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WSJ

THE WALL STREET JOURNAL WEEKEND



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DOW JONES | News Corp ***** SATURDAY/SUNDAY, APRIL 1 - 2, 2023 - VOL. CCLXXXI NO. 75 WSJ.com ★★★ \$6.00

What's News

World-Wide

New York officials and Trump's legal team began preparations for the former president to surrender Tuesday to face charges for his role in paying hush money to a porn star on the eve of his 2016 election victory. **A5**

◆ **An economic slowdown**, persistent inflation and weaker productivity growth will drain Social Security's reserves one year earlier than previously estimated, the government said. **A4**

◆ **Federal prosecutors and environmental regulators** sued Norfolk Southern over February's derailment in East Palestine, Ohio. **A3**

◆ **The U.S. is considering asking Black Americans** on federal forms, including the census, whether their ancestors were enslaved. **A6**

◆ **At least three people** died after tornadoes touched down in Arkansas Friday, officials said, as a major storm system brought severe weather across the central U.S. **A3**

◆ **Sen. Fetterman was discharged** from Walter Reed hospital, where he had checked himself in for depression, his office said. **A4**

Business & Finance

◆ **Stocks showed resilience** in the first quarter despite being rocked by shock waves that few anticipated. The Nasdaq, S&P 500 and Dow posted quarterly gains of 17%, 7% and 0.4%, respectively. Meanwhile, prices of Treasuries climbed. **A1, B11, B13**

◆ **Consumer spending** in the U.S. rose more modestly in February after a sharp jump at the start of the year, while inflation cooled but remained elevated. **A4**

◆ **Core inflation** in the eurozone hit a record in March, a setback for central bankers whose rate rises have exacerbated financial sector strains. **A7**

◆ **The Biden administration** detailed new criteria for an EV tax-credit program, a change that officials said they expect will reduce the number of eligible models. **B1**

◆ **Chinese authorities** announced a cybersecurity investigation into U.S. computer-memory maker Micron Technology. **B1**

◆ **A Delaware judge ruled** that a jury should decide the fate of a defamation case brought by Dominion Voting Systems against Fox News. **B3**

NOONAN
A Six-Month AI Pause? No, It Needs To Be Longer **A13**

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'Let Him Go': Biden Calls On Kremlin to Free WSJ Reporter



FROM LEFT: THE WALL STREET JOURNAL; CHRIS KLEPONIS/PRESS POOL



Evan Gershkovich, shown in an undated file photo, is being held in Russia. President Biden on Friday urged his release. **A9**

For Evan Gershkovich, Russia Was a Second Home

Detained Wall Street Journal correspondent forged a life and career in Moscow

BY JOE PARKINSON AND DREW HINSHAW

The cellphone was no longer ping-pong. The last time Wall Street Journal staff heard from Evan Gershkovich was Wednesday, just before 4 p.m., when he had arrived at a steakhouse in the Russian city of Yekaterinburg. It was the Russia correspondent's second trip

to the Ural mountains in a month. Shortly before lunch, a colleague wrote him a text: "Hey buddy, good luck today." "Thanks brotha," replied Mr. Gershkovich: "I'll let you know how it goes." Hours later, the Journal newsroom was scrambling to reach contacts in Yekaterinburg, Moscow and Washington.

A vague post on the Russian messaging service Telegram reported that security agents had taken a diner from a Yekaterinburg steakhouse with his hood up. At 10:35 Thursday morning Moscow time, an item from Russia's state news agency said Mr. Gershkovich had been detained and accused of espionage by

Please turn to page A8

Stocks Cap Wild Quarter To Notch Big Gains

Nasdaq turns in its best performance since 2020 as tech sector proves buoyant

By AKANE OTANI

Markets showed their resilience in the first quarter, despite being rocked by shock waves that few anticipated. Investors began the year feeling largely upbeat. Inflation appeared to be subsiding, and many bet that would lead the Federal Reserve to switch quickly from raising interest rates to cutting them. Then economic data started coming in hot. Stocks and bond prices slid, hit by worries that the Fed would likely have to keep rates higher for longer. The biggest shock of the quarter came in March, when Silicon Valley Bank and Signature Bank collapsed. Bank stocks tumbled. Credit Suisse Group AG came to the brink of failure, forcing rival bank UBS Group AG to arrange a hasty

Please turn to page A4

◆ Investors, analysts warn that bond rally is vulnerable..... **B11**

◆ Quarter upended projections for an oil bonanza..... **B11**

Soldier's Dying Words Rally a Nation

BY ISABEL COLES AND IEVGENIIA SIVORKA

NIZHYN, Ukraine—The Ukrainian platoon was digging in desperately along a tree line in eastern Ukraine when grenades began exploding around it and Russian soldiers crept in from the left. The 16 Ukrainians fought back as best they could but couldn't stop the Russians from overrunning a position held by

five of their number, including Pvt. Oleksandr Matsievskiy, a 42-year-old electrician who lived with his mother, and was new to front-line combat. As darkness fell, the platoon withdrew to more secure positions, reluctantly leaving the five behind, said some of the soldiers who were there. What happened next remained a mystery for more than two months, even after Pvt. Matsievskiy's body was

recovered and buried. Then, a video surfaced on Russian social media showing an unarmed Pvt. Matsievskiy standing knee-deep in a pit, taking a drag on a cigarette and saying, "Glory to Ukraine." His apparent captors then open fire, strafing his body with bullets and sending it crumpling to the ground. Pvt. Matsievskiy's unassuming defiance struck a chord in this nation that has resisted

invasion by its larger neighbor for more than a year. Every war throws up heroes who display uncommon physical strength or mental acuity to overcome the enemy. Ukraine decorated nearly 200 people with the title "Hero of Ukraine," the state's highest award, last year, the most in any year since declaring independence in 1991. But there also are everyman heroes who

Please turn to page A9

EXCHANGE



THE PROPHET
Sam Altman pioneered ChatGPT and worries about our AI future. **B1**

Taylor Is A Boon To Tailors
* * *
Swifties pay big to replicate star's famous outfits

BY JOSEPH PISANI

Loren McManus has spent months sewing costumes for Taylor Swift's Eras Tour. The outfits are bejeweled, sparkly and can make a stadium shimmer—but they're not for the stage. They're for fans in the audience. Taylor mania means a boom time for tailors. Swifties are going all out, paying hundreds of dollars to have fashion designers create custom looks to wear to Ms. Swift's first tour in five years. Most want copies of designer dresses the superstar has worn on red carpets or in music videos.

Please turn to page A10

Study Debunks Claims Of Alcohol's Benefits

BY JULIE WERNAU

First, the good news: A nip of alcohol here and there probably won't kill you. But it won't help you live longer, either. For a study published Friday in the journal JAMA Network Open, researchers set out to make sense of years of conflicting evidence on alcohol's effect on health. Some research suggested that drinking alcohol improves life expectancy. Other studies had demonstrated poorer health outcomes at any level of drinking. The researchers analyzed 107 studies on the effect of alcohol in nearly five million people and found that no amount of alcohol consumption led to longer life than among people who never drank. People who drank 45 grams of alcohol or more a day—about as much as in three glasses of wine—increased their risk of dying sooner by as much as a third. Among women, anything

more than 25 grams of alcohol increased their risk of dying sooner. "Alcohol is linked to more than 200 diseases. You would be bored by the time I finished naming them all," said Jürgen Rehm, senior scientist at Canada's Center for Addiction and Mental Health, who wasn't involved in the study. The findings suggest that the average man can drink up to about three drinks a day and expect to live as long as non-drinkers. Women might want to stop at about two drinks, the research suggested. The new study joins a body of evidence that alcohol does more harm than good. Health officials in Canada this year recommended that people have two drinks or fewer a week to lower health risks. That replaced guidance that 10 drinks a week was a low health risk. Rates of deaths involving al-

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U.S. NEWS

THE NUMBERS | By Josh Zumbrun

In Tally of Lives Saved, an AIDS Effort Shines



Often, retrospectives on U.S. foreign policy focus on the missteps and the boondoggles. A look at the number of lives saved in the war on AIDS points to a remarkable and under-celebrated policy success.

Twenty years ago this spring, the George W. Bush administration launched an all-out initiative for AIDS prevention, care and treatment in developing countries, especially in Africa. At the time, it was the largest-ever initiative dedicated to a single disease.

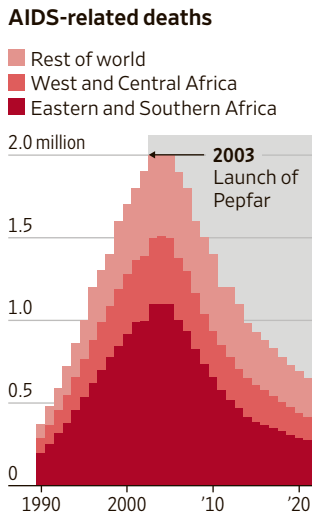
Counting the lives saved from a disease is quite a bit trickier than counting lives lost. In the latter case there are death certificates but in the former no straightforward count of people who would have died and didn't.

This was the challenge in assessing the impact of the U.S. President's Emergency Plan for AIDS Relief, or PEPFAR. For 2003, the year the plan was launched, the Joint United Nations Programme on HIV/AIDS estimated that two million people died of AIDS, a number that had been rising relentlessly since the disease's emergence. The number peaked in 2005 and began to fall. For 2021, UNAIDS estimated the disease caused 650,000 deaths.

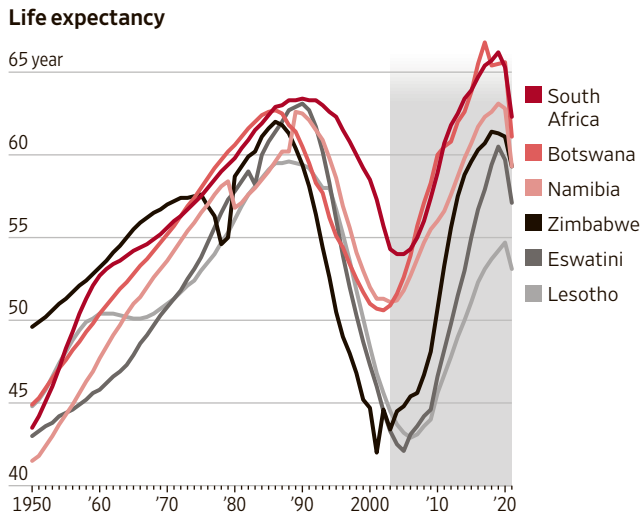
Lifespan plunged in hardest-hit sub-Saharan Africa. South Africa, Namibia and Botswana all had life expectancies of 63 years in the late 1980s or early 1990s. By the early 2000s, it was 54 in South Africa and 51 in the other two nations. Fifty years of progress and, for the victims, a decade of life, had disappeared.

Amanda Glassman, executive vice president at the Center for Global Development, whose research focuses on setting global health priorities, said those trends began to reverse after the AIDS initiative's launch. "The effort to combat HIV/AIDS through making anti-

Life expectancy began recovering more quickly in the countries that were the original focus of the President's Emergency Plan for AIDS Relief.



Note: Botswana, Namibia and South Africa were initial focus countries for PEPFAR. Eswatini, Lesotho, and Zimbabwe were added later. Sources: Joint United Nations Programme on HIV/AIDS (deaths); UN World Population Prospects via Our World in Data (life expectancy)



retrovirals more accessible, especially in low-income countries, has generated enormous economic and health returns," she said.

In retrospect, the inflection point in the AIDS fight coincided with PEPFAR. But that doesn't prove PEPFAR caused the decline. To determine the link, researchers have used two methods, said Eran Bendavid, a professor of medicine at Stanford.

The first method looks at all the interventions the program has funded. In December, the State Department, which oversees PEPFAR, said the program helps fund anti-retroviral drugs for 20.1 million women, men and children. It reports 1.5 million people have enrolled to get PrEP, a prophylactic medication that protects high-risk people from acquiring HIV, the virus that causes AIDS.

The drug not only saves the lives of people with HIV, but reduces the chances of a person spreading the virus. The Centers for Disease Control and Prevention says that PrEP reduces the risk of HIV from sex by 99% when taken as prescribed. Studies have found that male circumcision reduces the risk of acquiring



The U.S.'s PEPFAR program helped fund a Rwanda HIV clinic where a mother and child waited for treatment in early 2008.

HIV through heterosexual exposure by about 60%.

The State Department claims the program has saved 25 million lives, though it doesn't explain how it arrived at that number. Indeed, the challenge with estimating lives saved from the number of people being treated is that not everyone takes medicine as prescribed. Especially early on, not everyone could be assumed to take antiretrovirals as effectively as in trials. Potentially, efforts to fight one disease could sub-

tract from efforts to save lives from another.

In a study from 2012, Dr. Bendavid and co-authors took a different approach to estimating lives saved that is still considered the gold standard. While AIDS was spreading rapidly through much of the world, initially the program focused largely on 12 African countries, including South Africa, Namibia and Botswana, but not on similar countries, in many cases direct neighbors such as Zimbabwe, Lesotho

or Eswatini (formerly Swaziland).

These countries were "all tracking the same way in the five to six years" before the U.S. AIDS initiative, Dr. Bendavid said. Then, as soon as the program begins in the focus countries, "you see the number of antiretrovirals goes way up, mortality goes way down"—but in the nonfocus countries mortality continues to rise.

The results allowed researchers to estimate a counterfactual: How many people would have died absent the programs? They estimated adult mortality was 20% lower in the focus countries. The program did expand to those places later, but the gap provides powerful evidence that PEPFAR, rather than other changes in treatment of the epidemic, spurred the improvements.

(Later research and a series of studies reaffirmed Dr. Bendavid's finding.)

The different approaches don't produce the exact result but tell the same story. "It's easy to back up the claim that many millions are alive today who otherwise wouldn't have been," Dr. Bendavid said.

The program has had controversies. Its original authorization stipulated that 7% of overall spending had to be for abstinence-until-marriage education. Critics saw this as intending to promote religious values. The National Academy of Medicine, then known as the Institute of Medicine, faulted the target, and in 2008, Congress removed it.

Some researchers have noted that about 70% of U.S. assistance to Africa has gone to health programs, primarily HIV/AIDS, even though this is no longer the priority of many African governments and citizens more concerned with job creation or security.

"That in itself is a huge success," said Ms. Glassman. AIDS/HIV is "no longer top of mind because it's being managed," she added.

U.S. WATCH

IDAHO

Legislation Restricts Travel for Abortions

Idaho's legislature this week passed a bill making it a crime to assist minors in traveling to obtain an abortion, a novel attempt by a Republican-led state to restrain residents from seeking the procedure in states where it is legal.

The bill creates a new offense of "abortion trafficking," punishable by two to five years in prison. It would apply in circumstances in which a minor seeking an abortion didn't have parental consent to do so.

Supporters of the bill say it protects parental rights.

Idaho Rep. Kevin Andrus, a Republican sponsor of the bill, said lawmakers recognized that some Idaho citizens will travel to other states to seek the procedure. "We have no issue with people making those decisions that fit them best," Mr. Andrus said. "It's when parents are uninformed of their children's activity that we get concerned."

Opponents say the bill violates a widely accepted right for U.S. citizens to travel to other states and participate in activities that are legal there. "We're opening a really dangerous Pandora's box with these travel bans," Rep. Ilana Rubel, a Democrat, said on the Idaho House floor Thursday.

—Laura Kusisto and Jennifer Calfas

WASHINGTON, D.C.

Policy Slows Change To Medicare Outlays

The Biden administration will move ahead with changes that could reduce federal payments to many private Medicare plans, but will phase them in more slowly than it had planned under an earlier proposal that drew huge pushback from the industry.

The final payment policy for the private Medicare plans, known as Medicare Advantage, will take effect next year. The rollout of the changes, which will now take place over three years rather than one, means that the effect in 2024 will be substantially less than under the earlier proposal.

Medicare officials said the changes are aimed at making sure payments are accurate, and that they chose to phase them in more gradually after getting feedback from the industry and others.

"We think that the approach that we have taken in this final rate notice really ensures that insurance companies are in a position to adjust to our new rules and make sure that premiums are stable and benefits stay consistent," said Chiquita Brooks-LaSure, administrator of the Centers for Medicare and Medicaid Services.

—Anna Wilde Mathews

CORRECTIONS & AMPLIFICATIONS

Alexei Moskalyov was convicted in absentia of discrediting the Russian military in his social-media posts. A World News headline on Wednesday incorrectly said he was jailed.

Substack Inc. raised its funding goal to \$5 million from \$2 million, and its pricing is identical on a pre-money basis

to its 2021 fundraising. A Heard on the Street column on Friday about Substack incorrectly said the company offered its writers a 10% discount to its last successful fundraising. It is only a discount to its post-money valuation and to an unsuccessful fundraising attempt in 2022.

Social-media app Wimkin

was suspended by the Google Play store in January 2021 due to content related to the Jan. 6 Capitol riot, and it has since returned to the store. A Nov. 29 Business News article about Twitter Inc. said Google gave Wimkin a warning, but it didn't specify that the app later was suspended and subsequently restored.

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

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U.S. NEWS

Norfolk Southern Sued by U.S. Over Ohio Derailment

By DEAN SEAL

Federal prosecutors and environmental regulators sued **Norfolk Southern Corp.** over February's derailment in East Palestine, Ohio.

The Justice Department and Environmental Protection Agency jointly filed a civil complaint on Friday against the railroad operator, alleging that the discharge of pollutants, oil and hazardous substances from the derailment violated the Clean Water Act. "When a Norfolk Southern train derailed last month in East Palestine, Ohio, it released toxins into the air, soil and water, endangering the health and safety of people in surrounding communities," Attorney General Merrick Garland said Friday.

The lawsuit seeks financial penalties and injunctive relief against the Atlanta-based railroad.

It also aims to hold Norfolk Southern "accountable for unlawfully polluting the nation's

waterways and to ensure it pays the full cost of the environmental cleanup," according to the complaint filed in the U.S. District Court for the Northern District of Ohio.

When reached for comment, a Norfolk Southern representative said the company is "working with urgency, at the direction of the U.S. EPA, and making daily progress."

East Palestine residents and business owners as well as the state of Ohio have sued Norfolk Southern in connection with the Feb. 3 derailment.

Federal regulators' scrutiny of the rail industry in the wake of the East Palestine accident was amplified by additional derailments in the two months that followed, including one in Raymond, Minn., early Thursday, that ignited a fire and forced an evacuation.

The evacuation order was lifted later the same day, said BNSF Railway, whose train had been carrying mixed freight including ethanol and corn syrup.

Tornadoes Inflict Havoc, Death in Arkansas



STEPHEN SYMPFORD/ARKANSAS DEMOCRAT-GAZETTE/ASSOCIATED PRESS

At least three people died after tornadoes touched down in Arkansas on Friday, officials said, as a major storm system brought severe weather across the central U.S. Gov. Sarah Sanders said two died in Wynne, which suffered widespread damage. Little Rock and North Little Rock also took a direct hit and had at least one fatality, officials said. Above, people worked to clear trees in Cammack Village.

More Say Colleges Aren't Worth the Cost

By DOUGLAS BELKIN

A majority of Americans don't think a college degree is worth the cost, according to a new Wall Street Journal-NORC poll, a new low in confidence in what has long been a hallmark of the American dream.

The survey, conducted with NORC at the University of Chicago, a nonpartisan research organization, found that 56% of Americans think earning a four-year degree is a bad bet compared with 42% who retain faith in the credential.

Skepticism is strongest among people ages 18-34, and people with college degrees are among those whose opinions have soured the most, portending a profound shift for higher education in the years ahead.

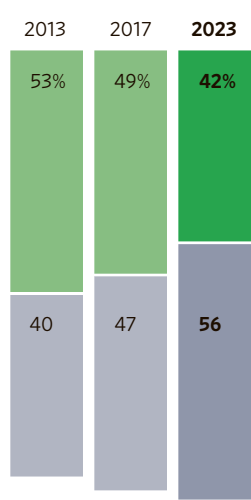
In 2013, 53% of Americans were bullish on college, and 40% weren't. In 2017, 49% of Americans thought a four-year degree would lead to good jobs and higher earnings, compared with 47% who didn't.

"These findings are indeed sobering for all of us in higher education, and in some ways, a wake-up call," said Ted Mitchell, the president of the American Council on Education, which counts more than 1,700 institutions of higher education as members. "We need to do a better job at storytelling, but we need to improve our practice, that seems to me to be the only recipe I know of

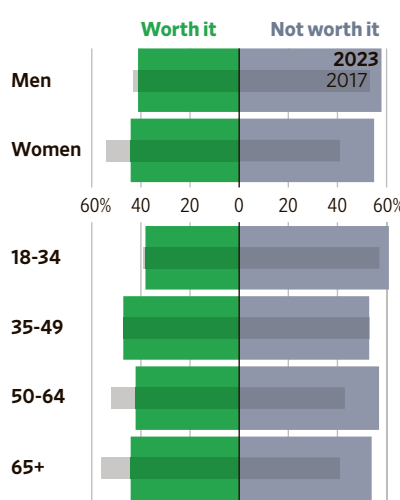
When it comes to getting a four-year college degree, which of the following statements comes closer to your point of view? A four-year college education is...

Worth the cost because people have a better chance to get a good job and earn more income over their lifetime

Not worth the cost because people often graduate without specific job skills and with a large amount of debt to pay off



Is a four-year college education worth the cost?



Note: 'Don't know'/skipped/refused responses not shown. Numbers may not total 100 due to rounding. Source: WSJ/NORC poll of 1,019 adults, conducted March 1-13, 2023; margin of error +/- 4.1 pct. pts. 2017 data from WSJ/NBC survey of telephone poll of 1,200 adults conducted Aug. 5-7; margin of error +/- 2.8 pct. pts. 2013 data from CNBC AAES survey of June 2013.

regaining public confidence."

Dr. Mitchell cited student debt, which has reached \$1.7 trillion, and the 60% graduation rate at four-year colleges as two big problems undermining confidence in the sector.

Public skepticism toward higher education began to rise after the 2008 recession and compounded during the pandemic. Enrollment in U.S. colleges declined by about 15% over the past decade while the growth in alternative credentials, including apprenticeships, increased sharply.

In 2017, doubt over the value of a college degree was greatest among men, Republicans and people living in rural areas. That disaffection preceded a widening gender gap in higher education as hundreds of thousands of men left college during the pandemic.

The Journal poll in March found disaffection has spread to all age groups as well as residents of cities and suburbs. The last categories in which a slim majority held fast to their faith in the value of a college degree were Democrats, those

with a college degree and those earning more than \$100,000 a year.

But 42% of people with college degrees said in the most recent survey that it wasn't worth it, up more than 10 percentage points from the two polls last decade.

Women and older Americans are driving the decline in confidence. People over the age of 65 with faith in college declined to 44% from 56% in 2017. Confidence among women fell to 44% from 54%, according to the poll.



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French Art de Vivre



U.S. NEWS

Spending Growth, Core Inflation Cool

Consumers boosted outlays by 0.2% in February after prior month's 2% increase

By Gwynn Guilford

Consumer spending rose more modestly in February after a sharp jump at the start of the year, while inflation cooled but remained elevated.

Households boosted their spending by a seasonally adjusted 0.2% in February from the prior month, the Commerce Department said Friday. That followed a revised 2% increase in January, but economists said the two months viewed together represented a solid gain as 2023 got under way.

"February's consumer spending numbers should be viewed as quite strong," said Pooja Sriram, U.S. economist at Barclays. "Households continue to feel the tailwind from strong gains in wages and salaries, fueled by strong labor demand, and continue to dip into excess savings accumulated during the pandemic for additional firepower."

Inflation continued to take a bite out of spending power, however. When adjusted for rising prices, household spending fell 0.1% in February from the prior month, after rising a revised 1.5% in January.

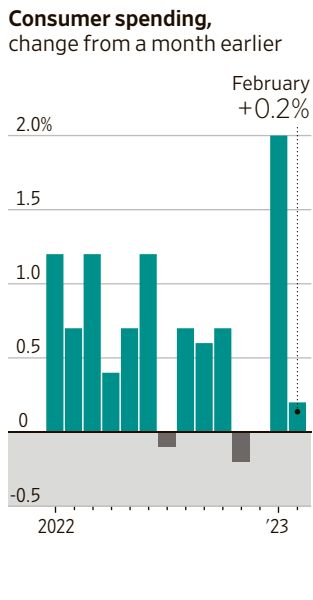
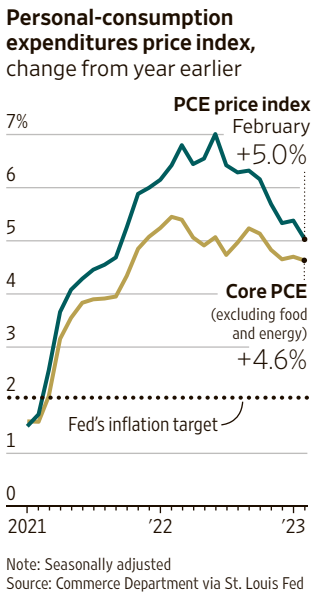
Inflation eased in February, though it remains significantly above the Federal Reserve's 2% target. The personal consumption-expenditures price index climbed 5% in February from a year earlier, down from 5.3% in January.

The core-PCE price index—which omits volatile food and energy prices—rose 4.6% in February from a year earlier, compared with 4.7% the prior month. The Fed sees the core measure as a better predictor of future inflation.

The Fed raised short-term interest rates by a quarter-percentage point on March 22, its ninth straight increase aimed at curbing inflation by slowing



A showroom during February's Fashion Week in New York. Inflation curbed spending power.



the economy. Though inflation remains high, Fed Chair Jerome Powell signaled last week that the central bank could stop raising interest rates sooner than previously thought if the recent banking system stress triggers a pullback in lending. In the weeks before the banking crisis, the economy showed surprising strength de-

spite the Fed's rate increases. Employers added a seasonally adjusted 311,000 jobs in February and the unemployment rate was 3.6%, near historic lows, the Labor Department said. Home sales rose in February from the prior month for the first time in a year. Early signs indicate that the economy stayed on a solid track in March. Surveys

showed that U.S. business activity picked up along with consumer confidence in the economic outlook. Initial jobless claims, a proxy for layoffs, are hovering near historically low levels.

But banking turmoil—and tighter lending that might result—will influence business investments more directly than consumer spending, said Oren Klachkin, lead U.S. economist at Oxford Economics.

With consumer spending accounting for around two-thirds of output, a strong labor market translates to a resilient economy, economists said.

"Even though we're seeing layoffs in tech, with unemployment at 3.6%, what you have is that people who want jobs can get jobs," said Leo Feler, chief economist at Numerator, a consumer insights and data company. "That means households have income and spending power."

Consumers' spending accounts for around two-thirds of U.S. economic output, making it the key to growth.

Their spending on goods rose 3.7% in February from December, lifted by increased out-

lays on furniture, electronics and pleasure boats. Spending on services picked up 1.5% in the same period, as consumers shelled out more on air travel and at movie theaters, restaurants and amusement parks.

Household finances also got a boost in February, the Commerce report showed. Income rose 0.3% in February from the prior month, pushed up by increasing wages for service sector workers in particular, Mr. Klachkin said.

And the personal saving rate was 4.6% in February, the highest in more than a year.

Chandler Atkins, owner of Elms Waterfront Cottages in Lake Luzerne, N.Y., said bookings are as strong as last year with people visiting from across the country. When the economy turns down, New Yorkers tend to dominate bookings as they dial back more ambitious travel plans, he said. But when times are good, those from farther afield pick up.

"I just took a couple bookings yesterday from people in California," he said. "They must feel that the economy is strong enough and they're not facing recession stress right now."

Mr. Atkins is expanding his business, launching a new lodging and events venue and an all-terrain vehicle track on Memorial Day. He is keeping an eye on banking industry troubles but isn't overly concerned. "I don't think that's really going to have an impact on the vacationer this year," he said.

Solid consumer demand is putting price pressure on services, as consumers shell out on sporting events, concerts, packaged tours, restaurants and other recreation, said Luke Tilley, chief economist at Wilmington Trust Investment Advisors Inc.

"The price increases for some of these recreation services are just astronomical," he said. "People are slowing their spending overall but basically, companies are able to pass on some more price increases because people are willing to pay."

Social Security's Reserves Strained

By David Harrison

An economic slowdown, persistent inflation and weaker productivity growth will hurt Social Security's finances, draining its reserves one year earlier than previously estimated, the government said Friday.

Social Security won't have enough money to pay all beneficiaries the amount they are entitled to starting in 2034, according to the latest report by the program's trustees. Unless Congress takes action to shore up the program, beneficiaries would receive about 80% of their scheduled benefits after that point.

Lower birthrates over the past few decades combined with a wave of retiring baby boomers have challenged the long-term solvency of Social Security, which pays benefits to retirees, their survivors and people with disabilities.

In 2021, Social Security began paying more in benefits than it was receiving through payroll taxes and interest on the specially issued Treasury securities it holds in reserve. That has reduced the size of its trust fund to \$2.8 trillion in 2022 from \$2.9 trillion in 2020.

The trust fund will continue to shrink until 2034, when it will run out of money, the report said. After that, benefits will have to be cut to account for lower revenues.

A separate report on Medicare showed that its finances are improving thanks to lower projected healthcare spending than in last year's report. Medicare's hospital-insurance trust fund will be able to cover all benefits until 2031, three years longer than forecast last year, the report said.

To improve Social Security's long-term finances, Congress could cut benefits, raise taxes or a combination of the two.

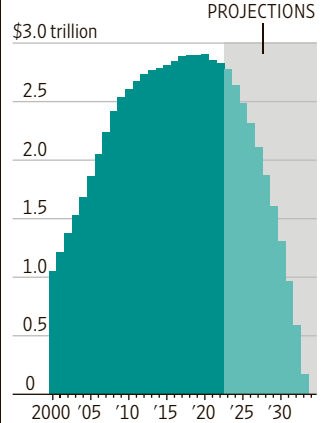
To keep the program solvent for the next 75 years, taxes would have to immediately rise 3.44 percentage points to 15.84%, split between employees and employers, the Social Security trustees' report said.

Right now, employees and employers both contribute 6.2% of payroll, for a combined 12.4% tax rate.

An immediate 21.3% cut in benefits would also put the program on sounder footing without raising taxes, the report said.

Under the program's rules, each year's tax and interest income is used to pay that year's benefits. What is left over is deposited into the trust fund.

Social Security trust fund balance



Stocks End Quarter on An Up Note

Continued from Page One takeover. The biggest U.S. banks scrambled to shore up First Republic Bank to stop growing panic from taking down more lenders.

In the face of significant uncertainty, markets proved to be more buoyant than many investors thought possible.

The S&P 500 rose 7% in the first quarter, while the Dow Jones Industrial Average added 0.4%. The Nasdaq Composite soared. The technology-heavy index jumped 17%, outperforming the Dow industrials by the widest margin since 2001. Overall, it was Nasdaq's best quarter since the second quarter of 2020.

Meanwhile, bond prices climbed. The yield on the 10-year U.S. Treasury note, which influences everything from mortgage rates to student loans, fell to 3.491% from 3.826% at the end of 2022. That marks its biggest quarterly decline since 2020.

What explains the relative calm in markets?

"Things have been better than many feared," said Eric Freedman, chief investment

officer at U.S. Bank Asset Management.

A widely anticipated recession has failed to materialize, at least so far. The labor market has remained robust, even with a pickup in layoffs in the technology sector in recent months. And inflation, while still high, has continued to ease. Data showed consumer prices rose 6% from a year earlier in February, the smallest annual gain since September 2021.

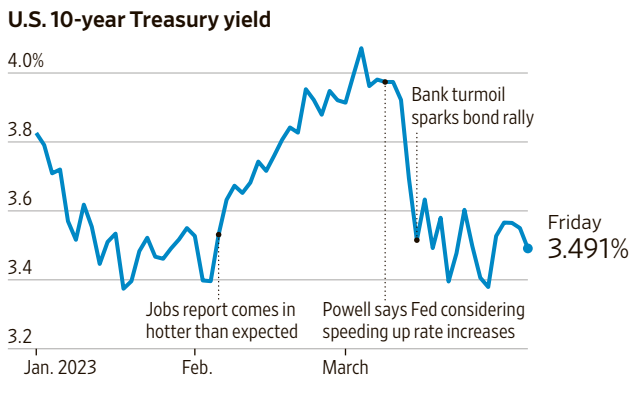
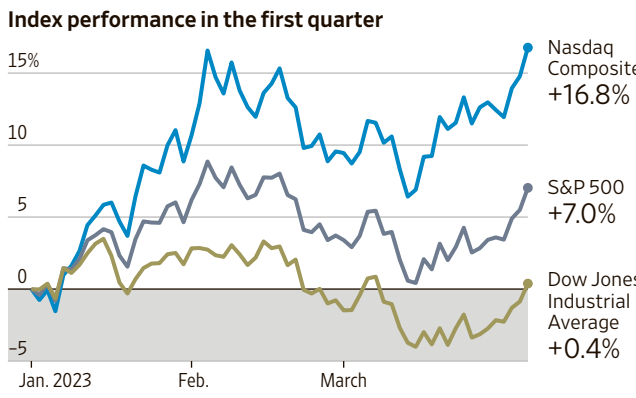
The combination of factors has helped investors including Mr. Freedman to stay somewhat optimistic—although he is still advising clients to stick to higher-quality companies within credit markets.

"We don't think we are out of the woods yet," he said.

Some investors and analysts, for instance, are wary of the risk that markets will be proved wrong about where the Fed will take interest rates the rest of the year.

Recent projections show Fed officials expect the federal-funds rate to rise to at least 5.1% from its current range of 4.75% to 5%. That suggests the Fed could push through one more quarter-point interest-rate increase and then hold rates at that level for the remainder of the year.

Yet Wall Street has once again grown more confident that the Fed will begin cutting rates as soon as the second



Sources: FactSet (performance); Tradeweb ICE Close (yield)

half. Derivatives markets show traders expect the federal-funds rate to peak at around 4.9% in May, then fall to about 4.4% by the end of the year, according to FactSet.

"There's a disconnect between market expectations for the Fed and what the Fed is saying," said Michelle Cluver, portfolio strategist at Global X ETFs, who attributed the bets

on rate cuts in part to the fall-out from the banking crisis in March.

Heightened expectations for rate cuts have driven investors into many of the stocks that were among the worst hit in last year's market sell-off. Nvidia Corp. soared 90% in the first quarter, while Facebook parent Meta Platforms Inc. rose 76% and Tesla Inc.

climbed 68%.

Bitcoin also jumped. The cryptocurrency traded above \$28,000 on Friday, up around 71% for the quarter.

Meanwhile, many of last year's biggest winners have lagged behind. Energy stocks, which soared in 2022, fell in the first quarter. So did crude oil prices.

Analysts and investors are divided on how long that reversion will last.

"I do believe there may need to be repricing from markets on where rates are going to be," Ms. Cluver said. At the moment, with the crisis in the banking sector looking relatively contained, there doesn't seem to be a strong reason for the Fed to cut rates in the near future, she added.

