their ties to other European clubs. While Sheikh Jassim's bid is independent from Qatar's sovereign-wealth fund, according to a person familiar with the structure, the Premier League would require him to show definitively that there was no overlap in control or influence. The sovereign-wealth fund already owns Paris Saint-Germain—the free-spending team that boasts Neymar, Kylian Mbappé, and Lionel Messi—and governance rules prohibit shared ownership of two clubs in the same competition,

such as the pan-European Champions League.

Ratcliffe would face a similar conflict if United and Nice both ended up in the Champions League or second-tier Europa League.

The sale process has left Manchester United fans with mixed emotions.

While they are unequivocally excited to see the end of the Glazer era, 18 years after the family acquired the club for around \$940 million in a massive leveraged buyout, supporters are also concerned about what a new owner might usher in.

"There are questions about sporting integrity given the exceptionally close links between some bidders and the owners of other European clubs including PSG and Nice," the Manchester United Supporters' Trust said. "There are also questions about whether any bids will also be based on high levels of debt."

United fans have been fretting over debt ever since the Glazer takeover, which they protested from Day One. And while the Glazers led the club through domestic and international success in the late 2000s, they have come to be associated with a much longer period of decline through the 2010s. The lowest point of all came in 2021, when United became one of the primary movers behind the doomed European Super League project, which saw a dozen of the game's most powerful clubs band together to break away from the Champions League and guarantee themselves higher revenues.

United fans erupted in protest and even invaded Old Trafford. The Glazers eventually apologized for their part in the Super League. As it turned out, the project's failure was a major factor in their decision to sell off the club.



## OPINION

## Biden's Social Security Trap



MAIN STREET  
By William McGurn

In the battle over Social Security, round one goes to Joe Biden. But that victory may set him up for defeat in round two.

This month, before a State of the Union television audience of 27 million Americans, the president succeeded in baiting Republicans to cheer when he declared that Social Security and Medicare weren't to be touched. That came only moments after the boos he received from some Republicans for accusing them of wanting to do just that.

On MSNBC's "Morning Joe," Senate Majority Leader Chuck Schumer was quick to gloat: "He rope-a-doped them." A few days later, Sen. Rick Scott (R., Fla.) bowed to reality by explicitly excluding Social Security and Medicare from his proposal to sunset all federal legislation every five years, which had been the basis for Mr. Biden's claim that Republicans are gunning for the safety-net programs.

So it was a political victory, in terms of defining both the issue and the opposition to the president's advantage. But it remains a victory that threatens to backfire on him when reality catches up.

The Congressional Budget Office quietly pointed to this reality with a new report projecting that Social Security

will become insolvent by 2032, earlier than expected. The CBO report also projects the Medicare hospital insurance trust fund will be exhausted by 2033. In this context, Mr. Biden's success in making it impossible even to talk about Social Security reform may end up leaving him with a legacy quite opposite to the one he imagines for himself.

"The president may think he's buried the issue and cemented his image as the great defender of Social Security," says Charles Blahous, senior research strategist at George Mason University's Mercatus Center. "But if he's elected to a second term, it will come back to bite him."

Mr. Blahous knows firsthand the political perils of Social Security reform. In the George W. Bush White House, where he eventually served as deputy director of the National Economic Council, he worked on the failed 2005 reform that would have given younger workers the option of putting a percentage of their payroll taxes into personal retirement accounts. He later served as a public trustee for Social Security and Medicare, and he writes often on the subject.

"The mythology on the left is that we can come together and fix it at the last moment," Mr. Blahous says. "But in 1983, the last time Democrats and Republicans came together on Social Security reform, the shortfall

was relatively small and surmountable. This time, at the point when the trust funds the Medicare hospital insurance trust fund will be exhausted by 2033. In this context, Mr. Biden's success in making it impossible even to talk about Social Security reform may end up leaving him with a legacy quite opposite to the one he imagines for himself.

Bipartisanship is a must, given that neither party wants to own the painful fixes alone. But Mr. Blahous says that Democrats enjoy a political advantage as the historic defenders of Social Security. So without buy-in from the president, Republicans will get nowhere.

### The president is setting himself up for a legacy different from the one he imagines.

Which explains where we are today. Mr. Bush couldn't get it done despite having campaigned on the issue during the 2004 election and enjoying Republican majorities in the House and Senate. To imagine Speaker Kevin McCarthy could today push through an even tougher reform with a slim and divided majority in the House is a pipe dream.

For Mr. Biden, the easiest thing now would be to continue to cast himself as heroically protecting Social Security from the evil Republicans. It is also the likeliest, because it's what he's already doing and it's working politically. But the price is high, because it delays even talk of necessary

fixes until the problem becomes virtually insoluble.

Ever since Franklin D. Roosevelt introduced Social Security, the program has been popular with Americans because they pay into it and do not regard it as a government benefit. Mr. Biden noted as much in his speech. Americans have been paying into Social Security "with every single paycheck since they started working," he said. "Those benefits belong to the American people. They earned them." Democrats have always counted on this structure to insulate Social Security from the congressional give-and-take that goes with the funding of other federal programs.

But if Mr. Blahous is right, waiting until the 2030s to rescue Social Security from insolvency will have to include more funding from general tax revenue—not merely a hike in payroll taxes and some cut in benefits or change in eligibility. When that happens, it will be harder to pretend it's just another government program.

"In theory President Biden could continue to ignore Social Security's problems," Mr. Blahous says. "But if he wants a second term, and if CBO is correct and Social Security becomes insolvent in 2032, it will be far too late to save it after he leaves office."

"He'd go down in history as the Nero of Social Security, fiddling while the program was burning down."

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

BOOKSHELF | By David P. Barash

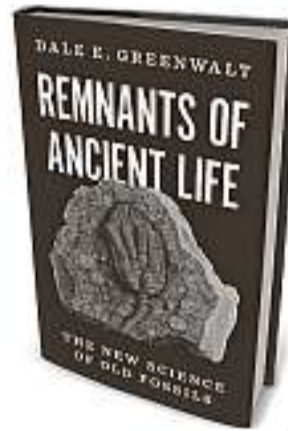
## Into the Past, Via Microscope

### Remnants of Ancient Life

By Dale E. Greenwalt  
(Princeton, 278 pages, \$27.95)

For most of us, the word "fossil" conjures up old bones, dinosaurs and museums. Dale E. Greenwalt's "Remnants of Ancient Life: The New Science of Old Fossils" offers a fascinating corrective. Mr. Greenwalt, a researcher at the Smithsonian Institution's National Museum of Natural History, is no stranger to dinosaurs and their ilk, but his focus is on prehistoric insects and the biochemistry of ancient life forms. It is the latter research—the burgeoning study of ancient biomolecules—that is the most exciting "new science" highlighted in the book's subtitle.

Fans of the film "Jurassic Park" will remember the role of a fossilized blood-engorged mosquito in re-creating that movie's saurian stars. That was fiction, but a similarly preserved mosquito, analyzed by Mr. Greenwalt, became "fleetingly famous—at least as famous as a fossil insect can be in our dinosaur-centric world." Fossil DNA is now increasingly studied, along with ancient proteins, crucial pigments and



other biomolecules. The result has been nothing less than a revolution in paleontology, a whole new arena of study and insight, added to the long-used research tool of comparative anatomy. "Remnants of Ancient Life" is an eye-opening guide to this new world of understanding, one that encompasses chemistry along with biology.

At present, the oldest genome samples we have go back almost two million years, while the oldest protein sequences dated thus far stretch back nearly four million.

Although the prospects are dim of decoding biomolecular details of nucleic acids from really deep time (measured in the hundreds of millions of years), all sorts of antediluvian molecules are coming into view, including but not limited to plant cellulose, arthropod chitin (from their exoskeletons), mammal keratin (bones and hair) and ancient animal pigments (feathers and skin). From these and other biomolecules, scientific sleuthing has been deducing a world of information. Mr. Greenwalt assures us that "by the time you finish this book, you will never think of a fossil in the same old way again." How true!

Unlike familiar fossils in which rock has replaced organic material, or where living things have left impressions in mud, it is now possible to examine molecules as they functioned in situ. Accordingly, there's a lot of chemistry here—then again, there's a lot of chemistry in life, ancient no less than modern. And the research horizons are wide: Martian rovers are even now hunting for biomolecules in the surface soil, in an attempt to reveal clues to the presence of life on the Red Planet. And the identification of prehistoric diseases which, as Mr. Greenwalt points out, once was a favorite activity of pathologists with time on their hands, is now an active field of research, thanks to the availability of primordial biomolecules indicating microbial pathogens.

"Remnants of Ancient Life" is written largely in the first person, taking us to the author's primary field site in northwest Montana, where rockslides, twisted angles and dicey stream crossings make for some 21st-century adventure. Among the notable insights provided by these current exploits are how biomarkers identified in long-gone microbes provide what is essentially a time-lapse thermometer showing precisely how Earth's temperature changed after that dinosaur-killing asteroid created the Chicxulub crater, and how long it took the biosphere to recover.

Ancient pigments are notably resistant to deterioration and their analysis provides insights into not only the obvious question of what color were feathered dinosaurs and earlier fish, but also, by extrapolation, their courtship inclinations and predatory habits as well as who preyed upon them. Although DNA is frustratingly delicate, proteins are more stable, and an organism's "proteome," analogous to its genome, tends to be there for the sequencing.

### To follow scientists on the trail of fresh discoveries about the prehistoric world and the origin of life, think very, very small.

Although we don't usually think of metals as biomolecules, they are real, abundant and important. Hemoglobin's incorporation of iron is best known, but there are others, using copper (in arthropods and mollusks) and magnesium (in chlorophyll). Chewed-up leaves in the stomach of a 46-million-year-old ancestor of today's tapirs retained their original green; chlorophyll is as resilient as it is fundamental to plant and thus animal life. (We also learn that "frass" is "the polite scientific term for larval insect excrement.")

Trivia aside, establishing phylogenetic relationships is one of the unsung but crucial projects of evolutionary biology, an enterprise that now owes much of its vibrancy to the analysis of ancestral biomolecules, many of which "live" longer than the bodies within which they functioned.

Mr. Greenwalt shows us how these long-preserved proteins are currently more informative than ancient DNA, and have become a game-changing tool for paleontologists as well as anthropologists. This is because a recovered ancient DNA sequence merely indicates the ability to make a particular protein, whereas an intact protein sequence shows that it was functional within the beast. To some extent, this is a book for the science nerd rather than for the passingly curious, but its rewards are great, proportional to one's willingness to invest the intellectual effort and follow the process of scientific discovery no less than its end results.

The final chapter, "The Future of Studying the Past," emphasizes that "the current science of ancient biomolecules looks dramatically different compared to even ten years ago. We have witnessed an explosion of progress, such that few outside the field are aware of how far we have come in such a short time." Mr. Greenwalt raises some tantalizing questions, such as "Will ancient genomes allow us to produce viable embryos and clone long-extinct animals? Will we be able to make proteins that existed billions of years ago? Can ancient biomolecules help answer the question that we as *Homo* have been asking for millennia: When did life originate on Earth?" The answers, no less tantalizing, are as yet uncertain, which is what keeps science—and scientists—making discoveries of the sort so beautifully described in this book.

Mr. Barash is professor of psychology emeritus at the University of Washington and the author of "Threats: Intimidation and Its Discontents."

## Seeing the U.S. Through Emirate Eyes



GLOBAL VIEW  
By Walter Russell Mead

Dubai is absolutely committed not only to peace with Israel but also to deep economic and security cooperation with the Jewish state. It loathes all forms of Islamist extremism yet is utterly illiberal in a political sense, while being completely sincere about religious tolerance.

Historically, commercial city-states like Genoa and Venice looked a bit like the U.A.E., but the Emirates' real precursor is modern Singapore and its founding genius, Lee Kuan Yew. The tiny, impoverished island he governed is now one of the world's wealthiest countries. Limiting political freedom to overcome potentially devastating ethnic and religious tensions, Lee made Singapore a favored destination for investment and trade, built world-class diplomatic and security institutions, and managed the physical development of the city to make it a model for planners everywhere.

From Deng Xiaoping to Paul Kagame, many of the world's most successful leaders have sought to emulate Singapore's trajectory. The Emiratis, blessed with torrents of oil wealth that Lee could only dream of, have been his most accomplished students. And like the Singaporeans, the Emiratis bring a complicated perspective to their relations with the U.S. As a small country with ambitious neighbors and global commercial interests, they wholeheartedly support a Pax Americana that keeps small countries safe and makes the

world safe for trade. Capitalism, that unmatched engine for creating wealth, also commands their respect.

But American liberal ideology strikes them as dangerous, even fatal. Rulers and often many citizens of small multiethnic states believe that stability requires a powerful government that can prevent and sometimes suppress religious and ethnic conflicts that might otherwise tear their fragile states apart.

### The U.A.E. supports a Pax Americana and capitalism but fears a major Mideast crisis.

In practice, this means that a Goldilocks America for the Emiratis would look something like the George H.W. Bush administration: strong enough to maintain the global security and trading order, but not hugely concerned with imposing ideological preferences beyond its frontiers. The common if jaundiced view here is that the Biden administration is exactly the opposite. Its ideological ambitions are unrealistic, and it is simultaneously too weak and vacillating to defend the security order, especially in the Middle East.

These days the Emirates have something new to worry about: Saudi competition. Crown Prince Mohammed bin Salman also is a student of Lee Kuan Yew. He, too, would

like to create a glittering, futuristic state of great wealth and power while keeping democratic forces under control. For decades, Dubai benefited from the contrast with the more rigid Saudi approach, as Western expats tended to shun puritanical Riyadh for the looser lifestyle choices in Dubai. Now the Saudis are opening up, and the larger Saudi population and greater resource base could give the Emirates competition as the financial and business center of the Gulf.

For now, the U.A.E. is responding to these pressures by focusing on its strengths. One of them is its flexibility. Thanks to more relaxed attitudes among a smaller native population, the Emiratis can take steps Riyadh can scarcely match that signal its openness to foreigners and their investments. As the Saudis dither over their relations with Israel, the Emiratis are opening kosher restaurants and synagogues. In a development even more shocking to conservative Islamic jurists, but much to the joy of the Emirates' estimated 3.5 million resident workers from India, a Hindu temple opened in October in Dubai.

But wider insecurities persist. With war in Europe and tensions growing over Taiwan, Emiratis wonder, do the Americans have the resources and wisdom to manage a major Middle East crisis as Iran nears the nuclear threshold?

It's a good question, and the Emiratis aren't the only ones asking it.