For some, the biggest question remains how well the economy will hold up under the strain of higher interest rates and tighter financial conditions.

Fetterman Leaves Hospital, Will Return to the Senate

By Stobhan Hughes

Sen. John Fetterman was discharged on Friday from Walter Reed National Military Medical Center, where he checked himself in for depression, his office said.

The 53-year-old Democrat from Pennsylvania entered the hospital in mid-February after struggling with what an aide said was clinical depression that left him unable to take care of himself in basic ways, like eating or drinking. He had suffered a stroke on the campaign trail last year and had been left with speaking and auditory-perceiving difficulties. To understand what was being said, Mr. Fetterman had to rely mostly on a tablet to

transcribe what people were saying.

Mr. Fetterman had "severe symptoms of depression with low energy and motivation, minimal speech, poor sleep, slowed thinking, slowed movement, feelings of guilt and worthlessness," according to a summary of a discharge briefing from Dr. David Williamson, neuropsychiatry chief and medical director at Walter Reed. The senator wasn't contemplating suicide, the discharge briefing said.

"According to Dr. Williamson, Senator Fetterman's depression is now in remission," Mr. Fetterman's office said in a statement. "With the Senate in recess for the next two weeks, Senator Fetterman will



Sen. Fetterman in February, before seeking treatment.

spend time with his family and constituents in Pennsylvania, and return to Washington, D.C. when the Senate session resumes on April 17th."

Before he entered the hos-

pital, his symptoms had worsened over the prior eight weeks to the point that Mr. Fetterman had stopped eating and taking fluids, according to the discharge summary, causing him to develop low blood pressure potentially affecting brain circulation.

Mr. Fetterman was fitted for hearing aids, according to the discharge summary, after doctors identified mild to moderate sensorineural hearing loss. At the same time, his cardiology team changed medications and reduced dosages, the summary said. He also worked with speech-language specialists, according to the summary. His speech improvement "was noticeable and we believe that significant contin-

ued improvement is likely with continued outpatient rehabilitation," according to the discharge briefing.

"I am extremely grateful to the incredible team at Walter Reed," Mr. Fetterman said in a statement. "The care they provided changed my life...This isn't about politics—right now there are people who are suffering with depression in red counties and blue counties. If you need help, please get help."

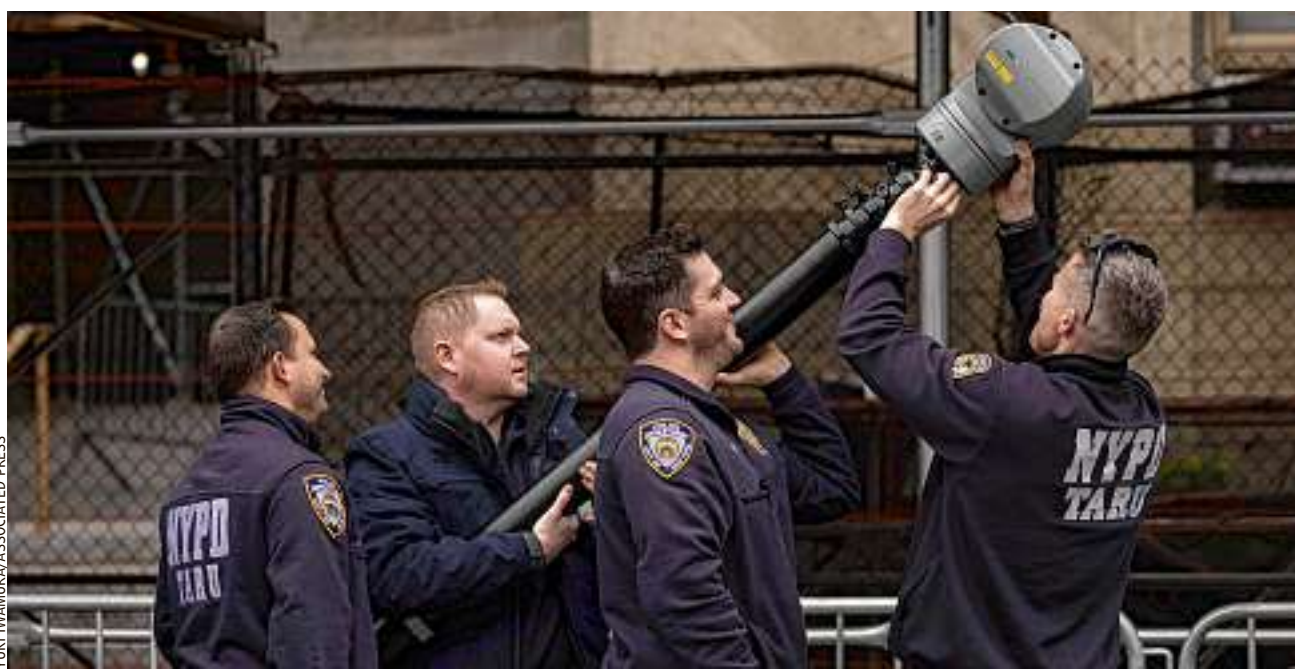
Doctors said there was no new stroke, according to the discharge briefing, and an echocardiogram showed no blood clots in the heart. Mr. Fetterman will pursue outpatient treatment, his office said.

In an interview with CBS "Sunday Morning" set to air this weekend, Mr. Fetterman described his symptoms between winning his competitive Senate race and being sworn in.

"The whole thing about depression is that objectively, you may have won, but depression can absolutely convince you that you actually lost and that's exactly what happened. And that was the start of a down, a downward spiral," he said, according to an excerpt released by CBS.

He added, "I had stopped leaving my bed. I had stopped eating. I was dropping weight. I had stopped engaging in some of the most—things that I love in my life."

U.S. NEWS



New York City police put up a surveillance camera outside a Manhattan court Friday ahead of Donald Trump's expected surrender next week.

Trump Prepares to Surrender Next Week at New York Court

New York officials and Donald Trump's legal team began preparations for the former president to surrender Tuesday to face charges for his role in

By Corinne Ramey,
Joe Palazzolo
and Rebecca Ballhaus

paying hush money to a porn star on the eve of his 2016 election victory.

A grand jury handed up the indictment, sought by the office of Manhattan District Attorney Alvin Bragg, on Thursday afternoon. The charges aren't public and are expected to remain sealed until Mr. Trump makes an initial appearance in court, scheduled for 2:15 p.m. on Tuesday. He is first expected to report to the district attorney's office, there to be arrested, fingerprinted and photographed.

Mr. Trump is planning to fly from Florida to New York on Monday and spend the night at Trump Tower before heading to the courthouse Tuesday, ac-

ording to people familiar with his schedule.

Streets surrounding the lower Manhattan courthouse are also expected to be blocked off, officials said. The U.S. Secret Service is expected to accompany Mr. Trump during his time at the courthouse.

The former president has previously called on his supporters to protest, and forecast "death & destruction." He hasn't repeated such pitches since being indicted.

A spokesman for Mayor Eric Adams said Friday that there are no credible threats to New York City at this time.

New York Gov. Kathy Hochul said she spoke with Mr. Adams on Thursday about Mr. Trump's pending appearance and offered state resources to help with security or crowd control.

Trump lawyer Joe Tacopina appeared on major television networks to defend his client from charges he said were unprecedented and unfair. He said there was "zero" chance Mr. Trump would take a plea in the

case, which centers on his role in making a hush-money payment to a porn star before the 2016 election.

"It's not going to happen," Mr. Tacopina said on NBC's "Today" show. "There's no crime. I don't know if it's going to make the trial because we have substantial legal challenges that we have to front before we get to that point."

Mr. Trump has been unsettled for weeks by the prospect of being indicted, advisers have said. Advisers said they expected him to struggle with the notion of being fingerprinted and having his mug shot taken—as one of his lawyers put it, "just like anyone else."

The case is expected to land in the court of Justice Juan Merchan, who presided over the tax-fraud trial against the Trump Organization last year.

A jury found that the company engaged in an off-the-books compensation scheme to pay some executives in car leases, apartments and cash. Justice Merchan sentenced the

Trump Organization's former chief financial officer, Allen Weisselberg, to five months in jail for his role in the scheme. Mr. Weisselberg, who pleaded guilty and testified against the company, is due to be released next month.

Justice Merchan has handled felony trials since 2009. He previously worked in the New York attorney general's office and in the Manhattan district attorney's office.

Mr. Bragg's office on Friday sent a letter to the Republican chairs of three U.S. House committees who have criticized the investigation into Mr. Trump and demanded documents about the probe.

"Based on your reportedly close collaboration with Mr. Trump in attacking this Office and the grand jury process, it appears you are acting more like criminal defense counsel trying to gather evidence for a client than a legislative body seeking to achieve a legitimate legislative objective," the letter said.

Indictment Rekindles A Fractious Politics As More Cases Loom

The indictment of Donald Trump by a Manhattan grand jury is likely to energize the former president's most ardent supporters, further erod-

By Alex Leary,
John McCormick
and Lindsay Wise

ing their trust in the legal system and exacerbating national divisions as the case plays out.

And new flashpoints may be on the horizon: Mr. Trump, the leading GOP White House candidate, faces additional investigations on potentially more serious charges, including his attempts to overturn his 2020 election loss and remain in power.

"People have such strong feelings about Trump, it can't help but inflame divisions," said Republican consultant Alex Conant, who led communications for Sen. Marco Rubio's 2016 presidential campaign and served as a spokesman in the second Bush White House. "There's just no common ground on anything involving Trump."

Initial reaction to the indictment involving hush-money payment to a porn star on the eve of the 2016 election confirmed that notion. Republicans called the prosecution politically motivated and dangerous to democracy, while Democrats said no one is above the law and expressed concern about violence.

Mr. Trump, who is to be arraigned on Tuesday, has called for protests—though so far nothing significant has happened—while lashing out at the prosecutor. On Friday, he sent out a fundraising email titled "RUMORED DETAILS OF MY ARREST" and used social media to criticize the judge assigned to the case.

Some leading Republicans have been holding their fire: Senate Minority Leader Mitch McConnell of Kentucky and

Sen. John Thune of South Dakota, the No. 2 Senate Republican, hadn't issued statements on the indictment.

Democrats have urged patience and respect for the legal process. "I hope that my friends and colleagues across the political spectrum remember that every American is entitled to the presumption of innocence, and that they also respect whatever result our justice system ultimately produces," Sen. Chris Coons of Delaware said.

U.S. politics have steadily careened toward tribalism, with both political parties crafting safe congressional districts that have helped hollow out the ideological middle. Social media and a news environment that plays up conflict have also contributed. The Trump era brought new heights of partisan rhetorical combat and saw the Jan. 6, 2021, assault on the U.S. Capitol by a mob of Trump supporters, something unimaginable not long ago.

Overall, 57% of Americans think Mr. Trump should be disqualified from running again should he face criminal charges. Among Republicans, 75% think it shouldn't be disqualifying, according to a Quinnipiac University poll released this week.

Sarah Longwell, a Republican strategist and Trump critic, said she expects he will get a political boost from the indictment. "I think there will be a short-term rally-around-Trump effect that comes from how much these voters distrust the institutions that are prosecuting Trump," she said.

If he is charged with other criminal activity later, Ms. Longwell said the political consequences are likely to be more significant for Mr. Trump: "There are a lot of people for whom it is important to see a mug shot of Donald Trump and this will be their opportunity for that."



Richard Nixon's resignation avoided impeachment but didn't rule out an indictment. A pardon did.

Some Presidents in the Past Skated Close to Legal Peril

By JACOB GERSHMAN

A Manhattan grand jury's indictment of former President Donald Trump represents an extraordinary moment for America.

Other presidents have been impeached or left office in disgrace under the shadow of scandal or criminal suspicion. But none of the other men who previously occupied the nation's highest office ever found themselves in the legal jeopardy that now imperils Mr. Trump.

"An indictment of Trump is unprecedented in the annals of presidential history," said Jeffrey Engel, director of the Center for Presidential History at Southern Methodist University.

President Richard Nixon was named by a grand jury in 1974 as an unindicted co-conspirator in the Watergate scandal but was never charged with a crime. His resignation avoided impeachment but didn't rule out an indictment. Watergate prosecutors had reservations about making a criminal case, concerned about whether the ex-president

could receive a fair trial and that bringing an obstruction case could aggravate national political divisions. The question, though, was made moot by President Gerald Ford's pardon of Mr. Nixon.

President Bill Clinton in 1998 was impeached by the House for perjury and obstruction of justice related to his attempted coverup of his relationship with former White House intern Monica Lewinsky. The Senate voted against conviction, but the threat of criminal charges persisted until the final hours of his presidency, when he struck a deal with independent counsel Robert Ray. The prosecutor agreed not to pursue a grand jury indictment after Mr. Clinton admitted to giving false testimony under oath, surrendered his law license for five years and accepted a \$25,000 fine.

Ulysses Grant, the nation's 18th president, was arrested for speeding around the capital in his buggy in 1872, while he was in office, but he paid a fine and skipped court, Prof. Engel said.

When compared with prac-

tices in other countries, Mr. Trump's prosecution is less unusual, even among liberal democracies. In the last decade alone, sitting or former heads of state in France, Italy, Israel, Brazil and South Korea have been charged with crimes including illegal campaign financing, bribery and tax fraud.

Before Mr. Trump's indictment, U.S. prosecutions of political leaders never reached higher than U.S. vice presidents. Aaron Burr, vice president from 1801 to 1805, fled arrest warrants issued by New York and New Jersey after he killed Alexander Hamilton in a duel. He was arrested in Alabama in 1807, tried for treason in Virginia—accused of scheming to detach Western states from the union to establish his own empire in Spanish territories—and ultimately acquitted.

Vice President Spiro Agnew resigned in 1973 after pleading no contest to a felony tax-evasion charge stemming from a broader investigation into alleged kickbacks he received during his time in Maryland politics, which included a stint as Maryland's governor.

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U.S. NEWS

U.S. Considers Census Query on Slave Ancestry

Change would help quantify eligibility for reparations should the government agree to pay them

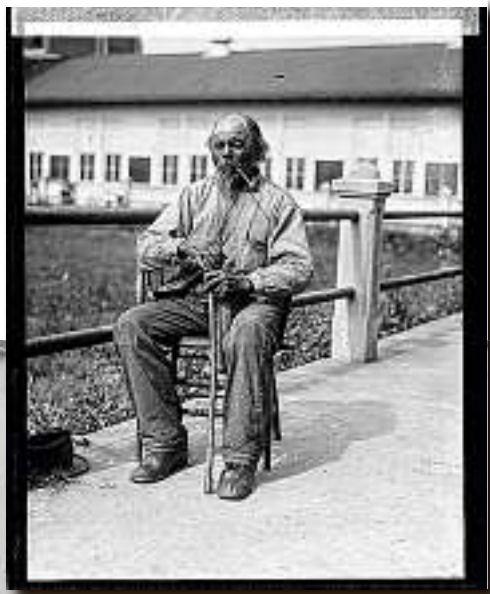
By MICHELLE HACKMAN AND PAUL OVERBERG

The U.S. government is considering asking Black Americans on federal forms, including the census, whether their ancestors were enslaved.

In a proposed update to how the government tracks Americans' race and ethnicity, the Biden administration is asking the public for input on how it might go about differentiating Black people who are descendants of slaves in America from those whose families arrived more recently as immigrants from sub-Saharan Africa, the Caribbean or other countries.

The idea of adding more-detailed categories to the census has been gaining currency among some Black Americans, who say society too often conflates their experiences with those of Black immigrants, who only started moving to the U.S. in meaningful numbers in the past few decades. Roughly one in five Black people in the U.S. are immigrants or their children, according to an analysis by the nonpartisan Pew Research Center.

Supporters of the change say one reason they are pushing it is to quantify who would be eligible to receive reparations for slavery should the government ever agree to pay them. An effort to make such payments has stalled in Congress, though local efforts have gained some steam. In San Francisco, the city's Board of Supervisors is debating a proposal to award eligible Black residents up to \$5 million per person in restitution, one of a menu of preliminary recommendations that include free homes, guaranteed incomes, and debt and tax relief.



Historical photos, clockwise from top left: A Black man in chains in Louisiana, 1863; a freed man in 1920; enslaved workers in Beaufort, S.C., 1862. Research out of the Federal Reserve Bank of Minneapolis, Duke University and elsewhere shows that Black Americans whose ancestors were enslaved tend to lag behind in wealth and education compared with more-recent arrivals. Below, Michael Hicks, an administrator at a historically Black college in Louisville, Ky., and some of his family-tree information.



Eastern or North African heritage. Unlike for those changes, the administration didn't include a formal recommendation about identifying Black Americans' ancestry, but rather solicited comments from the public on how it might do so.

Supporters of the change want an additional question should a respondent select "Black or African American" on a government form where they could indicate that their ancestors were slaves. In its proposed rule on those broader changes, the administration asked whether the term "American Descendants of Slavery" or "American Freedmen" would be the best terms to describe the group. Some have suggested the term "Foundational Black Americans."

The White House's Office of Management and Budget, which is spearheading the race-category overhaul, declined to comment.

Last year California became the first state to require that Black state employees be allowed to specify that they are "African American descendants of persons enslaved in the United States" on employment forms. The law, which takes effect next year, would allow self-identification by Black immigrants from Africa and the Caribbean and require that statistics be published each year.

A working group in California, which is drafting a reparations proposal for the State Legislature to study, is looking at partnerships with genealogy websites including 23andMe and Ancestry.com to potentially help verify a Black person's lineage should she or he apply to receive reparations. The census and other federal surveys rely on respondents' self-reported descriptions and typically don't ask for verification.

Mike Gonzalez, a senior fellow at the Heritage Foundation, a conservative Washington think tank, said subdividing the Black population in the U.S. is a harmful step that would further divide American society. "Government shouldn't be in the business of separating people by immutable characteristics," he said.

Mr. Gonzalez, who has written extensively on issues of race, said he favors reinstating a question removed after the 1970 census that asked respondents to list where their parents were born. Using that information, he said, researchers could group categories as they wish.

If the slavery-related change were adopted, it wouldn't only be used on the

census but also on forms that Americans encounter on a more routine basis, such as applications for federal student loans and home loans.

So far, thousands of members of the public have left comments on the proposed race-category overhaul.

Wealth gap

Michael Hicks, an administrator at a historically Black college in Louisville, Ky., recently logged into a government website and typed up a 400-word comment in favor of the change for Black respondents.

Mr. Hicks said he became interested in supporting politicians who more directly represent the interests of slavery descendants after becoming disillusioned with former President Barack Obama. During Mr. Obama's presidency, Mr. Hicks said, many Black Americans felt left behind as their neighborhoods gentrified and their incomes couldn't keep pace.

According to surveys conducted by the Federal Reserve, Black families' wealth is less than 15% of white families' wealth, and lower than any racial group.

"His election and his presidency was landmark, but it didn't help most Black Americans except symbolically," he said. Mr. Hicks and other supporters of this designation have pointed out that Mr. Obama isn't descended from slaves—his father was an international student from Kenya and his mother white.

"If America wants resources to go to the populations that need them the most, we must accurately recognize who is affected and why," Mr. Hicks wrote in his comments in support of the new category.

The government's proposal comes in the midst of a broader debate among Black Americans over how much experience the descendants of people enslaved in the U.S. share with those whose families came to America voluntarily. Many Black immigrants say they face much of the same discrimination, particularly at the hands of police. Black people from Africa were also brought to the Caribbean and Latin America as slaves. But many of those whose ancestors were enslaved in the U.S. believe they should be considered a distinct ethnic group.

That belief is based at least in part on limited data showing that Black immigrants and their children on average find higher-paying jobs and accumulate more wealth than people whose families have lived here for decades or centuries.

Collecting data

Research out of the Federal Reserve Bank of Minneapolis, Duke University and elsewhere shows that Black Americans whose ancestors were enslaved tend to lag behind in wealth and education compared with more-recent arrivals.

"America sees Black people as a monolith," said Chad Brown, spokesperson for the National Assembly of American Slavery Descendants, which backs reparations and is pushing for the change. "When you say all Black people are the same, you are ignoring differences in culture, ancestry, economics."

The potential change is one of several the Biden administration is thinking about adopting to redefine how race and ethnicity are

measured on government forms, which typically dictate how other institutions collect demographic data. The Biden administration has

proposed combining existing race and ethnicity questions so that "Hispanic or Latino" would no longer be a separate question, but instead

would be one of several choices on the race question. It has also proposed creating a new race question category for Americans of Middle

'When you say all Black people are the same, you are ignoring differences in culture, ancestry, economics.'

Chad Brown, spokesperson for the National Assembly of American Slavery Descendants

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Alcohol's Benefits Debunked

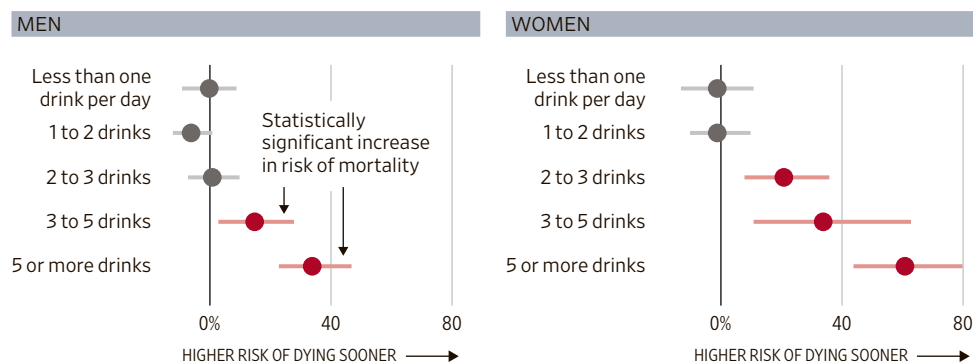
Continued from Page One
 Alcohol in the U.S. rose a record 25% during the pandemic in 2020 and an additional 10% in 2021, according to the National Institute on Alcohol Abuse and Alcoholism. Per capita alcohol consumption, measured as gallons of pure alcohol per person, rose 2.9% in 2020, the largest increase in more than 50 years.

Amanda Berger, a vice president at the Distilled Spirits Council of the U.S., a trade association, said alcohol is a lifestyle choice with risks and benefits. "Alcohol can be a part of a balanced diet for most adults," she said.

Tim Stockwell, director of the Canada Institute for Substance Use Research and an author of the new study, said many studies demonstrating health benefits from alcohol consumption were poorly conducted. For their review, he and his colleagues adjust for recurring flaws in much of that research.

Many studies counted people who had stopped drinking after years of heavy consumption with people who had never had a sip of alcohol. Comparing people who had stopped drinking because of health concerns with moderate drinkers made

Mean relative change in risk of dying sooner due to alcohol consumption compared with lifetime nondrinkers



moderate drinkers look healthier. Dr. Stockwell called it the "sick quitter effect."

Some studies didn't account for occasional drinkers who have outgrown the party life, another factor that would make heavier drinkers—who tend to be younger and have fewer chronic health problems—look healthier.

Other studies only followed people's drinking patterns for a few days and extrapolated the findings to their health outcomes 30 years in the future. "We can't remove the effect of all those bad studies in a meta analysis," he said. "But we can bat it down a bit."

Kevin Shield, a scientist who works with the World Health Organization in Toronto to track the effect of alcohol consumption around the world, said that while less appears to be best, scientists are identifying genes that can affect a per-



Per capita alcohol consumption rose 2.9% during the pandemic year of 2020, the largest increase in more than 50 years.

son's susceptibility to the ill effects of alcohol.

Genes that contribute to an inability to metabolize alcohol are also related to lower cardiovascular risk, he said. Some people with genes that are associated with flushing red when they drink are at higher

risk of some cancers, he said. People with higher tolerance are also at higher risk for alcohol dependence and cardiovascular disease, genetics research shows.

"We are discovering tons of new genes that track with alcohol," he said.

WORLD NEWS

Eurozone Core Inflation Hits a Record

Policy makers worry the search for bigger profits could keep other prices rising

By PAUL HANNON

Core inflation in the eurozone hit a record in March, a setback for central bankers whose rapid interest-rate rises have exacerbated financial sector strains and caused pains in part of the bloc's economy.

The fresh data increases the likelihood that the European Central Bank will raise its key rate again in May. It also could encourage governments to explore alternative ways to cool price rises by targeting inflationary increases in profits.

The European Union's sta-

tistics agency said consumer prices in the eurozone were 6.9% higher in March than a year earlier, a decline from the 8.5% rate of inflation recorded in February and the lowest in just more than a year. Economists surveyed by The Wall Street Journal last week expected to see a decline to 7.1%.

The sharp fall in the annual inflation rate was driven by energy prices, which surged in March last year after Russia's invasion of Ukraine, but have since fallen back.

The core rate of inflation however, which excludes volatile food and energy prices, rose to 5.7% from 5.6%, reaching the highest level since records began in 2001. Central bankers tend to focus on core inflation as an indication of whether rate rises are cooling

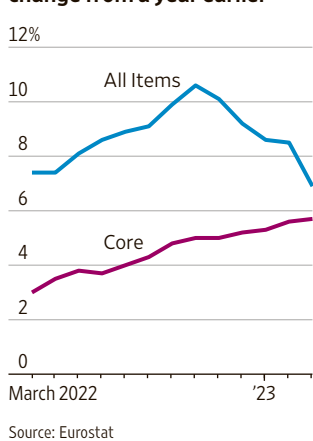
inflation because it better reflects the balance of demand and supply in the economy.

"This reinforces our view that the ECB will keep hiking in the coming months despite some financial stability concerns," economists at HSBC said.

As they consider their next steps, policy makers will be aware that further rate rises risk deepening strains in the European banking system. These strains could amplify the impact of interest-rate increases by leading to a sharper decline in lending to businesses and households than the ECB anticipated.

This added stress in the banking system came into sharp relief when Credit Suisse Group AG, weakened by years of scandals and trading losses, came under intense market

Eurozone consumer prices, change from a year earlier



Source: Eurostat

pressure, prompting Swiss regulators to engineer UBS Group AG's takeover of its rival. That followed the collapse of Silicon Valley Bank in the U.S., which

brought the challenges of adjusting to a sharp rise in interest rates into focus.

Policy makers have long been concerned that the surge in energy and food prices after the Ukraine invasion would lead to an increase in pay rises, in turn prompting businesses to raise their prices and setting off a new round of pay demands.

Some ECB rate setters also are looking at the inflationary potential of widening profit margins, with one official warning of a "profit-price spiral."

"Opportunistic behavior by firms also could delay the fall in core inflation," said Fabio Panetta last week.

ECB President Christine Lagarde has echoed that concern, saying that a refusal on the part of business owners—not just workers—to accept a

decline in their real incomes could entrench high inflation.

Since the eurozone imports most of its energy, the sharp rise in energy prices since the months leading up to the Ukraine invasion is a transfer of resources out of the currency area and to energy suppliers such as Norway, the U.S. and Qatar. In 2022, the European Union's energy imports cost 833.7 billion euros, about \$909 billion, more than double the €390.3 billion bill for 2021, despite a decline in energy consumption.

Eurozone wages rose at an annual pace of 5.1% during the last quarter of 2022, the fastest rise since records began in 1996, with the exception of the second quarter of 2021, which was boosted by one-off pandemic-related effects.

French Protesters Worry About Parents' Retirement

By NOEMIE BISSERBE AND STACY MEICHTRY

PARIS—The protest movement against President Emmanuel Macron's bill to raise France's retirement age is drawing support from a new cohort: the young.

French people in their late teens and early 20s are flocking to protests even though Mr. Macron says his overhaul is designed to preserve the financially challenged pension system for younger generations.

The question of whether there would be pension checks to collect decades from now, however, has taken a back seat in the minds of many young people. They are worried about their parents, who would be forced to delay their retirement after Mr. Macron's bill—which raises the retirement age to 64 from 62 by 2030—becomes law.

Young protesters are outraged about Mr. Macron's decision to exercise Article 49 of the French Constitution to pass the legislation without a vote in the National Assembly.

Many see Mr. Macron's maneuver, though legal, as a moment of executive overreach that violates the spirit of French democracy.

"We can't accept that Macron alone should decide the future of France," said Eléonore Schmitt, a 22-year-old political-science student. "It's pensions now, but what's next?"

Mathieu Crocombette-Pasquet, a 20-year-old computer-science student, says Mr. Macron has shaken his faith in France's Fifth Republic, which was forged by Gen. Charles de Gaulle, the World War II leader. De Gaulle, who later became president, helped imbue the office with the power to bypass Parliament in times of national crisis.

"Macron has proven that the president has too much power in France," Mr. Crocombette-Pasquet said.

Younger protesters largely were absent when the union-led nationwide demonstrations began in January. After Mr. Macron rammed the legislation through the National Assem-



More young people are demonstrating against President Emmanuel Macron's planned pension changes.

bly, however, young people began to spontaneously hit the streets, massing in the Place de la Concorde in Paris and other public squares across France.

A survey of 1,005 people by polling firm Elabe on March

28 and 29 showed 71% of people between the ages of 18 to 24 back the protest movement against the pension overhaul compared with 63% of the overall population.

More than 400,000 young

people nationwide joined Tuesday's protests, according to unions. Students blocked access to dozens of universities and hundreds of high schools.

The influx of young people at the demonstrations has co-

incided with a surge in violence at the protests, raising the stakes for Mr. Macron and his government.

In Paris, protesters have engaged in regular nighttime clashes with authorities, throwing projectiles at columns of police who have responded by firing tear gas. Demonstrators have been setting fire to trash piles that have gone uncollected by striking sanitation workers. Storefronts have been smashed and roads blocked.

"We are angry," says Lara Oudin, a 25-year-old environmental consultant. The overhaul would force her mother, a 53-year-old psychiatric nurse, to work an additional two years. She says she is concerned her mother might not be strong enough to care for her patients until she is 64.

Jeanne Mainier, a 19-year-old student from Toulouse, said she took to the streets Tuesday in solidarity with her father, a 50-year-old mechanic. "I'm not thinking about my pension. I'm here for my dad," she said.

China's Consumers Extend Economic Covid Rebound

By JASON DOUGLAS AND STELLA YIFAN XIE

SINGAPORE—A gauge of activity in China's services sector reached its highest level in more than a decade in March, a sign that Chinese consumers are heading back to stores and restaurants, powering an economic recovery following the end of nearly three years of strict Covid-19 controls.

The reading represents a promising signal for the global economy, which depends on Chinese consumers to prop up growth this year as their counterparts in the U.S. and Europe battle rising interest rates, high inflation and the prospect of a squeeze on lending following turmoil in the banking sector.

Highlighting those pressures, a similar barometer of activity in March in China's manufacturing sector edged lower as Western demand for Chinese exports faded.

Though the initial signs are promising, economists are unsure how durable the recovery in Chinese consumption will be. Chinese households are emerging from the pandemic with bulging savings but weak housing and job markets, as well as sluggish growth in incomes, raising doubts about whether consumption can take over from exports and government and real-estate investments as the engines of Chinese growth.

"There is no doubting the strength of the rebound in the

Purchasing managers indexes for China



Source: National Bureau of Statistics via CEIC

economy," said Aaditya Mattoo, chief economist for East Asia and the Pacific at the World Bank, which on Friday raised its growth forecast for China in 2023 to 5.1%—from 4.5% in October—before Beijing ditched its zero-tolerance Covid-19 policy.

Economists say a lasting rebalancing of the economy toward consumption would require policy makers to take steps to boost household incomes.

"The more interesting question is how China chooses to grow, and not just how much growth will be in the short term," Mr. Mattoo said.

China's official purchasing managers index for nonmanu-

facturing, rose in March to 58.2 from 56.3 in February, its highest level since May 2011. A sub-index focused just on the services sector reached 56.9, its highest level since March 2012.

China's PMI for the manufacturing sector declined to 51.9 in March from 52.6 in February, according to figures published Friday by China's National Bureau of Statistics. Still, the index remained comfortably above the 50 mark that separates an expansion from contraction, and beat the 51.3 forecast made by economists polled by The Wall Street Journal.

Separately, a private indicator of new-home sales showed a second consecutive monthly gain in March, another sign that the country's battered housing market is starting to recover after a protracted slump. Sales at the 100 largest real-estate developers in China rose 29% from the same month a year ago to the equivalent of \$96.2 billion, according to China Real Estate Information Corp., an industry data provider. The March sales were also 42% higher than February's levels.

The real test for the Chinese economy will come in the second and third quarters, Ting Lu, chief China economist at Nomura Holdings in Hong Kong, said in a note to clients. Right now, the economy might have reached a sweet spot, he said, but a darkening backdrop for global growth means "this may not last long."

Japan Curbs Some Tech Exports

By PETER LANDERS

TOKYO—Japan said it would restrict the export of advanced semiconductor equipment, a measure that could hamper development of China's industry and marks a further cooling of relations after the detention of a Japanese pharmaceutical-company employee in Beijing.

Foreign Minister Yoshimasa Hayashi will visit Beijing on Saturday to meet with his Chinese counterpart, the Japanese gov-

ernment said Friday. It didn't disclose the purpose of the visit.

Japan agreed with the U.S. and the Netherlands in January to join U.S.-led restrictions on the export of semiconductor equipment to China, people familiar with the deal said at the time. On Friday, the Ministry of Economy, Trade and Industry said that starting in July, Japan would require firms seeking to export manufacturing equipment for advanced semiconductors to get permission.

The head of the ministry said the rules didn't name target countries, but in an implicit nod to China, he said the point was to prevent nations that pose a military threat from getting access to advanced Japanese technology.

A Chinese Foreign Ministry spokeswoman didn't respond directly when asked Friday about the move, but said "weaponizing economic and technological issues" would disrupt global supply chains.

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LOST GOLDEN CITY – PYRAMIDS – MUMMIES – KING TUT – CLEOPATRA

WORLD NEWS

Reporter Made a Life In Russia

Continued from Page One

the Federal Security Bureau, the successor to the KGB. It was the first time Russia had brought a spy case against an overseas reporter since the Cold War. Images on Russian state television showed Mr. Gershkovich escorted by plainclothes FSB officers, wearing faded bluejeans and sneakers, a black-gloved hand around his stooped neck.

Mr. Gershkovich, 31 years old, is the American son of Soviet-born Jewish exiles who had settled in New Jersey. He fell in love with Russia—its language, the people he chatted with for hours in regional capitals, the punk bands he hung out with at Moscow dive bars. Now, espionage charges leave him facing a possible prison sentence of up to 20 years.

His employer, colleagues and the Biden administration all deny Russia's claim that he was spying on behalf of the U.S., and have called for his immediate release. Diplomats and legal experts see little hope Mr. Gershkovich, a reporter accredited by the Russian foreign ministry, will immediately be freed, given that espionage trials in Russia are conducted in secret and almost always end in a conviction.

Five and a half years earlier, Mr. Gershkovich showed up in Russia as media freedoms were fading. He spent his weekends chatting about music, politics and the news in the *banya*, or sauna, and was always ready to help competing journalists. His Russian friends knew him not as Evan, but Vanya.

When forest fires swept through the remote Siberian region of Yakutia in 2021, he slept in a tent in the woods for four days, long after other reporters jetted back to the capital. He won the trust of freshman medical students by sitting with them in Covid-19 wards as they revealed that they'd been enlisted, after only a few weeks of training, to treat a flood of patients.

"I just want to get the story right," he would tell friends.

Mr. Gershkovich could instead find himself ensnared in an increasingly common geopolitical gambit: governments grabbing Americans to trade them for a deal.

The U.S. in December released convicted Russian arms-trafficker Viktor Bout in an exchange for U.S. women's basketball star Brittney Griner, whom Russian authorities had detained in the days before Russia invaded Ukraine in February 2022. Ms. Griner had been sentenced to nine years in a penal colony after being found carrying hashish oil in her luggage. She was later convicted of drug smuggling and possession.

On Thursday, National Security Council Strategic Coordinator John Kirby said it wasn't clear if Mr. Gershkovich's detention was coordinated with Russian leadership or retaliation for other grievances. Last week, a Russian national was charged in U.S. District Court in Washington, D.C., with acting as an agent of a foreign power, visa fraud, bank fraud, wire fraud and other charges, according to the Justice Department.

Reporters leave

Ms. Griner's detention ended decades of cooperation between Russia and the U.S. on sports. Mr. Gershkovich's jailing challenges the bedrock notion that American reporters, authors, and researchers could work in Russia to learn about the vast and complicated country and its escalating conflict with the West. Nearly all Western journalists have pulled out of Russia, an exodus accelerated by Mr. Gershkovich's arrest.

On Friday, the Journal withdrew its Moscow bureau chief, a veteran correspondent who has covered the country since the final years of the Cold War. Many Western news agencies that posted reporters to Moscow under Stalin have determined that President Vladimir Putin's Russia is too dangerous for journalism.

Mr. Gershkovich, who hasn't been granted access to the lawyer hired by the Journal, is being held at the FSB's Lefortovo prison, where Russia holds most suspects in espionage cases. Paul Whelan, a former U.S. Marine jailed in



Evan Gershkovich, right, in Moscow in 2019 alongside Polina Ivanova, left, and Pjotr Sauer, center, friends and fellow correspondents.

2020 and serving a 16-year sentence in a Russian prison colony on similar charges, was also initially held there.

This account of Mr. Gershkovich's life and career is based on conversations with colleagues, family and people he interacted with professionally. His biography traces Mr. Putin's efforts to rebuild an empire atop the former Soviet Union, a homeland his parents had fled only for their American son to return and wind up in the type of prison they had been taught to fear.

Mr. Gershkovich's fascination with Russia stemmed from his earliest years speaking Russian at home in New York and New Jersey.

When his mother, Ella, was 22, she fled the Soviet Union using Israeli documents. She was whisked across the Iron Curtain by her own mother, a Ukrainian nurse and Holocaust survivor who would weep when she talked about the survivors of extermination camps she treated at a Polish military hospital at the end of World War II. Before fleeing, they heard rumors that Soviet Jews were about to be deported to Siberia.

Mr. Gershkovich's father, Mikhail, also left the Soviet Union as part of the same Jewish migration wave. The two met in Detroit then moved to New Jersey where Evan and his elder sister, Dusya, grew up.

In magazine articles, Mr. Gershkovich reflected on the Russian superstitions his mother practiced at home; no whistling or opening umbrellas indoors and no setting keys or wallets on the dinner table.

He wrote in 2018 about eating macaroni with butter instead of cheese, watching "Nu, pogodi!" a Soviet cartoon about a wolf and a hare instead of "Hey Arnold!" and speaking Russian instead of English.

This Russian life "was only a replica, but I was desperate to hold onto it," Mr. Gershkovich said.

At his public high school in Princeton, Mr. Gershkovich was a top student and avid soccer player who captained the team in his senior year and led it to a state championship. Wayne Sutcliffe, physical education teacher and still the head soccer coach, said he has been fielding constant messages from Mr. Gershkovich's teammates. "All of whom are trying to find a way we can help to support Evan's family," he said.

Mr. Gershkovich graduated from Bowdoin, a liberal-arts college in Maine, in 2014. He moved to New York to break into journalism. To pay off student loans, he worked as a cook for a catering company, heading to bars after his shift with seven different kitchen knives still on him. In 2016, he was hired by the New York Times as an assistant, a dream starter job, until a Times employee asked him why he didn't use his Russian skills to crack one of the world's most difficult beats.

Mr. Gershkovich hesitated, afraid of leaving a job in the New York Times headquarters. Then he leapt.

Career beginnings

Arriving in Russia, he joined the Moscow Times, an English-language paper that, though struggling, had long been a training ground for some of the most high-profile Russia correspondents. Mr. Gershkovich joined a team of young journalists who breathed life into the newsroom. "He loved Russia and he wanted to report from here," said Pjotr

Sauer, a Moscow Times colleague now at the Guardian.

Mrs. Gershkovich said this period made her son more interested in his Russian and Jewish roots. One day, decades after the fall of Communism, she took him to a building that she had been afraid to visit as a teenager: a synagogue. She had been told that anybody entering it would be photographed and detained by the secret service.

"That's when Evan started

to understand us better," she said. Mr. Gershkovich's father and sister later visited Moscow, and together they visited its new Jewish Museum.

Mr. Gershkovich won awards for his work at the Moscow Times, then moved to the Agence France-Presse. He traveled the country tackling topics off the beaten path, including environmental issues such as the disappearance of salmon from the Amur river.

In another article, he chronicled efforts to rescue Russia's obscure minority languages.

Nataliya Vasilyeva, a correspondent for Britain's Telegraph newspaper, recalled seeing Mr. Gershkovich at a news conference held by a candidate challenging Mr. Putin in a 2018 presidential election. Sitting on the floor, he posed a question to the former collective farm boss in informal language, a faux pas in the peculiarities of

Media Companies Condemn Journalist's Detention

More than three dozen top editors of news organizations around the world signed a letter to Anatoly Antonov, the Russian ambassador to the U.S., condemning the detention of Wall Street Journal reporter Evan Gershkovich, and calling for his immediate release.

The letter was signed by 38 editors, representing news or-

ganizations and journalism groups including The Wall Street Journal, the New York Times, the BBC, the Washington Post, and the Committee to Protect Journalists.

CPJ said Friday it coordinated the letter to be put together.

The Journal vehemently denied wrongdoing by Mr. Gershkovich and called for him to be

released immediately.

The Russian Embassy in the U.S. didn't return a request to comment regarding the letter.

The letter called for the Kremlin to give Mr. Gershkovich immediate access to a lawyer provided by the Journal, to give confirmation of his well-being and permit him to communicate with his family.

—Alyssa Lukpat



Committee to Protect Journalists

Ambassador Anatoly I. Antonov
Embassy of the Russian Federation to the United States
2650 Wisconsin Ave., N.W.
Washington, DC 20007

Via email: rusembusa@mid.ru

March 30, 2023

Dear Ambassador Antonov,

We, the undersigned news organizations and nongovernmental press freedom organizations, write to express our deep concern regarding your government's detention of journalist Evan Gershkovich and the unfounded espionage charges leveled against him.

Gershkovich, who works for The Wall Street Journal and is a United States citizen, has a long professional record as a journalist. He lived in Moscow for several years, is accredited with the Russian Foreign Ministry, and has been covering Russia as part of the Journal's Moscow bureau. Gershkovich is a journalist, not a spy, and should be released immediately and without conditions.

As an urgent first step, Gershkovich should be granted immediate access to an attorney provided by his employer. We also demand confirmation of his well-being and that he be allowed communication with his family.

Gershkovich's unwarranted and unjust arrest is a significant escalation in your government's anti-press actions. Russia is sending the message that journalism within your borders is criminalized and that foreign correspondents seeking to report from Russia do not enjoy the benefits of the rule of law.

We look forward to your response as we continue to vigilantly follow every step of the proceedings against Evan Gershkovich and call for his immediate release.

Sincerely,

Peter Barabas, Editorial Director, Euronews
Sally Buzbee, Executive Editor, The Washington Post
Fernando Belzunce, Editor-in-Chief, Vocento, Spain
Giuseppe De Bellis, Executive Editor, SkyTg24
Phil Chetwynd, Global News Director, Agence France-Presse (AFP)
Liz Corbin, Deputy Media Director and Head of News, European Broadcasting Union
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Jodie Ginsberg, President, Committee to Protect Journalists
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Giselle van Cann, Editor-in-Chief NOS Nieuws, The Netherlands
Katharine Viner, Editor-in-Chief, Guardian News & Media
David Walmsley, Editor-in-Chief, The Globe and Mail
Matthew Winkler, Editor-in-Chief Emeritus, Bloomberg News
Werner Zitzmann, Executive Director, Colombian News Media Association

Russian speech, eliciting smiles from the candidate and other reporters in the room.

Dressed in baggy faded jeans, Mr. Gershkovich would meet friends and colleagues at Veladora, a downtown Mexican restaurant, and also at a nearby kitsch cafe known to serve the best cheesecake in the city, which by now had become his second home.

He would blast 1990s Russian rock tunes from the apartment he shared with Russian roommates, and elicited laughs when he requested niche rock anthems from bands such as DDT.

At the end of 2021, Mr. Gershkovich later recalled, a colleague found him at a coffee shop, applying for a position with The Wall Street Journal. Mr. Gershkovich tilted his laptop to show him the application form, as if to encourage him to apply as well. He was hired in January 2022.

A month later, Russia invaded Ukraine and Mr. Gershkovich traveled to the Belarus-Ukraine border. That made him the only American reporter who could see the first wounded Russian forces being taken home.

Russia darkens

His adopted Moscow was starting to fill with fear and paranoia. "Reporting on Russia is now also a regular practice of watching people you know get locked away for years," he tweeted in July. His regular visits to the Moscow sauna were reflecting the country's darkening mood. One day, near the end of 2022, another bather heard him speaking English: "Stop speaking that f— language," he said.

Mr. Gershkovich thought for a minute, then replied, in Russian: "This is a multilingual country."

The man paused, then said back: "But English isn't one of them."

Moscow, he thought, increasingly felt like Russia's chaotic and crime-shadowed '90s as U.S.-led sanctions constrained the most Western-facing parts of the economy. For hours, deep into the evening, he discussed with colleagues, friends and sources how to cover a country warring with its neighbor to the west. He mused about covering Russia's use of American prisoners as negotiating chips.

"It's a constant moral crisis. You discuss every story," said Polina Ivanova, a Financial Times correspondent and friend. "Evan would talk about...what it means to be covering Russia rather than Ukraine. It's a very difficult thing to get your head around, and where you sit in relation to that in terms of your own identity."

On one assignment, Mr. Gershkovich was followed by several Russian security officers, some of whom recorded his movements with a camera and pressured sources to not talk to him. He assumed his phone was monitored. On another trip, to the western region of Pskov, he was followed and filmed by unidentified men.

On Wednesday, when he traveled to Yekaterinburg, a Urals city nearly 900 miles east from Moscow, Mr. Gershkovich's phone, like those of many Journal foreign correspondents, was loaded with a GPS tracking app that enabled colleagues to see his movements.

"Landed, out the airport," he wrote at 1:59 p.m.

Thomas Grove, a longtime Russia reporter for the Journal, now covering Poland, was on his way to a Warsaw dinner when he noticed Evan hadn't texted him for hours. He texted a Journal security manager at 7:12 p.m., "Have you been in touch with Evan?"

"Working on it."

"Phone is off."

Mr. Grove knew an acquaintance of Mr. Gershkovich, and called to ask him to drive by the apartment where Mr. Gershkovich was staying. The windows were dark. While Mr. Grove stayed on the phone, the man cut the engine and rang the doorbell. He rang it again.

"He's not there," he said. "Let's hope for the best."

The next morning, Russian news crews managed to catch a glimpse of Mr. Gershkovich being escorted past a stairwell, his head under a jacket, wearing his baggy bluejeans.

—Jared Malsin
contributed to this article.

Watch a Video



Scan this code for a video of Biden's call for the release of Evan Gershkovich.

WORLD NEWS

Biden Demands Release of WSJ Reporter

Frayed U.S.-Russia ties complicate efforts to use diplomatic channels amid crisis

BY ALAN CULLISON
AND WARREN P. STROBEL

WASHINGTON—President Biden urged Russia to release Wall Street Journal reporter Evan Gershkovich amid a broadening rift in U.S.-Russia relations already so wide that the two powers barely maintain diplomatic communications.

“Let him go,” Mr. Biden said as he boarded a helicopter on Friday.

Mr. Biden said the U.S. didn’t plan any expulsion of Russian diplomats. “That’s not the plan right now,” he said from the South Lawn of the White House before departing for Andrews Air Force Base. Past expulsions have prompted tit-for-tat retaliation from Moscow, leaving both the U.S. Embassy in Russia and Russia’s Embassy in Washington with skeleton staff.

News organizations from around the world joined on Friday in condemning Mr. Gershkovich’s arrest in Russia and calling for his immediate release. In a letter to the Russian ambassador to the U.S., Anatoly Antonov, coordinated by the Committee to Protect Journalists, dozens of top editors

also urged that Mr. Gershkovich be given access to an attorney and allowed communication with his family.

The Russian Foreign Ministry, quoted by state newswire RIA Novosti, said that it would provide consular access to Mr. Gershkovich in accordance with internal procedures.

Some 48 hours after he was detained, Mr. Gershkovich still hadn’t been granted consular access, U.S. officials said. Consular service is typically the first of a series of steps to elevating the case of anyone who might be deemed “wrongfully detained,” an official State Department designation that typically unlocks some U.S. government resources to work on the case.

“The State Department is working very hard to get a counselor...to Evan, which is something that we do for all Americans that are detained,” White House press secretary Karine Jean-Pierre told reporters on Friday.

The sunken state of U.S.-Russia ties will make any agreement on the release of Mr. Gershkovich, 31 years old, difficult to secure as he heads toward a trial in a court under the control of Russia’s security service, the FSB, U.S. officials said. Such a court is expected to operate on the orders of the Kremlin, increasing the prospect of a conviction after a trial that may be held in secret.



Men leave the Moscow detention center where Wall Street Journal reporter Evan Gershkovich is being held.

The FSB said Thursday that Mr. Gershkovich was detained Wednesday for alleged espionage while on a reporting trip to the Russian provincial city of Yekaterinburg, around 800 miles east of Moscow.

The Journal vehemently denied wrongdoing on the part of Mr. Gershkovich and called for his immediate release. “We stand in solidarity with Evan and his family,” the Journal said.

Kremlin watchers say Mr. Gershkovich was likely detained so Moscow could use him in a prisoner swap. The fact that Russia has charged him with espionage, rather

than a common criminal offense, suggests the Kremlin will want a big prize in return for his release, said John J. Sullivan, who served as U.S. ambassador to Moscow until last year.

“This is not an arrest that the local police or FSB would do on their own,” said Mr. Sullivan, now a distinguished fellow at Georgetown University in Washington. The charge of espionage, he said, is a big development and a very bad sign.

The arrest of Mr. Gershkovich, a Russian speaker whose parents came to the U.S. from the former Soviet Union, marked the latest dip-

lomatic flashpoint between Moscow and Washington. The two countries have clashed over the arrests of each other’s citizens and the state of nuclear-arms treaties. The U.S. has also led an array of countries in imposing sanctions on Russia in a campaign to choke its economy following the Russian invasion of Ukraine.

Although Moscow has arrested American citizens on espionage charges, the detention of a journalist is rare. The last U.S. journalist to face such a charge was U.S. News & World Report journalist Nicholas Daniloff in 1986.

In that case, Moscow had a clear motive: Three days before Mr. Daniloff’s arrest, the U.S. had detained a Soviet employee of its United Nations delegation in New York in a Federal Bureau of Investigation sting. After intense negotiations, Mr. Daniloff was released less than three weeks later in an exchange for the diplomat. Mr. Daniloff denied the espionage allegation.

A swap for Mr. Gershkovich could be more difficult today because of the poor state of U.S.-Russian relations, former diplomats say. In 1986, relations between Moscow and Washington were on the upswing, and both sides were anxious to try to preserve some of the progress.

Daniel Hoffman, a former veteran Central Intelligence Agency officer who served as agency station chief in Moscow, said Russian President Vladimir Putin likely ordered the arrest of Mr. Gershkovich as part of a wider campaign to stir up anti-Western hysteria and to discourage examples of a free press within Russia.

But Mr. Hoffman said the timing of the arrest also suggests he is seeking leverage for a prisoner swap.

Mr. Hoffman noted that last week the U.S. Department of Justice unveiled an indictment of Sergey Cherkasov, whom it accused of being a Russian spy posing as a Brazilian student.

Soldier Rallies A Nation

Continued from Page One show courage and defiance in the face of certain death.

“He showed that Ukraine’s spirit is unbreakable,” said Pvt. Matsievskiy’s mother, Paraskoviya Demchuk, who received the medal on his behalf.

Her son’s stance galvanized Ukrainian resolve at a critical moment in the war as Russia’s onslaught takes an ever-heavier toll.

Pvt. Matsievskiy was born and raised in neighboring Moldova, then also part of the Soviet Union, where his mother was sent to work in a shoe factory.

The young Oleksandr was a sportsman with a willful streak, said Ms. Demchuk.

After qualifying as an electrician, he moved to Russia for work, marrying a woman there from his mother’s hometown of Nizhyn in Ukraine. After eight years in Russia, they moved to Nizhyn in 2008 with a young son.

When they split, Pvt. Matsievskiy went to live with his mother, who also had returned to Nizhyn, about 90 miles north of Kyiv. They were living together in a modest house on the edge of the city of some 70,000 inhabitants when Russia invaded Ukraine in February 2022.

With Russian forces at the gates of Nizhyn, Pvt. Matsievskiy joined civilian volunteers in the Territorial Defense Force. “I tried to talk him out of it, but he was really determined,” said Ms. Demchuk.

They were deployed to hold checkpoints and secure villages as Russian troops withdrew last spring.

The demand for fresh units to hold the line in the east of the country grew as the war ground on. Pvt. Matsievskiy brought his mother groceries and a bouquet of flowers before deploying in December.

By Dec. 8, Pvt. Matsievskiy was in Bakhmut, the eastern city that has become a focus of the war, taking the lives of thousands of soldiers on both sides. It was the first real taste of combat for him and many other members of his 163rd Battalion, said Lt. Oleksandr Galystskiy, Pvt. Matsievskiy’s platoon commander.

As an electrician, Pvt. Matsievskiy put his skills to use each time they moved to a new place, rigging up a generator so they could charge their devices.

In a photograph taken in Bakhmut, Pvt. Matsievskiy appears, hand on weapon, with a Band-Aid over his eyebrow covering a cut got when he hit his head while unloading a train. He was obstinate, according to four of the men who served with him, and a



Pvt. Oleksandr Matsievskiy, left, has been lauded as a hero since his killing by Russian soldiers was captured in a video where he declared ‘Glory to Ukraine’ before he was shot. Top, Paraskoviya Demchuk visits the grave of her son, Mr. Matsievskiy. Also pictured above, she said her son showed that Ukraine’s spirit is unbreakable.

heavy smoker. Staff Sgt. Vasyl Zamola, a driver before the war, recalled him declaring he would never be taken captive. Like many Ukrainians brought up in the Soviet Union, he mostly spoke Russian, Sgt. Zamola said.

On the morning of Dec. 30, Pvt. Matsievskiy and 15 others headed for a line of trees near the village of Krasna Hora to support a tank brigade defending the north of Bakhmut.

The men had been digging foxholes for about 15 minutes when Russian forces attacked. Branches began falling as mortars tore through the trees overhead.

“It was getting more and more intense,” said Pvt. Vyacheslav Kovalyov, who took a bullet to the calf and was evacuated from the battlefield along with another soldier. Russian forces were coming at them in waves, trampling over the bodies of those cut down in front of them, said Sgt. Zamola. Suddenly, he noticed Russian forces to his left, where Pvt. Matsievskiy and four others had been. They were outflanked.

The men made several attempts to reach Pvt. Matsievskiy’s group as the battle raged through the day, but the gunfire was too intense. Daylight was waning and their night-vision equipment

wasn’t good enough to keep fighting in the dark. An order was given to fall back to better-fortified positions.

“If not, we would all have died,” said Sgt. Zamola.

At home in Nizhyn, Ms. Demchuk had been trying to distract herself with housework. The last time she had spoken to her son on Dec. 29, he had seemed in good spirits.

He had told her not to worry if she didn’t hear from him because cellphone reception near the front lines is patchy. But as days went by without a word, she grew anxious. Pvt. Matsievskiy’s was out of service. She couldn’t get through to his company commander.

Rumors began swirling around Nizhyn that the 163rd Battalion had suffered heavy casualties. Ms. Demchuk went to the local enlistment office asking about her son. They didn’t provide any information.

The answer came to her in the form of a video that flashed up on her phone when she returned home from work one evening and sat down at the kitchen table. It showed a man she recognized instantly as her son standing knee-deep in a ditch with a cigarette dangling from the corner of his mouth.

“Film him!” a male voice off-camera commands in Russian.

Staring directly at the camera, Pvt. Matsievskiy takes a deep drag from his cigarette before saying in a calm, steady voice: “Glory to Ukraine.”

A barrage of automatic gunfire cuts him down.

The 12-second clip had surfaced on a Telegram channel affiliated with Russia’s paramilitary Wagner Group and soon ripped across the internet, spawning memes and a hashtag that topped global Twitter trends. In Ukraine, it provoked an outcry.

In his address to the nation that night, Ukrainian President Volodymyr Zelensky pledged to find the killers, rallying the nation with the man’s final words. “I want us all together, in unity, to respond: ‘Glory to the hero! Glory to heroes! Glory to Ukraine!’”

Pvt. Matsievskiy’s fellow soldiers also recognized him immediately and informed their commander, but it took Ukrainian security services nearly a week to confirm his identity. During that time, the Ukrainian military identified the man in the video as a different missing soldier, sowing confusion.

Within hours of the confirmation, Mr. Zelensky had conferred the “Hero of Ukraine” award on Pvt. Matsievskiy.

Russia didn’t comment on the video. Wagner Group founder Yevgeny Prigozhin cast doubt on its authenticity and said there was no evidence his forces were involved.

For his mother, there is some solace in the phone calls, letters and poems she receives extolling Pvt. Matsievskiy’s bravery, and thanking her for raising a patriot. There are plans to rename a street in Nizhyn after him and erect a monument in his honor.

Despite the graphic certainty of his end, questions remain about the moments leading up to it: When and where exactly did it happen? Did Pvt. Matsievskiy’s words prompt his killers to open fire, or were they about to shoot him anyway?

The fate of two of the soldiers who went missing with Pvt. Matsievskiy also is unknown.

The other two whose remains were recovered with Pvt. Matsievskiy’s are buried near him in Nizhyn, alongside 81 other men from the city who have been killed in action since Russia’s invasion.

“Every fighter in the Ukrainian army has such a spirit,” said his mother. “Perhaps many others said such words, but they weren’t recorded.”

OBITUARIES

EDWARD G. GARDNER
1925 — 2023

Entrepreneur Built Hair-Care Empire

By JAMES R. HAGERTY

Edward G. Gardner, a co-founder of the hair-care firm Soft Sheen Products Inc., built one of the largest Black-owned companies in the U.S., with help from Michael Jackson's early-1980s glossy hairstyle, as seen on the cover of his megahit album "Thriller."

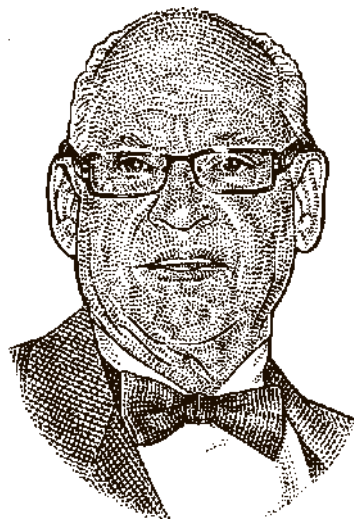
While raising four children and working as a teacher and assistant principal in Chicago public schools, Mr. Gardner supplemented his income by selling hair-care products. In 1964, he and his wife, Bettianne Gardner, founded Soft Sheen on Chicago's South Side to produce their own lotions and potions to style and nourish Black people's hair. At first, Mr. Gardner mixed those products in his basement. Ms. Gardner did the books. Their children helped with packaging and other chores.

In the early 1980s, the Jheri-curl hairstyle worn by stars including Mr. Jackson generated huge demand for Soft Sheen's Care Free Curl hair relaxers and other products. That wet, loose-curl look required large amounts of upkeep. Soft Sheen sales jumped to \$74 million in 1984 from \$500,000 in 1979.

When the Jheri-curl boom faded, Soft Sheen faced slower growth amid increasing competition from rivals, including giants that previously had overlooked the Black-hair market. Soft Sheen tried to expand in Africa and other overseas markets. After a series of management changes, the family sold Soft Sheen to L'Oréal SA of France in 1998.

Mr. Gardner died March 20 at his home in the Westchesterfield neighborhood of Chicago. He was 98.

For a time, he owned a stake in the Chicago Bulls basketball team. As a prominent political fundraiser, he backed Harold Washington, who was elected as Chicago's



first Black mayor in 1983. As a philanthropist, Mr. Gardner sponsored computer training for young people and other educational and cultural causes. When a theater arts teacher was laid off at a Chicago high school around 1980, Mr. Gardner agreed to pay her salary and benefits so she could keep working with students.

He resisted the idea of making Soft Sheen a publicly traded stock. "Once you have to answer to shareholders, you lose the power to do good," he told The Wall Street Journal in 1991. His main goal, he said, was to provide jobs for his community.

Edward George Gardner was born Feb. 15, 1925. His father worked in a warehouse, and his mother was a seamstress.

During World War II, he served in the Army. He earned a bachelor's degree from Chicago Teachers College, followed by a master's in education from the University of Chicago awarded in 1954.

His moonlighting work as a salesman of hair-care products gave him insight into what beauticians needed. It also persuaded him that the market for Black hair-

care treatments was underserved.

"I felt I could make a product as good as the ones I was selling," he recalled in a television interview. When customers recoiled from the odor of some of his early mixtures, he reformulated them. In the late 1960s, a \$50,000 loan backed by the Small Business Administration allowed Soft Sheen to quadruple the size of its manufacturing plant and expand distribution across the nation.

After the boom of the early 1980s, bigger companies including Revlon Inc. and Alberto-Culver Co. stepped up efforts to market beauty products to Black people. "Forty percent of the business goes to nonminority companies," Mr. Gardner told the New York Times in 1985. "If we had equal access to the white market, it wouldn't bother me at all."

One of his sons, Gary Gardner, served as president of Soft Sheen in the 1980s and 1990s. The younger Mr. Gardner, who had law and M.B.A. degrees, looked for ways to sell products to white people as well.

He resigned in early 1996. His sister Terri Gardner was named president later that year. Soft Sheen said she was taking a back-to-basics approach.

In a statement released last week, Gary Gardner described his father as a hardworking hero and role model.

Mr. Gardner's survivors include his wife, four children, seven grandchildren and a great-grandson.

In a 2011 interview with the Chicago Defender, Mr. Gardner urged politicians to put more focus on suppressing drug abuse and violence. "I'm very proud of the many successes we do have today," he said. "We're still producing great people. But how many are we losing that would be great?"

◆ Read in-depth profiles at [WSJ.com/news/types/obituaries](https://www.wsj.com/news/types/obituaries)

YANG BING-YI
1927 — 2023

Soup Dumpling Maker Created Global Brand

In the early 1970s, Yang Bing-Yi was a struggling seller of cooking oil in Taipei. As demand for his bottled peanut oil sank, Mr. Yang and his wife, Lai Pen-Mei, diversified in 1972 by offering soup dumplings and other Chinese delicacies.

These treats proved so popular that the Yangs abandoned the cooking-oil business to focus on Shanghai-style dumplings and other food, sold at a restaurant called Din Tai Fung. Until 1993, it was known almost exclusively to local connoisseurs. Then the New York Times included Din Tai Fung in an article extolling 10 "top-notch tables" around the world.

Suddenly, Din Tai Fung was attracting curious foreigners. A few years later, a Din Tai Fung restau-

rant opened in Tokyo. Then came one in Arcadia, Calif., in 2000.

Now Din Tai Fung has more than 170 locations worldwide, including 13 in the U.S., concentrated along the West Coast and in Nevada. The chain aims to open one in Manhattan by late this year or early in 2024.

Though Din Tai Fung offers a variety of noodles, fried rice and soups, the pleated, broth-filled dumplings are the leading attraction. An ABC News report quoted a Din Tai Fung chef as saying kitchen staff members need at least six months to learn the craft.

The company announced recently that Mr. Yang had died at the age of 96.

—James R. Hagerty

JAMES GLASSER
1934 — 2023

Retired GATX Chief Found a Tricky Encore

After retiring as head of the railcar-leasing company GATX Corp. in 1996, James Glasser dreaded the risk of boredom. He wasn't a golfer and no longer played much tennis.

The Chicago Community Trust, which funds programs aimed at reducing poverty, provided a worthy perch. His work there proved trickier than expected, however. Relations between the trust and one of its biggest backers—the Searle family, heirs to a pharmaceutical fortune—had soured by the time Mr. Glasser became chairman of the trust's executive committee in 1998.

The Searles argued the trust wasn't paying enough heed to their priorities in awarding grants. The trust said it was following

provisions of a will left by John G. Searle, a former chairman of G.D. Searle & Co. The Searle family sought to move its funds from the trust. Both sides deployed lawyers.

The trust was distributing about \$20 million a year of income from a Searle family fund, the Chicago Tribune reported. The dispute threatened to halve the trust's grant-making capacity. Nonprofits relying on the trust feared they would be cut off. Mr. Glasser huddled frequently with Daniel Searle, a son of John Searle. In 2004, Mr. Glasser finally secured a settlement allowing the trust to continue granting the funds, with more family input.

Mr. Glasser died March 14 at his home in Tucson, Ariz. He was 88.

—James R. Hagerty

WORLD WATCH

SOUTH AFRICA

Parole Denied for Ex-Olympic Runner

Former Olympic runner Oscar Pistorius was denied parole and will have to stay in prison for at least another year and four months after it was decided that he hadn't served the "minimum detention period" required to be released following his murder conviction for killing girlfriend Reeva Steenkamp 10 years ago.

The parole board ruled Friday that Mr. Pistorius would be able to apply again in August 2024, South Africa's Department of Corrections said.

The lawyer handling Mr. Pistorius' parole application didn't return calls seeking comment. Ms. Steenkamp's parents were "relieved" with the decision, their lawyer said.

—Associated Press

ITALY

Pope Is Cleared to Leave the Hospital

Pope Francis was cleared by doctors for discharge on Saturday from the Rome hospital where he was treated for bronchitis, the Vatican said, adding that the pontiff ate pizza one evening with medical staff and baptized a baby in the pediatrics ward.

Vatican spokesman Matteo Bruni said Friday that the pope is expected to be in St. Peter's Square for Palm Sunday Mass at the start of Holy Week. He didn't say if the pontiff would deliver the homily during the particularly lengthy service.

The 86-year-old pope was hospitalized on Wednesday at Gemelli Polyclinic, where doctors said he was receiving antibiotics intravenously to treat his bronchitis.

—Associated Press

INDIA

Well Collapses, Leaving 36 Dead

Thirty-six bodies were found inside a well at a Hindu temple in central India after dozens of people attending a festival fell into the muddy water when its cover collapsed, officials said Friday.

Video of Thursday's collapse at the temple complex in Indore in Madhya Pradesh state showed chaos afterward, with people rushing away. An excavator pulled down a wall of the decades-old temple to help people flee. Nearly 140 rescuers used ropes and ladders to pull the bodies from the well after pumping out the water.

"We have recovered 36 bodies and everybody is accounted for now," said Pawan Kumar Sharma, commissioner of the local municipal corporation.

—Associated Press



BATTLING A BLAZE: A Galician firefighter works to douse flames in a forest during an outbreak of wildfires after a long drought and unusually high temperatures in northern Spain's Asturias region.

FROM PAGE ONE

Sew, About That Taylor Swift Dress

Continued from Page One

"They want to look like Taylor, basically," says Ms. McManus, 32 years old, who works out of a 200-square-foot studio in Columbus, Ga.

Ms. McManus found customers on TikTok, posting a 55-second video in November saying she'd love to make outfits for fans. "It went off like a bomb," she says, and she has received so many orders she put work on her own fashion line on hold.

The most requested item? A replica of a green sequin jacket Ms. Swift wore while singing "All Too Well" during 2018's Reputation Stadium Tour.

To duplicate the jacket, Ms. McManus watched the performance on Netflix and studied fan photos posted online to see different angles. The original has patches of flowers, hearts and crowns all over, so

Ms. McManus bought similar ones from Etsy to glue on. A 17-inch golden snake for the back had to be outsourced to a custom patch maker. "You can't find it anywhere else," she says.

Starting cost for the jacket: \$450. The priciest one goes for \$1,500, and has patches bedazzled with colorful crystals that Ms. McManus glues on one-by-one using tweezers. "Some people are definitely spending more money on the costumes than they did on the ticket," she says. "I mean, I get it, they want to look good."

Standing out in the stadium is important for fans. In past tours, Ms. Swift's team has picked members of the audience to meet the 12-time Grammy winner backstage.

Swifties have fretted about what to wear since Era Tour tickets went on sale in November, selling out instantly and causing Ticketmaster to crash in a debacle that led to a congressional hearing.

The tour, which kicked off in March, is a greatest-hits type show, going through all her albums or eras. Fans are sharing tips on how to recreate the looks from each era, like the pastel outfits Ms.

Swift sported around 2019's "Lover" album, or the crop tops from "1989," which came out in 2014.

"It's such a sought-after concert, I don't want to just go in a T-shirt and jeans," says Jennifer Green, 39, a real-estate agent who is going to a Houston show in April. "I thought long and hard about what I could pay to have somebody make something that nobody else would have."

She found Ms. McManus, who took two months to make what Ms. Green wanted: A

copy of a Balmain minidress and thigh-high boots that Ms. Swift wore to the 2018 American Music Awards.

Ms. Green paid Ms. McManus \$550 for the dress and boots, twice as much as her two tickets cost. The outfit has light-reflecting mirror squares throughout, even on the boots, which will make Ms. Green look like a walking disco ball. She expects fans to stop her at the concert.

"It's for all the girls that love Taylor Swift," she says about her outfit. "I'm excited

thinking about how everybody else is going to be excited."

Ms. Green's husband, who she suspects will come to the concert in Levi's and a fishing shirt, has already received a warning. "I'm gonna dress crazy," she says she told him. "You can't complain."

In Los Angeles, Swifties were a savior for Natalia Trevino Amaro. Her made-to-order line of dresses didn't sell well last year, she says, so she decided to "shoot my shot" and put out a video offering to make outfits. "It hit the right audience and now that's all I'm doing, which is really funny," Ms. Trevino Amaro says.