## 'The 1619 Project' Vindicates Capitalism

By David R. Henderson  
And Philip W. Magness

Hulu's series "The 1619 Project" blames economic inequality between blacks and whites on "racial capitalism." But almost every example presented is the result of government policies that, in purpose or effect, discriminated against African-Americans. "The 1619 Project" makes an unintentional case for capitalism.

The series gives many examples of government interventions that undercut free markets and property rights. Eminent domain, racial redlining of mortgages, and government support and enforcement of union monopolies figure prominently.

The final episode opens by telling how the federal government forcibly evicted black residents of Harris Neck, Ga., during World War II to build a military base. The Army gave residents three weeks to relocate before

the bulldozers moved in, paying below-market rates through eminent domain. After the war, the government refused to let the former residents return. Violation of property rights is the opposite of capitalism.

The series also highlights the noxious role of the Federal Housing Administration in red lining. The FHA discriminated against minority

### Its examples of racism all consist in actions by governments.

neighborhoods by classifying them as too "hazardous" for lending. The writers could have strengthened their case by citing Richard Rothstein's 2017 book, "The Color of Law." Mr. Rothstein quotes the FHA's statement in the 1930s that "no loans will be given to colored developments." This policy lasted

into the 1970s, leaving a legacy of economic segregation. Capitalism wasn't the culprit; the government was.

Economic historians have long known about discrimination by all-white labor unions. Jimmy Carter's labor secretary, Ray Marshall, a labor economist, chronicled this discrimination in his academic work. The Wagner Act of 1935 gave white unions privileged bargaining positions under federal law. This government-sanctioned cartelization of labor allowed entire industries to exclude black workers. "The 1619 Project" asserts that labor unions advance the cause of civil rights, though the historical record says otherwise.

The series recognizes the discriminatory effects of Franklin D. Roosevelt's legislative agenda, which depended on the Democratic machines of the Jim Crow South. The narrator states that "the New Deal represented the first affirmative-action policy for

white people." We couldn't have put it better.

These and other government policies caused immense economic harm to African-Americans. But they aren't capitalism. They're interventions into markets, state-sanctioned theft, and political payoffs to segregationists.

The answer to these problems isn't to place the burden on the market through reparations. It's to root out bad government policies that continue, sometimes unintentionally, the long legacy of state-sponsored racial discrimination. That would be a worthy 2023 project.

Mr. Henderson is a research fellow with Stanford University's Hoover Institution and editor of *The Concise Encyclopedia of Economics*. Mr. Magness is director of research at the American Institute for Economic Research and author of "The 1619 Project: A Critique."



## OPINION

## REVIEW &amp; OUTLOOK

## China, Russia and the U.S. 'Red Line'

President Biden's visit to Kyiv on Monday was an important symbolic display of American support for Ukraine, and credit to him for traveling into a war zone. But the bigger Ukraine news in recent days may be the public alarms coming from U.S. officials that China could soon provide Russia with military aid.

"The concern that we have now is, based on information we have, that they're considering providing lethal support," Secretary of State Antony Blinken told CBS News on Sunday. "And we've made very clear to them that that would cause a serious problem for us and in our relationship." U.S. Ambassador to the United Nations Linda Thomas-Greenfield went further on CNN, saying Chinese military aid "would be a red line."

The use of "red line" as a diplomatic ultimatum has a degraded reputation after President Obama declared one to deter chemical-weapons attacks in Syria but then failed to enforce it when those weapons were used. Is the Biden Administration more serious about enforcement now, and what would that mean?

The concern is heightened after what appears to have been a contentious meeting between Mr. Blinken and China's top diplomat, Wang Yi, on the sidelines of the Munich Security Conference over the weekend. The U.S. pursued China for the meeting, hoping to reset relations after the spy balloon episode.

Mr. Wang finally granted the meeting, but China boasted in a public readout afterward that the U.S. had sought the bilateral session. The implication of the U.S. as supplicant was clear. Mr. Blinken said afterward that China had offered no apology for sending the balloon over

U.S. airspace and military sites.

Mr. Wang reinforced the point in his public remarks in Munich, chastising the U.S. for what he called an "absurd and hysterical" response to the balloon. He also blamed the U.S. for being an obstacle to peace in Ukraine. Mr. Wang was heading to Moscow after Munich even as Mr. Biden

### What will Biden do if Beijing sends military aid to Moscow?

was going to Kyiv.

The U.S. says China has provided Russia with technical and economic support for the war, but so far not weapons. Mr. Blinken's alarm about the prospect is warranted because it would exacerbate the conflict, add to the bloodshed, and make it harder for Ukraine to recapture occupied territory. It would also extend the war, further depleting the West's weapons stockpiles that are already stretched after a year of backing Ukraine.

To put it more bluntly, arming Russia would be a new and explicit demonstration of China's hostile intentions toward the U.S. and the West. It would certainly erase Beijing's seeming desire since the Biden meeting with President Xi Jinping in Bali late last year to put U.S.-China relations on a better course. It would also require a firm U.S. response, which would have to include further economic decoupling.

But Mr. Xi and his war hawks may be willing to take that risk if they want to prevent a Russian defeat in Ukraine. China may want to bleed the West of its weapons and see if Russia can outlast political support in Washington and European capitals for Ukraine. This would be foolish, and bad for China and the world, but the possibility is one more urgent reason for Members of both parties in Congress to get serious about rebuilding U.S. defenses.

## West Virginia's Tax-Cut Crossroads

West Virginia lawmakers want their state to become a destination for people and investment, and GOP Gov. Jim Justice has proposed a major tax cut to help. But he's going to have to overcome misguided opposition from the Republican Legislature.

Mr. Justice's plan would cut West Virginia's top income-tax rate to 3.25% from 6.5%. The full reduction would phase in through 2025, beginning with a 30% cut this year. "It will take us three years to pull it off," Mr. Justice said in his State of the State address. "But absolutely it is that aggressive pathway that will absolutely put unbelievable money right back into all of our pockets."

The proposal is ambitious, but it isn't radical by any measure. The rate cut would help the state compete for investment with its neighbors, many of which have also slashed rates. West Virginia's current 6.5% top rate is higher than those in the five states that surround it. That includes Ohio (3.99%) and Kentucky (5%), which have passed cuts since 2021, as well as Virginia (5.75%), which is considering a cut.

That's why the GOP-led state House passed the plan last month, 95-2. Yet the bill has faltered in the Senate, even though the GOP holds 31 of 34 seats.

The opposition is led by Senate finance committee chairman Eric Tarr and Senate president Craig Blair. "It's unsafe for your family, because you're going to now bank on an increase in revenue," Mr. Tarr says. "Then a future legislature is going to have to go back and say, 'Oops, we're going to have to go back and raise taxes somewhere.'"

## The FDA Returns to Its Bad Habits

Drug treatments for debilitating diseases are advancing rapidly, but the Food and Drug Administration isn't moving with as much alacrity. Witness how the agency has slow-rolled its review of a breakthrough treatment for a rare degenerative nervous system disorder.

Friedreich's Ataxia (FA) stems from a genetic mutation that causes a deficiency of the protein frataxin, which is critical to metabolic function. The progressive disease usually develops in children and results in difficulty walking, slurred speech, hearing and vision loss and shortness of breath. About 5,000 patients in the U.S. are afflicted with the disease, and most die in their 30s of heart problems. There is no approved treatment, only medications to manage symptoms such as diabetes.

Enter Reata Pharmaceuticals, which has developed a drug called omaveloxolone that has shown the ability to slow and even reverse patient decline. A randomized controlled trial with 103 patients showed that those receiving the drug showed statistically significant improvement as rated by physicians compared to a placebo group after 48 weeks of treatment. The difference was the equivalent of about two years of progression. Patients who received the drug also demonstrated improved ability to complete daily activities.

Yet FDA staff deemed the results "not exceptionally persuasive." The agency traditionally requires a statistical measure called the p-value—the probability of obtaining a result by chance—to be less than 0.01 to approve a drug based on a single study. Reata's p-value was 0.014, which means there was a 1.4% chance that its positive result was a fluke. That's still small.

Obtaining an even smaller p-value would require a larger trial, which is difficult for an orphan disease like FA. The small number of FA

patients are scattered across the U.S., and most can't visit clinics for regular check-ins. Reata nonetheless obliged the FDA's requests for more evidence by extending its trial by 72 weeks.

The sequel study demonstrated that patients who had received the drug maintained improvements over two-and-a-half years, and earlier treatment appeared to provide a greater benefit. A third study comparing patients who received the treatment with those who followed the natural course of the disease found the drug slowed progression by 55%.

Yet FDA staff were still unsatisfied. They quibbled that some patients in Reata's extension trial didn't show up for periodic check-ins. This was because of the pandemic. So after filing for drug approval last spring, Reata submitted mountains of more data in response to the FDA's criticisms. The FDA has until Feb. 28 to issue a decision.

FDA neuroscience chief Billy Dunn caught political flak for overruling an advisory committee and agency statisticians on Biogen's Alzheimer's drug Aduhelm. He has advocated for more regulatory flexibility on experimental drugs that treat degenerative diseases. But many in the agency and the public-health world disagree.

FDA officials sometimes act as if their delays don't have real-world costs. Many FA patients could have benefited from omaveloxolone in the more than three years since Reata announced its positive trial results. The FDA showed with Covid vaccines that it can move fast in an emergency, and diseases like FA are dire emergencies for people who suffer from them.

## LETTERS TO THE EDITOR

## To Resign or Continue Dissenting at the FTC?

I urge Federal Trade Commissioner Christine Wilson to reconsider ("Why I'm Resigning From the FTC," op-ed, Feb. 15) and remain for her full term. As a former Federal Energy Regulatory Commission chairman and commissioner, I can speak to the power of a dissent in controlling abuse. As a commissioner, one of my dissents was relied on heavily by the U.S. Court of Appeals for the D.C. Circuit to vacate a commission decision based on a record that didn't exist. When I was chairman, the prospect of a dissent curbed any desire I might have had to push beyond my legal authority.

Mrs. Wilson states that her continued service on the FTC provides a "hint of legitimacy" to Chair Lina Khan's crusades. But her departure will effectively transform the FTC into a single-administrator agency and give Ms. Khan free rein. It will be harder for courts to curb any overreach by the FTC, because an effective dissent provides a road map to the court on how an agency abused its authority, ignored or cherry-picked the record or violated due pro-

cess required by administrative law.

I also urge the commissioner to publicly release her complete dissent on the FTC's decision to allow Ms. Khan to participate in agency proceedings related to Meta's acquisition of Within. The full dissent and the unusual, if not unprecedented, redaction would be of interest to the public and a reviewing court.

JOE KELLIHER  
Washington

Mrs. Wilson's principled resignation from the FTC underscores that rule of law isn't a nice-to-have by-product of civilization, rather, it is the foundation of it. Any society that doesn't have it will be neither free nor prosperous. Mrs. Wilson reminds us that the idea of the fair and impartial application of the law transcends politics and must be defended against those in power who increasingly believe that the ends justify the means. I wish more public servants would act like her.

GUNNAR R. WIEBOLDT  
Chapel Hill, N.C.

## What It Takes to Compete in Semiconductors

The rationale for subsidizing domestic semiconductor fabrication was never to address chip shortages ("The Bill for CHIPS Subsidies Comes Due," Review & Outlook, Feb. 14). It was to reduce dependency on Taiwan and potentially China. Yes, U.S. semiconductor companies would have made tens of billions of dollars' worth of capital expenditures over the next decade anyway. But the question is how much they would have invested in the U.S. if not for the subsidies in the CHIPS Act.

Building a "fab" is 40% to 70% more expensive here than it is overseas, and the incentives that foreign governments provide account for as much as half that gap. If the U.S. wants to reverse its 40-year slide in semiconductor production—as it must for economic and national security reasons—then subsidies are the only answer.

It makes no sense to prohibit com-

panies from buying back stock if they receive subsidies, as Democrats in Congress now want, because there are other ways they can return money to shareholders, such as increasing dividends. Moreover, if a chip company receives \$3 billion from the Commerce Department to help offset fab costs, it will need every cent to pay for the higher operating and capital expenditures it will face in America. There will be nothing left for shareholders.

It's time to realize that America is no longer a "seller" that can afford high corporate taxes, heavy regulation and no investment incentives. America is now a buyer—and, in the case of chips, a desperate one. If we want fabs here, government will have to help pay for them.

ROBERT D. ATKINSON  
President, Information Technology  
and Innovation Foundation  
Washington

## The Greyhound 'Shortage' and Dogs in Need

For years, greyhound adoption networks have provided a safety net for the racetracks' discarded dogs ("Want a Pet Greyhound? Good Luck," Personal Journal, Feb. 9). Compassionate adopters have provided happy homes to dogs who aged out of an industry that has shown them little mercy. Adoptions for racing greyhounds who might otherwise have been killed once they outlived their usefulness were a

light at the end of the lane.

This racetrack-to-rescue arrangement worked well because the adoption networks were well-organized, energetic and highly motivated in their compassionate mission. But now the industry that once created the need for homes for these discarded dogs has run its course. The dwindling numbers of former racing greyhounds is a natural outcome. Those who are fortunate enough to adopt a homeless former racer will gain a wonderful companion, as I did many times. But if adopters can't find "enough" castoff greyhounds who need homes, that is something to celebrate, not mourn.

Those looking for a new family member needn't see the long wait lists for a rescued greyhound as a reason to seek out a \$4,000 puppy from a breeder instead. Treat it as inspiration to find another homeless dog to adopt. So many dogs—just as deserving of love, just as ready for comfort and companionship—are out there waiting for homes. Shelters and rescues around the country are full of them.

CAROL PRESTON  
Tallahassee, Fla.

## Government Pensions, Cont.

Joseph Hirschfield states that federal employees hired since 1983 aren't covered by a defined-benefit retirement plan (Letters, Feb. 15). Post-1983 employees are now included under Social Security, true, but they are also covered under the Federal Employees Retirement System, which provides a defined-benefit pension—although it is about half of what the pre-1984 employees can receive. Plus, they can benefit from lucrative government matching to defined-contribution plans, similar to a 401(k). FERS retirees also receive cost-of-living adjustments, albeit at a reduced percentage.

RON SMITH  
Brigantine, N.J.

## Pepper ... And Salt

THE WALL STREET JOURNAL



"I have this irrational fear that an asteroid is going to hit the earth and destroy us all."

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## OPINION

## Default on U.S. Debt Is Impossible

By David B. Rivkin Jr.  
And Lee A. Casey

Headlines last week claimed that the Congressional Budget Office had warned the U.S. “could default on its debt” as early as July if Congress didn’t raise the statutory debt limit. What the CBO director actually said was that “the government would have to delay making payments for some activities, default on its debt obligations, or both.” In reality, the U.S. can’t default on its debt.