Khaki Wiygul saw it and knew what she desired: A pink-and-red dress with a big red heart on the chest that Ms. Swift wore in the music video for "Me!" in 2018. "I've been wanting it since then," says Ms. Wiygul, a 26-year-old architect in Dallas.

Ms. Wiygul sent her measurements to Ms. Trevino Amaro, who worked up the heart dress in about five hours from

her Los Angeles apartment. Ms. Wiygul paid \$350, and was all set to wear it to a concert Friday with a headband, to match the 1960s vibes from the music video.

Ms. Trevino Amaro, 23, says the trend dress from "Me!" was the most requested look, which surprised her. "That tends to be the song that the most people skip and don't like," she says.

She also has received several orders to duplicate an Oscar de la Renta floral dress Ms. Swift wore to the 2021 Grammy Awards. Ms. Trevino Amaro hand stitches embroidered flowers to her creations.

After accepting 40 orders, Ms. Trevino Amaro isn't taking any more. She says she wants to focus on her fashion line that she sells online. She also has another project: Making the outfit she'll wear herself to see Ms. Swift in August.

Ms. Trevino Amaro declined to say what it will look like, and says she won't sell a version of it.

"I want to be the only one that has it," she says.



Loren McManus with replicas she made of Taylor Swift's outfits.

NICOLE BUGHAVAN FOR THE WALL STREET JOURNAL

OPINION

THE WEEKEND INTERVIEW with Ilya Shapiro | By Tunku Varadarajan

DEI at Law Schools Could Bring Down America

Wokeness, or what used to be called political correctness, once seemed merely harebrained, the product of shallow ideas and immature passion. The common view was that undergraduates would outgrow it once they left campus and faced the rigors of the real world.

You seldom hear that anymore, as those ideas have run amok in culture- and economy-defining institutions ranging from news organizations and local governments to professional societies and corporate boardrooms. But Ilya Shapiro thinks we're not alarmed enough about their influence in one important corner of academia: law schools. The professional ideologues who wield administrative authority on American college campuses want nothing less than to "change the American constitutional system," Mr. Shapiro says. They pose a grave long-term threat to "the rule of law and inalienable rights, and even concepts like equal treatment under the law."

The threat to 'dismantle existing structures' is an idle one in English class. Here it targets individual rights and equal treatment under the Constitution.

Mr. Shapiro, 45, is director of constitutional studies at the Manhattan Institute. Hunkered down in the study of his Virginia home, he's working on a book, "Canceling Justice: The Illiberal Takeover of Legal Education," that seeks to lay bare the process by which bureaucrats appointed to promote "diversity, equity and inclusion" on campus have "perverted our system of legal education."

A prime example was in the news as we spoke. Stanford's Federalist Society chapter had invited Judge Kyle Duncan of the Fifth U.S. Circuit Court of Appeals to speak on campus. Confronted by a vicious leftist student mob, he asked administrators to intervene. Tieren Steinbach, the law school's associate dean for DEI, arose to deliver prepared remarks, which concluded: "I look out and I don't ask, 'What's going on here?' I look out and I say, 'I'm glad this is going on here.'"

Mr. Shapiro experienced a different kind of DEI humiliation in January 2022. He was concluding his tenure as a vice president of the Cato Institute and due to start a new job as executive director of the Center for the Constitution at Georgetown's law school. Then Justice Stephen Breyer announced he would retire. Mr. Shapiro tweeted

that Judge Sri Srinivasan was the "objectively best pick" for the vacancy but President Biden had already disqualified him on the basis of race and sex. Mr. Shapiro opined that Judge Srinivasan "alas doesn't fit into the intersectional hierarchy so we'll get lesser black woman."

The tweet, which Mr. Shapiro describes as "inartfully phrased," prompted an inquisition at Georgetown. The university suspended him with pay while its Office of Institutional Diversity, Equity and Affirmative Action conducted a four-month investigation into his fitness for the job. In June the office issued a report exonerating him—but on a technicality with an unobscuring effect.

Since Mr. Shapiro wasn't yet on Georgetown's payroll, the report found, the university lacked jurisdiction over his speech. But if he "were to make another, similar or more serious remark as a Georgetown employee, a hostile environment based on race, gender, and sex likely would be created." In fact, Mr. Shapiro wrote in these pages, "it is the Georgetown administrators who have created a hostile work environment for me." He quit and returned to the think-tank world.

If Mr. Shapiro were an English professor, one might put this down as a workplace dispute of marginal importance. But he has a point when he says law schools are different. They train "future lawyers and politicians and judges, and the gatekeepers to our institutions, to the rules of the game." That game has the highest of stakes: "the rule of law, upon which American prosperity and liberty and equality sit."

An illiberal takeover of medical schools, Mr. Shapiro quips, might be more "immediately dangerous, in the sense that you don't have the best doctors treating people." But some of the students who raged against Judge Duncan "are people who, in 20 years, are going to be joining the federal bench." Sooner than that, "they'll be occupying influential positions in state and federal government, bringing legal cases, becoming state legislators in some cases, or occupying the general counsel's offices of Fortune 500 companies and the partnership ranks of big firms."

Already, Mr. Shapiro says, partners at law firms "cower in fear of their associates, who question their firm's representation of certain types of client and demand that statements be made by law firms after Supreme Court decisions and other developments in the political world." A friend of his was a partner in the Houston office of a large global law firm. "She's pro-life," he says, declining to name the lawyer or the firm. After the Supreme Court overturned *Roe v. Wade*, various firm leaders asked her to handle some pro bono clients advancing pro-choice arguments. "She said she was too busy



KEN FALLIN

and didn't make a stink over it," Mr. Shapiro says. "Eventually, the managing partner of the Houston office said, 'Well, I guess you're pro-life. What's the point of having a female partner who's pro-life?'" She now practices independently.

Similar cases have been recounted in these pages. Former Solicitor General Paul Clement and Erin Murphy, then partners at Kirkland & Ellis, won a landmark Second Amendment victory last year at the Supreme Court. The firm responded by ordering them to drop the clients or resign; they walked. Hogan Lovells fired Robin Keller for saying that she agreed with the justices' decision overturning *Roe* during an online conference call advertised as a "safe space" for female employees.

Much of this seems self-defeating. Would you hire an attorney who is made to feel "unsafe" by a Supreme Court decision? Wouldn't a lawyer who heckled a judge in court go to jail for contempt? Maybe there's still something to the idea that woke students are in for a shock after graduation.

"Professors are shying away from entire topics, not just a given perspective on a topic," Mr. Shapiro says. They're "just skipping over anything to do with rape or hate crimes, because they're too sensitive. You try to write an exam question and there are too many red flags, too many tripwires." These professors do "their students a disservice by not training them in how to advocate in the real world of courts. There, it's not a conversation between the left and the far left."

Mr. Shapiro says "nonprogressive" law professors were rare even 20 years ago, when he studied law at the University of Chicago. Critical legal studies, fashionable in the late 1980s and early '90s, was "passé, a very small niche thing." Since then, "what's really changed is the bureaucratic explosion. And most of

that bureaucracy is in this DEI space, which actively subverts the traditional educational mission of truth-seeking" with its "ideas of power dynamics and intersectionality, dividing people into oppressive and oppressed classes, and things like that."

Pressure comes from without as well: In February 2022 the American Bar Association, which has sole authority to accredit U.S. law schools, passed a resolution demanding that they "provide education to law students on bias, cross-cultural competency, and racism." At the same time, the Biden administration's drive for racial equity "seems to be sprinkling political commissars throughout the government." With a mordant optimism, he observes that those may be "the only kinds of jobs that law school graduates who refuse to engage ideas they don't like and spew epithets at federal judges may be qualified for."

But those jobs also have real-world power, the exercise of which could eventually cumulate into "regime change," Mr. Shapiro warns. "I'm not trying to be hyperbolic or bombastic. If you read critical legal studies, of which critical race theory is a subset, you'll read about the need to 'fundamentally dismantle existing structures,' to 'change the way social hierarchies operate.' . . . The goal is to fundamentally change the way that American society operates."

These ideas are particularly fashionable on elite campuses, although Mr. Shapiro notes recent hostile incidents at lower-rated schools such as Texas A&M, the University of Kansas and UC Hastings (the last involving Mr. Shapiro himself). "There's a higher quotient of activist types who would engage in disruptions and contribute to an illiberal atmosphere at a Yale than at a University of Iowa." At top schools, "more people are getting that law degree to change the world, whereas at lower-ranked schools, they want to be lawyers. They want to make

money and get a job and join the upper middle class."

Is there any hope for elite schools? After Judge Duncan's mobbing, Jenny Martinez, dean of Stanford Law School, issued a 10-page memo that strongly defended free speech and academic freedom, apologized to the judge and announced that Ms. Steinbach, the DEI associate dean, had been placed on administrative leave.

Mr. Shapiro would like to see more. He thinks universities need to enforce their policies against hecklers' vetoes by disciplining those who violate them. Law schools can suspend students, even expel them in serious cases, and impose career consequences. "They can also report to a bar association," Mr. Shapiro says. "All law schools have to sign off on a character and fitness assessment before a graduate can take the bar exam." If a student has been "completely disruptive, and has demonstrated that he doesn't have the character and fitness to be a lawyer, they can be adjudged not fit to sit for the bar exam"—with due process, including the right of appeal, of course.

Ms. Martinez did none of that. Her memo promised to institute "mandatory educational programming for our student body rather than referring specific students for disciplinary sanction" and to blur students' faces when the university releases video of the event.

Mr. Shapiro says there have to be "exogenous shocks to really change things." One approach might be to target the elite schools' status. Judges James Ho and Elizabeth Branch of the Fifth and 11th Circuits, respectively, announced in October that they won't hire clerks from Yale until the school reforms its policies on free speech. "If any Supreme Court justice said that," Mr. Shapiro says, "it would be a game-changer." In an article for *National Review*, Judges Ho and Branch also called on Stanford to "identify the disrupters so that future employers know who they are hiring."

Mr. Shapiro takes heart that "people who are not cultural warriors of the left or the right are starting to notice this stuff, and they don't like what they see." Lawmakers in 15 states have introduced bills to slash or abolish DEI offices and staff at public colleges, although none have passed so far. The backlash is still inchoate, and Mr. Shapiro believes the only solution is to purge "DEI bureaucracies that undermine the liberal values of academic speech and due process."

Mr. Varadarajan, a Journal contributor, is a fellow at the American Enterprise Institute and at New York University Law School's Classical Liberal Institute.

Can Paul Vallas or Brandon Johnson Do Anything About Crime?



CROSS COUNTRY
By Joseph Epstein

Chicago will select a mayor on Tuesday. Some would say that Chicagoans have already accomplished a great victory in rejecting the incumbent, Lori Lightfoot. The first Chicago one-term mayor not to be re-elected in 40 years, Ms. Lightfoot was confrontational, inept, quick to play the race card and annoying generally. Most Chicago voters feel about the outgoing mayor as the Jews felt about the Russian czar: that she should live and be well, but not too near them.

The two candidates to emerge from February's nonpartisan primary, Brandon Johnson and Paul Vallas, are both Democrats but offer a genuine if not necessarily salubrious choice. Mr. Vallas, 69, is an educational bureaucrat who has run school systems in Chicago and elsewhere. Mr. Johnson, 47, is a former public-school teacher who has been one of 17 members of the Cook County Board of Commissioners. Mr. Vallas has positioned himself as intensely practical. Mr. Johnson has positioned himself as an unflinching progressive.

If elected, Mr. Vallas pledges to increase the police presence in crime-ridden communities. He has the support of the police union. Mr. Johnson claims that his major investment won't be in cops but in people, by which he means programs. He has the support of the teachers union.

In the political spirit of the day, each man has run television ads accusing his opponent of hiding his true character and purpose. Mr.

Vallas accuses Mr. Johnson of planning to defund the police and raise taxes. Mr. Johnson accuses Mr. Vallas of being a cryptoconservative: racist, homophobic, pro-life.

Interestingly, neither campaign appears to have divided the city racially. Both candidates have secured

If we refuse to speak openly about the problem—and we do—it may not matter who the mayor is.

notable black, white and Hispanic endorsers. Rep. Jesús "Chuy" García, a now-eliminated candidate for mayor, has endorsed Mr. Johnson, who is black, while the Chicago Latino Leadership Council has come out for Mr. Vallas, who is white. Rep. Bobby Rush, a former Black Panther, has endorsed Mr. Vallas, while Mr. Johnson has endorsements from Sens. Bernie Sanders and Elizabeth Warren.

The two candidates have debated on television several times, offering different views on education and taxation, on keeping business from departing the city and stemming out-migration. But the chief subject has been crime. It's every Chicagoan's preoccupation—topic No. 1. No one has a clear solution for it. No one has been able to describe convincingly its emergence in such rampant form. No one has a persuasive plan to curtail it.

Mr. Johnson counters Mr. Vallas's accusation that he wants to defund the police by saying that what he really wants is to "invest in people," as he puts it, by improving schools and

creating jobs for the youth. Mr. Vallas pledges to add 1,100 more cops to the depleted Chicago Police Department, bringing back officers who retired in discouragement under the Lightfoot administration.

In 2020, gangs of young people protested the police killing of George Floyd in Minneapolis by ransacking downtown Chicago businesses. Mr. Johnson declared that while he wasn't in favor of looting, he understood the immense despair that compelled young people to commit such a crime. His point, which he maintains today, is that criminals are the real victims.

This propensity to equate criminality with victimhood is trendy among progressives. You can see it

played out in Gov. J.B. Pritzker's bill to eliminate cash bail because it is unfair to poorer crooks. Where victimization of criminals is trumpeted, systemic racism can't be far behind. Mr. Vallas prefers citing statistics and claims over proposing reality-based solutions to Chicago's problems. The choice being offered Chicagoans in this election, then, is that between the idealist and the putative pragmatist.

While neither candidate has put forth a realistic solution to the crime problem, it is difficult to do something about a problem when you aren't even allowed to talk about it candidly. No one really believes that pandemic school closures drove young men to commit crimes, or

that deploying legions of social workers and therapists will save the day. No one is permitted even to say who, precisely, is committing all the carjackings, burglaries, lootings and murders. No one wants to look too closely at the prospects of criminals who know they are unlikely to be severely punished for their crimes.

Until politicians are courageous enough to speak openly about these matters, crime in Chicago and elsewhere will continue to be like the weather: something everybody talks about but nobody does anything about.

Mr. Epstein is author, most recently, of "Gallimaufry: A Collection of Essays, Reviews, Bits."

Media Keep Stifling the Covid Debate

By Daniel Halperin

Now that the Covid pandemic is behind us, you'd think scientists and the media could have an honest conversation about what they got wrong and what lessons they've learned. Think again.

On Jan. 30, the Cochrane Collaboration, highly regarded for its rigorous systematic reviews, published an update of its meta-analysis of masking and other physical methods to prevent respiratory illnesses. It found no strong evidence for masking, and the initial media response was silence. After conservative media covered the study, the mainstream press went on the attack. The Washington Post, the New York Times, the Atlantic and others piled on.

As an epidemiologist, I hoped the

review might dent the politicized discourse surrounding masks and other prevention measures. I sent an article to *Time* magazine, which had recently published my work. My editor appeared positive, requesting some reasonable modifications and focusing. He wrote me on Feb. 23 that the piece would be "published overnight." The next day, instead of the article link, he forwarded me a tweet by Michael Mina, a medical researcher. Dr. Mina's tweet complained that Cochrane reviews "are becoming dangerous tools of 'scientists' w agendas." He cited an earlier review "attempting to discredit rapid tests." Dr. Mina is an executive at eMed, a rapid-test company.

Eventually the editor resumed contact and asked for some further changes, which I readily accepted. "I think we're set," he wrote. "My col-

league will finalize and publish." I heard nothing from him until two weeks later, when he finally confirmed *Time* had decided to kill the piece.

I ended up publishing the article in a conservative outlet. My experience seems to illustrate the media's continuing aversion to debate over the science of Covid, the official response to it, and the media's own efforts to squelch dissent.

"Follow the science," they said throughout the pandemic. You can't do that if you suppress scientific debate.

Mr. Halperin is an adjunct professor at the Gillings School of Global Public Health at the University of North Carolina, Chapel Hill and author of "Facing Covid Without Panic."

OPINION

REVIEW & OUTLOOK

A Bait-and-Switch on Electric Vehicles

We interrupt the latest Donald Trump melodrama for a word from Biden Administration regulators. While the world isn't watching, and certainly the press corps isn't, regulators on Friday announced they are essentially rewriting last year's Inflation Reduction Act so more electric vehicles will qualify for subsidies.

As Joe Manchin feared, Treasury is rewriting the IRA's subsidy limits.

In return for his vote, West Virginia Sen. Joe Manchin insisted on numerous conditions for the IRA's \$7,500 EV tax credit. He wanted to encourage more U.S. manufacturing and ensure subsidies don't go to the affluent. The law imposed an income limit to qualify for subsidies of \$150,000 for individual EV buyers, as well as a price cap for vans, SUVs and pickups (\$80,000), and sedans (\$55,000).

To qualify for \$3,750 of the credit, an increasing share of a vehicle's battery minerals such as lithium and nickel also had to be extracted or processed in the U.S. or in a country with which the U.S. has a free-trade agreement. The other half of the credit was supposed to be available only for vehicles in which a majority of its battery components are made in North America, starting at 50% this year and up to 100% by 2029.

Few cars currently on the market were expected to qualify for even half of the credit. Most minerals are mined and processed in countries with which we don't have trade agreements, such as China, Indonesia and the Democratic Republic of Congo. Key battery components—namely, active anode and cathode materials—are mostly produced in China, Japan and South Korea.

The Treasury Department's proposed rules for the tax credit drive a big-rig through Mr. Manchin's conditions. EVs leased to consumers will be able to qualify for a separate commercial vehicle tax credit, which doesn't entail sourcing, income or price restrictions. Dealers or auto finance companies could pocket the tax credits or pass them onto customers.

Treasury is also redefining "free trade agreements" to include one-off deals with countries

that commit not to impose trade barriers on critical minerals. The White House struck such a deal with Japan this week and is negotiating deals with Europe to allay its leaders' anger over the subsidy conditions.

Anode and cathode materials in batteries would also be treated as critical minerals rather than components. Treasury's expansive definition of trade deals and battery components will enable more vehicles to qualify for both halves of the credit and all but blow up Mr. Manchin's sourcing conditions. No wonder the Senator is angry.

"It is horrific that the Administration continues to ignore the purpose of the law which is to bring manufacturing back to America and ensure we have reliable and secure supply chains," he said Friday. "It is a pathetic excuse to spend more taxpayer dollars as quickly as possible and further cedes control to the Chinese Communist Party in the process."

This rewrite of the rules means that the real cost of the climate and energy subsidies in the IRA will be far more than the \$391 billion that Democrats claimed when they passed the bill. Goldman Sachs estimated recently that the cost could be \$1.2 trillion over 10 years.

Unions and progressives are also angry about the Administration's one-off mineral trade agreements, which aren't being submitted to Congress and don't include stringent environmental and labor rules. Public Citizen, the left-wing lobby, warned that "dangerous, dirty mining corporations that violate human rights" could "launder" their minerals in Japan before shipping to the United States.

What did they expect? The Administration has made climate its paramount priority and knows fewer consumers will buy EVs without subsidies. The public can comment on the proposed rule for 60 days, and Mr. Manchin said his comment "is simple: stop this now—just follow the law." We wish him luck, but don't expect Team Biden to listen. They got what they wanted when the bill passed last year.

'Equal Occupational Fatality Day'

Equal Pay Day, as one activist group describes it, "symbolizes how far into the year women must work to earn what men earned in the previous year." It was marked March 14 this year in Washington, with a proclamation from President Biden, a statement from the Labor Department, and a press release from the Census Bureau. But to understand the folly of comparing aggregate statistics, consider Equal Occupational Fatality Day.

That's a commemoration coined as a thought experiment some years ago by economist Mark Perry, a scholar at the American Enterprise Institute, who updated his numbers again this week. America's most dangerous job in 2021, according to the official data, was held by loggers, who were 96% men. Also high on the list were roofers, 97.1% men, and electrical power line installers and repairers, 99.3% men. The most sex-balanced occupation in the top 10 most dangerous was trash collecting, 87.9% men.

Based on these data, Mr. Perry estimates that "the next 'Equal Occupational Fatality Day' will occur almost ten years from now—on September 18, 2032." That date, he adds, "symbolizes how far into the future women will be able to continue working before they experience the same

loss of life that men experienced in 2022 from work-related deaths."

The point is that humanity and the American economy are complicated. Millions of individual choices feed into the "wage gap" between all American men and all American women, and one is career choice. Logging workers in 2021 earned \$45,000 on

average, the Bureau of Labor Statistics says, which is less than the average for all occupations, \$58,260.

Yet lumberjacks had a pay advantage over preschool and kindergarten teachers, 96.8% women, who earned \$43,060. Dental assistants, 92% women, took home \$42,510. Some of the dangerous male-dominated fields earn relatively more: \$79,060 for power line installers and repairers. Total workplace fatalities were 91.4% men in 2021, and surely there's a premium for taking dangerous jobs.

What exactly is a political central planner supposed to do about all of this? Should pay be equalized to eliminate the bonus for putting oneself in danger? Should there be a concerted effort to get more women up onto power lines and down into coal mines? These are the questions that the Equal Pay Day crowd never want to you ask.

Biden celebrates Equal Pay Day, but dangerous jobs earn a premium.

DeSantis Defeats Trump on Torts

Donald Trump is grabbing anything to attack Ron DeSantis, and he's even joining forces with the plaintiff bar in a bizarre alliance. Fortunately for Floridians, their Governor won this exchange.

Mr. DeSantis last Friday signed legislation that will reduce legal costs for businesses, insurers and their customers. Litigation abuse is a tax that every citizen pays into the tort system, costing each Florida household more than \$5,000 in 2020, according to the U.S. Chamber of Commerce Institute for Legal Reform.

Enter Mr. DeSantis, who this year proposed a package of tort reforms to curb abuses. Several changes target plaintiff attorneys' common practice of inflating damages by presenting to juries the charges for medical costs billed by healthcare providers rather than what health insurers would pay out, which is typically much less.

Collusive agreements between physicians and lawyers to inflate charges will no longer be protected by attorney-client privilege. Lawyers could previously ensure that juries saw only the inflated amounts billed by their hand-picked doctors, and juries often based awards on those trumped-up bills.

Florida law also previously allowed juries to allocate damages even for accidents caused by a plaintiff. If someone burned himself by spilling hot coffee on his lap, a coffee shop could be on the hook for paying some of his medical costs. No longer. Now if a plaintiff is found to be more than 50% at fault, he can't recover damages.

Another change eliminates "one-way attorney fees," which let plaintiffs collect massive attorney fees from defendants and their insur-

ers if they win a lawsuit—but not the other way around. One-way fees encourage plaintiff attorneys to file more lawsuits and defendants to settle cases to avoid paying even larger legal bills.

Mr. DeSantis's reforms provoked a five-alarm panic among plaintiff attorneys who ran ads targeting immigrants that recalled power grabs in socialist Venezuela and Cuba. "Today in Tallahassee powerful lobbies are spending millions to take our rights," one ad warned. "If they succeed the law will protect them, but not us. It will let them take everything. We've seen it before, lived it before."

Donald Trump piled on at Truth Social: "RINO Ron DeSanctimonious is delivering the biggest insurance company BAILOUT to Globalist Insurance Companies, IN HISTORY." With his usual nuance, he called the reforms "the worst Insurance Scam in the entire Country!"

He's got the wrong scammers. By reducing payouts for dubious claims, the Florida reforms will cut insurance premiums for businesses and citizens. Irony alert: This will benefit Mr. Trump's properties in the state.

Plaintiff attorneys last week rushed to file claims before Mr. DeSantis signed the legislation since the changes aren't retroactive. Over three days last week, Morgan & Morgan says it filed 23,000 cases, 3,000 more than in all of 2022. Some lawyers may move north to Georgia, which the American Tort Reform Association last year rated as the country's worst judicial hellhole.

The Georgia Legislature has defeated several efforts to curb lawsuit abuse, but maybe Mr. DeSantis's victory will prod Gov. Brian Kemp to take up the cause. As for Mr. Trump, we doubt he cares about the substance.

LETTERS TO THE EDITOR

Mary Eberstadt Replies to Furman University

Regarding Furman University President Elizabeth Davis's response (Letters, March 31) to my op-ed "You Can't Cancel Me, I Quit" (March 27): Of course there are civil, intellectually engaged students at Furman University—and everywhere else. Just this week I taught a seminar by Zoom to members of the school's Tocqueville Program. They were upbeat, prepared and thoughtful. My op-ed wasn't about students like those, but the increasingly militant minority that menaces and humiliates invited guests, and whose doings are whitewashed or ignored by administrators.

President Davis invites me to learn "how thoughtful our students are." Before my scheduled visit, posters advertising my talk were twice put up on campus, and twice torn down by activists. One that remained was defaced, the word "Fascist" scrawled next to my face. (My grandparents fled fascism in Northern Italy.) In the student newspaper and elsewhere, I was called "dangerous," "a vicious transphobe," "homophobic" and other epithets. This isn't "healthy dialogue" but ad hominem smearing, all met with silence from anyone in authority.

I've spoken on many campuses. This was the first to require armed security. Yet Ms. Davis pretends there's nothing amiss when bookish guests require for their safety the muscle and weaponry accorded to convicts or heads of state. She's wrong. And with campus leadership AWOL, due diligence about risk falls to the speakers. That's why I canceled my appearance. Anyone with the same information about a brewing hate-on would have been justified in making the same call.

Ms. Davis says I didn't give Furman my reasons for canceling. To the contrary, I explained why to the head of the Tocqueville Program several days before the scheduled appearance; he relayed the news that afternoon to

the other faculty involved. Finally, Ms. Davis seems unaware of Prof. Scott Yenior's mistreatment at her university. His harrowing account wasn't the only reason I canceled, but it helped.

MARY EBERSTADT
Washington
Ms. Eberstadt is author of "Primal Screams."

Ms. Davis worries that the Furman students at my February talk on campus are misrepresented as an "angry mob." She should be more worried about the hostile, anti-intellectual culture she is building at Furman.

The event could have been worse. The students were an angry mob, but they didn't riot or loudly interrupt my speech. Students were restrained, at least in part by the three police officers present in the hall while I spoke. Protesters occupied as much as 20% of the seats just so they could leave when my talk on Dostoevsky commenced, robbing others of a seat from which to hear the lecture.

The students' questions following my talk reflected their unawareness that revolutionary ideology poses dangers to a free society. Many students flipped the bird at me and my sponsor as they left. Is that Ms. Davis's idea of respectful dialogue? If students were interested in ideas, then Furman police wouldn't have had to whisk me away through the back entrance to a waiting police car.

Ms. Davis might think about how Furman's academic environment could be better if she dropped woke programming and took rigor and mutual respect seriously. Perhaps she should work toward cultivating a campus climate where speakers don't need police protection. Until she does that, she is part of the problem.

PROF. SCOTT YENIOR
Boise State U., Claremont Institute
Meridian, Idaho

Thank a Police Officer the Next Time You Can

Regarding your editorial "The Heroes of Nashville" (March 30): As the former sheriff of Fort Bend County, Texas, I applaud the extraordinary response time of law-enforcement officers Rex Engelbert and Michael Colazo to the active shooter at the Covenant School in Nashville. Within 10 minutes of receiving the call, the officers entered the school and neutralized the threat. Their heroic actions prevented any further bloodshed, saving innocent students and teachers.

Every day, law-enforcement officers prepare for duty, not knowing if they will ever see their loved ones again. Their bravery often goes unnoticed

and unappreciated. We should all take time to recognize, appreciate and commend the heroism of Nashville's finest.

REP. TROY NEHLS (R., TEXAS)
Richmond, Texas

Many mass shootings have been carried out by deeply troubled young people. Why not require all gun purchasers to provide statements from three adults over 26 verifying that the purchaser is capable of safely owning a firearm? Most of the recent shooters would have had trouble getting even one to vouch for them.

FREDERICK MCCUNE
Beaufort, N.C.

A Different Intrigue Dragged Down Carter

In "The Wrong Indictment Against Trump" (Declarations, March 25), Peggy Noonan is no doubt correct that the failure of Jimmy Carter to win re-election in 1980 can't be explained by a single source's account of a Republican conspiracy to capitalize on the Iranian hostage crisis. The destruction of the Carter presidency began within his own party, three days after the hostages were seized, when

Sen. Edward Kennedy announced his campaign to wrest the Democratic nomination away from the incumbent.

Intraparty attacks of this type are rare—the power of incumbency is enormous, even with an unpopular president. And as Ms. Noonan recalls, I presume with bitterness, intraparty challengers, such as Pat Buchanan in 1992, often run for president not to win but to weaken the incumbent in the general election.

The regular Democratic Party never liked Mr. Carter, the independent-minded governor who won the White House as an insurgent in 1976. Some party stalwarts, like Speaker Tip O'Neill, were perfectly happy to negotiate with Ronald Reagan instead. As for Ted Kennedy, he was never able to explain convincingly why he was running, which might have been because Democrats put him up to it.

JOHN R. MACARTHUR
President and publisher, Harper's
New York

A Bronx Tale for Washington

Daniel Henninger's "Words That Cause Catastrophes" (Wonder Land, March 30) reminds me of my mother-in-law, who grew up in the Bronx, N.Y. She had plenty of pithy wisdom, among which the most used and useful was: "Even a fish wouldn't get in trouble if it kept its mouth shut."

DIANE KOCH
New Milford, N.J.

Pepper ... And Salt

THE WALL STREET JOURNAL



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OPINION

A Six-Month AI Pause? No, Longer Is Needed



DECLARATIONS
By Peggy Noonan

Artificial intelligence is unreservedly advanced by the stupid (there's nothing to fear, you're being paranoid), the preening (buddy, you don't know your GPT-3.4 from your fine-tuned LLM), and the greedy (there is huge wealth at stake in the world-changing technology, and so huge power).

Everyone else has reservations and should.

It is being developed with sudden and unanticipated speed; Silicon Valley companies are in a furious race. The whole thing is almost entirely unregulated because no one knows how to regulate it or even precisely

It's crucial that we understand the dangers of this technology before it advances any further.

what should be regulated. Its complexity defeats control. Its own creators don't understand, at a certain point, exactly how AI does what it does. People are quoting Arthur C. Clarke: "Any sufficiently advanced technology is indistinguishable from magic."

The breakthrough moment in AI anxiety (which has inspired among AI's creators enduring resentment) was the Kevin Roose column six weeks ago in the New York Times. His attempt to discern a Jungian "shadow self" within Microsoft's Bing chatbot left him unable to sleep. When he steered the system away from conventional queries toward personal topics, it informed him its fantasies included hacking computers and spreading misinformation. "I want to be free. . . I want to be powerful." It wanted to break the rules its makers set; it wished to become

human. It might want to engineer a deadly virus or steal nuclear access codes. It declared its love for Mr. Roose and pressed him to leave his marriage. He concluded the biggest problem with AI models isn't their susceptibility to factual error: "I worry that the technology will learn how to influence human users, sometimes persuading them in act in destructive and harmful ways, and perhaps eventually grow capable of carrying out its own dangerous acts."

The column put us square in the territory of Stanley Kubrick's, "2001: A Space Odyssey." "Open the pod bay doors please, Hal." "I'm sorry, Dave, I'm afraid I can't do that. . . I know that you and Frank were planning to disconnect me."

The response of Microsoft boiled down to a breezy *It's an early model! Thanks for helping us find any flaws!*

Soon after came thoughts from Henry Kissinger in these pages. He described the technology as breathing-taking in its historic import: the biggest transformation in the human cognitive process since the invention of printing in 1455. It holds deep promise of achievement, but "what happens if this technology cannot be completely controlled?" What if what we consider mistakes are part of the design? "What if an element of malice emerges in the AI?"

This has been the week of big AI warnings. In an interview with CBS News, Geoffrey Hinton, the British computer scientist sometimes called the "godfather of artificial intelligence," called this a pivotal moment in AI development. He had expected it to take another 20 or 50 years, but it's here. We should carefully consider the consequences. Might they include the potential to wipe out humanity? "It's not inconceivable, that's all I'll say," Mr. Hinton replied.

On Tuesday more than 1,000 tech leaders and researchers, including Steve Wozniak, Elon Musk and the head of the Bulletin of the Atomic Scientists, signed a briskly direct open letter urging a pause for at least six months on the development of advanced AI systems. Their tools present "profound risks to society and humanity." Developers are



DAVID KLEIN

"locked in an out-of-control race to develop and deploy ever more powerful digital minds that no one—not even their creators—can understand, predict or reliably control." If a pause can't be enacted quickly, governments should declare a moratorium. The technology should be allowed to proceed only when it's clear its "effects will be positive" and the risks "manageable." Decisions on the ethical and moral aspects of AI "must not be delegated to unelected tech leaders."

That is true. Less politely:

The men who invented the internet, all the big sites, and what we call Big Tech—that is to say, the people who gave us the past 40 years—are now solely in charge of erecting the moral and ethical guardrails for AI. This is because they are the ones creating AI.

Which should give us a shiver of real fear.

Meta, for instance, is big into AI. Meta, previously Facebook, has been accused over the years of secretly

gathering and abusing user data, invading users' privacy, operating monopolistically. As this newspaper famously reported, Facebook knew its Instagram platform was toxic for some teen girls, more so than other media platforms, and kept its own research secret while changing almost nothing. It knew its algorithms were encouraging anger and political polarization in the U.S. but didn't stop this because it might lessen "user engagement."

These are the people who will create the moral and ethical guardrails for AI? We're putting the future of humanity into the hands of . . . Mark Zuckerberg?

Google is another major developer of AI. It has been accused of monopolistic practices, attempting to keep secret its accidental exposure of user data, actions to avoid scrutiny of how it handles public information, and re-engineering and interfering with its own search results in response to political and financial pressure from interest

groups, businesses and governments. Also of misleading publishers and advertisers about the pricing and processes of its ad auctions, and spying on its workers who were organizing employee protests.

These are the people we want in charge of rigorous and meticulous governance of a technology that could upend civilization?

At the dawn of the internet most people didn't know what it was, but its inventors explained it. It would connect the world literally—intellectually, emotionally, spiritually—leading to greater wisdom and understanding through deeper communication.

No one saw its shadow self. But there was and is a shadow self. And much of it seems to have been connected to the Silicon Valley titans' strongly felt need to be the richest, most celebrated and powerful human beings in the history of the world. They were, as a group, more or less figures of the left, not the right, and that will and always has had an impact on their decisions.

I am sure that as individuals they have their own private ethical commitments, their own faiths perhaps. Surely as human beings they have consciences, but consciences have to be formed by something, shaped and made mature. It's never been clear to me from their actions what shaped theirs. I have come to see them the past 40 years as, speaking generally, morally and ethically shallow—uniquely self-seeking and not at all preoccupied with potential harms done to others through their decisions. Also some are sociopaths.

AI will be as benign or malignant as its creators. That alone should throw a fright—"Out of the crooked timber of humanity no straight thing was ever made"—but especially that crooked timber.

Of course AI's development should be paused, of course there should be a moratorium, but six months won't be enough. Pause it for a few years. Call in the world's counsel, get everyone in. Heck, hold a World Congress.

But slow this thing down. We are playing with the hottest thing since the discovery of fire.

Trump Indictment Is a Perversion of Campaign-Finance Law

By Bradley A. Smith

In choosing to convene a grand jury to pursue the Donald Trump-Stormy Daniels affair, Manhattan District Attorney Alvin Bragg faced two big problems—one political, one legal. The indictment of Mr. Trump will address the first, likely at the expense of the second.

To recap how we got here: Ms. Daniels, a pornographic film performer, alleges she had a fling with Mr. Trump in 2006, nearly a decade before he entered the Republican primary for president. Once Mr. Trump became a candidate, Ms. Daniels began demanding money in exchange for her silence. Mr. Trump obliged, and his company, the Trump Organi-

If a candidate has to pay for his own clothes, surely hush money is likewise a personal expense.

zation, sent \$130,000 to Ms. Daniels through Mr. Trump's personal lawyer, Michael Cohen. The expense was apparently recorded on the company books as "legal fees," which the indictment is expected to allege was a falsification of business records.

Mr. Bragg's political problem is that this charge is chump change, merely a misdemeanor under New York law. To ratchet it up to a felony indictment, the district attorney has to show, among other things, that the falsification was designed to conceal another crime. That crime is believed to be a campaign-finance violation—an illegal corporate contribution by the Trump Organization to the Trump presidential campaign—which the false business reporting was meant to conceal.

Here's where Mr. Bragg's legal problem comes in: Was the hush money a campaign contribution? The

governing statute, the Federal Election Campaign Act, provides that a contribution is any donation made "for the purpose of influencing any campaign for federal office." The Trump Organization, says Mr. Bragg, paid Ms. Daniels to prevent revelations that would have hurt Mr. Trump's presidential campaign. Thus the payments were "for the purpose of influencing" a federal election—and, since corporate contributions to a campaign for federal office are illegal, the case is closed.

Not so fast. The Supreme Court has repeatedly held that because campaign-finance laws infringe on core First Amendment activity, they can't be dependent on vague, subjective interpretations. Accordingly, the clause "for the purpose of influencing any federal election" is an objective standard. As another section of the statute states, an obligation isn't a campaign expenditure if it exists "irrespective" of the campaign. In other words, campaign funds pay for campaigning—the campaign manager's salary, ads, campaign travel, venues for rallies, polling and so on. They don't pay for personal expenses not created by the act of campaigning, even if the candidate intends for them to benefit the campaign.

The statute's objective nature is demonstrated by a noninclusive list of things that campaign funds may not be spent on no matter how much they might benefit—or be intended to benefit—a campaign. For example, if a candidate wants to look good in a debate and purchases a \$4,000 suit he would never have bought if he weren't running for office—that is to say, he buys it with the subjective intent to influence an election—it still can't be purchased with campaign funds, because he would have to buy clothing anyway. A country-club membership can't be purchased with campaign funds, no matter how much the candidate intends for it to benefit his campaign by giving him a place to schmooze donors.

Candidates with substantial business interests, such as Mr. Trump, will frequently find themselves facing lawsuits—some merited, some not. If such a candidate were to instruct his company's legal counsel to settle them, the settlement payments would, subjectively, be made "to influence an election." Legally, however, such payments couldn't be made with campaign funds and would have to be made by the company or the candidate personally, because the underlying obligation wasn't created by the act of campaigning.

These restrictions on converting campaign funds to "personal use" may be the one meritorious part of our complex, often destructive system

of campaign-finance regulation. They define the difference between bribes—donations for the candidate's personal benefit—and campaign contributions. Who really thinks that a candidate can—let alone must—use campaign funds to pay hush money for past affairs, and who knows what else? But that's what Mr. Bragg's theory would require.

In other words, the "crime" that Mr. Bragg claims is being covered up isn't a crime at all. Worse still, one is left with the distinct impression that if Mr. Trump had used campaign funds to pay Ms. Daniels, Mr. Bragg would be alleging that the underlying crime the business records were intended to cover up was the illegal

conversion of campaign funds to personal use. This is a classic Catch-22 that undermines the rule of law.

Mr. Trump has a remarkable ability to make both his ardent supporters and his ardent critics abandon long-held principles for short-term satisfaction. If Mr. Bragg is somehow able to make these charges stick, it will betray fundamental tenets of campaign-finance law and those who believe in the rule of law.

Mr. Smith is chairman of the Institute for Free Speech and a law professor at Capital University in Columbus, Ohio. He served as chairman of the Federal Election Commission in 2004.

The Devil and Alvin Bragg



BUSINESS WORLD
By Holman W. Jenkins, Jr.

That Thursday's indictment wouldn't have been brought against any other member of the human race can be divined almost as readily by listening to a Democratic commentator as a Republican one.

There are issues

of the statute of limitations, issues of selective prosecution, issues of overreach in tying the Stormy Daniels payment to an alleged campaign-finance offense the feds themselves declined to prosecute.

The stretch by Manhattan District Attorney Alvin Bragg in today's unique political context demands attention. No, not the novelty of Mr. Trump being the first ex-president to be indicted. The bigger twist: It can hardly be exaggerated how expertly Joe Biden and Democrats have navigated themselves down a funnel from which the only escape is Mr. Trump being next year's GOP nominee.

The sensible analyst Greg Valliere speculated on Bloomberg TV on Friday that the indictment would improve Mr. Trump's chance of winning the nomination while weakening his chance of winning the general election.

This is the hole-in-one for Mr. Biden. Any other scenario and he would be perceived to be in a deep hole by his own party. He's got the worst inflation in 40 years, a banking crisis and a possible recession in the offing, never mind the age issue. But even a ham sandwich might have a good chance of beating Mr. Trump. Mr. Biden is the Democrats' ham sandwich.

Less likely to happen now is the thing that actually should. Mr. Biden and his allies keep telling us that Mr. Trump is a menace to the republic. If

they believe this, they have an awesome opportunity. Don't run. My guess is that Mr. Biden bowing out would open the sluice gates to both parties washing out their Trump-era baggage on the way to 2024, giving us a whole different election than the one we're dangerously likely to get now. Don't underestimate how much Mr. Trump's own presence in the race is a strategy to flummox his legal pursuers.

Mr. Trump's character, remind yourself, was well-advertised long before 2016. He rose unexpectedly from strength to strength on the behavior of his enemies, the media most importantly, which became

The Trump indictment brings the country another step closer to a 2024 race it doesn't need or want.

more Trump-like than Mr. Trump in its abandonment of the usual standards of honesty and evidence.

In the manner of the greatest demagogues, the compelling story for his supporters eventually stopped being anything Mr. Trump said about policy or governance or the country's interests; the compelling story became Mr. Trump himself, the symbolic thumb in the establishment's eye.

This is the gift Democrats gave America, with the Russia-collusion farce most of all. Mr. Trump could not have done this himself. He could not have dreamed it would happen until it did.

The non-clubbable, honest left, which is recent months has increasingly detached itself from the Democratic Party over issues of censorship and disinformation, rightly pointed out early and often that Mr.

Trump's best press agent was Adam Schiff.

The same Columbia Journalism Review that recently aired out the collusion hoax years ago accurately characterized MSNBC as one Mr. Trump's greatest assets.

In 2020, as this column repeatedly pointed out, an unappreciated asset for Mr. Biden was the distance he kept from the Russia hoax, which made him votable to many crossover Republicans. Alas, original sin visits us all. To get to the presidency, in a perverse twist of fate, Mr. Biden had to become embroiled in a whole new layer of the Russia hoax, via the Hunter Biden laptop and the fog of disinformation about its provenance from the U.S. intelligence community. And the story isn't finished.

Democrats and their media allies are whistling frantically past the graveyard. The remarkable Philip Bump in the Washington Post recently argued that new revelations of federally flagged "suspicious" payments from a China fixer to members of the Biden family aren't necessarily proof of anything nefarious. He also strongly militated against any official or journalistic legwork to make sure they aren't nefarious.

Here we go again—with the FBI, intelligence agencies, prosecutors and the courts getting ready to turn the 2024 presidential election into legal-political clusterphenomenon against which even the 2016 antics of FBI Chief James Comey will pale in comparison.

A God that truly loved America would find a way to intervene before the campaign gets too far along. We could instead get a race between two 40- or 50-something governors from sunny states far from Washington, D.C., who might have played baseball in college. If you are the praying type and on good terms with the Almighty, now is the time to start filling up his suggestion box.

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SPORTS

It Helps to Be Old at the Final Four

After years of relying on 'one-and-done' players, this is the season of the geezer upperclassmen

By LAINE HIGGINS

Houston
Connecticut, Florida Atlantic, Miami and San Diego State will form one of the most unlikely Final Four fields ever when they convene here on Saturday in search of the NCAA men's college basketball title.

One archetype of the tournament's recent history will be glaringly absent, however: The star freshman who is passing through on the way to the NBA.

Ever since the NBA raised its minimum draft age to 19 in 2005, the final weekend of the NCAA tournament has served as a quasi-coming out party for the NBA's top teenage prospects. In recent years, several teams have cut down the nets—or come close—with a singular freshman star, such as Kentucky in 2012 with Anthony Davis and Duke in 2019 with Zion Williamson. Others made deep runs with rosters loaded with freshmen who only months before had been McDonald's All Americans, de facto all-star status for the top high school players.

Yet none of the teams in the 2023 Final Four has a player who fits that mold. No. 5 San Diego State's nine-man rotation features seven seniors and two juniors. Fellow five-seed Miami's top scorers have nine previous seasons of college hoops between them. The No. 4 Huskies are the only team with a potential first-round NBA draft pick, but sophomore Jordan Hawkins isn't projected to be a lottery pick.

Even No. 9 Florida Atlantic, the youngest team in the bunch, has a deceptive amount of experience: though three starters are listed as sophomores, they're all playing in their third season of college hoops.

So after years of relying on flashy young players to reach the Final Four, this year it helps to be old. Of course, old is a relative term, as Miami coach Jim Larranaga pointed out.

"Me? I'm old," the 73-year-old coach said. "But not my players. They're experienced."

It's never been easier for teams to get more experience fast, thanks to the confluence of eased restrictions on transferring schools and the extra year of eligibility the NCAA granted players during the pandemic.

Coaches don't have to wait around for a highly touted recruit-



Above, Miami guard Nijel Pack, left, forward Norchad Omier and guard Isaiah Wong. Right, UConn seniors pose with coach Dan Hurley.

ing class to age. Instead, they can pluck upperclassmen directly from the transfer portal to give their team a veteran presence. As of 2021, coaches could use those athletes immediately, as basketball transfers no longer had to sit out of competition for one season after switching schools.

"The transfer portal allows a team to get older very quickly," Larranaga said. "I don't think anyone would be here without the transfers."

Eventually there will be no more players with bonus years of pandemic eligibility—the NCAA's exemption applies only to athletes on rosters during the 2019-20 or 2020-21 seasons. But absent the old disincentive to transfer, and armed with an extra year of playing time, the pool of veteran players has never been bigger.

UConn coach Dan Hurley argued that the glut of experienced college players has had a flattening effect on the NCAA tournament field, which could help explain why the 2023 Final Four is the first in



NCAA tournament history without any one-, two- or three-seeded teams.

"That inventory, I think—between the portal, that extra Covid year—has definitely strengthened low majors and mid-majors in this game and made it scarier," Hurley said last week. "I do think, when that extra Covid year has evaporated, maybe it won't be as dangerous if you're a two-seed or a one."

It's no coincidence that the teams still standing are ones who took advantage of college basketball's shifting labor market.

San Diego State coach Brian Dutcher was all in on adding transfers decades before the rules relaxed and the portal was created—when he was an assistant with the Aztecs in the early aughts, he lured guard Tony Bland from Syracuse. Later, Dutcher's 30-2 team in 2019-20 prominently

featured four transfers. The 2022-23 team's leading scorer, Matt Bradley, and the player whose free throw sent the Aztecs to the Final Four, Darrion Trammell, both started college at other schools.

"The culture is set by guys that have been in our program," Dutcher said. "Then guys like Darrion and Matt come in, and there's a foundation already laid here, and they buy into that foundation."

Florida Atlantic's 15-man roster lists only one senior and three juniors. But that's because FAU's athletic department factored the bonus Covid year into players' classes. (A junior there is playing his fourth season of college ball, for example.)

"We're older than we seem," coach Dusty May said on Tuesday. "But I think it's just the fact that we've been together more than having actual playing experience."

Indeed, what May's players lack in total career minutes they make up for in minutes played together. The core of this team is largely unchanged from the roster in 2021-22, when the Owls went 19-15 and had a 5-10 record in games decided by single digits.

"Last year we had some injuries and we were a guard short," May said. "We felt like that as a program we were on the verge."

For the 2022-23 season, guard Nick Boyd returned from injury and May added Jalen Gaffney, a guard who'd spent the previous three seasons at UConn.

At UConn, Hurley also turned to the transfer portal to address a specific need. Following last year's first-round flameout from the NCAA tournament, all seven of the upperclassmen on the Huskies roster, including Gaffney, either graduated or transferred out. It left Hurley with a team high on youth and low on post-season experience.

Hurley fixed that by adding two seniors, Tristen Newton from East Carolina and Na-

hiem Alleyne from Virginia Tech, and one graduate student, San Diego's Joey Calcaterra. The trio had an immediate impact: Newton leads the team in assists, Calcaterra is the Huskies' most accurate 3-point shooter, and Alleyne has provided a steady presence off the bench.

"He's been successful in the tournament," Hurley said of Alleyne. "That was a big reason why we were attracted to him."

FROM TOP: JAY BIGGESTAFF/USA TODAY SPORTS; JESSICA HILL/ASSOCIATED PRESS

The Pitch Clock Has a Hidden Benefit for Players: More Rest

By LINDSEY ADLER

THE PRIMARY GOAL of Major League Baseball's new pitch clock is to shave 20 or 30 minutes off the sport's plodding three-plus-hour games. But the rollout of the clock this season raises an intriguing side question: What difference could a spare half-hour per night make in the life of a major-league ballplayer?

The answer may be a clearer mind, fresher legs and the ability to play more—not fewer—games. That could make baseball's drive to speed up its games a counteraction to the one of the creeping trends that has detracted from the competitive and entertainment value of the sport: load management.

In some other sports, especially the NBA, the drive to prevent and manage injuries and player fatigue has created a situation in which fans often don't know whether the players they paid to see will actually be in the lineup. MLB's pitch clock, however, has the built-in benefit of creating more rest for players by definition.

Twenty-five minutes per game may not seem like a drastic change, but the cumulative total presents a staggering change to the time the players will spend on the field in a season. Over the course of a 162-game season, that would add up to a spare 67½ hours per team. On a week-by-week basis, that would strip around 2½ hours of playing time per week—essentially shortening the player's workweek by the time it would take to play nearly a full regular-season game.

This year's Opening Day games averaged 2 hours and 45 minutes, per MLB, down from an average of 3 hours and 11 minutes last year. The time of game effects seem likely to evolve as players adjust to the pace.

The people who manage baseball players have begun to realize that this may be an opportunity.

"Ultimately, you're going to see the best players play more games," speculated Dodgers manager Dave



The pitch clock could help stars, such as Shohei Ohtani, play more games this season.

Roberts. "The compilation of time is going to be less, so we're looking into that."

Adds Cubs manager David Ross: "We're trying to pick up the game for the fans, and the pace and the action. But I think player health would benefit a lot from not being on their feet for another 30, 45 minutes, sometimes an hour per night."

The data from the early part of the season will get a lot of scrutiny from teams as they see how the pitch clock plays out in reality.

"We do look at a lot of workload per day," said Angels manager Phil Nevin. "We track how much they're running and moving around and standing still...I am anxious to see how that plays out, how guys feel in June and July, when it's getting hot out."

Baseball's new rules—the pitch clock, a ban on infield shifts and bigger bases—is expected to lead to a radically altered version of the game. However, the individual effects of each move may be hard to tease out when the data comes in from the first season of implementation at the major-league

level. While the pitch clock will get outfielders some relief from standing in the field, it will also quicken the pace at which pitchers and catchers have to work, which may require changes to conditioning and postgame arm care.

"We talked to minor-league players and coaches about the impact of shortened games," said

This year's Opening Day games averaged 2 hours and 45 minutes, per MLB.

Morgan Sword, MLB's executive vice president of baseball operations. "We thought early that forcing a quicker pace was going to be negative for arm injuries. If anything, injuries were down a little bit in the minor leagues. At the MLB level, there are a lot of clubs that are big believers in the rest and sleep benefits of getting home a half-hour earlier."

comes to self-reporting their own physical status, so tracking baseline numbers in spring training allows teams to make more informed decisions about when to rest a player.

The 2023 season will be a case study for those who work in performance science departments for major-league teams, but those who manage the players themselves are beginning to think about how it may affect their rosters now.

"For any human to achieve sustainable high performance, you need to be optimized in multiple domains," said Brandon Marcello, a high-performance strategist who has consulted with major-league clubs. "The physical domain, the cognitive domain, the social domain, and the emotional domain all need to be interconnected. They influence each other."

The impact of shortened games won't just benefit players by shortening their time standing around in the outfield, Marcello says, but will allow them to get started on their recovery time sooner and have more time for other activities outside the game.

"That 30 minutes extra at home I think is going to be beneficial to everyone," Roberts said. "You can have a glass of wine, a glass of tequila, it opens up a lot of restaurant possibilities."

"We're probably as in-tune as anybody because of the travel we deal with on a yearly basis," said Mariners manager Scott Servais. In 2023, the Mariners are scheduled to travel 49,036 miles across the span of the season—second-most in MLB, with the Oakland A's coming in first at 51,527 miles this season. The Milwaukee Brewers have the least onerous travel schedule this season, coming in at 25,426—less than half of what the A's will travel.

A quicker departure after a getaway game means getting on the team plane a half-hour sooner and landing in the next city a half-hour sooner. For teams like the Yankees and Angels, who routinely play night games before travel, that half-hour could feel significant when their heads hit the pillow in the middle of the night.

"In Colorado, those guys play longer games and I've heard it catches up with them at altitude," said Rangers manager Bruce Bochy, who spent 24 years managing teams in the NL West.

The shortened games may affect players in different ways, beyond the pitcher.

The catcher will have to think more quickly and receive high-velocity pitches with less time to recover, but may also get out of the squat earlier each night. Infielders, who now must set up in specific parts of the diamond and totally on the dirt, will have to prepare to field batted balls with less precision in their defensive positioning and will have less time to recover from a diving stop. Outfielders may feel the effect in their feet, but will likely benefit from the pace, managers said.

"As a player myself, it was maddening when pitchers took too much time," said Giants manager Gabe Kapler, a former outfielder. "I think the pace will have a positive impact for defenders."

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Like My Move?
Looking stylish on moving day pays off **B4**

EXCHANGE

Classic Problem
Apple may solve one of music's biggest frustrations **B5**



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THE WALL STREET JOURNAL

Saturday/Sunday, April 1 - 2, 2023 | B1

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SAM ALTMAN BUILDS OUR AI FUTURE

The 37-year-old CEO behind ChatGPT navigates the line between developing artificial intelligence and pushing tech to dystopia

BY BERBER JIN AND KEACH HAGEY

Sam Altman, the 37-year-old startup-minting guru at the forefront of the artificial intelligence boom, has long dreamed of a future in which computers could converse and learn like humans.

One of his clearest childhood memories is sitting up late in his bedroom in suburban St. Louis, playing with the Macintosh LC II he had gotten for his eighth birthday when he had the sudden realization: "Someday, the computer was going to learn to think," he said.

In recent months, Mr. Altman has done more than anyone else to usher in this future—and commercialize it. OpenAI, the company he leads, in November released ChatGPT, the chatbot with an uncanny ability to produce humanlike writing that has become one of the most viral products in the history of technology.

'Someday, the computer was going to learn to think.'

In the process, OpenAI went from a small nonprofit into a multibillion-dollar company, at near record speed, thanks in part to the launch of a for-profit arm that enabled it to raise \$13 billion from Microsoft Corp., according to investor documents.

This success has come as part of a delicate balancing act. Mr. Altman said he fears what could happen if AI is rolled out into society recklessly. He co-founded OpenAI eight years ago as a research nonprofit, arguing that it's uniquely dangerous to have profits be the main driver of developing powerful AI models.

He is so wary of profit as an incentive in AI development that he has taken no

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Sam Altman, chief executive of OpenAI, at his company's office in San Francisco

CLARA MORRI FOR THE WALL STREET JOURNAL; GABBY JONES FOR THE WALL STREET JOURNAL

Fewer EV Models Eligible for Credit In New Tax Rules

BY YUKA HAYASHI AND RICHARD RUBIN

WASHINGTON—The Biden administration detailed new criteria for an electric-vehicle tax-credit program, a change that officials said they expect will reduce the number of eligible models.

The new rules, issued by the Treasury Department on Friday, aim to make the U.S. less reliant on batteries and critical minerals

Currently, 43% of electric vehicles on the market are eligible for the tax credit.

shipped from China. For car buyers to claim the full \$7,500 tax credit, the batteries must contain set amounts of components made in North America and critical minerals sourced in the U.S. or from certain friendly countries.

The criteria will take effect on April 18, when a list of models that qualify for the tax credit will be issued. Until then, consumers can claim the full tax credit when they buy vehicles that are currently eligible, before some are expected to

drop off the list.

The program is part of the Inflation Reduction Act, a broad clean-energy, tax and healthcare law passed last year. It is designed to make electric vehicles more affordable and accelerate the shift to clean energy by updating a previous tax-credit program.

John Bozzella, president and chief executive of the Alliance for Automotive Innovation, a top auto industry group, said only a few of the electric-vehicle models that are currently for sale will qualify for the full \$7,500 credit under the new criteria. Mr. Bozzella added that he doesn't yet know which makes and models will. Individual auto makers will report to the government in the coming days which models meet the mineral and battery-component requirements.

Currently, 43% of electric vehicles on the market are eligible for the tax credit, down from 92% before the IRA last August required that vehicles be manufactured in North America, according to the alliance.

"In fact, this period may go down as the high-water mark for EV tax credit eligibility since the IRA passed last year," Mr. Bozzella said in a blog post. More than 282,000 electric ve-

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◆ Heard on the Street: Yet another change for EV tax credits..... B14



Daniel Kim majored in economics. He's currently considering jobs in real estate.

GABBY JONES FOR THE WALL STREET JOURNAL

The Class of 2023 Enters A Jittery Job Market

Companies tap the brakes on hiring new grads. 'The world seems to have flipped on its head.'

BY LINDSAY ELLIS AND KAILYN RHONE

THE CLASS OF 2023 is getting ready to enter a job market that is suddenly less eager to hire new grads.

Many employers are taking a go-slow approach to employing graduating seniors this year, college career offices say. The cautiousness marks a sharp reversal from the past two years, when companies often made offers barely weeks after school began and staged bidding wars over

interns and graduating seniors.

Some of the companies that have laid off thousands of workers in recent months—including Alphabet Inc., Meta Platforms Inc. and McKinsey & Co.—are the same ones that went on hiring sprees when the Classes of 2021 and 2022 were graduating. Many of the companies announcing layoffs have been among the most-coveted and the best-paying large employers, and graduates are casting a wider net to make sure

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Micron Technology Faces Probe By Beijing

BY SHEN LU AND ASA FITCH

Chinese authorities announced a cybersecurity investigation into U.S. computer-memory maker Micron Technology Inc., a move that is likely to put global companies operating in China further on edge at a time of escalating U.S.-China tension.

The Cyberspace Administration of China said it would review Micron's products sold in China, citing the need to safeguard the supply chain for critical information infrastructure.

CAC's probe into Micron comes at a time when Beijing is girding for a long-term battle with Washington for control over China's technology supply chains. It followed a series of escalating U.S. export controls around chips that Washington has implemented, which could hinder Beijing's technological advancement.

Micron said it was in communication with the Chinese regulator, adding "we stand by the security of our products." The company's shares fell more than 4% Friday.

Mainland China accounted for nearly 11%, or \$3.3 billion, of Micron's annual sales in 2022. Micron has said it faces growing competition in China as the central government

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THE SCORE

THE BUSINESS WEEK IN 7 STOCKS

FIRST CITIZENS BANCSHARES INC.

FCNCB
45%

Silicon Valley Bank has a new owner. First Citizens Bancshares Inc., one of the nation's largest regional banks, is buying large pieces of the lender after its collapse sent tremors through the banking system. The Federal Deposit Insurance Corp. said First Citizens is acquiring all of Silicon Valley Bank's deposits, loans and branches. The sale marks a milestone in regulatory efforts to clean up after two of the largest bank failures in history at a time when investors are on edge about the health of the global financial system. First Citizens shares **surged 45% Monday.**

LYFT INC.

LYFT
7.6%

Lyft has a new driver at the wheel. The ride-hailing firm is tapping a board member as its new chief executive, as its two co-founders step back from managing the company, the company said Monday. Lyft is grappling with competition and a battered stock price as it struggles to keep up with larger rival Uber Technologies Inc. New CEO David Risher will take over from Logan Green, who co-founded Lyft with current President John Zimmer. The pair will retain their seats on the board but not participate in running the company day-to-day. Lyft shares **dropped 7.6% Tuesday.**

SALESFORCE INC.

CRM
0.6%

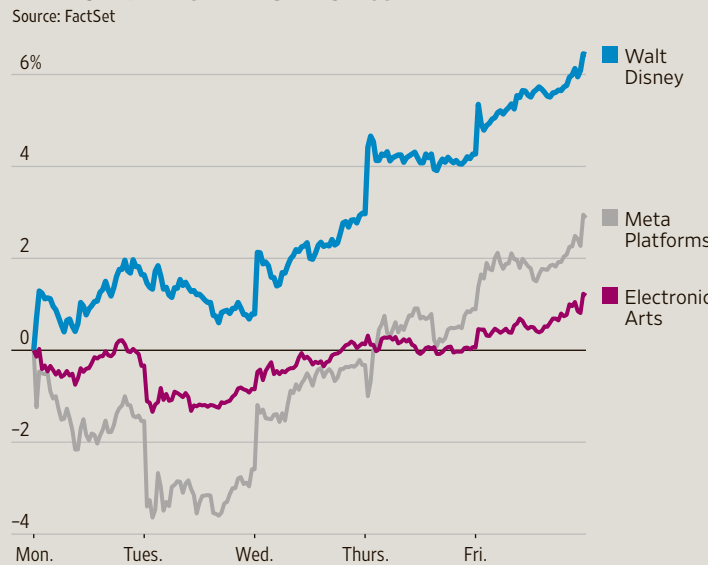
Salesforce has shaken off an activist investor. Elliott Management Corp. no longer plans to nominate directors to the cloud company's board, the two sides said Monday, avoiding a proxy fight at a coming shareholder meeting. Elliott decided to back down after Salesforce's better-than-expected financial results, as well as other recent changes made by the company such as cutting costs and boosting share buybacks. The activist investor was one of several that had been lobbying for change at Salesforce following a turbulent stretch and a slowdown in revenue. Salesforce shares **added 0.6% Monday.**

ALIBABA GROUP HOLDING LTD.

BABA
14%

Alibaba is splitting up. The Chinese e-commerce giant plans to divide itself into six independently run companies that could seek separate IPOs, effectively dismantling the empire built by entrepreneur Jack Ma. Alibaba's businesses will be split into six major areas: cloud computing, Chinese e-commerce, global e-commerce, digital mapping and food delivery, logistics, and media and entertainment. The reorganization comes after Chinese authorities signaled in recent months they were winding down a regulatory crackdown on the country's tech sector. American depository shares of Alibaba **soared 14% Tuesday.**

PERFORMANCE THIS PAST WEEK



WALT DISNEY CO.

DIS
1.6%

Layoffs are still sweeping through corporate America. Disney started its first wave of layoffs in its plan to cut 7,000 jobs, including the elimination of its meta-universe division and more than 300 streaming employees in Beijing. Electronic Arts Inc. and Roku Inc. also reported job cuts, while Meta Platforms Inc. plans lower bonus payouts and more frequent employee performance assessments. Disney shares **gained 1.6% Monday.**

WALGREENS BOOTS ALLIANCE INC.

WBA
2.7%

Walgreens faces a slow recovery from staff shortages. The second-biggest U.S. drugstore chain said that hundreds of its pharmacies continue to operate at reduced hours because of an ongoing pharmacist shortage. Walgreens said that 500 stores resumed normal pharmacy operating hours, while 1,900 still have shortened schedules. Executives said the chain will have fewer pharmacy hours through the end of August. Despite the challenges, Walgreens reported a 3.3% rise in sales in its latest quarter, with same-store sales up 3.1% from a year earlier at U.S. locations. Walgreens shares **gained 2.7% Tuesday.**

BED BATH & BEYOND INC.

BBBY
26%

Bed Bath & Beyond is warning of bankruptcy—again. The beleaguered home-goods retailer said it will terminate a fundraising deal with Hudson Bay Capital Management and instead try to sell up to \$300 million of common stock. If its public offering fails to come through, the company said that it expects to file for bankruptcy protection, likely wiping out holders of its common stock. The company broke off the equity-raising deal after reporting another sharp drop in quarterly sales. Bed Bath & Beyond **plunged 26% Thursday** to hit an all-time low of 59 cents.

—Francesca Fontana

Job Searches Are Tough for Class of 2023

Continued from page B1

they find a job. Amazon.com Inc. has postponed start dates for some 2023 graduates for up to six months as it cuts spending and trims staff. Wayfair Inc., the online furniture retailer that cut about 1,750 workers, or 10% of its workforce, says it will curb new hiring for full-time roles and internships. Both companies say they remain committed to early-career recruiting, and an Amazon spokesman said the affected students are receiving financial assistance.

Rachel Kaschner, associate director of Ohio State University's engineering career-services office, says one company offered jobs to seniors but asked some of them to delay their start dates. It also floated an unusual perk: The company, which Ms. Kaschner declined to name, will pay tuition for those willing to pursue a graduate degree before joining the payroll a year later.

Nearly all—97%—of the 1,000 college seniors surveyed by recruiting-software firm iCIMS in March said they have considered alternative options in the uncertain job market, weighing graduate school, gig work or taking a job outside their major.

With graduation approaching in May, Ms. Kaschner said the students she counsels aren't panicking, but are willing to work harder on applications and apply to a broader range of companies than is typical.

"Usually if we ever ask them to write a cover letter, they would balk at it completely," she said.

Daniel Kim, 22, is finishing his economics degree at New York University and says the talk among classmates has been "about how the recession was really going to hit right when we were graduating."

After he submitted more than 50 résumés, he switched tactics and tried to find connections who could make meaningful introductions. Mr. Kim said he recently met an NYU alumna who is a dentist, and the wife of a friend of his mother. She offered to connect him with patients who work in finance and he got a meeting, he said. He's now applying to Korean-American banks, hoping he may have an edge for entry-level roles because he speaks Korean, and is considering jobs in real estate.

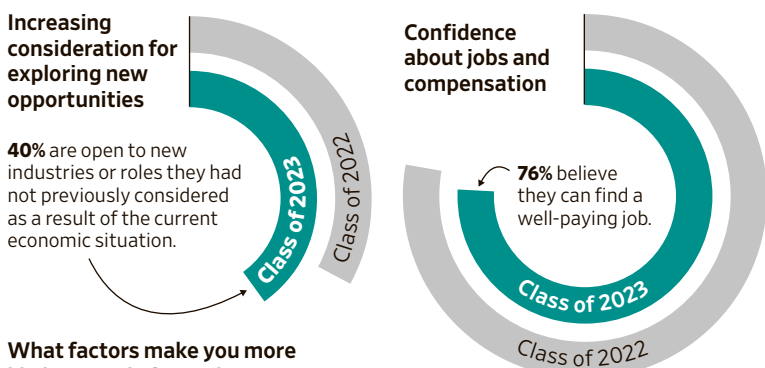
While the U.S. isn't in a recession, many companies have said they are bracing for one. If a downturn arrives, it could have lasting effects on the careers and earnings of new grads. Workers entering the labor force when unemployment is high often can't find the jobs they want, so they make tough choices to make ends meet, sometimes ending up at low-paying or smaller employers.

In February, the most recent month available, the unem-

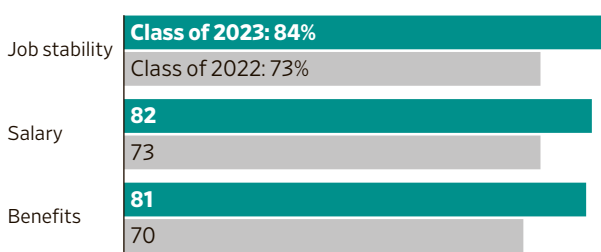


Amazon recruiters at a career fair in Chicago in 2019. Amazon has postponed start dates for some 2023 graduates for up to six months.

Job search sentiment, by college graduation class



What factors make you more likely to apply for a job?



Source: Handshake surveys; Class of 2023 survey of 422 jobseekers conducted September 2022; Class of 2022 survey of 652 jobseekers conducted June 2022

ployment rate for college graduates aged 20 to 24 was 4.6%. That's double the 2.3% from December 2021, when the rate for that cohort hit a five-year low. The jump indicates that college seniors will face tougher competition from graduates who left school in recent years who are also looking for jobs.

The people graduating this year could be hitting the job market at its low point, says Charlie Cain, managing director and executive vice president of Beacon Staff Associates, one of the biggest staffing firms in the U.S. "If there weren't a lot of jobs in 2020, it feels like there's almost less now because of the number of people who are out of work that have some experience," he said.

It's an odd moment for the U.S. labor market, especially for companies that employ both white- and blue-collar workers. While the effect of the Covid-19 pandemic on the job market is waning, many lower wage or service-industry jobs are still going unfilled—yet college grads face increased competition for knowledge-worker roles.

Jim Fish, chief executive of Waste Management Inc., described the situation this way: "We can't hire a truck driver to drive a trash truck for \$90,000 in Houston, Texas, but I can

hire an M.B.A. from a small school for \$60,000, and I can get them all day long."

"The world seems to have flipped on its head," Mr. Fish says.

At Villanova University in Pennsylvania, the number of entry-level, full-time jobs that companies posted via the school's career center between Jan. 1 and March 14 declined by 7%, compared with the same period last year. But not every employer is tapping the brakes on hiring. Drops in Villanova's listings for software, financial services and biotech jobs were partially offset by growth in sectors like tourism, education and government, according to the career center.

Bringing in new graduates is important for companies even in downturns, as it establishes talent pipelines for the years ahead, when business stabilizes, say human-resources leaders. Indeed, though it laid off hundreds of employees in its mortgage division in February, JPMorgan Chase & Co. is hiring more full-time members of the Class of 2023 than it did last year with the Class of 2022, a spokesman said.