Section 4 of the 14th Amendment is unequivocal on that point: “The validity of the public debt of the United States, authorized by law, . . . shall not be questioned.” This provision was adopted to ensure that the federal debts incurred to fight the Civil War couldn’t be dishonored by a Congress that included members from the former Confederate states.

## The Constitution makes clear that bondholders have to be paid, and other obligations aren’t ‘debt.’

The Public Debt Clause isn’t limited to Civil War debts. As the Supreme Court held in *Perry v. U.S.* (1935), it covers all sovereign federal debt, past, present and future. The case resulted from Congress’s decision during the Great Depression to begin paying federal bonds in currency, including those that promised payment in gold. Bondholders brought an action in the Court of Claims demanding payment in currency equal to the current gold

value of the notes. The justices concluded that Congress had violated the Public Debt Clause and that its reference to “the validity of the public debt” was broad enough that it “embraces whatever concerns the integrity of the public obligations.”

That means the federal government can’t legally default. The Constitution commands that creditors be paid. If they aren’t, they can sue for relief, and the government will lose and pay up.

Those who warn of default confuse debt payments with other spending obligations. “A failure on the part of the United States to meet any obligation, whether it’s to debt holders, to members of our military or to Social Security recipients, is effectively a default,” Treasury Secretary Janet Yellen said in January.

That’s nonsense. Authorized and even appropriated spending isn’t “the public debt.” For constitutional purposes, promised benefits from Social Security, Medicare and other entitlements aren’t even property, as the Supreme Court held in *Flemming v. Nestor* (1960), and Congress has as much authority to reduce them as to increase them. When lawmakers were drafting the 14th Amendment, they revised Section 4’s language to replace the term “obligations” with “debts.” If the Treasury ran out of money, the constitutional obligation to pay bondholders would trump all statutory obligations to spend.

Ms. Yellen also said that “Treasury’s systems have all been built to pay all of our bills when they’re due and on time, and not to prioritize one form of spending over another.” But



CHAD CROWE

as the Journal has reported, department officials conceded in 2011 that the government’s fiscal machinery certainly could prioritize payments to bondholders, and the Federal Reserve prepared for such a contingency. There’s no question enough money would be available: The government collects roughly \$450 billion a month in tax revenue, more than enough to cover the \$55 billion or so in monthly debt service.

These basic facts should inform decisions by credit-rating agencies in establishing the U.S. government’s creditworthiness. Those agencies have traditionally acted favorably when heavily indebted countries have significantly cut public spending rather than default on their debt.

Like Ulysses binding himself to the mast, the Public Debt Clause ties the government’s hands in a way that ul-

timately serves its interests. Around the world, public defaults are ubiquitous. Since 1960, 147 governments, including some Western democracies, have defaulted—many repeatedly—on their sovereign debt. The U.S. isn’t among them, in large part because of the Constitution’s restriction, buttressed by the rule of law. That’s why the nation is able to borrow so easily, and so much, at such favorable rates. If the Biden administration and other default doomsayers convince the world that U.S. debt isn’t secure, they will drive up the cost of borrowing—at least until the courts set things straight.

Rather than issue baseless warnings of default, the Treasury should tout the Public Debt Clause as a reason why investments in U.S. bonds are rock solid and entail no meaningful risk of default. That could

help secure more-favorable credit terms for Treasury instruments than those paid by other Western countries. The strategy is well worth pursuing, given the sharp increase in rates at which Treasury is currently selling its benchmark 10-year notes—from 2% to 3.6% over a single year—resulting in a major escalation in U.S. debt-servicing obligations.

The real risk we face is out-of-control federal spending, not default. But spending cuts and tax hikes are politically unpopular. That leaves borrowing, which explains the recurring tumult over the debt ceiling. How the U.S. covers its spending tab is a debate worth having, as is whether that tab should be so high. Fear-mongering about default is a way to avoid these debates and avoid confronting the hard choices we face as a result of decades’ worth of overspending.

Those who vote against raising the debt ceiling will take a political risk, perhaps a substantial one, as payments many Americans reasonably anticipate may not arrive. Whether to proceed with this strategy if the Biden administration persists in refusing to accept any deal on future federal spending is a difficult question. But it should be debated honestly, unclouded by specious warnings of default.

*Messrs. Rivkin and Casey practice appellate and constitutional law in Washington. They served at the Justice Department and the White House Counsel’s Office in the Reagan and George H.W. Bush administrations.*

## Will the Ukraine War Push the West Toward a New Realism?

FREE  
EXPRESSION  
By Gerard Baker

President Biden made an impressive display of support in Kyiv for Ukraine and President Volodymyr Zelensky. But as Mr. Biden delivers stirring declarations of defiance in the face of Russian aggression, there are at least four audiences to which he should be delivering critical messages this week.

First, Ukraine itself. Promises of support for a nation’s struggle are proper. But privately, the president needs to convey some of that hard-headed realism he claims he’s brought to more than half a century of foreign-policy debates.

Ukraine has every right to defend its territory, but it doesn’t have a right to American money and materiel to prosecute a conflict without end. Reports that China may start arming Russia’s military only reinforce the risk that Ukraine’s heroic battle becomes a protracted stalemate, and it is time to start prodding Kyiv toward a plausible endgame.

Nobody wants to talk about territorial concessions, but Russia isn’t going to surrender Crimea or, it seems, most of the Donbas, where historically pro-Russian populations lend a patina of legitimacy to some of Moscow’s claims. Some kind of conditional—perhaps deliberately ambiguous—territorial deal, or at least a truce along acceptable front lines, will be needed. It’s a messy solution that falls short of Mr. Zelensky’s aims but is better than years of war.

Mr. Zelensky will need incentives for such a deal—offering to help rebuild the country through some new Marshall Plan—though we shouldn’t forget that for 20 years Ukraine was among the worst-performing and most corrupt European nations. Americans need assurances that the blank check they have given courageous Ukrainian fighters won’t be replaced by one payable to fat Ukrainian oligarchs.

More important, in return for painful Ukrainian concessions, some way could be found—perhaps membership in the European Union or even the North Atlantic Treaty Organization—to bind Kyiv more tightly to the West.

Which brings us to Mr. Biden’s second audience: Moscow. Despite

Vladimir Putin’s fever dreams, the Russian empire is, like other European empires over the past two centuries, in terminal retreat. Its disastrous campaign in Ukraine, far from reversing that retreat, has accelerated it. The idea that he’ll use Ukraine to launch a war on the rest of Europe is ludicrous, and he is no

## The message Biden needs to deliver to Kyiv, Moscow, the European allies and the American people.

fool. Despite the bluster, he hasn’t dared touch the hair on a NATO soldier’s head. The message he should receive is: Don’t mistake our desire for peace for weakness.

The third audience is the European allies. Expect self-congratulatory back-slapping about how magnificently the alliance has performed in the past year. But some realism here is also essential. It isn’t the “alliance” that can claim credit, it’s the U.S. I don’t demean the contribution the Europeans have made, but it is the American government and people

that have, for the umpteenth time in little over a century, stepped up to save a far-flung European country from the predations of another continental power. Does anyone think for a second that if the U.S. had washed its hands of Ukraine a year ago, the other NATO members would have leapt to defend it? Germans would now be clinking champagne glasses in the Kremlin in celebration of some new pipeline deal.

The war isn’t a repudiation but an affirmation of longstanding doubts about Europeans’ willingness to defend themselves. They continue to rule an empire of their own mind—a curious realm that combines “Imagine there’s no countries” posthistorical pacifism with cynical economic opportunism. The combination results in a modern defense capability that couldn’t repel Morocco, let alone Moscow, and a repeated eagerness to subordinate strategic priorities to economic wants—from Russian energy to Chinese export markets.

Mr. Biden’s message should be blunt: Get real about the Hobbesian world we inhabit and decide whose side you are on in the strategic contest between the U.S. and China, or the next time some megalomaniac comes nibbling at your territory, it

won’t be American dollars that save you.

Which brings us to the most important audience—the American people. The president needs to explain urgently to his fellow citizens how exactly the arms and money spigot for Ukraine isn’t draining the country’s military capabilities and its reservoir of strategic capacity for the long twilight struggle with China. The \$100 billion committed so far can’t become an annual outlay—at least not without a big increase in overall defense spending which, given budget constraints, is unlikely, and a big increase in military manufacturing resources.

And when Americans see their president blithely dismiss the threat from a Chinese surveillance aircraft floating over U.S. territory for a week while scrambling fighters to shoot innocuous objects out of the sky, they have a right to ask whether this administration is matching our limited resources to our objectives.

Instead of worrying publicly about the softening of American—he means Republican—support for a long hot war with an uncertain outcome, the president should start building support for a cold peace in which the nation can achieve its larger objectives.

## End ObamaCare’s Ban on Physician-Owned Hospitals

By James Lankford  
And Brian J. Miller

What if lawyers weren’t allowed to own law firms or chefs weren’t allowed to own restaurants? Sounds absurd, but it’s a reality for one profession: doctors.

A tiny paragraph in the enormous Affordable Care Act prohibits physicians from building or owning hospitals. Any existing physician-owned hospital built before 2010 is prohibited from growing beyond the size it was when the bill passed. This law limits competition, defies common sense and is likely contributing to higher prices for Medicare and reduced access to treatment for millions of Americans.

For more than 50 years, Medicare has been a presence and source of support for the disabled and elderly. But Medicare is going insolvent. Recent projections estimate that the

trust fund supporting Medicare’s hospital financing will be unable to pay full benefits in six years. Government price controls for Medicare have failed to keep costs down, as program costs have grown 5.9% a year over the past decade.

The current political debate has focused on the effects of monopoly power and consolidation across industries, including healthcare. The Biden administration’s executive order on competition specifically mentions hospital consolidation and subsequent rising costs. Yet political leaders overlook the most obvious way to increase healthcare options: letting doctor-owned and -managed facilities grow as they did before 2010.

The hospital industry has long argued that physicians cherry-picked healthy patients and preferred those with private insurance as a rationale for supporting the ban on physician-

owned hospitals. In response, the Centers for Medicare and Medicare Services in 2007 added an adjustment to hospital payments for sicker patients. Other research shows that physician-owned hospitals had no difference in the number of Medicaid patients compared with hospitals not owned by physicians.

Many for-profit and nonprofit hospitals are saving lives and caring for families. But recent research affirms the power of American entrepreneurship to lower costs and improve quality. Doctors, whether at the bedside or the forefront of scientific innovation, are well-suited to reimagine healthcare operations, lower costs and improve the quality of care.

Specialty physician-owned hospitals focused on cardiology and cardiac surgery were found to deliver higher-quality care than nonprofit hospitals, with lower rates of hospi-

tal readmission or mortality for high-risk surgery. Physician-owned specialty hospitals for orthopedic procedures, such as hip and knee replacements, offered lower costs and higher quality than nonprofit counterparts.

## A little-known Affordable Care Act provision stifles competition and drives Medicare costs up.

CMS sees the value in physician ownership, particularly in high-need areas, as shown through its recent proposed rule on Conditions of Participation for Rural Emergency Hospitals. But the clause relaxing ownership restrictions wasn’t finalized owing to vague, unsubstan-

tiated staff unease regarding “program or patient concerns.” If it had been, it would have permitted physician ownership of new rural emergency hospitals, which would benefit rural America.

These small hospitals struggle under today’s healthcare complexity and costs. Many are forced to sell their operations to larger hospital chains or out-of-state management companies, leaving hospital staff and the communities they serve in the hands of large healthcare companies. Allowing doctors to own and run hospitals would give rural communities another option to maintain local high-quality care and encourage local investment in existing hospitals.

Existing laws prohibit new physician-owned hospitals from billing Medicare. One of us (Sen. Lankford) is introducing the Patient Access to Higher Quality Health Care Act to solve this problem. This legislation would put patient choice back into hospital markets by allowing doctors to build efficient businesses and better serve patients.

Healthy competition drives job creation, innovation and long-term economic growth. The federal government doesn’t prohibit plumbers from owning plumbing companies, radio hosts from owning radio stations or farmers from owning farmers markets. It’s time to reopen the free market in healthcare and let the power of competition do its work.

*Mr. Lankford, a Republican, is a U.S. senator from Oklahoma. Dr. Miller is an Assistant Professor of Medicine at the Johns Hopkins University School of Medicine and a nonresident fellow at the American Enterprise Institute.*

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## Notable &amp; Quotable: Viruses

Glenn Reynolds writing at Substack.com, Feb. 18:

When Elon Musk referred to the dangers of the “woke mind virus,” he knew exactly what he was talking about. Ideas can be contagious, and can be viewed as analogous to viruses, entities that reproduce by infecting individuals and coopting those individuals into spreading them to others. Richard Dawkins, in his *The Selfish Gene*, coined the term “meme” to describe these infectious ideas. . . .

Our ruling class is particularly vulnerable to mind viruses for several

reasons. First, it is a monoculture, so that is likely to be persuasive to one member is likely to be persuasive to many.

Second, it suffers from deep and widespread status anxiety—not least because most of its members have status, but few real accomplishments to rely on—and thus requires constant reassurance in the form of peer acceptance, reassurance that is generally achieved by repeating whatever the popular people are saying already. And third, it has few real deeply held values, which might otherwise provide guard rails of a sort against believing crazy things.







# BUSINESS & FINANCE

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## United Eases Family-Seat Fees

Charge for adjacent spots is target of Washington effort to end 'junk' expenses

By ALISON SIDER AND DAWN GILBERTSON

United Airlines Holdings Inc. said it would make it easier for parents to book airplane seats next to their young children without paying a fee, changing a common practice that has come under scrutiny

by regulators. United on Monday said it has made changes to its seat-map tool to help seat children younger than 12 years old next to an adult in their party without a fee. When needed, the tool will make "preferred" seats in economy cabins—often aisle or window seats—available without an additional fee.

United said more adjacent seating options will start appearing right away, and the new approach will be fully implemented by early March.

The feature also will be available to customers who book restricted Basic Economy tickets, which require fliers to pay to pick seats in advance.

Lawmakers and regulators have said airlines need to ensure that families don't incur extra charges to guarantee seats together—part of the Biden administration's effort to curb what it sees as junk fees.

The Transportation Department issued a notice to airlines last summer, urging them to make sure that children 13 years old and younger can sit

next to an accompanying adult without any extra charge. The White House this month said the Transportation Department would propose rules banning airlines from charging fees for family members to select seats next to children 13 years old or younger and called on Congress to "fast-track the ban on family seating fees."

"We'll prohibit airlines from charging \$50 round trip for a family just to be able to sit together," President Biden said during his State of the Union

address this month. "Baggage fees are bad enough. Airlines can't treat your child like a piece of baggage."