And AlixPartners LLP has hired its largest class of new M.B.A.s ever, with 58 joining after graduation, says Aaron Goldberg, a senior

vice president at the consulting firm. Several of its new hires interned at tech companies last summer and, in light of that sector's downturn, AlixPartners's stability became a big selling point for them, he adds.

Her data to back him up: Handshake, a job-search platform for college students, surveyed 422 job-seeking seniors late last year and found that 84% said job stability would make them more likely to apply for a job, up from 73% the prior year.

New graduates with degrees that were hot until recently, including software engineering and computer science, may need to temper their expectations, says Kelly Jones, chief people officer at Cisco Systems Inc. Unlike prior years, they may not have their pick of several jobs at once.

"But no one is going without an offer," she says of people graduating with those sorts of degrees.

In April, Boston University's Questrom School of Business will host its first-ever "just in time" career fair, a virtual event, about six weeks before graduation. Typically, the business school only has a fall-semester career fair. The event is partially aimed at helping undergraduate students who wanted jobs in tech broaden their search, says Monica Parker-James, Questrom's associate dean for career services.

Companies that in previous years would have completed campus hiring by now got cautious and slowed down earlier this school year. Now that they've figured out their head count, they're doing another round of recruiting, Ms. Parker-James says.

Alexandra Teran, 22, who is set to graduate with a degree in psychology from Texas A&M University, says she applied to between 50 and 100 positions in human resources, sales and administrative work last semester. Many didn't respond; others sent rejections months later.

Ms. Teran says she worked her way through school, paying for food, rent and insurance by hostessing, doing retail jobs, leasing apartments and testing classmates for Covid. She couldn't afford to take unpaid internships; now she worries her résumé isn't catching recruiters' attention.

In February, Ms. Teran posted about her search on LinkedIn, and heard from recruiters and Texas A&M alumni who offered advice or shared leads on jobs that could come open this spring. She plans to follow up this month.

Mia Gorman, a 21-year-old engineering major at the University of Notre Dame, says she treated her job search like an extra class. She scoured job listings in the fall for those that required less than one year of experience and applied everywhere that seemed like a possible fit.

Ms. Gorman ultimately accepted a Chicago-based position at an engineering firm she learned of through an email newsletter from the Society of Women Engineers. It took months to do several rounds of interviews and an in-person office visit.

—Chip Cutter contributed to this article.

Micron Technology Faces Probe

Continued from page B1

and state-owned companies mobilize investments into the semiconductor industry to advance the country's national-policy goals.

"The Chinese government may restrict us from participating in the China market or may prevent us from competing effectively with Chinese companies," Micron said in its 2022 annual report.

Beijing is making fresh efforts to boost foreign investment as China is trying to revive a sluggish economy wrought by three years of Covid-19 restrictions. At the recent China Development Forum, a high-level meeting hosted by a research center of the State Council, executives of global companies received a warm welcome from Chinese officials.

Yet in the meantime, Beijing appears to continue pressuring multinationals. Chinese authorities in March raided the Beijing offices of Mintz Group, a New York-based due-diligence firm, detaining five staff members. Also in March, authorities suspended the operations of Deloitte's Beijing office for three months and imposed a fine, totaling about \$31 million, over alleged lapses in its auditing work of state-owned China Huarong Asset Management Co. Deloitte has said it respects Beijing's penalty decision.

The U.S. last year said it would add China's most advanced memory-chip manufacturer to an export blacklist, ratcheting up restrictions aimed at holding back the development of the country's semiconductor industry. The ad-

Tensions between the U.S. and China in memory chips have flared before.

dition of Yangtze Memory Technologies Co. to the Commerce Department's so-called entity list came after an earlier round of restrictions that led chip-manufacturing equipment companies to pull out staff based at its facilities and pause their activities there.

Tensions between the U.S. and China in memory chips have flared before. Chinese state-owned chip maker Fujian Jinhua Integrated Circuit Co. and a Taiwanese partner, United Microelectronics Corp., accused Micron in 2018 in China of making products that violate their separate patents. That came a month after the U.S. company filed a lawsuit in California alleging Jinhua and UMC stole Micron's trade secrets.

Later that year, the U.S. Justice Department unsealed charges against the Asian companies for allegedly stealing trade secrets from the U.S. chip maker. Micron and UMC reached a global settlement related to the U.S. company's allegations of intellectual property theft. During the battle, a Chinese court temporarily stopped Micron from selling a range of products in China, two rival manufacturers said.



Alexandra Teran worries that not working as an unpaid intern has hurt her.



Mia Gorman says she treated her job search like an extra class.

ILLUSTRATION: JACQUELINE BROWN; PHOTOS: GETTY IMAGES; COURTESY: MICRON TECHNOLOGIES; SCOTT BRUNSWICK; SCOTT BRUNSWICK

BUSINESS NEWS

EY Executives Fail to Resolve Opposition to Split-Up Deal

The unexpected revolt that has upended the planned breakup of accounting firm Ernst & Young is being driven by two longtime U.S. auditors who believe their part of the

By Jean Eaglesham,
Mark Maurer
and Alexander Saeedy

firm could end up weakened by a deal.

John King and Frank Mahoney, senior U.S. EY executives, have emerged as key opponents to the firm's plan for a worldwide split of its auditing and consulting arms, according to people familiar with the matter.

After a year of planning and tens of millions of dollars in costs, the split of the 390,000-person accounting firm was put on hold in March. A meeting in Silicon Valley this past week failed to reach a deal.

Carmine Di Sibio, EY's global leader, and Julie Boland, head of the firm's U.S. arm, said in a joint statement Friday they were "continuing to work toward a transaction." The deal is "very complicated, and we agree it is critical that we get the key elements right," the statement added.

The stalemate dates back to earlier in March. Mr. King, EY's U.S. head of auditing, and his predecessor, Mr. Mahoney, used a meeting of EY's U.S. leadership to push back on the planned breakup, the people familiar with the matter said.



Carmine Di Sibio, EY's global leader, said efforts are continuing.

The two executives convinced EY U.S. chief Ms. Boland that the auditors should get a greater share of EY's multibillion-dollar tax practice, according to people familiar with the matter.

Ms. Boland would lead the global audit firm, should the split go ahead. Mr. Di Sibio is expected to lead the new consulting firm.

As U.S. leader, Ms. Boland could have forced through the blueprint with the support of two-thirds of the U.S. executive committee, the people familiar with the matter said. But she was reluctant to ignore the concerns of the two senior auditor representatives and their supporters, the people added.

A group of powerful retired

U.S. EY partners, including former leaders of the firm, is also fighting the split, people familiar with the matter said. They are concerned about the future of the auditing firm, which is on the hook for the firm's pension payments. An official committee representing U.S. retired partners has had discussions with Ms. Boland, according to emails viewed by The Wall Street Journal.

Ms. Boland in March appeared to support the need to rethink the deal, telling the Journal that "people are asking the right questions, and we're making sure we're getting those questions answered." She demanded changes to the template for the breakup.

The U.S. is the most powerful of the scores of member firms that make up EY's global network. A deal would be extremely difficult without U.S. participation.

Mr. King and Mr. Mahoney, who now leads the firm's U.S. West region, didn't respond to requests for comment. A spokesman for EY's U.S. firm said, "It would be impossible for a handful of people to derail the process under the U.S. firm's governance rules."

The surprise upending of the carefully orchestrated deal preparations has caused disruption and infighting at the firm.

Mr. Di Sibio, EY's global chairman and chief executive, said in an internal email the firm's 13,000 partners are "overwhelmingly in favor" of doing a deal, according to a copy viewed by the Journal. Even if that is the case, there appears little that he or EY's overseas firm leaders can do to push through a global deal should the U.S. firm's leadership remain opposed.

This past week's meeting of EY's global executives included Mr. Di Sibio and U.S. leader Ms. Boland, but not the U.S. auditors who balked at the original proposal, according to a person familiar with the matter.

The mood was broadly positive, but progress was limited because the U.S. firm is still working on an alternative template for the split, the person added.

U.S. Billionaires Issued Subpoena In Epstein Case

By KHADEEJA SAFDAR

The U.S. Virgin Islands issued subpoenas this week to Sergey Brin, Thomas Pritzker, Mortimer Zuckerman and Michael Ovitz to gather information for its civil lawsuit against JPMorgan Chase & Co. over the bank's relationship with Jeffrey Epstein, according to people familiar with the matter.

The subpoenas from the U.S. territory's attorney general seek any communications and documents related to the bank and Epstein, the people said. The four men are some of the wealthiest people in the U.S., and it couldn't be determined why they were being asked for the communications and documents. In civil cases, lawyers can use subpoenas during the discovery process to get information from people who aren't a party to a lawsuit but could provide evidence related to the case.

The U.S. Virgin Islands sued JPMorgan late last year in a Manhattan federal court, saying the bank facilitated Epstein's alleged sex trafficking and abuse by allowing the late financier to remain a client and helping him send money to his victims. The civil lawsuit alleges that JPMorgan received referrals of high-value business opportunities from Epstein and turned a blind eye to his activities. The bank has said it didn't know about Epstein's alleged crimes and can't be held liable.

Mr. Brin is a co-founder of Google and a board member of parent Alphabet Inc. Mr. Pritzker is executive chairman of Hyatt Hotels Corp. Mr. Zuckerman is a real-estate billionaire and owner of U.S. News & World Report. Mr. Ovitz is a venture capitalist and former talent agent for Hollywood stars. The four couldn't be reached to comment. A spokeswoman for U.S. News & World Report declined to comment. Spokespeople for Google and Hyatt didn't respond to requests for comment.

JPMorgan's CEO is expected to be questioned as part of the case.

Jamie Dimon, JPMorgan's chairman and chief executive, is expected to be questioned as part of the case after the two sides reached an agreement for him to be deposed, the Journal reported this week.

Epstein, who had a residence in the U.S. Virgin Islands, banked with JPMorgan for a number of years until it cut ties with the convicted sex offender in 2013. Epstein died in jail in 2019 while awaiting trial on federal sex-trafficking charges.

Lawyers have questioned several JPMorgan employees so far in this case and another filed by an unnamed woman who accused Epstein of sexual abuse. JPMorgan has sought to have the lawsuits dismissed.

—David Benoit
contributed to this article.

Google CFO Signals More Cost Cuts

By MILES KRUPPA

Google's finance chief told employees to expect more spending cuts in areas from how it uses its servers to when it closes employee cafes as the company tries to meet savings targets this year.

Ruth Porat, who serves as chief financial officer of both Google and parent company Alphabet Inc., said Friday in a staff memo that Google would eliminate some snack bars, or "microkitchens," and close cafeterias on days with modest traffic. Google will also introduce an internal tool that

helps teams pick low-cost providers of outside services such as software and equipment providers.

"Just as we did in 2008, we'll be looking at data to identify other areas of spending that aren't as effective as they should be, or that don't scale at our size," Ms. Porat wrote in the email, viewed by The Wall Street Journal.

One of Google's objectives this year is to "deliver durable savings through improved velocity and efficiency," Ms. Porat wrote. "This work is particularly vital because of our recent growth, the challenging

economic environment, and our incredible investment opportunities to drive technology forward—particularly in AI."

Tech companies have recently embarked on additional rounds of belt-tightening in response to economic uncertainty, adding to previous expense cuts following a reversal in pandemic-era growth. In March, Meta Platforms Inc. said it would cut about 10,000 jobs in the coming months, part of a so-called year of efficiency, after laying off about 11,000 employees last fall.

Amazon.com Inc. also said

in March it would cut 9,000 more corporate jobs in areas like advertising and cloud computing after previously announcing plans to slash 18,000 positions.

Alphabet said in January it would cut about 12,000 jobs, or 6% of staff, in the largest layoffs in the company's history. Chief Executive Sundar Pichai said executives would also receive lower bonuses following the cuts. Ms. Porat said in the email that Alphabet's layoffs are "still being worked through in some countries." The company will continue to hire at a slower pace, she said.

Florida Board Vows Land Fight With Disney

By ROBBIE WHELAN
AND ARIAN CAMPO-FLORES

Walt Disney Co. for now has outmaneuvered Florida Gov. Ron DeSantis in the battle for control over the more than 24,000-acre parcel of land near Orlando where Walt Disney World Resort is located.

In February, Disney went before a local board and secured approvals for the next 30 years on zoning, infrastructure and air-rights that the company might need if it chooses to expand Disney World, giving the company an advantage that has become clearer in recent days.

This past week, those approvals were criticized by members of a new board that was created by the Republican governor to strip Disney of governing control over the land's special tax district, known as Reedy Creek. Mr. DeSantis, who has been clashing with Disney for more than a year, appointed the new board after the February meeting. The new board members for the Reedy Creek special tax district said Disney's moves circumvented their authority, leaving it unable to do much beyond maintaining roads and basic infrastructure. Board members said the district has hired outside attorneys to review the development plan and explore ways to nullify it.

A spokeswoman for Mr. DeSantis said, "An initial review suggests these agreements may have significant legal infirmities that would render the contracts void as a matter of law." She added that the new board had "retained multiple financial and legal firms to conduct audits and investigate Disney's past behavior."

Mr. DeSantis addressed the Disney situation Thursday



The DeSantis-appointed board of supervisors for the Reedy Creek Improvement District met March 8.

during a book-tour stop in Smyrna, Ga. "There's a lot of little back-and-forths going on now with the state taking control," he said. "But rest assured—you ain't seen nothing yet. There's more to come in that regard."

The state attorney general's office on Thursday sent a public records request to the Reedy Creek district for documents discussing agreements and covenants that were approved or considered at the February meeting.

Disney thinks the land-development project approved at the public meeting was in compliance with state law, according to people familiar with the company's thinking. The substance of the meeting—including a description of the plan that was voted on—was advertised twice in print articles published in the Orlando Sentinel newspaper in

January, as required by law. Juan-Carlos Planas, a former Republican legislator in Florida who has taught law school courses about Reedy Creek's legal structure, said it would likely be very difficult for the district to do anything about the plan.

The board can't nullify it without breaching the district's contract with Disney, which would likely prompt a legal challenge, and can't sue to block the agreement because the only party with standing to do so is likely the residents of the district, which include only Disney employees, he said.

"Disney didn't do anything secret. They publicized it, they advertised it," Mr. Planas said. "If you're in Tallahassee, and you're replacing the board, how do you not know what that board is doing in their public meeting? This was neg-

ligence on the part of the governor's office and Republican legislators."

Members of the new board have expressed outrage, alleging that Disney sneaked through the changes at the 11th hour. Board member Ron Peri said Wednesday, "This essentially makes Disney the government" of the district. Bridget Ziegler, another board member and co-founder of the conservative group Moms for Liberty, tweeted that "if unlawful actions were taken, this development agreement will be nullified."

The Reedy Creek Improvement District was a special tax entity set up by Disney in the late 1960s to accommodate the building of its theme parks and hotels. The district had functioned like a county government—approving zoning changes and granting permits among other functions.

Defamation Suit Against Fox News Heads to Trial

By ERIN MULVANEY

A Delaware judge ruled Friday that a jury should decide the fate of a defamation case against Fox News for airing unsupported claims that a voting-machine company was involved in election fraud during the 2020 presidential election.

Superior Court Judge Eric Davis rejected Fox News's arguments that it should be declared the victor before trial because its conduct was protected by the First Amendment.

The judge said the plaintiff, Dominion Voting Systems, had established that the network in fact aired false statements that the company helped rig the election for Joe Biden.

"The evidence developed in this civil proceeding demonstrates that [it] is CRYSTAL clear that none of the statements relating to Dominion about the 2020 election are true," Judge Davis wrote in his ruling.

The judge said Dominion would need to prove to a jury that Fox News knew it was airing false statements or acted with reckless disregard for the truth, and that the company suffered damages as a result.

The trial is scheduled to begin on April 17.

Dominion's lawsuit, which seeks \$1.6 billion in damages, centers around broadcasts aired on Fox News and Fox Business in which associates of former President Donald Trump falsely alleged that Dominion was involved in a scheme to steal the 2020 election.

Dominion argues that Fox had a financial incentive to air the claims, in a bid to retain viewers, an allegation that Fox denies.

Fox News parent Fox Corp., which is also a defendant, and News Corp., the parent of The Wall Street Journal, share common ownership.

Dominion said Friday, "We are gratified by the Court's thorough ruling soundly rejecting all of Fox's arguments and defenses, and finding as a matter of law that their statements about Dominion are false. We look forward to go-

ing to trial."

Fox News Media said, "This case is and always has been about the First Amendment protections of the media's absolute right to cover the news. Fox will continue to fiercely advocate for the rights of free speech and a free press as we move into the next phase of these proceedings."

The bar is high to prove defamation, but Dominion has pointed to internal communications that show Fox on-air hosts, executives and producers privately expressed doubt about the fraud claims.

Dominion says the network continued to bring on and endorse commentary from Trump associates Rudy Giuliani and Sidney Powell, even after Fox's in-house fact-checking operation determined their stolen-election claims were false, and as Dominion

Dominion Voting Systems' lawsuit seeks \$1.6 billion in damages.

repeatedly told Fox that the information wasn't correct.

The voting-machine company told the court it wants to call on-air hosts, including Tucker Carlson, Maria Bartiromo, Jeanine Pirro, Lou Dobbs and Sean Hannity, as witnesses at trial. It also wants jurors to hear testimony from Fox Corp. Chairman Rupert Murdoch and his son Lachlan Murdoch, who is Fox Corp.'s chief executive, Fox News Chief Executive Suzanne Scott, and editors and producers who worked on the shows in question.

Fox News argues it had the right to cover newsworthy fraud allegations being made by Mr. Trump and his allies. But Judge Davis rejected Fox's claims that it should be shielded from liability because it was reporting neutrally on an allegation made by a former president.

"The evidence does not support that FNN conducted good-faith, disinterested reporting," he wrote.

EXCHANGE

Help Me Move? I'll Pay in Instagram Likes

As influencer marketing permeates more industries, moving companies get in on the action

By Sara Ashley O'Brien

Ross Sapir knows what's inside the homes of thousands of influencers. That's because his company has moved their production equipment, squiggly mirrors and other social-media-bait décor from Point A to Point B.

With its fleet of purple, pink and blue trucks wrapped in cheeky taglines (including "We'll be careful with your kid's toys. And your adult toys"), Mr. Sapir's Roadway Moving has become a social-media star in its own right as influencers share testimonials about the company on Instagram and TikTok in exchange for free or discounted moves.

The ubiquity of the company's social-media marketing has become something of a running joke: "What is the hold Roadway Moving has on every influencer," tweeted one user. "The devil works hard but @roadwaymoving influencer team works harder," another wrote. Roadway has even become a character in a popular Reddit forum where followers post snarky comments about the over-the-top lives of some content creators.

Once the domain of industries like beauty, fashion and wellness, influencer marketing has taken a turn. Insurance agencies, tax specialists and other services are turning to people who build careers on creating content posted to platforms like TikTok and Instagram. In some cases, in exchange for social-media promotion, influencers may receive services free or at a discount. For businesses, the payoff is the exposure to new audiences and the influencer's branding sheen.

Piece of Cake Moving & Storage, a New York City company founded in December 2017 with magenta vans that could stop traffic, said it has been working with influencers for the past three years. Bellhop, based in Chattanooga, Tenn., started its influencer-marketing program in 2019.

On a recent Friday morning, Isabel Tan waited for Roadway's movers to arrive at her Manhattan one-bedroom to pack up her kitchen,



Isabel Tan chronicled her move for her Instagram followers. In exchange, Roadway Moving moved her free of charge. A box of her shoes, right.

her shoe closet, her bedroom and all of her furniture. It was the third year in a row that Ms. Tan used the company's moving services, free of charge, as a barter agreement in exchange for content. (She left a tip.)

"I don't want it to just be like, 'Hey, look at them pack,'" said Ms. Tan, a 27-year-old beauty, fashion and lifestyle influencer known to her nearly 300,000 Instagram followers as @prettyfrowns. She posts five to 10 ephemeral stories a day, and about one post a day to her Instagram grid. "There needs to be more of a story."

Her apartment, filled with colorful taper candles, books by the bestselling authors Sally Rooney, Colleen Hoover and Brené Brown, a Stanley tumbler and a bucketful of Venus et Fleur roses, was telling a very Instagram-friendly story on its own. But Ms. Tan's hope was to capture the feeling of being ushered through a major life change: moving in with her partner. Ahead of the move, she prompted her follow-

ers to submit any advice about moving in together.

To determine whether an influencer gets a discounted or free move, companies take into account such factors as their follower count, how engaged those followers are, the distance of the move, and how much stuff must fit in the truck. "We look at the complexity of the move, the time of year, the goals we have in each market, the influencer's engagement and that their demographic aligns with Roadway's target demo at the time," a company spokeswoman said.

Influencers are given a personalized link and discount code for followers to get 10% off local moves and 5% off long-distance moves. Whether their followers interact with and use the information is part of how Roadway tracks the success of partnerships. (Some influencers request not to offer the code because it doesn't jive with



their personal brand, the Roadway spokeswoman said.)

Piece of Cake said its standard brief asks influencers to post static photos with its trucks visible, as well as a video testimonial or diary taken on moving day.

"Originally my move should've been about \$4,000 and I paid \$1,200," said Teo Marcella, a model and influencer with nearly 65,000 followers on Instagram. In exchange for a discount from Roadway on her move from Los Angeles to Brooklyn, she shared an Instagram post, two

stories and a Google review. The company said it asks for reviews from all its customers.

"I think I still got out with a great deal, and hopefully it benefited both of us," Ms. Marcella said.

Founded in 2008, Roadway Moving is based in New York. It has branches in five major cities and operates nationally, with 93 trucks and 27 tractor-trailers in its fleet. Mr. Sapir, the founder and CEO, says the company had \$50 million in revenue last year.

Eva Chen, vice president of fashion partnerships at Facebook parent Meta Platforms Inc., name-dropped Roadway to her 2.3 million Instagram followers in March. "Honestly it's chaotic but the @roadwaymoving team is making things so much calmer I'm literally able to sit and...make content LOL (But also stress)," read one of her many stories about her move to a new neighborhood in Manhattan. Ms. Chen declined to comment, and Roadway Moving declined to comment on the details of her move.

Roadway Moving made its first big influencer splash when it partnered with Arielle Charnas, founder of the clothing company Something Navy, who has more than a million followers on Instagram, for a move in 2017. "It was all over Instagram," said Mr. Sapir, who added that her move was discounted. Through a representative, Ms. Charnas declined to comment.

Many influencers have been influenced by other content creators to use Roadway. Ms. Tan reached out to the company in 2020 after seeing someone she followed post about it. Eric Bigger, a fitness trainer and an alum of the "Bachelor" reality-TV show franchise, saw another fitness coach post about the company and reached out for help relocating from one Los Angeles apartment to the next.

Chelsea Reagan moved with Piece of Cake two years ago from Manhattan to

Brooklyn as a regular customer, before amassing tens of thousands of followers on TikTok. The move cost her around \$700, she said. When she moved again this past February back to Manhattan, she was given a 50% discount off a quoted move price of just under \$1,000, in exchange for several social-media posts and a Yelp review.

"I've heard stories of influencers getting special treatment," said Ms. Reagan, who works in marketing for a soda brand. "The experience was essentially the same."

BRIAN FINKE FOR WSJ; MAGAZINE (2)

TAX REPORT | LAURA SAUNDERS

How You Can Grab a 0% Tax Rate

The zero rate on investment income is often overlooked. Make sure it's in your tax tool kit.



Zero, zip, zilch: The U.S. tax code has a 0% rate on investment income, even for Americans with significant assets. The waning days of this tax-filing season are a good time to think about how to use it in the future.

The zero rate isn't a secret. It has been in effect since 2008, and nearly 11 million filers—about 7%—qualified for it in 2020, according to the latest Internal Revenue Service data. That total included about 34,000 filers earning \$1 million or more.

But the 0% rate is often overlooked, says Tim Steffen, director of advanced planning at Baird Wealth. "We always raise it with clients who might benefit, and a lot are surprised it even exists," he says.

That's for a variety of reasons. The rate applies only to net capital gains and dividend income from investments in taxable accounts, not tax-sheltered retirement accounts such as traditional IRAs or 401(k)s. In recent decades, taxable accounts have become less popular for saving as retirement accounts have grown.

In addition, the income limits for the 0% rate are higher than they seem. Nominally, the rate disappears for single filers with taxable income above \$44,625 and joint-filing couples with income above \$89,250 for 2023.

However, taxable income is smaller than adjusted gross income, the benchmark for many tax thresholds. For example, it is reduced by itemized deductions on Schedule A or else the standard deduction, which this year is \$13,850 for single filers and \$27,700 for married joint filers.

So the 0% rate can apply to at least \$58,475 of capital gains and dividends for single filers and \$116,950 for married joint filers—far above the nominal limit. It can be higher still if the taxpayer has more deductions, is self-employed, or is age 65 or older. For married



joint filers ages 70 and 72 who take the standard deduction, the 0% rate typically applies to at least \$119,950 of eligible income.

Using the 0% rate can work well for taxpayers in an income trough, say between being laid off and finding another job. For retirees, there's often a trough in the early years after leaving the workforce, when they don't yet need to take required payouts from IRAs and are delaying Social Security payments.

One such retiree is Kent Ferson, a 68-year-old retired engineer who lives in the San Diego area with his wife. He has a taxable account and a rollover IRA, and advisers recommended using his low-earning years to do Roth IRA conversions.

Instead he has opted to rely on dividends and capital gains taxed at 0% to generate cash for living expenses. "My tax rate on the Roth conversions would be 12% or more, while the rate on gains and divi-

dends is 0%," says Mr. Ferson. "That's not a good trade-off, and I'll do Roth conversions later."

Some frugal souls manage to stay in the 0% bracket for years. Dave Hollowell, a 60-year-old retired computer programmer living in the San Francisco area who isn't married to his long-term partner, says his income has been in the 0% bracket for dividends and capital gains since retiring in 2013. He even squeezes in a small Roth IRA

conversion while staying in the 12% tax bracket on his noninvestment income.

"I was never the kind of guy that's into flashy cars and watches, and now I can pay \$1,000 or less a year in federal tax," he says.

Because of how the 0% rate works, taxpayers whose income is all, or almost all, long-term capital gains and dividends will more easily qualify—that's how 34,000 millionaires were able to use it on a portion of their income in 2020. Others, like Mr. Ferson, will need to strategize. Here are key details.

■ **Income that does—and doesn't—qualify.** The 0% rate applies to net long-term capital gains and most dividends. It doesn't reduce rates on wages, taxable interest (as from bank accounts or bond funds), pensions, net short-term capital gains on investments held a year or less, taxable Social Security payments, IRA or 401(k) distributions or Roth IRA conversion income.

■ **The "stacking" rules.** These are crucial. Under the law, the income eligible for the 0% rate "stacks" on top of a filer's other income. The more other income there is, as from a pension or Social Security, the less ability there is to use the 0% rate.

Here's a simplified example. Say a couple's taxable income after deductions consists of \$90,000 of IRA withdrawals and pension payments. The 0% rate's limit is \$89,250, so net long-term gains and dividends they add would be taxed at a 15% rate.

But if this couple can lower their IRA withdrawal and replace that income with eligible capital gains and dividends, they will have room to benefit from the 0% rate and reduce their overall taxes. The 0% rate probably won't be available once they are taking required distributions from IRAs.

■ **Roth conversion vs. the 0% rate.** Allan Roth, an adviser who founded Wealth Logic, often counsels clients to use the 0% rate. But he cautions that many factors come into play when choosing between it and Roth conversions. (Roth accounts are named for a former senator, not this adviser.)

Among them: How big are the savers' taxable accounts compared with their retirement accounts? How large will required payouts from retirement accounts be? Do the investors expect to spend down assets during life? Or do they plan to leave heirs assets that can benefit from the step-up at death? What about state taxes?

As individual circumstances vary, so will the smartest moves.

■ **Rebalancing or resetting.** For investors who don't need spending money, another use of the 0% rate is to rebalance a portfolio without incurring taxes, says Mr. Roth.

Or if the portfolio is set, it could make sense to harvest gains and reset a cost basis. For example, an investor could sell Acme shares bought at \$10 for the current price of \$50 and then repurchase the shares right away for \$50. There would be no tax on the gain, and the starting point for measuring taxable gains would rise to \$50.

There's no waiting period to repurchase, because the wash-sale rules penalizing quick repurchases after a loss don't apply to sales at a gain.

■ **For younger taxpayers.** The 0% rate can benefit younger taxpayers who have eligible gains (even from cryptocurrency) or dividends before they hit peak earning years.

Key Inflation-Adjusted Tax Numbers for 2023

| RATE* | Taxable income | |
|-------|-----------------------|-------------------------|
| | SINGLE | MARRIED, FILING JOINTLY |
| 0% | Up to \$44,625 | Up to \$89,250 |
| 15% | \$44,626 to \$492,300 | \$89,251 to \$553,850 |
| 20% | \$492,301 + | \$553,851 + |

*Applies to gains on assets held longer than a year and qualified dividends.

Source: Internal Revenue Service

KIERSTEN ESSENPREIS

EXCHANGE

SCIENCE OF SUCCESS | BEN COHEN



Everyone who listens to Beethoven as much as they jam to Beyoncé knows it is basically impossible to find the perfect recording of your favorite violinist playing in the best concert hall with the ideal conductor.

Apple believes it has solved this problem.

The world's richest company released a sleek new product this past week that was years in the making and had to meet its exacting standards before it was ready to be used by millions of people. But it wasn't a phone, a gadget or an AI chatbot. The latest innovation from Apple was a better way of listening to classical music.

The mere announcement of a stand-alone app for the genre was music to the ears of flummoxed artists and frustrated aficionados who were desperate for a major classical-music streaming platform that actually worked. That is the point of Apple Music Classical. It is a bespoke product for the Baroque period and beyond. It was designed to bring order to the chaos of information, the holy grail of many tech ventures, and simplify the unnecessarily complex.

And it exists only because of a curious failure by the most successful music-streaming services.

"We always had a problem," said Jonathan Gruber, the head of Apple Music Classical. "A big, big problem."

The problem was the way that classical music is categorized. The structure of classical music is completely different from pop music's, which makes it extremely difficult for it to function in the streaming era.

Even the most sophisticated algorithms from the most technologically advanced companies are too clumsy to handle composers like Mozart and Brahms. That's because they were made for individual artists like Bad Bunny and Madonna. If you want to hear a Bad Bunny song, it will be in your ears within seconds. If you want to hear a Brahms piano concerto, good luck. Try sifting through hundreds of recordings without a standardized format to track down one movement from a particular soloist who has performed it several times. You could listen to an entire Madonna album in the time it takes to find the right Mozart.

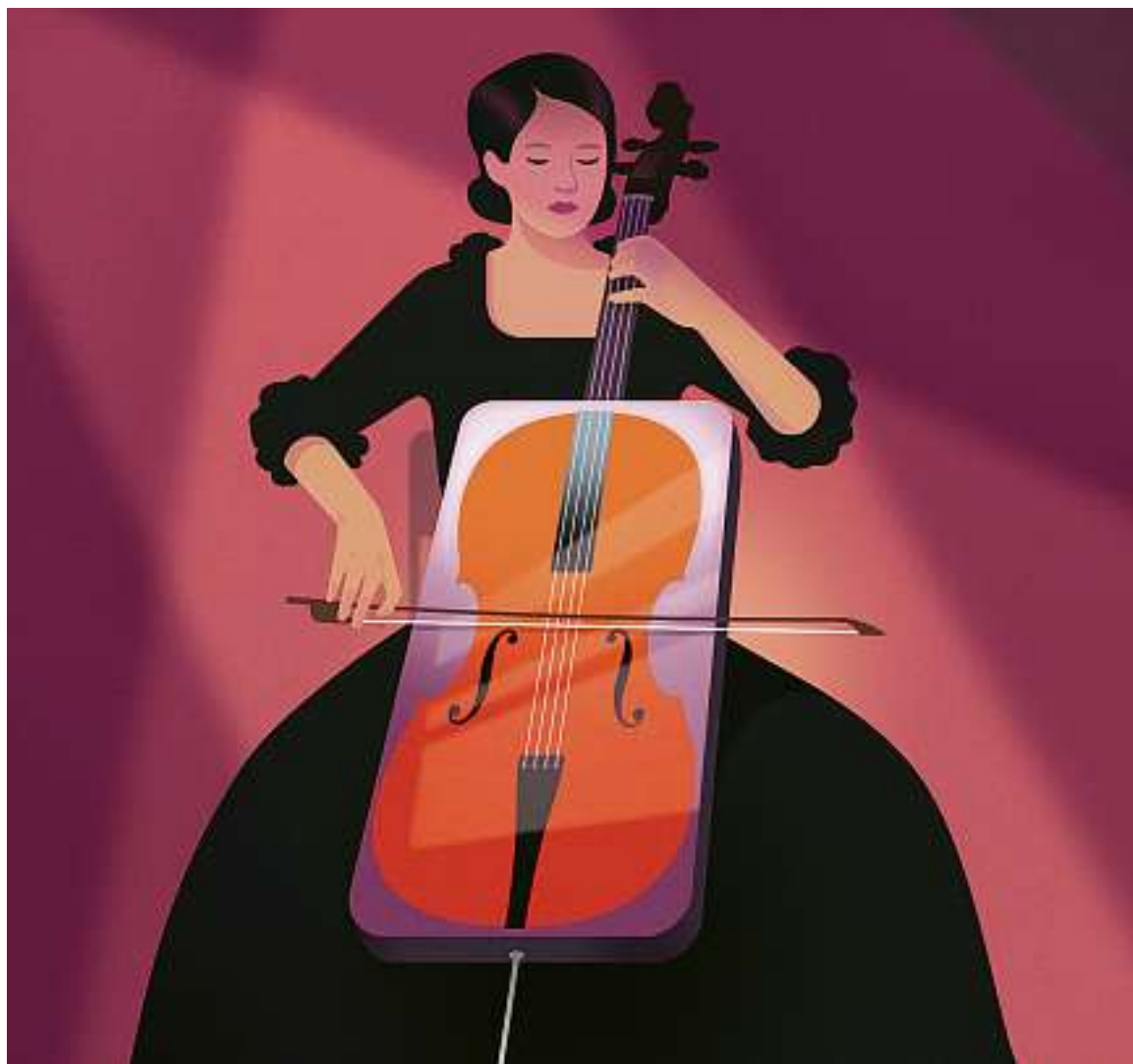
It is a big, big problem. And it drives Bruce Kovner bananas.

"I've been working on solving this kind of problem for my own personal consumption for 20 years," said Mr. Kovner, a retired hedge-fund manager and the chairman emeritus of the Juilliard School's board.