Most major carriers say they already make every effort to make sure families can sit together free and don't specifically charge a fee for families to pick seats together.

However, major U.S. airlines introduced fees to reserve ordinary seats in the economy cabin several years ago, and it isn't unusual for travelers booking plane tickets to en-

## Lawsuits Allege Twitter Hasn't Paid Bills

By TIM HIGGINS AND ALEXA CORSE

Since Elon Musk took over, Twitter Inc. has faced a growing list of claims that it hasn't paid its bills as the social-media company aims to break even this year.

Landlords, consultants and vendors in recent months have made demands for payments in at least nine lawsuits, with their complaints totaling more than \$14 million plus interest.

Among those alleging past-due notices is an invoice of almost \$7,000 for a "swag gift box for Elon" ordered by Twitter's marketing department in the days before the \$44 billion deal closed on Oct. 27.

In one of the nine lawsuits, the plaintiff sought dismissal, and the case closed Friday.

Mr. Musk inherited the bills when he took control more than three months ago and quickly implemented a more austere spending style.

His career before Twitter has included navigating close brushes with financial doom, including Tesla Inc. nearly running out of money. He has managed past financial challenges partly by pressuring suppliers and vendors when conserving cash was paramount.

"What Elon Musk is doing is basically simulating a bankruptcy," said Van Conway, a restructuring expert who has helped distressed companies for almost 40 years. "He is taking a machete to his costs."

Twitter and Mr. Musk didn't respond to requests for comment.

Since late October, Twitter has undergone dramatic changes as Mr. Musk has raced to remake the product of a company with a track record of losing money and slash costs amid an advertiser pullback and deal-related debt expenses. He has cut staff sharply and balked in tweets at spending, including what he said was \$13 million a year on employee meals at the company's

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## Investors Worry Too-Hot Growth Is Bad for Stocks

By AKANE OTANI

The U.S. economy doesn't look anywhere close to a recession. Investors are starting to worry that may be bad news for markets.

Wall Street spent much of the past several months hoping the Federal Reserve would be able to pull off a "soft landing," or a scenario in which the U.S. ends up avoiding a severe downturn. Evidence of the economy's resilience, coupled with signs that inflation has been moderating, helped bonds and risky assets like stocks take off to begin the year.

But a recent string of hot data convinced some investors that there may be "no landing." Two inflation readings released last week showed consumer prices and producer prices rose more than economists ex-

pected in January. Retail sales posted their biggest monthly gain in nearly two years.

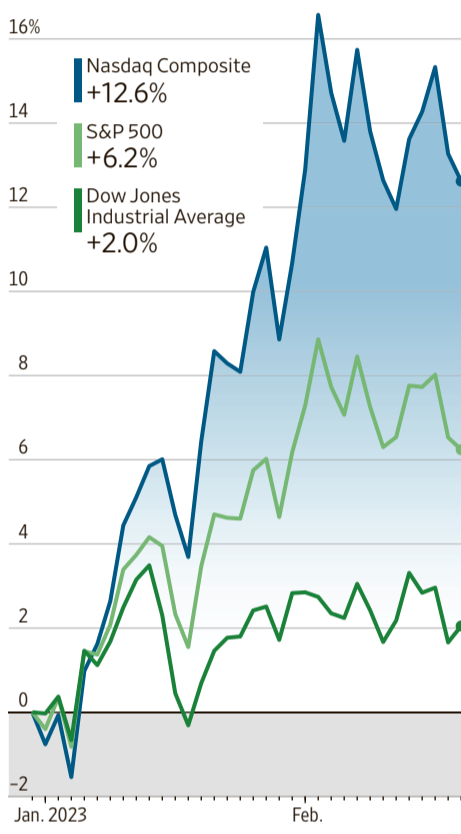
And the labor market has remained robust. The unemployment rate fell to a 53-year low in January, while employers added more than half a million jobs to the economy, a Labor Department report earlier this month showed.

In ordinary circumstances, that run of strong economic data should be good news for markets as well. Yet investors have been viewing almost everything the past year through the lens of how it might affect the Fed's interest-rate policy. Their growing fear is that if the U.S. economy remains too hot, it will force the Fed to raise rates higher and hold them there for longer than they anticipate. That would

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Stocks jumped to start 2023, thanks to bets on a soft landing. Now, some investors worry the market may have been too optimistic.

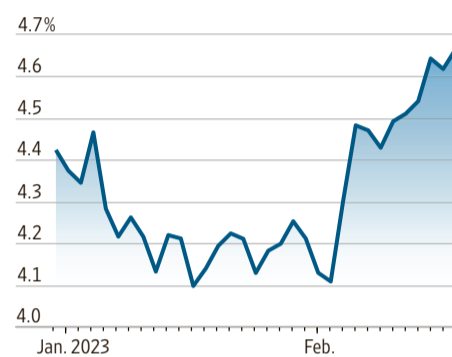
Index performance, year to date



\*As implied by derivatives markets

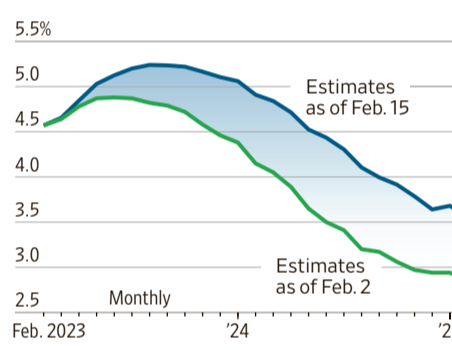
Shorter-term bond yields have jumped in February, a sign traders are expecting tighter monetary policy.

Two-year U.S. Treasury yield



Strong economic data have made traders bet the Federal Reserve will have to raise interest rates higher to contain inflation.

Expected federal-funds rate\*



Sources: FactSet (performance, federal-funds rate); Tullett Prebon (yield)

## Food Industry Calls Back Its Former Workers

By JESSE NEWMAN AND JAEWON KANG

The U.S. food industry is tapping a new pool of workers to staff plants and grocery warehouses: their former employees.

Kroger Co., the biggest U.S. supermarket operator by sales, is staying in touch with ex-employees and bringing some back. Cereal maker General Mills Inc. has persuaded

some retirees to return to plant jobs, and other food-company recruiters have combed social media for former workers who might be open to coming back.

Companies across the U.S. economy have faced a severe shortage of workers since the onset of the pandemic as people left the workforce in record numbers. Employees quit because they were worried about contracting Covid-19 or

received government incentives, or they switched industries seeking better working conditions or pay.

Cincinnati-based Kroger has been working harder since the pandemic to follow up with employees who leave, and maintaining contact with them, said Tim Massa, chief people officer at the grocer. Kroger is reaching out to some former employees via text and email, he said, helping return

the company's staffing to near its prepandemic level.

"Alumni are also a talent source," Mr. Massa said.

Kroger has seen a significant increase in the number of former employees of various demographics returning to the company—known as boomerangs—and people are typically coming back within six months of leaving, Mr. Massa said. Staffing struggles hit food

companies early in the pandemic as they worked to meet strong demand from consumers and maintain the country's food-supply chain without disruption. Workers' frustration over pay, benefits or safety in front-line jobs contributed to strikes at snack producer Mondelez International Inc., breakfast cereal maker Kellogg Co. and Kroger. Recently, companies in

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## Dahl's Words Redone for Today

By DAVID LUHNOW AND MAX COLCHESTER

LONDON—The British publisher of Roald Dahl's "Charlie and the Chocolate Factory" and other children's books has made hundreds of changes to their texts—altering passages that refer to body weight, race and gender—to make them more acceptable to contemporary readers.

The modifications drew criticism from Britain's Conservative government as well as some high-profile authors and free-speech advocates. U.K. Prime Minister Rishi Sunak's spokesman said Monday that "you should not gobblefunk around with words," using a word coined by Mr. Dahl and used in his book "BFG" that

means roughly "to tinker."

Among the changes to the latest editions of Mr. Dahl's books, the gluttonous boy Augustus Gloop in "Charlie and the Chocolate Factory" is no longer described as "enormously fat," and is now just "enormous." The Cloud Men in "James and the Giant Peach" are now Cloud People. The giants in "The BFG" no longer eat "men, women and children," but "people."

The heroine of the book "Matilda" no longer reads Rudyard Kipling but Jane Austen. A reference in the "Witches" to putting people in a meat grinder is removed.

Salman Rushdie, the Indian-born British author whose novels were banned in scores of Islamic countries for alleged blasphemy and who was

attacked by a knife-wielding assailant last year, said the changes were unwarranted. "Roald Dahl was no angel but this is absurd censorship," Mr. Rushdie wrote on Twitter. "Puffin Books and the Dahl estate should be ashamed."

Puffin Books, a division of Penguin Random House, didn't respond to requests for comment. The Roald Dahl Story Co., which owns the rights to the books and was acquired by Netflix Inc. in 2021, didn't respond to a request for comment. Netflix said the decision to make the changes occurred before the acquisition.

In the latest editions of the books, Penguin Random House says in a note on the copyright page: "Words matter. The won-

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Disney's third 'Ant-Man' puts up mighty numbers in its opening weekend. **B2**

#### BUSINESS NEWS

Car loans to those with low credit scores are past due at the highest rate since 2010. **B6**

## U.K. Firms Want 4-Day Workweeks to Continue

By VANESSA FUHRMANS

A large majority of U.K. companies participating in a test of a four-day workweek said they would stick with it after logging sharp drops in worker turnover and absenteeism while largely maintaining productivity during the six-month study.

In one of the largest trials of a four-day week to date, 61 British businesses ranging from banks to fast-food restaurants to marketing agencies gave their 2,900 workers a paid day off a week to see whether they could get just as much done while working less, but more effectively.

More than 90% said they

would continue testing the shorter week, while 18 planned to make it permanent, according to a report from the study's organizers.

The idea of working less than the conventional 40 hours over five days a week has been discussed for decades. That concept has gained new momentum recently as employers and employees seek new and better ways to work. The Covid-19 era ushered in broader acceptance of remote and hybrid work arrangements. Now, some employers, as well as policy makers, are exploring whether a shorter workweek can improve employee well-being and loyalty.

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SaaS implementations prove disruptive to large organizations

GAME-CHANGING

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## Dahl's Words Redone

Continued from page B1

derful words of Roald Dahl can transport you to different worlds and introduce you to the most marvellous characters. This book was written many years ago, and so we regularly review the language to ensure that it can continue to be enjoyed by all today.

The publisher gives thanks to U.K. firm Inclusive Minds for its work on the books. On its website, Inclusive Minds says: "We believe in breaking down barriers and challenging stereotypes to ensure that every child can access and enjoy great books that are representative of our diverse society."

Netflix has said it is planning a range of content based on the hit books including films and theater productions. Mr. Dahl died in 1990.

This isn't the first time that a famous British children's book author has had words revised posthumously for the present day. Enid Blyton, whose books on childhood adventure became bestsellers in the 1930s, had many of her works re-edited after her death to change words including "queer" and update some terminology.

Six illustrated books from American author Dr. Seuss stopped being published in 2021 after a review by the company in charge of the late author's works concluded they contained offensive images.

Publishers tweaking texts carry risks, said Rachel Potter, a

literature professor at the University of East Anglia. "On the same logic you could censor a text because you don't like it because it represents transsexual-ity," she said. Editing could also change the meaning of Mr. Dahl's books, she says. "The language and the story lines are not really separate," she said.

Physical descriptions have been altered. The word "fat" has been removed as well as "ugly." The description of a "fat little brown mouse" was changed to "little brown mouse."

Many references to gender, as well as reference to people with mental illness as "mad" or "crazy," have also been removed. Mothers and fathers are now "parents." The giants in "The BFG" no longer eat "men, women and children," but "people."

Philip Pullman, a bestselling author, noted that millions of Mr. Dahl's books are in widespread circulation in school libraries and homes around the world. "Are you going to round up all the books and cross them out with a big, black pen?" he told the BBC Today show on Monday. Mr. Pullman offered another solution: "If Dahl offends us, let him go out of print."

Suzanne Nossel, CEO of Pen America, an advocacy group of protect open expression, said selective editing to make words of literature conform to particular sensibilities could represent "a dangerous new weapon."

She added: "Those who might cheer specific edits to Dahl's work should consider how the power to rewrite books might be used in the hands of those who do not share their values and sensibilities," she wrote on Twitter.

Spain's government plans to pay companies to experiment with a four-day week. In a four-year study in Iceland involving more than 2,500 employees across industries, researchers found most workers maintained or improved their productivity and reported reduced stress.

Widespread adoption faces a number of obstacles. Most companies that have experimented with a four-day week are small employers. Many larger companies haven't embraced the concept. And at some companies trying four-day weeks, some workers have reported struggling to get everything done in that time.

On a scale of 0 (very negative) to 10 (very positive), employers on average scored their productivity and performance over the six months at 7.5. A survey conducted halfway through the trial found 46% of companies said their business productivity had remained about the same, while 34% reported a slight improvement, and 15% a significant improvement.

## BUSINESS & FINANCE



The third installment of the Disney superhero franchise starring Paul Rudd far outgrossed the last movie in the series, in 2018.

# 'Ant-Man' Takes Quantum Leap

By ROBBIE WHELAN

Ant-Man often bests his enemies by shrinking to the size of an insect or growing as tall as a skyscraper, as the situation demands. The character's ticket sales seem to be super-sizing with each new movie that comes out.

"Ant-Man and the Wasp: Quantumania," from Walt Disney Co.'s Marvel Studios, overcame middling reviews from critics to earn \$120 million in domestic ticket sales in its debut, making it the third-highest-grossing February release ever, after the 2016 superhero comedy "Deadpool" and Marvel's 2018 blockbuster "Black Panther," according to box-office tracker Comscore.

The first movie in the series, "Ant-Man," released in 2015, earning \$57 million domestically in its opening weekend, while its 2018 sequel, "Ant-Man and the Wasp," grossed \$76 million in its debut, according to Comscore.

The latest release was the first major-studio franchise movie of 2023, a year that exhibitors are hoping shows more progress in rebounding from the Covid-19 pandemic.

All three movies in the franchise feature Paul Rudd and Michael Douglas in leading roles and are typically breezier, more lighthearted fare than the epics of Marvel's Avengers franchise. Mr. Rudd's Ant-Man character also appears in several Avengers movies as a member of the superhero squad.

"Quantumania" takes on a darker tone than previous installments. Ant-Man, also known as Scott Lang, along with his partner Hope van Dyne, played by Evangeline Lilly, and daughter Cassie, played by Kathryn Newton, battle Kang the Conqueror, the new villain who is set to feature in some of Marvel's coming superhero movies.

Kang, played by Jonathan Majors, is a jaded galactic emperor living in exile in the subatomic "quantum realm," who can flatten his adversaries with blasts of blue energy. Much of the movie is shot against a dark background of computer-generated cities and cave-like panoramas, rather than the sunny California settings that filled the first two Ant-Man movies.

"Quantumania" fared poorly in two metrics, receiving the worst-ever evaluations for a

Marvel movie on both CinemaScore, which gave the movie a "B" rating, and on Rotten Tomatoes, which showed that 48% of critics gave the movie a positive review. By contrast, 84% of audiences reported to Rotten Tomatoes as of Sunday that they had a favorable view of the movie.

Disney said it was pleased with opening-weekend results. Tony Chambers, Disney's head of global theatrical distribution, in an interview described the early domestic box-office results through Sunday as "phenomenal," adding that they exceeded studio projections.

The most recent Marvel movie, "Black Panther: Wakanda Forever," for example, opened to \$180 million in domestic ticket sales in November, but it was the sequel to a movie that generated more

than \$1.3 billion at box offices worldwide.

Some critics homed in on the plot of "Quantumania," which is informed by the appearance of the Kang character in the 2021 Disney+ series "Loki."

Characters and story lines in Marvel movies have become increasingly intertwined with those of the studio's television shows, making it harder for some fans who aren't familiar with the entire Marvel canon. Last year's "Doctor Strange in the Multiverse of Madness," for example, followed plot threads based on "Spider-Man: No Way Home" and the Disney+ series "WandaVision."

"The interconnectivity of the story lines has been and will continue to be a part of Marvel's storytelling," Mr. Chambers said.

The new "Ant-Man" movie also kicks off what Disney describes as Phase 5 of the Marvel Cinematic Universe, which consists of over a dozen films and seasons of TV shows planned through at least 2024. Marvel divides its stories into themed phases that typically serve as launchpads for new characters and plotlines.

Chasing "Quantumania" this weekend at the box office was another Disney-distributed title, "Avatar: The Way of Water," which added enough to its global haul to become the third-highest grossing movie of all time, at over \$2.2 billion in ticket sales.

Film	Distributor	Sales, in Millions		
		Weekend	Cumulative	% Change
1. <b>Ant-Man and the Wasp: Quantumania</b>	Disney	\$120.0	\$120.0	—
2. <b>Avatar: The Way of Water</b>	20th Century Studios	\$7.9	\$658.9	9%
3. <b>Puss in Boots: The Last Wish</b>	Universal	\$7.1	\$167.9	26%
4. <b>Magic Mike's Last Dance</b>	Warner Bros.	\$6.3	\$18.9	-25%
5. <b>Knock at the Cabin</b>	Universal	\$4.6	\$31.1	-15%

\*Friday, Saturday, Sunday and Monday in North American theaters Source: Comscore

## United Eases Seat Fees

Continued from page B1

counter a seat map filled with price tags.

Reserving adjacent seats during the booking process can be costly if there aren't enough complimentary seats available, and those seating fees can add up for a family that doesn't want to play seat roulette at the airport. Budget carriers have long charged all passengers for advance seat assignments.

Major airlines often match competitors' moves, so attention will likely turn to Delta Air Lines Inc., American Airlines Group Inc. and other airlines following United's announcement. Carriers quickly matched United's move to permanently eliminate ticket-change fees in 2020.

American and Delta said they have processes in place to help families sit together without paying extra fees.

An American spokesman said that if needed, the airline's system will open up preferred seats and extra-leg-room seats on the day of travel so that children 14 and younger can sit with an adult in their group.

Delta said its policies are designed to ensure children

under 13 can be seated next to an accompanying adult, including automated processes to seat groups together and making sure customer-service and gate agents can accommodate families at the airport.

United said it has been working since last summer to improve its ability to seat families together and that its new approach will reduce stress and avoid boarding snafus. Under United's new policy, customers making a reservation that includes themselves and a child 11 years old or under will see a seat map that shows available seats together at least for the child and one adult. If not enough free seats are available next to each other, United's tool will show seats that the airline would otherwise consider "preferred," those that normally require an extra fee. The preferred seats are distinct from extra-legroom seats, which are pricier and come with other perks.

When there is a larger group, an airline spokesman said the tool will look for a block of seats together.

If not enough are available, it will aim to at least match each child with an adult or to seat multiple children next to an adult. United Chief Executive Scott Kirby was an early proponent of charging for seats when he was president of US Airways, saying in 2008 that economy seats in the front of the plane

are preferred by passengers and should cost more.

"What we're really selling on an airplane is square footage," he said last year. "There's only so many square feet."

United formally introduced preferred-seat fees in 2018, with fees as low as \$9 one way. But the fees have steadily risen at United and other airlines and can top \$100 on last-minute trips on busy routes during peak times.

For a flight between Chicago and Orlando, Fla., over Easter break, United last week was selling aisle and window seats in the front and middle of the economy section for \$29 each way and middle seats for \$17.

Seat fees have become a major source of revenue for airlines, though airlines aren't required to disclose seat-fee revenue to the Transportation Department as they are with baggage and ticket-change fees.

## Four-Day Workweek Supported

Continued from page B1

"At the beginning, this was about pandemic burnout for a lot of employers. Now it's more of a retention and recruitment issue for many of them," said Juliet Schor, an economist and sociologist at Boston College, whose team helped conduct the study with the nonprofit group 4 Day Week Global, U.K.-based think tank Autonomy and researchers at Cambridge University.

Companies in the U.S. and Canada recently concluded a smaller pilot of a four-day week led by the U.K. study organizers, and similar trials are in the works in Australia, Brazil and elsewhere. Consumer-goods company Unilever recently tested the concept in its New Zealand offices, while



The airline says its new approach will avoid boarding snafus.

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We are pleased to announce the appointment of the following as General Partners of the firm, effective January 1, 2023:

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**Christopher Gothard**  
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**Justin Reed**  
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Christopher Adams - Luxembourg, Holly Baillargeon - Boston, Joseph Chott - Philadelphia, Travis Dunn - Nashville, Elizabeth King - Wilmington, and James LaCasse - Boston have been promoted to Managing Directors of the firm.

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BUSINESS NEWS

Ericsson to Cut About 1,400 Jobs as 5G-Gear Orders Slow



STOCKHOLM—Ericsson AB plans to cut around 1,400 jobs in Sweden as the telecommunications-equipment giant grapples with slowing demand for its 5G gear in markets like the U.S.

Ericsson has now concluded negotiations with Swedish labor unions and plans to make job cuts through a voluntary program, a spokeswoman said Monday.

of corporate layoffs so far this year, with a string of big companies outlining plans to cut thousands of workers as they adjust to slowing growth or respond to weaker demand for their products.

Ericsson last month reported lower-than-expected quarterly profit and warned it faced an uncertain start to the new year as telecom operators in markets like the U.S. hold off placing new orders for 5G gear amid economic uncertainty.

Lemon to Return To CNN Program

By JOE FLINT

CNN said Don Lemon would return to "CNN This Morning" on Wednesday, ending a multi-day absence following his disparaging comments last week that Republican presidential candidate Nikki Haley wasn't in her "prime" as a 51-year-old woman.

In a memo to staff on Monday night reviewed by The Wall Street Journal, CNN Chairman and Chief Executive Chris Licht said he had a "frank and meaningful conversation" with Mr. Lemon, who will "participate in formal training."

CNN is owned by Warner Bros. Discovery Inc. In his memo, Mr. Licht said it was important to him that CNN balanced accountability with a fostering culture "in which people can own, learn and grow from their mistakes."

During Thursday's program, Mr. Lemon was discussing Ms. Haley's call for mandatory mental competency tests for politicians over the age of 75 with his co-anchors Poppy Harlow and Kaitlan Collins. "I think it is the wrong road to go down. She says people, you know, politicians or something are not in their prime. Nikki Haley isn't in her prime, sorry—when a woman is considered to be in her prime in her 20s and 30s and maybe 40s," Mr. Lemon said on "CNN This Morning" last Thursday. The remarks quickly led to a backlash inside CNN and in the general public. Ms. Haley, a former governor of South Carolina, tweeted, "To be clear, I am NOT calling for competency tests for Sexist middle-aged CNN anchors; only for people who make our laws and are 75+."

Robust Travel Is Expected to Persist

By WILL FEUER

Tourists are flocking back to cities. Big weddings and conferences are once again taking over hotels. The long-awaited rebound of business travel is gaining steam. And the reopening of China could stoke demand further.

Travel companies, after reporting mostly strong trends in recent quarters, are predicting another bustling year amid signs that travelers are prioritizing spending on trips.

Consumers are shrugging off surging prices for everything from airfares and hotel rooms to dining out, and industry executives say there is little sign of a travel slowdown coming. "It is abundantly clear that people love to travel," Marriott International Inc. Chief Executive Tony Capuano said this week.

Mark Hoplamazian, CEO of rival Hyatt Hotels Corp., added, "Leisure is showing no signs of slowdown whatsoever." The rosy outlook and strong holiday-quarter performance have lifted shares of travel companies. The Dow Jones Travel & Leisure Index is up 15.4% so far this year, compared with a 5.7% gain for the S&P 500.

Others are seeing some signs of caution. TripAdvisor Inc. CEO Matt Goldberg said some consumers are scrutinizing the prices of trips and may adjust plans. "Ultimately, travelers are protecting the discretionary spend in travel at the expense of other discretionary categories," he said.

Tesla Vehicle in Fatal Crash With Firetruck

By PATIENCE HAGGIN

A Tesla driver in California died early Saturday morning after crashing into a firetruck on an interstate highway, an accident that comes as U.S. regulators are scrutinizing Tesla vehicle crashes with stationary emergency vehicles.

The Tesla crashed into a Contra Costa County Fire Protection District truck, which was parked across two lanes

to block traffic while police officers assisted with towing a vehicle, said a spokeswoman for the fire-protection district. The accident occurred on Interstate 680 at around 4 a.m.

The Tesla's driver was pronounced dead at the scene, the spokeswoman said.

A passenger riding in the Tesla was transported to the hospital in critical condition. That person's condition

couldn't be determined. Four firefighters were wearing seat belts in the truck at the time of collision. All were transported to the hospital with minor injuries and have since been released, said the spokeswoman. The firetruck sustained major damage and was towed from the scene.

The cause of the crash remains under investigation. It isn't known whether the vehicle had Tesla's advanced driver-assistance systems, known as Autopilot, engaged at the time of the crash.

Tesla Inc. didn't respond to a request for comment.

The National Highway Traffic Safety Administration is aware of the crash and has reached out to the vehicle's manufacturer for more information.

—Alexandra Bruell contributed to this article.

Morgan Stanley

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TECHNOLOGY

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The company has been looking to combat inauthentic accounts and boost subscription revenue. A Meta virtual-reality headset.

# Facebook Parent to Launch Paid 'Meta Verified' Service

Social-media company to offer users security boost starting in Australia, New Zealand

By ALEXANDRA BRUELL

Meta Platforms Inc. is launching a paid subscription service that enables users to verify their accounts with government identification and receive direct access to customer support.

The aim of Meta Verified is to increase security and authenticity across the company's services, Chief Executive Mark Zuckerberg said Sunday in social-media posts. It is also meant to "help up-and-coming creators grow their presence and build community faster," according to a Meta spokesperson.

The service will cost \$11.99 a month for Facebook and Instagram accounts that sign up from a web browser, or \$14.99 a month for subscriptions through devices running Android and Apple Inc.'s iOS system, according to Meta.

Tests of the service will begin in Australia and New Zealand this week.

In the coming months, the company expects it to roll out in the U.S. and eventually other markets, according to the spokesperson.

Meta's move with the subscription service reflects several issues the company is facing. It has long grappled with inauthentic accounts and complaints from users about them. A range of users have also raised concerns about unsuccessful efforts to reach customer service when facing issues such as getting hacked or being locked out of their accounts.

Meta Platforms is also heavily reliant on advertising for its business. Moving deeper into subscriptions, depending on how many users jump in, could boost the company's revenue.

Meta said in the month of December it averaged two billion daily active users on Facebook and nearly three billion users across its platforms in-

cluding Instagram, WhatsApp and Messenger.

Tech giants such as Meta Platforms have been seeking new revenue streams as economic uncertainty has weighed on their finances and prompted several of them to announce job cuts.

Meta earlier this month said weak advertising demand due to the uncertain macroeconomic landscape contributed to a decline in revenue during the fourth quarter. Mr. Zuckerberg at the time said the company is focused on becoming more efficient.

Twitter Inc. in December updated its paid subscription service, offering users access to features including the ability to edit tweets, upgraded video uploads and the company's famed blue check mark after their account is reviewed for verification purposes.

The cost of the Twitter Blue service, part of an effort by owner Elon Musk to reduce the platform's reliance on advertising dollars, is \$11 a month through iOS and \$8 for those who sign up from a

web browser.

Snap Inc. last year also launched a paid subscription plan called Snapchat+ that provides access to what the company described as exclusive features for \$3.99 a month. The social-media company said that the features would evolve over time.

Meta for years has offered verification for some accounts. In 2018, Meta started to verify the identity of people managing pages with large audiences, and in 2020 said it would extend ID verification to some profiles with large audiences in the U.S.

Currently, nothing is changing for accounts that already have a verified badge, those that feature a blue check mark next to the name, according to the spokesperson.

Meta already allows creators to charge a monthly fee for some of their content. The service rolled out to all eligible creators in the U.S. in November, according to the spokesperson. The company is testing the service in the U.K., Australia and Canada.

# Twitter to Narrow Users' Access to Two-Factor Login

By PATIENCE HAGGIN

Twitter Inc. said it would soon limit a method of two-factor authentication on its platform to paid subscribers, as the social-media platform looks for ways to boost revenue and lower costs.

Starting March 20, only Twitter Blue subscribers will be able to use two-factor authentication—a login technique that typically requires users to supplement passwords with codes—via text message or SMS, Twitter said in a blog post. The policy shift is expected to save Twitter money because the company pays to send SMS messages for two-factor authentication.

Nonpaying Twitter users can still have two-factor authentication enabled through an authentication app, which generates a time-based login code, or physical security key to access their accounts after March 20, according to the company.

Some users began receiving messages about the policy change Friday when they accessed the platform.

About 2.6% of accounts had two-factor authentication enabled in the second half of 2021, according to a Twitter transparency report published last year.

Twitter, under the ownership of Elon Musk, has been on the hunt for ways to bring in additional revenue through Twitter Blue, layering in features such as being able to edit published tweets and make longer ones. Twitter Blue was launched in 2021 and then a remade version of the subscription service was introduced last year in a bid to reduce its reliance on advertising.

Mr. Musk has also been aggressively cutting Twitter's costs.