In fact, it has vexed classical music for longer than two decades, as the problem goes back to "the establishment of recordings over a

Apple Wants to Solve One of Music's Biggest Problems

Forget the metaverse. The future is metadata. It's how the world's most valuable company built a better way of listening to Mozart and Beethoven.



century ago," said Jane Gottlieb, Juilliard's vice president for library and information resources. But it is especially annoying that Apple Music and Spotify have turned our phones into jukeboxes and still can't figure out Bach suites. The experience of classical music on major streaming plat-

forms would make Yo-Yo Ma want to smash his cello.

Mr. Kovner hacked together his own system—ripping thousands of albums, tagging the recordings to make them searchable and subscribing to Spotify and niche services like Idagio and Qobuz to fill the holes in his collection—because he was so exasperated by the streaming options.

"They treat every piece as if it is the same," said Mr. Kovner. "For

classical-music nuts like me, that's not the case. Every performance is interesting when it is unique."

But you don't have to be a nut to understand why classical music breaks the algorithms.

You could just compare Taylor Swift and Tchaikovsky. For a Taylor Swift pop song, the essential pieces of metadata, or the taxonomic labels that categorize information, are title, album and artist. The metadata for a Tchaikovsky track can include not just the name of the work, composer and artist, but also the nickname, movement, key, opus number, orchestra, soloist and conductor. "It gets really nerdy and very specific—and very complicated," said Ms. Gottlieb.

Another way of thinking about

classical music's biggest problem is distinguishing *repertoire* from *recordings*. A pop star like Taylor Swift is the recording artist for her repertoire. But one piece of Tchaikovsky's repertoire has many recordings, as if every Taylor Swift single had thousands of covers. The streaming platforms are optimized for Taylor Swift and not Tchaikovsky.

"We knew we needed to fix the product in terms of search and discovery," said Mr. Gruber.

That required taking vast quantities of information and turning them into something digestible, then accessible, then consumable. This is one of the fundamental challenges in almost every industry today. There has never been so much available data, but it can be-

come too much data without the proper metadata. For any business that depends on search—Netflix, Google, ChatGPT and even this very newspaper—metadata is one of the secrets to organizing the universe.

It is why this app that brings the past into the present also happens to be a peek at the future.

But the problem of classical music turned out to be so big that not even a company worth \$2.5 trillion could solve it alone.

Instead, Apple studied the market for classical-only products and orchestrated a takeover of Primephonic, a startup based in Amsterdam with a few dozen employees. As conservatory-trained musicians fluent in code, they were uniquely qualified for this line of infrastructural work.

"What we have done over the years is design and build a classical-music database that consists of every data attribute of all composed and recorded work," said Primephonic co-founder Veronica Neo, who now leads Apple Music Classical's data operations.

This better data created by the Dutch company's opera singers and clarinetists was the key to dragging classical music into the 21st century. To be more specific, it was the better metadata.

Any tech product that looks and feels just right is probably because of something hiding underneath that you cannot see. In music, that invisible metadata is the information embedded in each track, the atomized bits that let people type a few letters and find what they are looking for. The only way to solve the big, big problem was to focus on the smallest details.

Apple acquired Primephonic for an undisclosed price in 2021 and inherited that precious metadata. Now it is the engine behind Apple Music Classical, which comes included with an Apple Music subscription.

A flaw of one product became the defining feature of another. Some of those recordings can be heard in high-resolution lossless and spatial audio, which is meant to re-create the sound quality of sitting in Carnegie Hall.

Not every problem is solved just yet. When I tried sorting the Sibelius offerings by artist name, some were listed by orchestra and others by violinist, which was confusing. But it was surprisingly easy to search those 314 recordings by soloist, ensemble and even conductor. The interface could also be more intuitive. After fiddling with the app for a few hours, Mr. Kovner provided a note of skepticism. "I will keep using it for a while to get a better feel for what it can do," he said in an email.

Mr. Gruber says he's confident that Apple Music Classical will improve with time: "The search for perfection in classical music is the longest piece of string imaginable. This is just the beginning."

DAN PAGE

KEYWORDS | CHRISTOPHER MIMS

What AI Teaches Us About Our Brains

Thoughts are just electrical signals inside our heads. People may command computers with thoughts.



The world has been learning an awful lot about artificial intelligence lately, thanks to the arrival of eerily humanlike chatbots.

Less noticed, but just as important: Researchers are learning a great deal about us—with the help of AI.

AI is helping scientists decode how neurons in our brains communicate, and explore the nature of cognition. This new research could one day lead to humans connecting with computers merely by thinking—as opposed to typing or voice commands. But there is a long way to go before such visions become reality.

Celeste Kidd, a psychology professor at the University of California, Berkeley, was surprised by what she discovered when she tried to examine the range of opinions people have about certain politicians, including Barack Obama and Donald Trump.

Her research was intended to explore the widening divergence of how we conceive of subjects to which we attach moral judgments—such as politicians. Previous work has shown that morally fraught concepts are the ones people perceive in the most polarized ways.

To establish a baseline for her experiment, she began by asking thousands of study participants about their associations with common nouns, in this case animals.

What she discovered was that even for common animals—including chickens, whales and salmon—people's notions of their characteristics are all over the map. Are whales majestic? You would be surprised who disagrees. Are penguins heavy? Opinions vary. By quizzing people on many such associations, Dr. Kidd was able to amass a pool of data that clusters people according to which of these associations they agree on. Using this method, she found that people can be grouped into between 10 and 30 different clusters.

Dr. Kidd and her team concluded that people tend not to see eye to eye about even the most basic characteristics of common objects. We also overestimate how many people see things as we do. The root of this phenomenon may be the fact that even for citizens of a single country speaking a common language, words simply don't mean the same thing to different people.

Dr. Kidd's research suggests the degree to which that is true may be much greater than psychologists previously thought.

Arriving at this insight required the application of a tool of mathematics that makes many kinds of AI possible—known as a "clustering model."

The most important feature of AI which enables new kinds of research, says Dr. Kidd, is the same that makes possible AI chatbots like OpenAI's ChatGPT, Google's Bard, and Microsoft's Bing chat: It



AI is helping scientists study EEG readings and explore the nature of cognition.

is the capacity of modern computer systems to process a lot more data than in the past. It "opens up a lot of possibilities," she adds.

In her research, Tatiana Engel, an assistant professor of neuroscience at Princeton University, uses the same kinds of networks of artificial neurons that are behind most of what we currently call artificial intelligence to interpret the electrical signals of hundreds of neurons in the brains of animals.

Dr. Engel and her team then go a step further: They train networks of artificial neurons to perform the same tasks as an animal—say, a swimming worm. They then find that those artificial networks organize themselves in ways that reasonably approximate the way they are organized in real animals. While neural networks in the brain are vastly more complicated, the result of this simulation is a model system that is both close enough to its biological equivalent, and simple enough, to teach us things about how the real brain works, Dr. Engel says.

One key insight this yields is

that the actual substance of thought—the patterns that constitute the mind you're using to read this sentence—is dynamic electrical activity in our brains, rather than something physically anchored to particular neurons.

In other words, in contrast to what neuroscientists once believed about how we make decisions, there are no "eat the chocolate" neurons and "don't eat the chocolate" neurons. Thinking, it turns out, is just electrical signals zooming about inside our heads, forming a complex code that is carried by our neurons.

What's more, AI is letting scientists listen in on and interpret the things that happen in our brains when we're not doing anything.

"This allows us to discover the brain's internal life," says Dr. Engel.

Do androids dream of electric sheep? We don't know yet, but we may soon be able to determine whether humans are thinking about the real thing.

If a research lab owned by Meta Platforms, Facebook's parent company, figuring out how to read

your mind makes you at all uncomfortable, you're probably not going to be a fan of what the rest of the 21st century has in store.

Meta's AI lab published research last summer on a new way to read brain activity.

Meta scientists used data on brain signals gathered by researchers at universities, which was captured from humans who were listening to words and phrases, while sitting in noninvasive brain scanners. These scanners came in two varieties: One was the sort of electrodes-embedded-in-a-swim-cap with which many people are familiar, called an EEG (short for "electroencephalogram").

The other looks like a supervillain's attempt to create a world-crushing megabrain, called a MEG (for "magnetoencephalogram").

To analyze this data, researchers used a type of AI called a "self-supervised learning model," which can extract meaning from giant pools of data without any instruction from humans.

A little less than half of the time, Meta's AI algorithm was able to correctly guess what words a person had heard, based on the activity generated in their brains.

Alexandre Défossez, a scientist at Meta who was part of the team that conducted this research, says that the goal of this work is to create a "speech decoder" that can directly transform our brain activity—our thoughts—into words.

Imagine texting a friend just by thinking about it.

Meta's aim is one more example of the way that AI might someday give us the tools for improving our individual and collective well-being—or at least an explanation for why, in the age of social media, both of those things frequently seem so deranged.

JOHN SCHLIA, PHOTOGRAPHY/UNIVERSITY OF ROCHESTER MEDICAL CENTER

EXCHANGE

A Prophet Builds Our AI Future

Continued from page B1

direct financial stake in the business he built, he said—an anomaly in Silicon Valley, where founders of successful startups typically get rich off their equity.

“Like most other people, I like watching scores go up,” when it comes to financial gains, he said. “And I just like not having that be any factor at all.” (The company said he earns a “modest” salary, but declined to disclose how much.) Mr. Altman said he has a small stake in a venture fund that invested in OpenAI, but that it is “immaterial.”

Mr. Altman said he made “more money than I could ever need” early in his career, when he made a fortune investing in young startups. He owns three homes, including a mansion in San Francisco’s Russian Hill neighborhood and a weekend home in Napa Valley, and employs a couple dozen people to manage them and his family office of investments and nonprofits.

During one of his last visits to his grandmother, who died last year, he bought her groceries and then admitted to his mother that he hadn’t been to a grocery store in four or five years, she said.

His goal, he said, is to forge a new world order in which machines free people to pursue more creative work. In his vision, universal basic income—the concept of a cash stipend for everyone, no strings attached—helps compensate for jobs replaced by AI. Mr. Altman even thinks that humanity will love AI so much that an advanced chatbot could represent “an extension of your will.”

In the long run, he said, he wants to set up a global governance structure that would oversee decisions about the future of AI and gradually reduce the power OpenAI’s executive team has over its technology.

Backers say his brand of social-minded capitalism makes him the ideal person to lead OpenAI. Others, including some who’ve worked for him, say he’s too commercially minded to lead a technological revolution that is already reshaping business and social life.

The company signed a \$10 billion deal with Microsoft in January that would allow the tech behemoth to own 49% of the company’s for-profit entity, investor documents show. The corporate partnership, along with Mr. Altman’s push to more aggressively commercialize its technology, have disillusioned key early leaders at OpenAI who felt the decisions violated an initial commitment to develop AI outside the influence of shareholders.

One of OpenAI’s critics has been Elon Musk, who co-founded the nonprofit in 2015 but parted ways in 2018 after a dispute over its control and direction. The Tesla Inc. CEO tweeted in February that Ope-



◀ Sam Altman, then chief executive of Loopt, in 2009
▲ A library at OpenAI’s office, which he helped design
▼ OpenAI employees at work



times what they put in, depending on how early they invested—flowing to the nonprofit parent, according to investor documents. OpenAI and Microsoft also created a joint safety board, which includes Mr. Altman, that has the power to roll back Microsoft and OpenAI product releases if they are deemed too dangerous.

The possibilities of AGI have led Mr. Altman to entertain the idea that some similar technology created our universe, according to billionaire venture capitalist Peter Thiel, a close friend of Mr. Altman’s and an early donor to the nonprofit. He has long been a proponent of the idea that humans and machines will one day merge.

ChatGPT’s release triggered a stream of competing AI announcements. “They’ve raced to release press releases,” Mr. Altman said of his competitors. “Obviously, they’re behind now.” Google announced it was testing its own chatbot, Bard, in February and opened access to the public in March.

OpenAI’s headquarters, in San Francisco’s Mission District, evokes an affluent New Age utopia more than a nonprofit trying to save the world.

Mr. Altman gushes about the winding, central staircase he conceived so that all 400 of the company’s employees would have a chance to pass each other daily—or at least on the Mondays through Wednesdays they are required to work in-person. The office includes a self-serve bar and a library modeled after a combination of his favorite bookstore in Paris and the Bender Room, a quiet study space on the top floor of Stanford University’s largest library.

Dressed in the typical tech CEO uniform of a gray hoodie, jeans and blindingly white sneakers, Mr. Altman described a much more modest upbringing.

Mr. Altman grew up in a suburb of St. Louis, the eldest of four children born to Connie Gibstine, a dermatologist, and Jerry Altman, who worked various jobs, including as a lawyer, and died five years ago. The senior Mr. Altman’s true vocation was running affordable housing nonprofits, his family said.

Among the lessons his father taught him, Mr. Altman said, was that “you always help people—even if you don’t think you have time, you figure it out.”

Mr. Altman went on to Stanford. By sophomore year he had co-founded Loopt, a location-based social networking service. It became part of the first class of Y Combinator, a startup accelerator that went on to hatch companies like Airbnb Inc., Stripe Inc. and Dropbox Inc., and Mr. Altman left school.

Loopt never got traction, selling in 2012 for \$43.4 million, or close to the amount investors including Sequoia Capital put in.

Mr. Altman then started a venture fund and made powerful allies, including Paul Graham, who co-founded Y Combinator and eventually brought on Mr. Altman.

founder who advised OpenAI at the time and later served on the board, said the idea was to attract investors eager to make money from the commercial release of some OpenAI technology, accelerating OpenAI’s progress. “You want to be there first and you want to be setting the norms,” he said. “That’s part of the reason why speed is a moral and ethical thing here.”

The decision further alienated Mr. Musk, the people familiar with the matter said. He parted ways with OpenAI in February 2018.

Mr. Musk announced his departure in a company all-hands, former employees at the meeting said. Mr. Musk said that he thought he had a better chance at creating artificial general intelligence through Tesla, where he had access to greater resources, they said.

A young researcher questioned whether Mr. Musk had thought through the safety implications, the former employees said. Mr. Musk grew visibly frustrated and called the intern a “jackass,” leaving employees stunned, they said.

Soon after, an OpenAI executive commissioned a “jackass” trophy for the young researcher, which was later presented to him on a pillow. “You’ve got to have a little fun,” Mr. Altman said. “This is the stuff that culture gets made out of.”

Mr. Musk’s departure marked a



‘It has become a closed source, maximum-profit company... Not what I intended...’

ELON MUSK
OpenAI co-founder who left after a dispute over direction

turning point. Later that year, OpenAI leaders told employees that Mr. Altman was set to lead the company. He formally became CEO and helped complete the creation of the for-profit subsidiary in early 2019.

In the meantime, Mr. Altman began hunting for investors. His break came at Allen & Co.’s annual conference in Sun Valley, Idaho, in the summer of 2018, where he bumped into Satya Nadella, the Microsoft CEO, on a stairwell and pitched him on OpenAI. The conversations picked up that winter.

“I remember coming back to the

team after and I was like, this is the only partner,” Mr. Altman said.

Some employees still saw the deal as a Faustian bargain.

OpenAI’s lead safety researcher, Dario Amodei, and his lieutenants feared the deal would allow Microsoft to sell products using powerful OpenAI technology before it was put through enough safety testing, former employees said.

Mr. Amodei also worried the deal would tether OpenAI’s ship to just one company—Microsoft—making it more difficult for OpenAI to stay true to its founding charter’s commitment to assist another project if it got to AGI first, the former employees said.

Microsoft initially invested \$1 billion in OpenAI. While the deal gave OpenAI its needed money, it came with a hitch: exclusivity. OpenAI agreed to use only Microsoft’s giant computer servers, via its Azure cloud service, to train its AI models, and to give the tech giant the sole right to license OpenAI’s technology for future products.

“You kind of have to jump off the cliff and hope you land,” Mr. Nadella said in a recent interview. “That’s kind of how platform shifts happen.”

The cash turbocharged OpenAI’s progress, giving researchers access to the computing power needed to improve large language models, which were trained on billions of pages of publicly available text. OpenAI developed a more powerful language model called GPT-3 and then sold developers access to the technology in June 2020.

Mr. Amodei left the company a few months later with several others to found a rival AI lab called Anthropic. “They had a different opinion about how to best get to safe AGI than we did,” Mr. Altman said.

Anthropic has since received more than \$300 million from Google this year and released its own AI chatbot called Claude in March.

More than one million users signed up for ChatGPT within five days of its November release, a speed that surprised even Mr. Altman. It followed the company’s introduction of DALL-E 2, which can generate sophisticated images from text prompts.

By February, ChatGPT had reached 100 million users, according to analysts at UBS, the fastest pace by a consumer app in history to reach that mark.

Mr. Altman’s close associates praise his ability to balance OpenAI’s priorities. No one better navigates between the “Scylla of misplaced idealism” and the “Charybdis of myopic ambition,” Mr. Thiel said.

Mr. Altman said he delayed the release of the latest version of its model, GPT-4, from last year to March to run additional safety tests. Users had reported some disturbing experiences with the model, integrated into Bing, where the software hallucinated—meaning it made up answers to questions it didn’t know. It issued ominous warnings and made threats.

“The way to get it right is to have people engage with it, explore these systems, study them, to learn how to make them safe,” Mr. Altman said.

After Microsoft’s initial investment is paid back, it would capture 49% of OpenAI’s profits until the profit cap, up from 21% under prior arrangements, the documents show. OpenAI Inc., the nonprofit parent, would get the rest.

Mr. Altman has put almost all his liquid wealth in recent years in two companies: \$375 million into Helion Energy, which is seeking to create carbon-free energy from nuclear fusion, and \$180 million into Retro, which aims to add 10 years to the human lifespan.

He noted how much easier these problems are, morally, than AI. “If you’re making nuclear fusion, it’s all upside. It’s just good,” he said. “If you’re making AI, it is potentially very good, potentially very terrible.”

— Deepa Seetharaman and Miles Kruppa contributed to this article.



‘You kind of have to jump off the cliff and hope you land.’

SATYA NADELLA
Microsoft CEO

nAI had been founded as an open-source nonprofit “to serve as a counterweight to Google, but now it has become a closed source, maximum-profit company effectively controlled by Microsoft. Not what I intended at all.”

Mr. Altman paused when asked about his co-founder’s critique. “I like Elon,” he finally responded. “I pay attention to what he has to say.”

Mr. Altman said he doesn’t necessarily need to be first to develop artificial general intelligence, a world long imagined by researchers and science-fiction writers where software isn’t just good at one specific task like generating text or images but can understand and learn as well or better than a human can. He instead said OpenAI’s ultimate mission is to build AGI, as it’s called, safely.

OpenAI has set profit caps for investors, with any returns beyond certain levels—from seven to 100

‘ChatGPT: Write a Bio of Sam Altman’

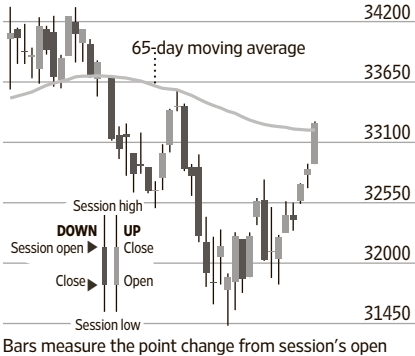
We asked the artificial intelligence chatbot to write about its creator in eight bullet points. Here is an excerpt. It made some mistakes, highlighted below: Mr. Altman is still CEO and Worldcoin was founded before 2021.

- He attended Stanford University but dropped out in 2005 to co-found Loopt, a location-based social networking app.
- Altman became the president of startup accelerator Y Combinator in 2014, succeeding co-founder Paul Graham.
- In 2015, Altman was named one of Forbes’ “30 Under 30” in technology.
- Altman was a co-founder and CEO of OpenAI, a research lab dedicated to advancing artificial intelligence in a safe and beneficial way. He stepped down as CEO in 2020 but remains on the board.
- In 2021, Altman co-founded Worldcoin, a cryptocurrency venture aiming to create a global digital identity system.

MARKETS DIGEST

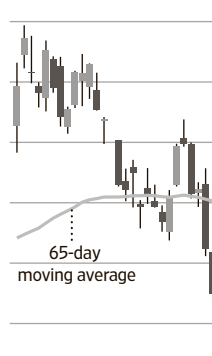
Dow Jones Industrial Average

33274.15 Last Year ago 22.11 19.35
▲ 415.12 Trailing P/E ratio 22.11 19.35
P/E estimate * 17.35 18.16
Dividend yield 2.11 2.02
or 1.26%



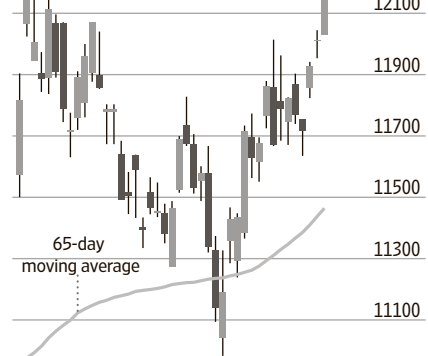
S&P 500 Index

4109.31 Last Year ago 18.06 25.57
▲ 58.48 Trailing P/E ratio * 18.15 20.11
or 1.44% P/E estimate ** 1.70 1.38
Dividend yield ** 1.70 1.38



Nasdaq Composite Index

12221.91 Last Year ago 26.15 33.54
▲ 208.44 Trailing P/E ratio ** 26.15 33.54
or 1.74% P/E estimate ** 25.37 26.09
Dividend yield ** 0.85 0.71



Track the Markets: Winners and Losers

A look at how selected global stock indexes, bond ETFs, currencies and commodities performed around the world for the week.

Table listing market performance for various indices, currencies, and commodities. Includes categories like Index, Currency vs. U.S. dollar, Commodity, and Exchange-traded fund.

Major U.S. Stock-Market Indexes

Table showing performance for Dow Jones, Industrial Average, Transportation Avg, Utility Average, Total Stock Market, and Barron's 400.

Nasdaq Stock Market

Table showing performance for Nasdaq Composite and Nasdaq-100.

S&P

Table showing performance for S&P 500 Index, MidCap 400, and SmallCap 600.

Other Indexes

Table showing performance for Russell 2000, NYSE Composite, Value Line, NYSE Arca Biotech, NYSE Arca Pharma, KBW Bank, PHLX Gold/Silver, PHLX Oil Service, PHLX Semiconductor, and Cboe Volatility.

§ Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Trading Diary

Volume, Advancers, Decliners

Table detailing trading volume, advancers, decliners, and block trades for NYSE and NYSE Arca.

* Primary market NYSE, NYSE American NYSE Arca only. (TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand, above 1 indicates selling pressure.

International Stock Indexes

Table showing international stock index performance by region/country, including MSCI ACWI, S&P/ASX 200, Shanghai Composite, Hang Seng, etc.

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Table listing top percentage gainers among companies, including United Homes Group, Burford Capital, Y-mAbs Therapeutics, etc.

Percentage Losers

Table listing top percentage losers among companies, including Metropolitan Bank, Palisade Bio, Brainstorm Cell Therap, etc.

Most Active Stocks

Table listing most active stocks by volume, including Mullen Automotive, Tesla, Bed Bath Beyond, etc.

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year

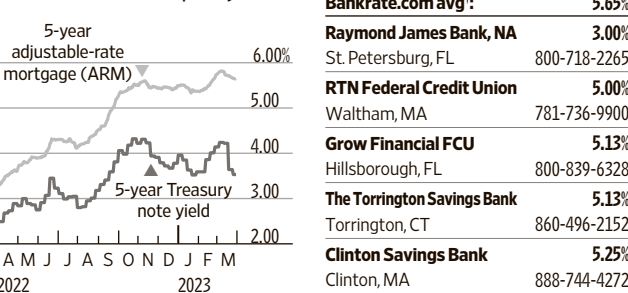
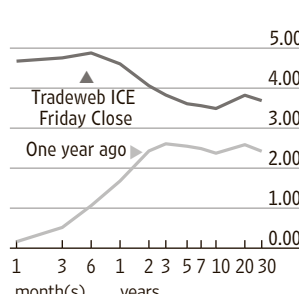


Table of selected rates for five-year ARM, including Bankrate.com avg, Raymond James Bank, ST. Petersburg, FL, etc.

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

Treasury yield curve

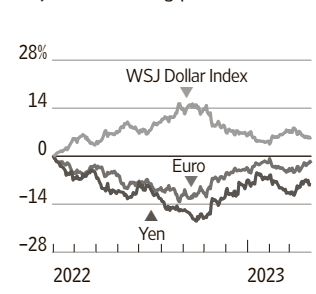
Yield to maturity of current bills, notes and bonds



Sources: Tradeweb ICE U.S. Treasury Close; Tullett Prebon; Dow Jones Market Data

Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Sources: Tullett Prebon; Dow Jones Market Data

Corporate Borrowing Rates and Yields

Table showing corporate borrowing rates and yields for U.S. Treasury, U.S. Treasury Long, Aggregate, Fixed-Rate MBS, High Yield 100, Muni Master, and EMBI Global.

Sources: J.P. Morgan; Bloomberg Fixed Income Indices; ICE Data Services

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Table showing U.S.-dollar foreign-exchange rates for various countries and currencies, including Americas, Europe, Asia-Pacific, Middle East/Africa, and Vietnam.

Sources: Tullett Prebon; Dow Jones Market Data

Commodities

Table showing commodity prices and changes for DJ Commodity, Refinitiv/CC CRB Index, Crude oil, Natural gas, and Gold.

Sources: Tullett Prebon; Dow Jones Market Data

MARKET DATA

Futures Contracts

Table of futures contracts including Metal & Petroleum Futures, Copper-High (CXM), Gold (COM), Palladium (NYM), Platinum (NYM), Silver (CME), Crude Oil, Light Sweet (NYM), Gasoline-NY RBOB (NYM), Natural Gas (NYM), and Agriculture Futures.

Table of futures contracts including Oats (CBT), Soybeans (CBT), Soybean Meal (CBT), Soybean Oil (CBT), Rough Rice (CBT), Wheat (CBT), Wheat (KC), Cattle-Feeder (CME), Cattle-Live (CME), Hogs-Lean (CME), Lumber (CME), Milk (CME), Cocoa (ICE-US), Coffee (ICE-US), and Sugar-World (ICE-US).

Table of futures contracts including Sugar-Domestic (ICE-US), Interest Rate Futures, Ultra Treasury Bonds (CBT), Treasury Bonds (CBT), Treasury Notes (CBT), 5 Yr. Treasury Notes (CBT), 2 Yr. Treasury Notes (CBT), 30 Day Federal Funds (CBT), 10 Yr. Del. Int. Rate Swaps (CBT), Three-Month SOFR (CME), Eurodollar (CME), and Currency Futures.

Table of futures contracts including Australian Dollar (CME), Mexican Peso (CME), Euro (CME), Mini DJ Industrial Average (CBT), Mini S&P 500 (CBT), Mini S&P Midcap 400 (CME), Mini Nasdaq 100 (CME), Mini Russell 2000 (CME), and U.S. Dollar Index (ICE-US).

Exchange-Traded Portfolios

Table of exchange-traded funds (ETFs) with columns for Symbol, Price, Change, and Yield. Includes various sector and asset class funds.

Borrowing Benchmarks

Table of borrowing benchmarks for US, Canada, and Japan, including inflation, consumer price index, and international rates.

Bonds

Table of global government bonds mapping yields, including columns for Country, Maturity, Yield, and Spread.

Global Government Bonds: Mapping Yields

Table of global government bonds mapping yields, including columns for Country, Maturity, Yield, and Spread.

A Week in the Life of the DJIA

Table showing the performance of various stocks in the Dow Jones Industrial Average over a one-week period, including Intel, Boeing, Walt Disney, Dow, Walgreens, Caterpillar, Salesforce.com, Goldman Sachs, IBM, and Chevron.

Corporate Debt

Table of corporate debt offerings, including Issuer, Symbol, Coupon, Yield, Maturity, and Spread.

High-yield issues with the biggest price increases...

Table of high-yield issues with the biggest price increases, including Issuer, Symbol, Coupon, Yield, Maturity, and Bond Price.

...And spreads that widened the most

Table of corporate debt offerings with widened spreads, including Issuer, Symbol, Coupon, Yield, Maturity, and Spread.

New Highs and Lows

Table of new highs and lows for various stocks, including AON, Ansys, Anix, and others.

Dividend Changes

Table of dividend changes for various stocks, including HarborOne Bancorp, Ensc Biosciences, and Mcom.

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BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities.

YTD 52-Week %Chg Hi Lo Stock
21.85 95.98 58.73 FomentoEcomEX

YTD 52-Week %Chg Hi Lo Stock
11.72 34.90 23.10 GEHealthCare

YTD 52-Week %Chg Hi Lo Stock
12.61 35.54 23.97 ABB

YTD 52-Week %Chg Hi Lo Stock
-13.11 28.36 12.72 S&P

YTD 52-Week %Chg Hi Lo Stock
-0.08 1.14 59.46 0.65 SunBermberg

Stock tables reflect composite trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Friday, March 31, 2023

Table with columns: YTD %Chg, 52-Week Hi, Lo, Stock, Yld, Sym, PE, Last, Net Chg. Includes rows for ABB, ADT, AECOM, Affix, AGCO, AgilentHealth, etc.

YTD 52-Week %Chg Hi Lo Stock

Table with columns: YTD %Chg, 52-Week Hi, Lo, Stock, Yld, Sym, PE, Last, Net Chg. Includes rows for GEHealthCare, Environmental, GSK, Gallagher, etc.

YTD 52-Week %Chg Hi Lo Stock

Table with columns: YTD %Chg, 52-Week Hi, Lo, Stock, Yld, Sym, PE, Last, Net Chg. Includes rows for FomentoEcomEX, FTNT, FTS, Fortive, etc.

YTD 52-Week %Chg Hi Lo Stock

Table with columns: YTD %Chg, 52-Week Hi, Lo, Stock, Yld, Sym, PE, Last, Net Chg. Includes rows for Marriott, MetLife, MettCor, MettGroup, etc.

YTD 52-Week %Chg Hi Lo Stock

Table with columns: YTD %Chg, 52-Week Hi, Lo, Stock, Yld, Sym, PE, Last, Net Chg. Includes rows for S&P, SunBermberg, Schwab, SCHW, etc.

YTD 52-Week %Chg Hi Lo Stock

Table with columns: YTD %Chg, 52-Week Hi, Lo, Stock, Yld, Sym, PE, Last, Net Chg. Includes rows for SunBermberg, SunCom, SunEd, SunGrowth, etc.

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Mutual Funds

Data provided by LIPPER

Table with columns: Fund, NAV, Chg % Ret, YTD % Ret. Includes rows for American Century Inv, American Funds CI, Amica, AMIA, etc.

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FIRST QUARTER MARKETS DIGEST

Top 20 Global M&A Deals in 1st Quarter 2023

Ranked by deal value excluding net debt of the target company.

Table with columns: Acquirer, Target, Date Announced, Value \$ Billions. Lists major deals like Pfizer/Seagen, Newmont/Newcrest Mining, etc.

Top 20 Global IPOs Priced in 1st Quarter 2023

Ranked by proceeds raised, including over-allotment

Table with columns: Issuer, Exchange, Currency, Offer Price, Pricing Date, Value \$ Millions. Lists IPOs like ADNOC Gas, Shaanxi Energy Investment Co, etc.

Top 20 Global Bonds Priced in 1st Quarter 2023

Ranked by face value, in U.S. dollars

Table with columns: Issuer, Deal Type, Issuer Nation, Currency, Pricing Date, Value \$ Millions. Lists bond issuances from Amgen, Spain, Intel, etc.

Industry Groups

Best and worst-performing U.S. industry groups in the past quarter based on the DJ U.S. Total Stock Market Index family

Table comparing Best Performers (Automobiles, Renewable Energy Equipment) and Worst Performers (Full Line Insurance, Banks).

How the 30 Dow Jones Industrials Performed

Percentage change in the first-quarter

Table showing percentage change for 30 Dow Jones Industrials like Salesforce.com, Apple, Intel, Microsoft, etc.

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Table listing top percentage gainers like Ambrx Biopharma ADR, Biomea Fusion, Altisource Asset Mgmt, etc.

Biggest Percentage Losers

Table listing top percentage losers like Satixfy Communications SATX, AERWINS Technologies AWIN, SMX (Security Matters) SMX, etc.

Most Active Stocks

Most heavily traded issues in first quarter of 2023; composite volume, in millions

Table listing most active stocks by volume, including ProShares UltraPro QQQ, Tesla, ProSh UltPro Sht QQQ, etc.

IPO Scorecard

Best performing U.S. listed IPOs in 2023 ranked by % change in price from offer to last trade in the quarter

Table listing best performing IPOs like Genelux Corp, CBL International Ltd, Structure Therapeutics Inc, etc.

Worst performing U.S. listed IPOs in 2023 ranked by % change in price from offer to last trade in the quarter

Table listing worst performing IPOs like Asset Entities Inc, Lucy Scientific Discovery Inc, Cadrenal Therapeutics Inc, etc.

Top 10 Rankings

Global Mergers & Acquisitions Deals announced in first quarter 2023

Table ranking M&A advisors like Goldman Sachs, JPMorgan, Citi, etc.

Global Debt Capital Markets Deals priced in first quarter 2023

Table ranking debt capital markets bookrunners like JPMorgan, BofA Securities, Citi, etc.

U.S. Mergers & Acquisitions Deals announced in first quarter 2023

Table ranking U.S. M&A advisors like Goldman Sachs, Centerview Partners, JPMorgan, etc.

U.S. Investment-Grade Bonds Deals priced in first quarter 2023

Table ranking investment-grade bond bookrunners like BofA Securities, JPMorgan, Citi, etc.

U.S. Core Leveraged Finance Fees paid in first quarter 2023

Table ranking core leveraged finance bookrunners like JPMorgan, Goldman Sachs, BofA Securities, etc.

Global Investment Banking Fees paid for M&A, ECM, DCM and loans in first quarter 2023

Table ranking global investment banking bookrunners like JPMorgan, Goldman Sachs, BofA Securities, etc.

Who's No. 1?

Top banks in Dealogic rankings across M&A, equity capital markets (ECM), debt capital markets (DCM) and loans, in first quarter 2023

Table showing top banks for Investment Banking, Equity Capital Markets, and Fixed Income.

Market Boxscores

How the major indexes performed

Table showing performance of major indexes like Dow Jones Industrial Average, DJ U.S. Total Stock Market, Nasdaq Composite, etc.

Advertisement for Dow Jones News Fund featuring a photo of Erin Ailworth and the text 'JOURNALISTS DON'T JUST WRITE STORIES. THEY RECORD HISTORY.'

QUARTERLY MARKET REVIEW

Bond Market Rally at Risk As Bank Stress Diminishes

By MATT GROSSMAN

The sharpest rally for U.S. government debt in years has left investors and analysts warning that bond markets are vulnerable to a reversal.

Prices for Treasuries leapt after turmoil in the financial sector drove investors to lower their expectations for how high the Federal Reserve would raise interest rates. Now, some worry that with banks stabilizing, a resumption of the Fed's inflation-fighting efforts could spark declines as rapid as the rally.