He has previously raised concerns about potentially fraudulent accounts flooding Twitter's systems with two-factor authentication messages. In a tweet Saturday Mr. Musk said, "Twitter is getting scammed by phone companies for \$60M/year of fake 2FA SMS messages." Many internet platforms

have been encouraging users to adopt two-factor authentication in recent years to help prevent account takeovers and support cybersecurity efforts. Authentication tools aim to add a layer of security in case an unauthorized account login attempt is made or a password becomes compromised. It is unusual for a platform to tie the login method to a specific business model, and several internet researchers and cybersecurity professionals criticized Twitter's move as one that could compromise some users' account safety.

John Scott-Railton, a senior researcher at Citizen Lab, a group that investigates surveillance technology, criticized

2.6%

Accounts that had two-factor authentication in 2021

Twitter's policy shift as "effectively drilling one of the locks from your door because they say it's not the best."

He acknowledged that hackers have been able to exploit SMS-based, two-factor authentication to take control of users' accounts. He said companies ought to push users toward other methods of two-factor authentication besides SMS, but that they would need to make it easy for them to find alternative methods.

"SMS two-factor authentication is something that companies need to phase out. They have to do it in a way that gets users to come along with them, and they have to do it in a way that educates users," said Mr. Scott-Railton. "It's like a doctor saying: Only my premium patients can still stay on this less effective treatment."

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/s/ Steve Jakubowski, Attorney for Secured Party, Bradford Allen Funding Company, LLC

# Platform Faces Lawsuits

Continued from page B1 headquarters.

Early on, Mr. Musk had complained that the company was losing more than \$4 million a day and suggested that bankruptcy was possible. Since then, he has said the company is making progress. "Twitter still has challenges, but is now trending to breakeven if we keep at it," Mr. Musk said in a Feb. 5 tweet.

Three of the U.S. lawsuits involve office space, including the company's headquarters in San Francisco where the landlord has alleged that Twitter failed to make almost \$6.8 million in rent payments for December and January.

Twitter, which is private, no longer reports its financial details publicly. The company reported last year that it owed \$239 million primarily for office space and data-center facilities in 2023.

In a January lawsuit, Canary LLC, a marketing company that specializes in producing the kinds of logo-decorated items ubiquitous among Silicon Valley tech companies, claimed Twitter is behind payment on almost \$400,000 for various Twitter-branded swag.

The company's court filings included the almost \$7,000 purchase order describing a "swag gift box for Elon." An invoice for the order included a sandblasted logo on a Japanese whisky bottle, an extra-large bomber jacket and more than \$250 worth of socks.

A lawyer for Canary declined to comment. It couldn't be learned if the items were for Mr. Musk or if he received them.

Tesla, where Mr. Musk is also chief executive, in 2018 worried its suppliers as it struggled to boost production of the Model 3 compact car. At the time, the

company stretched out payment terms to 90 days from 60 days and stopped some payments, The Wall Street Journal reported then.

Several respondents to a supplier survey then reported Tesla requesting a "large" price reduction on current business and retroactive rebates. Some smaller suppliers took the step of filing mechanic's liens against Tesla, alleging unpaid suppliers and services.

"We're not behind because we can't pay them," Mr. Musk said at the time. "It is just because we're arguing whether the parts are right." The company had been working to improve its on-time payments, the Journal reported.

At Twitter, some of the alleged unpaid bills relate to work done by the company to close the at-times contentious acquisition deal with Mr. Musk himself.

As the deal came together last fall, Twitter executives were racing to complete it and arranged last-minute charter flights from New Jersey to San Francisco and back for then-Chief Marketing Officer Leslie Berland, according to a lawsuit filed in December in federal court in New Hampshire by Private Jet Services Group LLC seeking \$197,725.

After the deal closed, Marty O'Neill, head of Twitter's global strategic sourcing, emailed the air-charter company, saying Twitter wouldn't be paying for the flights, court records show. He argued that Twitter wasn't liable, saying only designated representatives were allowed to book flights through the charter per its contract with Private Jet Services. He didn't respond to a request for comment.

Another Twitter worker weighed in on the email chain, according to the court records, to say that former CEO Parag Agrawal had signed off on the flights. Mr. O'Neill responded: "New management is not going to budge."

On Friday, Private Jet Services filed to voluntarily dismiss the case, and the case was terminated. Neither side responded to a request for comment.

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## BUSINESS &amp; FINANCE

# Videogame Makers Hit Reset Button

Companies cancel games, cut costs as players' pandemic spending slows

By SARAH E. NEEDLEMAN

Videogame publishers are cutting costs and canceling games amid a slowdown in spending by players, reversing some of the growth made during the pandemic.

The videogame industry is facing multiple challenges, including the ending of pandemic-fueled demand, concerns about the economy and fading metaverse hype. As a result, consumer spending on interactive entertainment has declined more than publishers anticipated just a few months ago.

"Guiding down twice in a fiscal year is completely out of character with who we are," Strauss Zelnick, chief executive of **Take-Two Interactive Software Inc.**, said earlier this month after the company trimmed its full fiscal-year outlook for the second quarter in a row. "That's a reflection of unexpected market conditions."

Gamers are putting more of their dollars into established blockbusters like **Activision Blizzard Inc.**'s "Call of Duty" and **Electronic Arts Inc.**'s FIFA rather than taking chances on new properties and niche titles, said analysts and company executives.

"Lower-tier games struggle when the consumer is pinched," said Benchmark analyst Mike Hickey.

Publishers are responding by shifting their priorities and looking for ways to cut costs.

In recent weeks, **Ubisoft Entertainment SA** canceled three games under development after canceling four last year, in addition to postponing the launch of a new game. **Electronic Arts** shut down a mobile game from one of its biggest series, quashed plans to make another and delayed the release of its coming "Star Wars" game. And **Take-Two** announced a cost-cutting program spanning personnel, infrastructure and other areas.

"The trends over the holi-

day season, in particular the last weeks of December and beginning of January, have been markedly and surprisingly slower than expected," **Ubisoft**, maker of hit franchises such as **Assassin's Creed**, said last month.

Overall, U.S. videogame software sales including subscriptions fell 2% in the three months through December from a year earlier—the second holiday-quarter decline in a row, according to **NPD Group**. Consumer spending on mobile games, the biggest and fastest-growing segment of the industry, fell 12% last quarter compared with a year earlier, data from **Sensor Tower Inc.** show.

There are some bright spots. **Activision** reported record net bookings for the holiday quarter and full year, exceeding analyst expectations. The company, which is working to save its deal to be acquired by **Microsoft** for \$75 billion, owns several hit franchises including "Call of Duty," "World of Warcraft" and "Candy Crush."

Another standout publisher is **Roblox Corp.**, whose shares popped last week after it reported holiday-quarter results well above average estimates from analysts. **Roblox** said it launched new features and saw an increase in spending among older players. Historically, about half of **Roblox** players have been under the age of 13.

Still, **Roblox** said it planned to reduce its spending on infrastructure this year by between 25% and 30%.

**Roblox** shares, which had slipped more than 45% over the previous 12 months, jumped more than 25% the day after the company announced earnings.

Consumer spending on games is still higher than before the pandemic, data from **NPD**, **Sensor Tower** and other industry trackers show. But a return to a more normal life coupled with high inflation has weighed on many publishers' results, analysts said.

Game sales have also been hurt by the continued low supply of new consoles from **Microsoft Corp.** and **Sony Group Corp.** and because average

prices for games have gone up in recent years, they said.

In the past 12 months **EA** shares have fallen 14%, **Take-Two** shares slid 31% and **Ubisoft's** declined 54%. The tech-heavy **Nasdaq Composite Index** fell 14% from a year ago.

Tech-industry heavyweights that made bets in videogaming also are pulling back on the sector. **Alphabet Inc.**'s **Google** closed its game-streaming service **Stadia** last year. Recently, **Facebook parent Meta Platforms Inc.** announced plans to end the virtual-reality game "Echo VR."

Hype around the metaverse, nonfungible tokens and other new technologies that helped lift some game companies'



An Activision videogame tournament held in San Antonio, Texas, last May.

shares in recent years has faded. It will likely take much longer for any of these to achieve mainstream adoption in videogaming, said **Joost van**

**Dreunen**, who teaches the business of videogames at **New York University's Stern School of Business**.

"You'll see more block-

buster releases, but innovation and novel experiences are not likely to come from the legacy publishers," he said. "Everyone's become risk-averse."

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## Hong Kong Sets Out New Rules on Crypto

By ELAINE YU

Hong Kong's securities regulator said cryptocurrency-trading companies would need to leave the city if they don't plan on getting licenses and released proposed new rules seeking to better protect investors in the wake of the collapse of **FTX**.

The Securities and Futures Commission would require crypto exchanges to ringfence customer deposits, put controls in place to keep crypto keys secure and make sure that no more than 2% of customer funds are stored in a "hot wallet," which is a less secure way to hold crypto assets, according to the proposed rules.

The rules are a key step in Hong Kong's effort to establish itself as a digital-assets hub, part of a wider push to attract global companies and talent after strict pandemic controls dented its reputation as a global financial center.

The regulator would require all crypto-trading platforms with operations in Hong Kong—and those marketing their services in the city—to get a license. The SFC is soliciting feedback on the proposed rules, which are due to come into force in June.

The cryptocurrency industry is still reeling from the collapse of the **FTX**, once one of the world's highest-profile crypto exchanges. The company, which was based in Hong Kong before moving its headquarters to the Bahamas in 2021, used customer assets to fund risky bets by an affiliated trading firm. U.S. regulators have since toughened their stance on crypto, while the U.K. government is setting out plans to regulate crypto exchanges and lenders.

"In light of the recent turmoil and the collapse of some

leading crypto trading platforms around the world, there is clear consensus among regulators globally... to ensure investors are adequately protected and key risks are effectively managed," said **Julia Leung**, the SFC's chief executive officer.

Some crypto exchanges have already indicated their interest in becoming a regulated business in Hong Kong. **Justin Sun**, adviser to **Huobi**, tweeted Monday that the crypto exchange is applying for a license in the city. Companies including **DBS Group Holdings Ltd.** and **Interactive Brokers** have previously made clear their ambitions to win crypto business in the city.

Crypto exchanges shouldn't deposit, transfer or lend their customers' assets, the SFC said. It said exchanges need to have know-your-customer checks, including finding out how aware their clients are of the risks of investing in crypto. Exchanges would also need to set a strict limit for each customer's exposure, depending partly on their financial situation, the regulator said.

The SFC has proposed regular disclosure requirements for crypto companies, including the submission of an auditor's report each year and monthly reports to the regulator on their business activities. Companies must have enough liquid capital after accounting for all of their assets, liabilities and transactions.

Under the new framework, individual investors would be given more access to trade crypto on licensed platforms. Last year, the SFC allowed individual investors to trade a limited set of crypto-related derivative products. The regulator has also recently approved exchange-traded funds for individual investors that track crypto futures.

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## BUSINESS &amp; FINANCE

# More Auto Payments Are Going Past Due

Borrowers with low credit scores fall behind in numbers unseen since 2010

BY BEN EISEN AND GINA HEEB

The U.S. economy is on a steady footing and the unemployment rate is superlow. Yet a rising number of Americans are falling behind on their car payments.

Some 9.3% of auto loans extended to people with low credit scores were 30 or more days behind on payments at the end of last year, the highest share since 2010, according to an analysis by Moody's Analytics.

The past few years have been unusually good for consumers, who stowed away extra money during the pandemic, but high inflation is eating away at those gains. Car prices, in particular, jumped because of a shortage of vehicles. Many borrowers took out large loans to buy them, leaving little breathing room to keep up with payments if they hit a rough patch.

"The households that were on the financial ledge to begin with might have been tipped to the point where it's hard to keep up on the car loan and ev-

everything else, and people have to make some very hard decisions," said Pamela Foohey, a professor at Cardozo School of Law who studies consumer law.

Stress in the auto-loan market is concentrated among borrowers with credit scores below 660 and is especially high among people with bottom-of-the-barrel credit. But the stress could spread if the U.S. goes into a recession, as many economists expect. If job losses increase, many more consumers might find themselves unable to keep up with the record amounts of debt they took out in recent years.

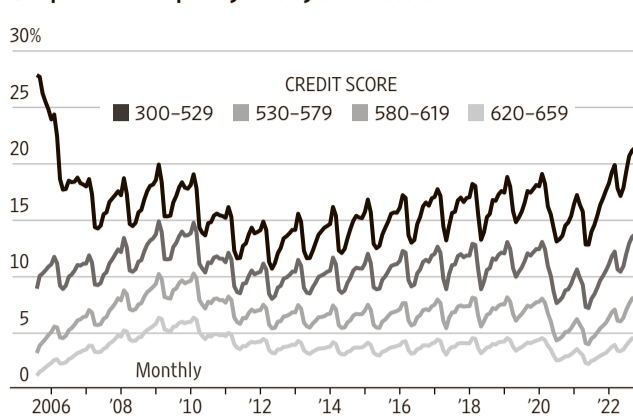
Chris Woodward, of Cedar Falls, Iowa, was laid off from his software job in August, his second job loss in eight months.

Soon after, he fell behind on the loan tied to his 2011 Ford Flex. While looking for a new job, he also fell behind on rent and ran up his credit-card bill, he said.

He set up a GoFundMe fundraiser as a last resort. So far his family of four has received about \$10,000, which allowed him to make enough payments to hold off an auto repossession or eviction, though he remains behind and is juggling which bills to pay each month.

"It's weird to go from having a good salary and not stress-

Subprime delinquency rate by credit score



Note: Shows 30 days or more delinquent \*Sub-660 credit score

ing, to, 'How am I going to buy diapers?'" said Mr. Woodward.

Mr. Woodward bought his car in early 2022, roughly when car prices were peaking. Used-car prices jumped 47% in 2021, then fell 15% in 2022, according to the Manheim Used Vehicle Value Index, which tracks U.S. wholesale-auction values.

Borrowers who took out big loans at the height of the boom owe far more than their vehicles are worth. Those buyers are sticking lenders with bigger losses when they fall behind.

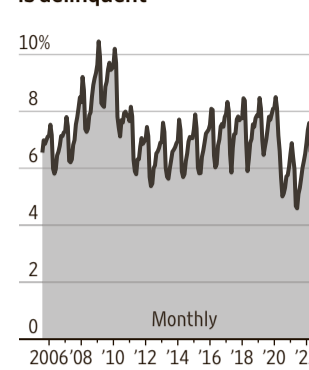
Ally Financial Inc., which operates a large auto-lending business, said in January that the loans it extended between

mid-2021 and mid-2022 are experiencing bigger early losses than its other loans. In the fourth quarter, the percentage of its car loans that were more than 60 days past due rose above prepandemic levels for the first time.

Car prices peaked when borrowers' financial profiles looked especially strong. Consumers had received government stimulus and cut back on spending early in the pandemic, which padded their savings. Then stock prices surged, and a booming economy helped people land hefty raises.

Consumers' credit scores rose, which might have made

Share of outstanding subprime auto debt that is delinquent



Source: Moody's Analytics analysis

underwriting less precise, according to Ryan Nash, an analyst at Goldman Sachs who covers banks. Lenders were able to make big loans to borrowers, sometimes on the assumption that their finances had strengthened permanently. "2021 was a bit of the Wild West in the auto market," Mr. Nash said.

Nearly one-fifth of banks said they eased credit standards for auto-loan applicants in the first half of 2021, according to a Federal Reserve survey of senior loan officers, while more than one-tenth did in the second half. Many said they lowered minimum credit

score requirements that year.

Consumer lawyers said that when cars were in short supply during that time, some dealers were able to sell vehicles that were in worse condition, increasing the risk that they would break down or require major repairs. A key reason borrowers stop paying is that the car stops working.

"We get a tremendous number of calls from people who bought cars that never should have been put on the road," said Daniel Blinn, a Connecticut-based attorney who has sued dealerships and auto lenders.

The number of people losing their cars to repossession rose 11% in 2022 but remains below prepandemic levels, according to estimates by Cox Automotive based on wholesale auctions and default rates.

Vanessa Davis, 24-year-old nurse in Fontana, Calif., said her 2022 Chevy Trax was repossessed after she missed payments because of a family emergency. Ms. Davis had to pay \$600 in repossession fees to get her car back, she said, in addition to a \$650 payment for the month of January.

"What we have left is just to survive," Ms. Davis said. "At this point we're trying everything we can and the best we can to keep every single penny."

## Food Firms Call Back Ex-Staff

Continued from page B1

some sectors have gone on a hiring spree, helping push the U.S. unemployment rate to a 53-year low in January, according to the Labor Department. At the same time, corporate layoffs have spread from the tech sector to media, finance and some manufacturing companies.

To boost employment, some food companies have raised

hourly wages, offered bonuses, hired temporary workers and introduced flexible shifts.

Food companies, like others, lost senior employees during the pandemic as some opted to retire early, according to company executives and labor unions.

Many companies focused on filling job vacancies last year, but newer employees have in some cases led to a less efficient workforce.

Minneapolis-based General Mills launched a pilot program late last summer that brings retirees back to work at two plants in Missouri and Illinois, said Jacqueline Williams-Roll, General Mills' chief human-resources officer. The program, designed to help the company

fill staffing gaps created when current employees take vacation or parental leave, is expanding to a third plant soon, she said.

"When [retirees] slide right into a job they have done before, it helps cut back on training time," Ms. Williams-Roll said. They can also act as mentors to less-experienced workers, she said.

Stacy Giltner, a human-resources manager at General Mills' plant in Hannibal, Mo., said the facility has recently been shorter staffed than at any other time in the past 10 years.

Ms. Giltner recently sent letters to 45 retirees, inviting them to return, and nearly a quarter did. Retirees are also

working unfilled overtime shifts and filling in on production lines while new employees complete training.

Maintenance planner Kenny Miller was an early recruit in

### When retirees return, 'it helps cut back on training time.'

Hannibal, invited to return to the plant in 2021 when many current employees were working long hours of overtime. Mr. Miller, who retired in 2018 after nearly 30 years, said he

jumped at the chance to rehire while still drawing a pension. "I loved that job," said Mr. Miller, 72 years old. "I get to see some fellow workers I haven't seen for a while."

General Mills' rehire rate increased roughly 50% to about 100 employees across U.S. manufacturing plants in 2022 compared with 2021 as the company also doubled the number of new employees it hired, Ms. Williams-Roll said.

At Associated Wholesale Grocers Inc., one of the biggest U.S. grocery wholesalers, recruiters are having luck contacting former employees via LinkedIn and Meta Platforms Inc.'s Facebook.

David Smith, Associated Wholesale's chief executive,

said the company's average rehire rate has increased by four times and it has been more aggressive with rehiring after seeing the success.

Rehiring has helped Associated Wholesale's productivity levels as former employees meet goals about three months before new hires, Mr. Smith said.

"It was like a little lightbulb came on," Mr. Smith said. "They were good workers that left our workforce and were coming back."

Some food executives said their rehire rates are consistent with past years and that the labor market remains tight, with positions for mechanics and engineers difficult to fill.

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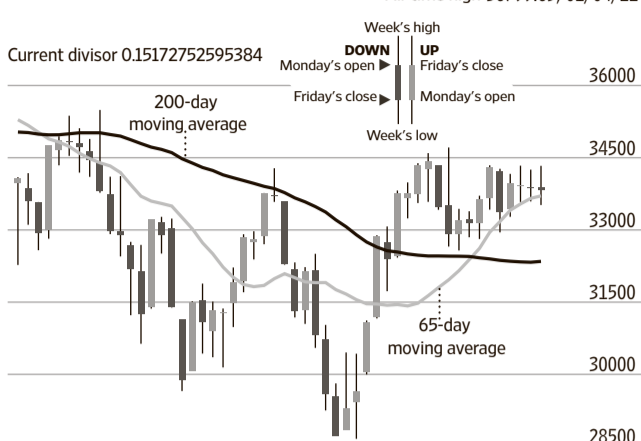
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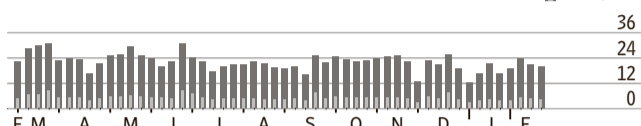
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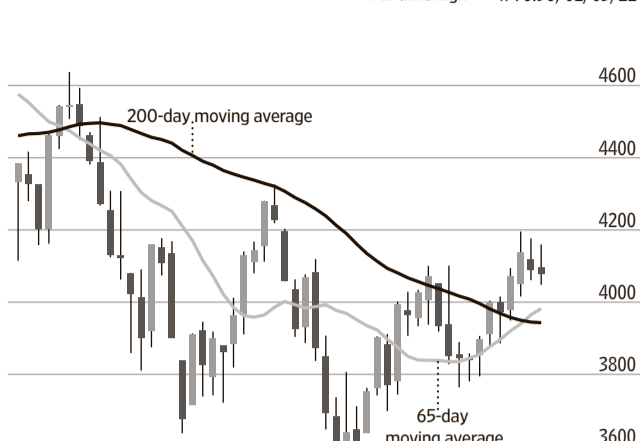
\*Weekly P/E data based on as-reported earnings from Biriiny Associates Inc. †Based on Nasdaq-100 Index

Major U.S. Stock-Market Indexes

Table with columns for Index Name, High, Low, Latest Week Close, Net chg, % chg, 52-Week Close, High, % chg, YTD % chg. Includes Dow Jones, Nasdaq Composite, S&P 500, and various sector indices.

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Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Table of lockup expirations with columns: Lockup expiration, Issue date, Symbol, Offer price(\$), Offer amt (\$ mil), Through Friday (%), Lockup provision.

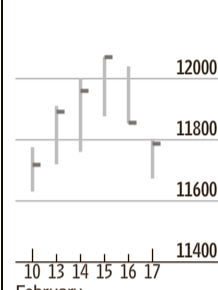
IPO Scorecard

Performance of IPOs, most-recent listed first

Table of IPO performance with columns: Company, SYMBOL, Friday's close(\$), Offer price, % Chg From IPO date, Offer price, 1st-day close, % Chg From 1st-day close.

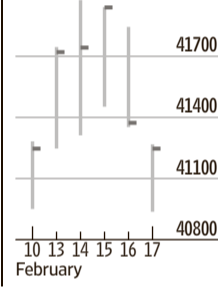
Nasdaq Composite

▲ 69.15, or 0.59% last week



DJ US TSM

▲ 0.04, or 0.00% last week



International Stock Indexes

Table of international stock indexes with columns: Region/Country, Index, Close, Latest Net chg, % chg, YTD % chg.

Sources: FactSet; Dow Jones Market Data

Commodities and Currencies

Table of commodities and currencies with columns: Name, Monday Close, Monday Net chg, %Chg, YTD % chg.

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A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA lost 42.58 points, or 0.13%, on the week. A \$1 change in the price of any DJIA stock = 6.59-point change in the average.

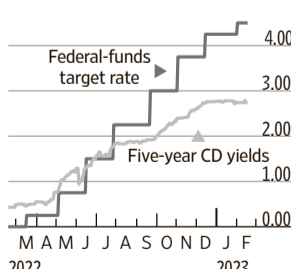
Table showing the week's action for DJIA components with columns: Pct chg, Stock price, Point chg, Company, Symbol, Close, \$1,000 Invested (year-end '22).

\*Based on Composite price. DJIA is calculated on primary-market price. Source: Dow Jones Market Data, FactSet.

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

Table of selected rates with columns: Bank, Rate, 5-year CDs, Bankrate.com avg, Barclays Bank, Quontic Bank, Colorado Federal Savings Bank, First Internet Bank of Indiana, Indianapolis, IN, CFG Community Bank.

Table of interest rates with columns: Interest rate, Yield/Rate (%), Last, 52-Week Range (%), Low, High, 3-yr chg (pct pts).

Table of corporate borrowing rates and yields with columns: Bond total return index, Yield (%), Spread +/- Treasuries, Total Return.

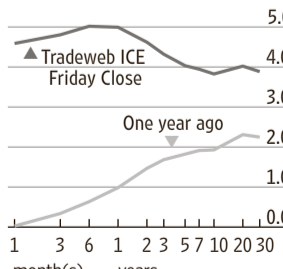
Bankrate.com rates based on survey of over 4,800 online banks. †Base rate posted by 70% of the nation's largest banks. ‡ Excludes closing costs.

Sources: FactSet; Dow Jones Market Data; Bankrate.com

Benchmark Yields and Rates

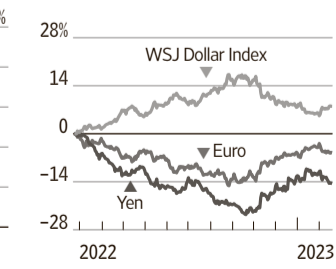
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Sources: Tradeweb ICE U.S. Treasury Close; Tullett Prebon; Dow Jones Market Data

Corporate Borrowing Rates and Yields

Table of corporate borrowing rates and yields with columns: Bond total return index, Yield (%), Spread +/- Treasuries, Total Return.

Sources: J.P. Morgan; S&P Dow Jones Indices; Bloomberg Fixed Income Indices; ICE BofA

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Table of U.S.-dollar foreign-exchange rates with columns: Country/currency, Mon in US\$, US\$/US\$, YTD chg (%), Country/currency, Mon in US\$, US\$/US\$, YTD chg (%).

Sources: Tullett Prebon; Dow Jones Market Data



CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-end generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. NA signifies that the information is not available or not applicable. NS signifies funds not in existence for the entire period. 12 month yield is computed by dividing income dividends paid (during the previous 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like NuvsP500BuyInCf, ReavesUtilityIncom, TortoiseEnrgyInfraCp, etc.

Source: Lipper
Friday, February 17, 2023

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like Adams Diversified Eq, Central Secs, CohenStrsCEOppF, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like abrdn Glb Prem P, abrdn Glb Infra Inc, ASA Global Res, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like U.S. Mortgage Bond Funds, Investment Grade Bond Funds, Loan Participation Funds, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like High Yield Bond Funds, Other Domestic Taxable Bond Funds, World Income Funds, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like abrdn A Inc Fd, abrdn A Div Fd, abrdn A Div Fd, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like abrdn A Div Fd, abrdn A Div Fd, abrdn A Div Fd, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like Nuven Int Dr Mun Term, Nuven Mu Crdt Opps, Nuven Mun Credit Incom, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like Nuven Mun Val, Nuven Quality Mun Inc, Nuven Sel TFF, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like Nuven CA Val, Nuven CAGY, Nuven CAGY, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like Nuven CAGY, Nuven CAGY, Nuven CAGY, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like WildermuthA, WildermuthC, WildermuthD, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like WildermuthE, WildermuthF, WildermuthG, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like WildermuthH, WildermuthI, WildermuthJ, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like WildermuthK, WildermuthL, WildermuthM, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like WildermuthN, WildermuthO, WildermuthP, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like WildermuthQ, WildermuthR, WildermuthS, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like WildermuthT, WildermuthU, WildermuthV, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like WildermuthW, WildermuthX, WildermuthY, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like PIMCO Flexible Cr IA-2, PIMCO Flexible Cr IA-3, PIMCO Flexible Cr IA-4, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like PIMCO Flexible Cr IA-5, PIMCO Flexible Cr IA-6, PIMCO Flexible Cr IA-7, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like PIMCO Flexible Cr IA-8, PIMCO Flexible Cr IA-9, PIMCO Flexible Cr IA-10, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, 52 wk Prem, 52 wk Ttl, Ret. Includes funds like PIMCO Flexible Cr IA-11, PIMCO Flexible Cr IA-12, PIMCO Flexible Cr IA-13, etc.

Key Interest Rates

Data delayed due to holiday.

Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by Refinitiv on February 17, and year-to-date stock performance of the company.

KEY: B: beneficial owner of more than 10% of a security class; CB: chairman; CEO: chief executive officer; CFO: chief financial officer; CO: chief operating officer; D: director; DO: director and beneficial owner; GC: general counsel; H: officer, director and beneficial owner; I: indirect transaction filed through a trust, insider spouse, minor child or other; O: officer; OD: officer and director; P: president; UT: unknown; VP: vice president. Excludes pure options transactions.

Biggest weekly individual trades

Based on reports filed with regulators this past week

Table with columns: Date(s), Company, Symbol, Insider, Title, No. of shrs in trans (000s), Price range (\$), \$ Value (000s), Close (\$), Ytd (%).

Buyers

Table with columns: Date, Company, Symbol, Insider, Title, No. of shrs in trans (000s), Price range (\$), \$ Value (000s), Close (\$), Ytd (%).

Sellers

Table with columns: Date, Company, Symbol, Insider, Title, No. of shrs in trans (000s), Price range (\$), \$ Value (000s), Close (\$), Ytd (%).

Cash Prices

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table with columns: Monday, Friday. Includes Metals, Silver, Gold, Other metals, Fibers and Textiles, Food.

Friday, February 17, 2023

Table with columns: Energy, Metals, Gold, per troy oz, Silver, troy oz, Other metals, Fibers and Textiles, Food.

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MARKETS

# Newly Public Companies Go Private Again

By Corrie Driebusch and Laura Cooper

A growing number of newly public companies are racing back to private ownership after discovering that an initial public offering isn't always all it is cracked up to be. Of the hundreds of companies that went public in the boom years of 2020 and 2021, 10 have already agreed to sell themselves to private-equity firms, according to Dealogic. Of those that went public in 2018 or 2019, only eight have gone private in the ensuing years.

Driving the decision to opt for a buyout over remaining public in many cases is the dismal performance of the 2020-21 class of initial public offerings, the majority of which now trade below their debut prices.

That makes the companies prime targets for private-equity investors eager to put piles of cash to work and create exit opportunities for buyout firms with residual stakes that are under pressure to return capital to their fund backers.

Grill maker **Weber Inc.** agreed to go private last year for \$8.05 a share, well below its \$14 IPO price less than 18 months earlier.

**Sumo Logic Inc.** agreed in February to be bought by private-equity firm **Francisco Partners** for \$12.05 a share, down from the data-analytics software company's \$22 IPO price.

Others are expected to follow in the coming months, says bankers, investors and executives.

**Event Holding Corp.**, which entered the public market in 2021 after years of ownership by buyout firm **Vista Equity Partners**, is exploring a sale that could value the event-software provider at upwards of \$4 billion, The Wall Street Journal reported.

Cvent had gone public by merging with a special-purpose acquisition company in a transaction valued at \$5.3 billion.

It is another sign of the hangover that has followed the busiest IPO market ever.

Companies rushed to list shares in 2020 and 2021, when investors were willing to pay up for the promise of future earnings and growth.

An increase in interest rates and a sharp decline by stocks have since soured investors on new issues and brought the IPO market to a virtual standstill.

Advisers hope that by mid-year the IPO market will begin to thaw, and there have been bright spots in recent weeks. But some of the biggest companies waiting in the wings, such as fintech giant **Stripe Inc.**, aren't expected to list their stocks until late 2023 at the earliest.

Not everyone is selling at a loss.

**KnowBe4 Inc.** in October agreed to go private again in a deal with Vista Equity that valued the cybersecurity provider at about \$4.5 billion, a higher price than its IPO.

# Chinese Shares Lead Global Gains

Markets await report on Federal Reserve's last meeting and a slew of economic data

By Dave Sebastian and Caitlin Ostroff

Global markets were mixed Monday ahead of another busy stretch of economic data.

Chinese markets led global gains, while European indexes were subdued.

**MONDAY'S MARKETS** U.S. stock and government-bond markets

were closed Monday to mark Presidents Day.

Data this week could give an indication of how sticky U.S. inflation is likely to remain in the near future and how economic growth is holding up—two crucial questions for investors as they try to assess the outlook for central-bank policy and corporate profits.

"There's this new narrative

that we will see a pause in inflation before it falls," said Edward Park, chief investment officer at U.K. investment firm Brooks Macdonald. "The stickier inflation is, the tougher the Federal Reserve will need to be."

Stocks could be weighed down by rising concerns about U.S. interest-rate increases, said Mark Matthews, head of research for Asia at Julius Baer. "The market could be susceptible to a bit of a panic attack," Mr. Matthews said. Given the strength of the U.S. economy, the worry is that inflation could ease at a slower-than-expected pace, he added.

Two Fed officials last week said they supported a larger rate increase at the central bank's February meeting than the quarter-percentage-point increase the Fed implemented, and two sets of inflation data also came in hotter than expected. Minutes from that Fed meeting are set to be published Wednesday.

S&P Global's monthly sur-

veys of manufacturing and service sectors around the world are due Tuesday. And the Commerce Department will publish its personal-consumption expenditures price index Friday—a gauge of inflation closely watched by the Fed. Another yardstick, the consumer-price index, showed annual inflation cooled slightly in January, though the pace of moderation has leveled off.

This week will bring quarterly results from large companies including **Walmart**, **Home Depot** and Chinese technology giant **Alibaba**.

In Europe, the pan-continental Stoxx Europe 600 gained 0.1% Monday.

In Asia, China's broad CSI 300 index closed up 2.5%, its biggest single-day rise this year. The Shanghai Composite Index gained 2.1%, and Hong Kong's Hang Seng Index rose 0.8%.

The gains came after China's central bank said lenders had kept the country's benchmark lending rates unchanged, as

the world's second-largest economy showed more signs of recovery following its Covid reopening.

In a report Monday, Goldman Sachs forecast the MSCI China index will rise 24% from current levels by the end of the year as the country returns to growth. "Covid is arguably in the rear view mirror now in China," wrote analysts at the U.S. bank.

Diplomatic tensions between the U.S. and China are again rising, with senior Beijing and Washington officials trading barbs over the downed Chinese balloon in a tense atmosphere of public speeches and a meeting Saturday.

"It just has become more evident that those tensions haven't gone away," said Kerry Craig, global market strategist at J.P. Morgan Asset Management. "You just can't get away from geopolitics as an investor these days."

Nonetheless, Mr. Craig said China's potential for economic

growth, consumption-driven demand and attractive valuations still trump lingering geopolitical concerns.

In India, the S&P BSE Sensex Index lost 0.5%, putting it in negative territory for 2023. Shares of most companies linked to billionaire Gautam Adani retreated, with his conglomerate's flagship **Adani Enterprises** falling nearly 6%.

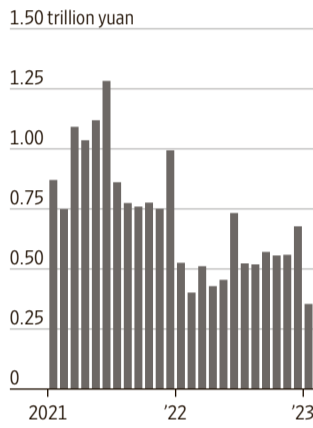
Almost a month ago, U.S. short seller Hindenburg Research released a report alleging the Adani Group had manipulated stock prices, among other things. The report triggered a \$100 billion-plus selloff in stocks bearing the Adani name. The conglomerate has denied the claims.

Early Tuesday, Japan's Nikkei 225 Stock Average was down 0.1%, Hong Kong's Hang Seng Index was down 0.3%, the CSI 300 was up 0.35% and South Korea's was up 0.1%. S&P 500 futures and Dow Jones Industrial Average futures fell 0.4%. Nasdaq futures fell 0.3%.

# China Developers Shun Private-Sector Deals

By Rebecca Feng and Cao Li

Monthly sales of top 100 developers in China



When China's private real-estate developers started sliding into distress more than a year ago, the government encouraged state-owned property companies to step in and take over their ailing peers' projects and assets.

That call has gone largely unheeded—a big reason why the country's housing market remains in the doldrums.

State-backed property companies considered and decided against acquiring a great number of projects started by private developers. They also largely shunned a "merger and acquisition" bond program intended to help them fund these deals, although some used the program to pay off their debt.

That is undermining the government's hope for an orderly recovery in the property sector—driven by market forces rather than government bailouts—and adding to home buyers' uncertainty. Without a market solution, the burden of completing stalled projects could further fall on Chinese local governments, which are financially stretched after three years of the pandemic.

Chinese officials have never made deals between state-owned and private developers an official plank of government policy, but they have repeatedly alluded to the idea, and most economists say it is a government aim.

Many state-owned developers analyzed hundreds of proj-

ects from private developers and found very few that met their standards, industry analysts said. These companies prefer to buy land directly from local governments at routine public auctions, where prices are low as a result of reduced private competition.

Most of the projects on sale have complicated debt obligations or poor prospects for future returns, said Shujin Chen, head of China financial and property equity research at Jefferies. State-owned developers largely opted to cherry-pick parcels of land in premium locations such as Beijing and Guangzhou, where the economics make more sense, the analysts said.

That conflicts with the aims of private developers, who are trying to keep their best assets



A residential project Shimao Group sold to China Resources Land.

in the hopes of a recovery. If left with only poor-quality assets when the liquidity crisis ends, they could be in poor shape even if they do survive, said Liu Shui, head of research at China Index Academy, a research firm focused on real estate.

Since the start of last year, four of the 28 largest private-sector developers—as ranked by 2021 sales—reported selling projects to state-owned developers.

State-owned **China Resources Land** looked into a large number of projects by private developers, company analysts said. It ended up acquiring two plots from the same developer, the defaulted **Shimao Group Holdings**, and both in Beijing, one of the few cities where house prices rose every month last year.

In January of last year, **China Overseas Land & Investment Ltd.** agreed to take over the development of a residential and commercial complex from Shimao Group and **Agile Property Holdings**, paying the two private developers around \$264 million each, according to filings. The project was among the top-selling sites in Guangzhou, the provincial capital of Guangdong, for years before the downturn, according to filings and local media reports.

Chinese regulators suggested deals between state-owned and private developers since as far back as December 2021, when the central bank and the banking regulator asked banks to help finance M&A in the sector. Zou Lan, head of the Chinese central bank's monetary-policy department, touted M&A as

"the most effective and market-oriented way" to defuse risks and clean up the sector.

Local governments have echoed the call. Some have arranged meetings between stronger and weaker developers in their regions. In January last year, local officials in Guangdong asked developers to carry out M&A with troubled property companies, according to state-media reports.

Last December, China's main debt-market regulator suggested that stronger developers issue bonds with a "merger and acquisition" label and use the money to acquire private developers' projects. The regulator said these bonds would receive "focused support," without clarifying what that meant. Banks were encouraged to buy the bonds.

Only five state-owned or state-backed developers issued these bonds so far, raising a total of roughly \$1 billion between them. Less than half of the money raised was used to acquire private developers' projects. The rest went to repay bank loans or build new projects, according to bond documents.

Unless the direct supervisor of all Chinese state-owned companies—the State-owned Assets Supervision and Administration Commission, or Sasac—requires state-owned developers to take over private projects, few state-owned companies will be willing to change their approach, said Jizhou Dong, lead China property analyst at Nomura.

# Hot Growth Spurs Stock Worries

Continued from page B1

raise the chances of a downturn, which would likely lead to more pain for markets.

The S&P 500 fell 0.3% last week, trimming its gains for the year to 6.2%. The yield on the two-year U.S. Treasury note, which is especially sensitive to traders' expectations for monetary policy, ended the week at 4.621%.

"As much as the Fed has increased rates, the data are not

buckling," said Michael Farr, president of investment-management firm Farr, Miller & Washington.

Mr. Farr said he worries that investors are still too confident the Fed will be able to quickly rein in inflation, which remains well above prepandemic levels, while avoiding tipping the economy into recession.

"Maybe this will be the time for a perfect landing and a precisely correct rate adjustment," Mr. Farr said. But history has shown the Fed has a poor track record of doing so, he added.

Investors will be looking at minutes from the Fed's last meeting, as well as data on existing home sales and on personal-consumption expenditures, the Fed's preferred measure of inflation.

The strength of the data that has come out the past few weeks convinced many that the Fed will have to push rates significantly higher than they had initially anticipated.

Steven Englander, global head of G10 FX research at Standard Chartered, raised his forecast last week for the peak federal-funds rate to 5.25%, from a previous forecast of 4.75%. Deutsche Bank AG's chief U.S. economist, Matthew Luzzetti, revised his forecast for the peak fed-funds rate to be 5.6% in July. Before last week's data, Mr. Luzzetti's call had been for the fed-funds rate to top out at 5.1%.

Bond traders have been pricing in higher rates. Derivatives markets show traders expect the fed-funds rate to peak

around 5.25% in August, according to FactSet. Around the start of the month, traders were betting the fed-funds rate would peak around 4.88% in June.

"A higher for longer policy rate would definitely drag on risk assets and increase the likelihood of a recession," said Brett Ryan, senior U.S. economist at Deutsche Bank.

A recession would likely be bad news for stocks. The S&P 500 declined a median of 24% in recessions going back to 1946, according to research from Deutsche Bank.

The stock market doesn't appear to have priced in such a scenario. Investors seem to be clinging to the idea of the "immaculate disinflation," where inflation pulls back significantly, even as economic growth re-

mains strong, Standard Chartered's Mr. Englander said.

Some economists believe the Fed has a narrow path where it could potentially avoid a downturn. "After a no landing, you can still have a soft landing," said Torsten Slok, chief economist at Apollo Global Management. "It all depends on when and how quickly the overall economy will respond once it finally begins to respond to higher interest rates."

The bad news? While rate-sensitive parts of the economy, such as housing and autos, have slowed down significantly, activity in the services sector has continued to hold strong, Mr. Slok said. That matters because the services sector accounts for about 80% of gross domestic product, he said.



Home Depot is scheduled to report its quarterly results Tuesday. Analysts estimate earnings of \$3.28 a share.

## THE TICKER | MARKET EVENTS COMING THIS WEEK

### Tuesday

	Estimate/Year Ago
Existing-home sales	2.82/2.81
Dec. previous	4.02 mil.
Jan., expected	4.07 mil.
Earnings expected	0.81/1.32
Home Depot	3.28/3.21
Medtronic	1.27/1.37
Palo Alto Networks	0.78/0.58
Public Storage	2.65/3.17
Realty Income	0.32/0.01
Walmart	1.52/1.53

### Wednesday

Mort. bankers indexes	Purch., prev. down 6.0%
Refin., previous	down 13.0%
Earnings expected	

### Thursday

	Estimate/Year Ago
EIA status report	Previous change in stocks in millions of barrels
Crude oil	up 16.3
Gasoline	up 2.3
Distillates	down 1.3
EIA report: natural gas	Previous change in stocks in billions of cubic feet
Intuit	down 100
GDP Deflator	4th qtr. adv. est. up 3.5%

### Friday

4th qtr. sec. est. up 3.5%	
Gross domestic product	Percentage change, annual
4th qtr. adv. est. up 2.9%	
4th qtr. sec. est. up 2.9%	
Initial jobless claims	Previous 194,000
Expected	198,000
Earnings expected	Estimate/Year Ago
American Tower	1.04/0.99
Booking Holdings	22.05/15.83
EOG Resources	3.37/3.09
Intuit	1.47/1.55
Keurig Dr Pepper	0.50/0.45
Moderna	4.60/11.29

### U.Mich. consumer index

Feb., prelim.	66.4
Feb., final	66.4
Personal spending	Dec. prev. down 0.2%
Jan., expected	up 1.5%
Personal income	Dec. previous up 0.2%
Jan., expected	up 1.3%
New-home sales	Dec. previous 616,000
Jan., expected	620,000
Earnings expected	Estimate/Year Ago
Balchem	0.80/0.85
Evergy	0.25/0.16
Frontier Comm. Parent	0.18/0.77
HF Sinclair	3.60/(0.11)
Lamar Advertising	1.29/1.21

\* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) ♦ Adjusted for stock split  
Note: Forecasts are from Dow Jones weekly survey of economists