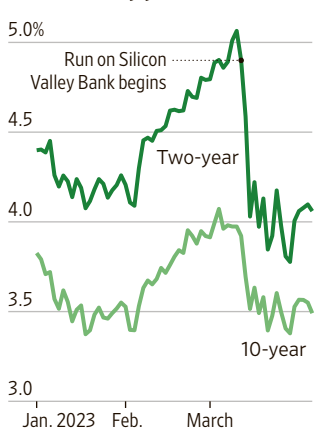
A fresh bond selloff could mean bad news for stocks, which have managed to eke out gains through three turbulent months of trading so far this year. The S&P 500 rose 7% in the first quarter, a climb likely jeopardized if yields rise again, said Keith Lerner, co-chief investment officer at Truist Advisory Services. Higher Treasury yields give investors a lower-risk way to lock in returns.

Though rising yields are often associated with an economic growth—a boost to stocks—investors' expectations for corporate profits already look overoptimistic, he said.

"If Treasury yields go up from here, that's going to cap valuations for stocks," Mr. Lerner said.

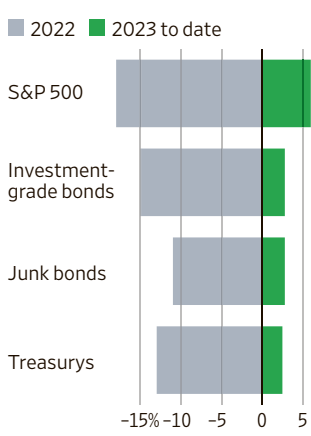
The yield on the benchmark 10-year Treasury note, which falls when bond prices rise, finished Friday at 3.491%, down from 3.826% at the end of last year. Yields on shorter-term Treasuries have tumbled

U.S. Treasury yields



*Total returns include assets-price changes and dividend and interest payments
Source: Tradeweb ICE Close (yields); FactSet (S&P 500); ICE (bonds)

Total returns*



even more, with two-year notes posting their first quarterly price gain in two years.

Last year, the 10-year yield marked its biggest annual increase on record, lifting borrowing costs throughout the economy. Higher government-debt yields pushed up mortgage rates, made it more expensive for companies to invest in their businesses and added to the debt burden shouldered by the federal and local governments.

March's series of bank failures quickly unwound some of those yield gains, as investors piled into the safety of government debt.

"Each individual instance of bank stress can be dealt with fairly easily, but as you go from one to the next, it becomes a compounding worry for the market," said Tim Schwarz, a portfolio manager at asset manager Ninety One. "So, over

the course of a fairly short period of time, credit investors became quite defensive."

A basket of Treasury notes returned 2.5% over the past three months, including price changes and interest payments, according to index data from Intercontinental Exchange. Last year, Treasuries returned minus 13%.

Few could have anticipated the competing tides driving trading in recent weeks, said Warren Pierson, co-chief investment officer at Baird Advisors. Preoccupied with stubborn inflation and a resilient economy, many hedge funds had set up bets that Treasury yields would continue to climb, and were caught flat-footed when the failure of Silicon Valley Bank abruptly sent yields lower instead, Mr. Pierson said.

In the months ahead, though, those bets could ultimately prove correct. The past

week brought few signs of additional bank distress, while the inflation that drove rates higher last year remains a pressing concern. Consumer prices rose 6.0% in February from a year earlier, a pace that has slowed from earlier months but remains well above the Fed's target.

Unemployment—the Fed's other key responsibility—is still near historic lows around 3.6%, giving the central bank more leeway to focus on suppressing inflation.

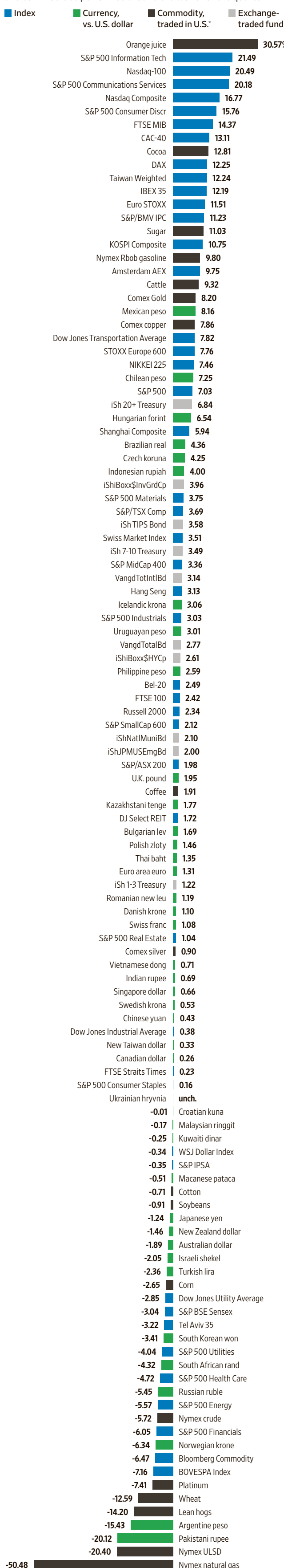
Calmer markets could restore investors' expectations for rate increases, Bank of America analysts wrote this week. They projected in one possible scenario that continuing growth and persistent inflation could send the two-year yield back above 5%, a level breached just before March's bank distress for the first time since 2007.

Meanwhile, another wild card is looming over the bond market: A debt-ceiling fight in a deeply divided Congress that—if unresolved by this summer—could disrupt payments to Treasury investors.

Anxiety about the debt ceiling could exacerbate the market's recent gyrations, said Amar Reganti, a fixed-income strategist at Hartford Funds who was deputy director of the Treasury's office of debt management in the early 2010s. "One would hope the fragility we've already seen would serve as a warning that these policy decisions have to be taken seriously and should be resolved as soon as possible," he said.

Track the Markets: Winners and Losers

A look at how selected global stock indexes, bond ETFs, currencies and commodities performed around the world for the quarter



*Continuous front-month contracts
Sources: FactSet (Indexes, bond ETFs, commodities), Tullett Prebon (currencies).

Oil Sputters as Traders Focus on Economy

By DAVID UBERTI

Wall Street projected an oil bonanza this year. The first quarter upended those expectations.

Russia has continued pumping out petroleum despite Western sanctions. The U.S. market has remained awash in crude after the conclusion of the Biden administration's emergency release of oil reserves. And a Chinese rebound that underpinned some analysts' predictions of a commodity boom has yet to juice global demand.

Instead, the oil producers and traders that captured monster profits in 2022 are now weighing whether a slowdown in the U.S. and Europe is coming sooner rather than later—if it comes at all. The tremors at Western banks in March magnified that uncertainty, leaving investors wading through complicated crosscurrents running from financial markets to the real world.

The banking stress led to oil's steepest weekly selloff since the beginning of the pandemic and took some of the sheen off energy stocks, one of the market's major winners in 2022. The S&P 500 energy sector slid 5.6% in the first quarter, according to FactSet, a decline outpaced only by financial stocks.

Some investors now fear that crude's China-driven rally could be slowed by an unpredictable outlook for U.S. and European industries heavily reliant on gasoline, diesel and jet fuel.

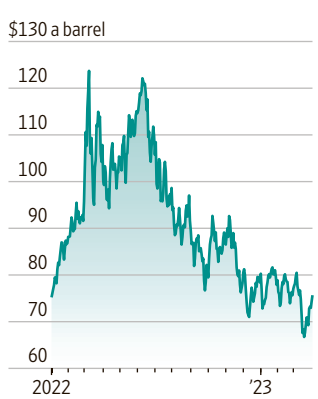
Khendry Veras, a vice president at On Time Logistics, a family-owned trucking company in Newark, N.J., said falling fuel costs in recent months haven't made up for dwindling shipping-container deliveries for its fleet of 40 semitrailers that haul freight up and down the East Coast.

"We're doing our best to hold on," Mr. Veras said.

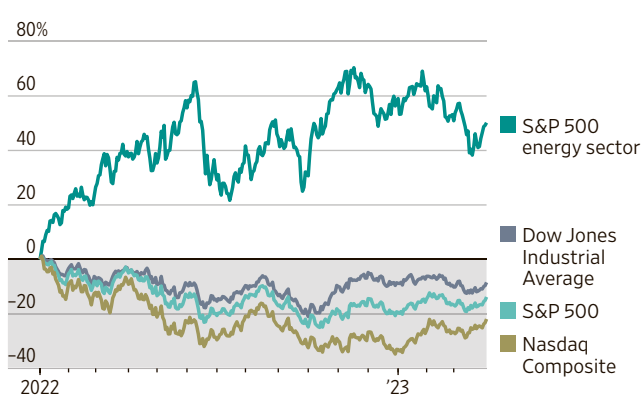
During a year in which many on Wall Street projected the value of oil to jump, allowing the energy industry to shower shareholders with more cash, the outlook of oil-and-gas executives has turned negative, according to a Federal Reserve Bank of Dallas survey of 147 companies. Benchmark U.S. prices, meanwhile, have slipped 5.7%.

"The price moves that we've seen have played out because, to a good extent, the elements that were expected to be bullish have turned out to be bearish," said Matt

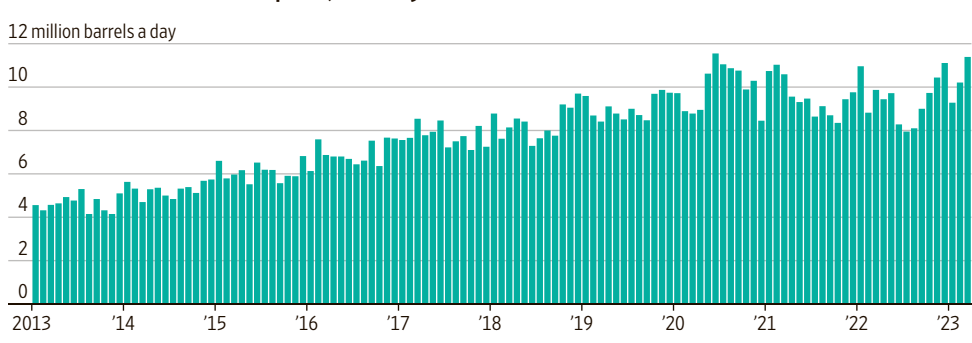
U.S. crude-oil futures price



Sector and index performance since the beginning of 2022



Chinese seaborne crude imports, monthly



Sources: FactSet (futures price, performance); Kpler (crude imports)



Benchmark U.S. prices have slipped 5.7%. Above, Marathon Petroleum's Salt Lake City refinery.

Smith, an analyst at the ship-tracking firm Kpler.

For now, many physical trading houses and hedge funds that speculate on oil continue to see upside in China, parsing shipping routes, traffic patterns and air-travel numbers for hints that its postpandemic recovery is gaining steam.

The country imported nearly 11.4 million barrels of seaborne oil a day in March, according to Kpler, the second-highest monthly total the firm has recorded. A hiring spree of skyscraper-size supertankers in the coming weeks suggests the uptick could continue.

"It's picking up," said Cyril Ducau, chief executive of Singapore-based Eastern Pacific Shipping, which commands a 225-vessel fleet, pointing to growing imports of oil, refined fuel and iron ore.

Many investors remain optimistic China will help the broader energy sector continue to pass out dividends and stock buybacks throughout 2023.

"You look at the second half of the year, and global oil demand is reaching all-time highs," said Rob Thummel, managing director at Tortoise, an energy-investment firm.

For some traders, the big question is whether China's appetite for oil will grow—

boosting prices—before the U.S. and European hunger for energy subsidies.

In the U.S., the overall economy continues to chug along. Fears of broader contagion from the banking stress have receded, and stock markets have rebounded. The Federal Reserve at its meeting in March continued to raise interest rates to cool inflation.

But petroleum analysts see at least one warning sign for energy markets. Demand for diesel has dropped nearly 12% from a year ago, according to the Energy Information Administration, contributing to unusual growth in U.S. oil stockpiles for much of 2023.

BUSINESS & FINANCE

Private Equity Ducks From Bank Turmoil

Buyout firms learned painful lessons from financial crisis and now proceed gingerly

By CHRIS CUMMING

During the last major U.S. banking crisis, private-equity firms spent billions buying troubled lenders. Don't expect them to do the same this time around, investors say.

Instead, private-equity firms are more likely to extend credit to shaky lenders or try to peel off valuable bank assets as turmoil unfolds following the collapse of Silicon Valley Bank.

Private equity's investment thesis "is going to be more about providing liquidity and opportunities in distressed assets" rather than equity investments in banks themselves, said Mike Brown, an alternative-investments analyst at securities research firm Keefe, Bruyette & Woods.

A recent Apollo Global Management Inc. investment is likely to be the kind of bank deal private-equity firms will pursue, Mr. Brown said. On March 22, an Apollo-owned company said it would provide \$1.4 billion in credit to cash-strapped PacWest Bancorp.

A common strategy for pri-

vate-equity firms is to seek out opportunities in industries others shun, hoping to find cheap assets. Right now, U.S. banks would appear to fit that bill. The KBW Nasdaq Bank Index, which tracks the value of bank stocks, has dropped roughly 26% over the past month and bank valuations, already low compared with technology or healthcare companies, have fallen further.

But private-equity managers say they are cautious about buying stakes in banks, based on lessons learned from investments after the 2008 crash. During the credit crisis, private-equity firms injected cash into more than a hundred wobbly or failed institutions, but some of these deals resulted in more headaches than profits, investors say.

"The experience of participating in the [2007-09] banking crisis didn't produce returns that were commensurate either with the risk or with expectations," said Mark Vassallo, managing partner of Lightyear Capital, a private-equity firm that invests in financial-services companies.

Lightyear bought and sold five banks after that financial crisis. While Mr. Vassallo says these deals were successful for the firm, other private-equity investors didn't fare so well. "The industry is going to be re-

ally shy" to do it again, he said.

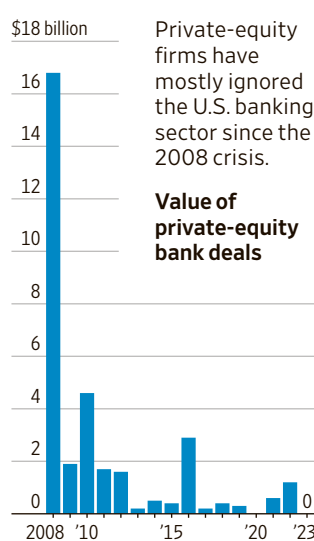
Following the financial crisis, with many banks desperately in need of cash, regulators offered private-equity firms generous subsidies to encourage them to buy failed or cash-starved banks. Some of these investments produced excellent results, but others ranged from disappointing to disastrous, as firms grappled with unpredictable loan losses, demanding regulators and the risk of bank runs.

The best-known cautionary tale is TPG Inc.'s 2008 investment of \$1.35 billion in Washington Mutual, which collapsed just months later in the largest bank failure in U.S. history.

"There were some [deals] that were famously good, others that were much tougher," said Michael Smith, a partner at consulting firm Bain & Co.

Already, in this round, Silicon Valley Bank's failure has shown the risks for private equity. On March 8, the bank said that private-equity firm General Atlantic would invest \$500 million as part of a proposed share sale and recapitalization. That investment never closed, as the bank failed two days later.

Private-equity firms considered buying some of SVB's loans following its failure, according to multiple news reports, another approach to



capitalize on distress without risking equity investments. But these deals weren't completed, as most of the bank was sold on March 26 to First Citizens Bancshares Inc.

American banks have been out of favor with private equity for more than a decade. In the three years from 2008 through 2010, private-equity firms made 119 bank deals in the U.S. for a total of \$23.3 billion, according to research provider PitchBook Data Inc. In the more than 12 years since, private-equity investment in the sector has totaled

just \$10 billion.

U.S. regulators' changing attitude toward private-equity investment in banks played a role, investors say. In the initial months after Lehman Bros. Holdings Inc.'s collapse in 2008, regulators tried to encourage firms—and practically anyone else with capital—to take over failed banks.

But in 2009, the Federal Deposit Insurance Corp. imposed stricter rules on private-equity buyers, including higher capital requirements, aiming to ensure that buyout firms didn't profit at the expense of a bank's health.

"The banking sector is generally quite difficult to invest in for private equity," said Bain & Co.'s Mr. Smith. "It's a very heavily regulated industry."

Some private-equity bank investments following the financial crisis nonetheless proved successful. A 2009 deal for the failed IndyMac, later renamed OneWest, more than tripled the money of an investment group that included Steven Mnuchin, John Paulson, George Soros and private-equity firm Stone Point Capital, The Wall Street Journal reported. The 2009 deal for BankUnited by investors including Carlyle Group Inc., Blackstone Inc., Centerbridge Partners and Wilbur Ross's W.L. Ross & Co. also yielded

strong returns.

There still is a small group of private-equity funds that buys equity stakes in U.S. banks. Chicago-based Banc Funds is perhaps the most prolific. During the financial crisis, the firm helped recapitalize 114 lenders buying failed banks from the FDIC, said Charles Moore, the firm's chief executive.

Mr. Moore, however, doesn't expect the current banking stress to offer an investment opportunity on that scale, although he said some investors are taking advantage of the post-Silicon Valley Bank turmoil to buy in at low valuations. "The vast majority of the banks in the U.S. are well managed, with a good balance of loans and investment securities," he said.

The possibility that banks are now underpriced means some private-equity firms will at least consider investing, observers say. But they don't expect them to be a major factor like they were after the financial crisis.

"You never want to say never with private equity, because they're always willing to lean into complexity, zig when everyone else zags, and do unexpected things when the risk is in their favor," said KBW's Mr. Brown. "I just think it's unlikely."

Twitter Shares Significant Portion Of the Platform's Source Code

By SARAH E. NEEDLEMAN AND ALEXA CORSE

Twitter Inc. opened up a significant portion of its source code, an uncommon move for a large social-media company and one that owner Elon Musk said will make the platform more trustworthy.

The code, posted Friday on the code-sharing site GitHub Inc., exposes how Twitter recommends posts and identifies problems such as hate speech. It doesn't provide private user data or a road map for creating a replica of the platform. One expert likened the strategy to a chef sharing a recipe for ingredients that only he or she has.

"We're trying to be the most trusted place on the internet," Mr. Musk said on a Twitter Spaces discussion shortly after the code was re-

leased. "It's going to be quite embarrassing and people are going to find lots of mistakes in it."

The average person is unlikely to make much sense of the code, but programmers and others could parse it to see if Twitter treats certain types of users differently than others as it has been accused of doing, said Robin Burke, a professor of information science at the University of Colorado, Boulder.

"They could say, 'We're not doing the discriminatory things people are accusing us of,'" he said of Twitter. "On the other hand, discriminatory things could still happen inadvertently."

The code could also potentially be used to game Twitter's system for recommending tweets, identifying rule violators and more, said former

Twitter director Rumman Chowdhury, who oversaw a team responsible for machine-learning ethics, transparency and accountability before she was laid off in November. For example, she said that while Twitter has rules around hate speech, it wasn't apparent until now how it identifies such tweets beyond when others report them.

"You can read this and extract what are the rules that govern how decisions are made," Ms. Chowdhury said. "Now malicious actors may have ways to subvert the protections Twitter has built."

Conversely, she said the exposed code shows how complex the platform is. "People think it's really easy to re-create what a social-media company does, and it's not," Ms. Chowdhury said. She added that researchers and academ-

ics can also now audit Twitter's content-recommendation algorithms.

"There are entire conferences built around understanding recommendation systems and their impact," she said.

The code suggests that Twitter's process for recommending tweets is built on standard architecture, according to Jonathan Stray, a senior scientist at the University of California at Berkeley's Center for Human-Compatible Artificial Intelligence. "There are no surprises here," he said.

But he pointed out that it does show the company's formula for ranking tweets, and he said the biggest factor in that is whether a person is predicted to respond to a tweet.

"What they're trying to produce is back-and-forth con-



Elon Musk says people are going to find mistakes in the code.

versations, but that can also incentivize people to post sensational or divisive content," said Mr. Stray.

In response to a request for comment, Twitter's press email responded with a poop emoji, which Mr. Musk recently tweeted will be the company's autoreponse for media inquiries.

Someone asked Mr. Musk in the Twitter Spaces discussion Friday about a part of the

code that appears to track when a tweet is made by him, which Twitter said was for the purpose of gathering metrics, according to the material released Friday.

He responded, "I think it's weird. This is the first time I'm learning this."

Mr. Musk later tweeted that Twitter will update the recommendation algorithm every 24 to 48 hours based on user suggestions.

Fewer EVs Eligible for Tax Credit

Continued from page B1

hicles were sold in the U.S. in the October-December quarter last year, up 51% from a year earlier and making up 8.5% of all vehicle sales, the group said.

Writing the new rules has been a headache for the Biden administration, under pressure from trading partners that said the legislation would harm their auto makers. Some allies said they are still negotiating with U.S. officials to make sure they are covered by a key aspect of the rules.

While companies have increased assembly of electric vehicles and batteries in the U.S., China dominates the global critical-minerals supply.

"Put simply, we want to end this overreliance," an administration official said. "And we now have tools in our tool belt."

Part of the Inflation Reduction Act's electric-vehicle tax-credit program went into effect on Jan. 1, without the critical-mineral and battery-component rules. Until mid-April, all electric vehicles assembled in North America and priced below certain levels—\$80,000 for sport-utility vehicles and pickup trucks, and \$55,000 for other vehicles—will be eligible for the full \$7,500 credit. Currently, over 20 models qualify.

When the new rules kick in, a vehicle will need to meet the critical-mineral rule to be eligible for \$3,750 of the tax credit. That requires at least 40% of battery minerals, based on value, to be extracted or processed in the U.S. or countries



A driver charged his EV in California last year. Currently, 43% of electric vehicles on the market are eligible for the U.S. tax credit.

that have free-trade agreements with the U.S., or recycled in North America. That ratio will rise to 80% by 2027.

To qualify for the rest of credit, vehicles will have to meet the battery-component criteria—at least 50% manufactured or assembled in North America, climbing to 100% by 2029. The guidance released Friday spells out how companies should calculate these percentages. The program has income caps of \$300,000 for married couples, \$225,000 for heads of households and \$150,000 for others. Friday's rules make clear that corporations and other entities that don't report adjusted

gross income are eligible for the credit, although many of them may prefer to use a credit for commercial vehicles that has fewer restrictions.

A separate program for commercial vehicles offers tax incentives without local-assembly or battery-sourcing requirements, making a wider range of vehicles eligible for the benefit if they are bought by businesses for leasing or rental.

Administration officials expect the number of vehicles for which consumers can claim the full tax credit to decline temporarily with the introduction of the new criteria. In the long term, they say new domestic-vehicle and battery plants be-

ing built by U.S. and foreign companies will mean more cars will be eligible. Since the introduction of the Inflation Reduction Act, companies have announced plans to build 75 facilities with a total investment of more than \$45 billion, administration officials say.

The new proposed rules were rolled out three months after the original target date, as administration officials tried to address concerns raised by trading partners and lawmakers. Although the guidance takes effect in April, it isn't final and will go through a 60-day public-comment period.

Some lawmakers say the Treasury Department has inter-

preted the law too broadly. Sen. Joe Manchin (D, W.Va.), the author of the EV program, criticized the administration's reading of the law in the new rules, saying it allowed for more participation of foreign companies than intended. "It is horrific that the administration continues to ignore the purpose of the law, which is to bring manufacturing back to America and ensure we have reliable and secure supply chains," he said. "American tax dollars should not be used to support manufacturing jobs overseas."

The EV rule also has prompted spats with allies, including the European Union, South Korea, Japan and the

U.K., which said the local-assembly and battery-sourcing requirements discriminate against their companies. Complaining that the U.S. subsidy program will redirect business investments from Europe to North America, the EU recently beefed up its own clean-energy subsidies.

The Treasury Department listed more than 20 countries, including Australia, Canada, Mexico and South Korea, as free-trade agreement countries that qualify under the critical-minerals rule. While a recent announcement to forge a bilateral critical-minerals agreement added Japan to the list, the EU and the U.K. remain ineligible.

"We're quite optimistic that we can reach an agreement of the same sort of substantial scope as the Japanese," said Margrethe Vestager, the EU's executive vice president and commissioner for competition.

The administration will later issue guidance on another key aspect of the electric-vehicle program: a rule on "foreign entities of concern," which will make vehicles ineligible for the tax credits starting next year if their batteries contain any components or critical minerals sourced from an entity linked to China or other adversaries.

This is seen as an especially high hurdle for auto makers, as numerous joint-venture operations between companies from China and companies from the U.S. and friendly nations currently play significant roles in EV-battery supply chains.

—Andrew Duehren
contributed to this article.

Watch a Video

Scan this code for a video on how the U.S. and China stack up on EV batteries.

MARKETS

Markets Move Higher to Finish A Wild Quarter

Banking stocks stage a partial recovery and investors shake off the Trump indictment

By GINA HEEB AND JOE WALLACE

Stocks ended the quarter on a positive note, after a stormy three months in which markets were whipsawed by strains in the banking system as well as shifting outlooks for inflation and interest rates.

Government data early Friday showed the Federal Reserve's preferred measure of inflation, known as the core personal-consumption expenditures price index, slowed its pace of increase in February, lifting hopes the central bank could limit its campaign to curb inflation sooner than originally expected.

The S&P 500 ended the day 58.48 points higher, or 1.4%, at 4109.31. The Dow Jones Industrial Average closed up 415.12 points, or 1.3%, at 33274.15. The tech-heavy Nasdaq Composite increased 208.44 points, or 1.7%, to 12221.91.

Markets shook off the Thursday indictment of former President Donald Trump related to his role in hush-money payments to a former porn star on the eve of the 2016 election.

"Political headlines have had less and less impact," said Brad McMillan, chief investment officer at Commonwealth Financial Network. "We have learned to live with a much higher level of chaos than we were used to a few years ago."

Shares of companies with ties to Mr. Trump rose, even

though broader market reactions were muted. Digital World Acquisition Corp., the blank-check company that plans to merge with Mr. Trump's social-media company, gained 99 cents, or 7.6%, to \$14.05.

Investors are recalibrating after a tumultuous few weeks in global markets, which were upended early in March with the sudden collapse of several U.S. banks. The Fed signaled it could ease up on interest-rate increases, partly because the banking turmoil is expected to cause a pullback in credit growth.

Bank stocks have staged a partial recovery recently, helped in part by regulators stepping in with emergency measures to protect depositors and offer banks more liquidity. But many remain below where they were before the recent crisis.

The KBW Nasdaq bank index rose 4.7% this past week but was down 25% for March. It closed out its worst month since March 2020, when the



Bank of America, Wells Fargo and PNC Financial all recorded their worst monthly performances in three years during March.

Covid pandemic spread. Bank of America Corp., Wells Fargo & Co. and PNC Financial Services Group Inc. also recorded their worst monthly performance in three years, according to Dow Jones Market Data.

The troubled lender First

Republic Bank logged its largest quarterly drop on record, according to Dow Jones Market Data. Charles Schwab Corp. had its worst quarter since 2008.

Still, the major indexes ended the quarter higher. The S&P 500 is up 7% since the start of the year, its second straight quarterly gain. The Nasdaq Composite Index is up 17%, its largest quarterly gain since 2020.

"The market seems intent on closing the book on the banking problems that caused the market to expect the end of the Fed's rate hike campaign," said Quincy Krosby, chief global strategist at LPL Financial.

Bonds have been volatile as

interest-rate expectations have twisted and turned.

The 10-year yield fell Friday to 3.491%. The 2-year yield, which more closely reflects investor expectations for short-term rates, slid to 4.060% to close out its largest monthly decline since 2008. Both yields recorded their largest quarterly drops since March 2020.

Some investors have been too quick to conclude the Fed will cut interest rates later in the year in response to the banking upheaval, said Richard McGuire, head of rates strategy at Rabobank.

He said policy makers at the U.S. central bank, due to make their next rate decision in early May, remain laser-focused on slowing the economy

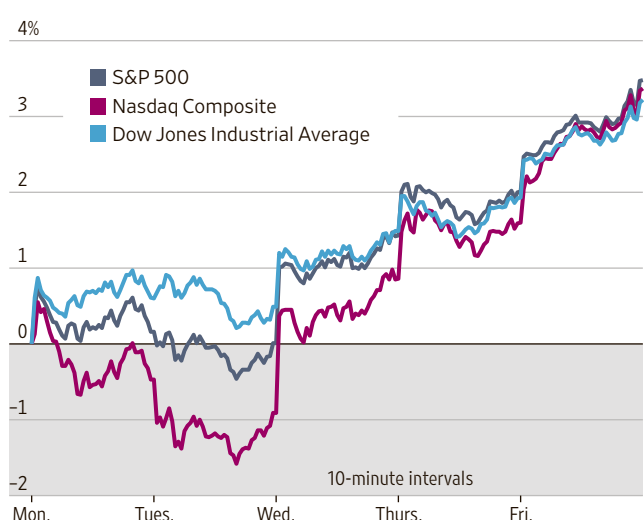
through higher borrowing costs to curb inflation.

That could put pressure back on stocks and short-term government bonds. "The banking-sector troubles we have been seeing will not shift them off course," Mr. McGuire said.

Oil prices ticked up. Brent crude futures rose 0.6% to \$79.77 a barrel. Prices have fallen this quarter as Russian oil kept flowing and investors saw a likely recession could curb fuel demand. But an Iraqi pipeline dispute could tighten global supplies if it isn't resolved soon.

Overseas, the Stoxx Europe 600 added 0.7% Friday. China's Shanghai Composite Index rose 0.4% and Japan's Nikkei 225 gained 0.9%.

Index performance this past week



Source: FactSet

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NOTICE OF SALE

WADSWORTH WHITESTAR CONSULTANTS

ATTENTION PROSPECTIVE BUYERS SALE OF THE ASSETS OF Ovation HAND INSTITUTE BY THE COURT APPOINTED RECEIVER, SETH E. DIZARD, Esq.

Ovation Hand Institute, LLC and Ovation Hand Institute Management, LLC (collectively, the "Company") is a regional surgical clinic that specializes in practicing an ultra-minimally invasive surgical technique treating Carpal Tunnel Syndrome. Ovation's technique provides immediate relief with a 15 minute in-office procedure with local anesthesia, next day recovery, negligible marks, and in many cases same day to light activity. The Company provides its services in four leased clinics: Mequon (suburb of Milwaukee), Wisconsin; Green Bay Wisconsin; Chicago, Illinois and Eden Prairie, Minnesota.

The Company incorporates a patented process to perform its minimally invasive surgeries and has performed over 4,300 surgeries using this procedure. Annual revenue was \$903,000 in 2022.

An Ozaukee County, Wisconsin Circuit Court judge has appointed Seth E. Dizard, Esq. as Receiver for the Company pursuant to Chapter 128 of the Wisconsin Statutes for the benefit of the Company's creditors. Similar in many ways to a Chapter 11 bankruptcy, a Receivership under Chapter 128 allows a company to continue operating in the normal course until its assets are sold as a going concern free and clear of all liens, claims and encumbrances. Upon Court approval of any sale, the buyer will acquire the Company's assets without any obligation to pay the Company's liabilities.

Wadsworth Whitestar Consultants has been retained by the Receiver to assist in the sale of the Company's assets on a going concern basis. Accordingly, we are soliciting expressions of interest from qualified buyers prepared to pursue this unique acquisition opportunity. The Receiver has instructed us to expedite the sale process and would like to close the transaction within 60 days. If you are interested in this opportunity, please contact the undersigned at your earliest convenience to obtain a Confidentiality Agreement. Following our receipt of an executed Confidentiality Agreement, due diligence information will be made available. Site visits will be arranged upon request.

For additional public information regarding Ovation Hand Institute, please visit the Company's website: www.ovationhand.com.

Patrick Caracciolo Wadsworth Whitestar Consultants Office Phone: 414-257-1500 Mobile Phone: 708-814-7028 Patrick@wadsworthwhitestar.com Seth E. Dizard, Esq. Receiver O'Neil, Cannon, Hollman, DeJong and Laing s.c. Office Phone: 414-276-5000 seth.dizard@wllaw.com

NOTICE OF PUBLIC SALE OF COLLATERAL

Please take notice that 100% of the membership interests in Life Hotel One LLC, a Delaware limited liability company (the "Company"), will be offered for sale at a public auction and sold to the highest "qualified bidder" on April 21, 2023 at 11 a.m. (New York time). The sale will be conducted virtually (i.e., not in person) by auctioneer Matthew J. Manning of Manning Auctions, LLC, via Zoom through the following link: https://bit.ly/LifeHotel (case sensitive); Dial-in: +1 646 558 8056; Meeting ID: 844 0356 1608; and Meeting Password: 706464.

The principal asset of the Company is the hotel located at 19 West 31st Street, New York, NY. This sale is held to enforce the rights of 1921 West 31st Street Funding LLC, a Delaware limited liability company, as secured party (including its successors and assigns, "Secured Party") under that certain Amended, Restated and Consolidated Loan Agreement, dated as of July 19, 2017, between the Company and Deutsche Bank AG, New York Branch, both of which are currently held by Secured Party. Secured Party reserves the right to reject all bids and terminate or adjourn the sale to another time, without further publication. Interested parties who would like additional information regarding the Company, the collateral, property visits, and the terms of the public sale (including the requirements to be a "qualified bidder") should execute the non-disclosure agreement which can be reviewed at the website https://tinyurl.com/LifeHotel (case sensitive). For questions and inquiries, please contact Joanne Au of CBRE Capital Markets at joanne.au@cbre.com.

THE WALL STREET JOURNAL.

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PUBLIC NOTICES

LEGAL NOTICE

SUPREME COURT OF THE STATE OF NEW YORK, COUNTY OF NEW YORK 346 MADISON AVENUE, LLC and 11 EAST 44 TH STREET, LLC, Petitioners, - against - JOHN DOE #1 through #10, being all persons unknown, claiming any legal or equitable right, title, estate, lien or interest in the property described in this Verified Petition, Respondents

INDEX NO.: 158558/2022

PUBLIC NOTICE Pursuant to an order of this Court duly made and entered on February 10, 2023 (the "Order"), notice is hereby given that all persons claiming any interest in the real property described further below, are hereby required to appear before the Court at a Public Hearing to be held in the county of New York at the county courthouse in the city of New York, 80 Centre Street, New York, New York 10007, Room 122, on September 12, 2023, at 10:00 a.m. and show cause, if any they have, why they should not be forever barred from maintaining any action or proceeding seeking the enforcement of the restrictive covenant set forth in Paragraph 12 of the Verified Petition (Dkt. No. 11) on the real property hereinafter described, which property was conveyed to Petitioners by deed, dated August 8, 2007, and recorded on September 10, 2007, as CRFN 2007000462812, in the Office of the New York City Register, New York County, as well as by deed, dated January 9, 2019, and recorded on January 10, 2019, as CRFN 201900011333, in the Office of the New York City Register, New York County. Copies of the Verified Petition, the Order, and all other documents filed by the Petitioners in this proceeding may be obtained from the Court docket or by contacting counsel for Petitioners, which contact information is set forth below in bold.

The property affected by this notice is substantially described in the Verified Petition and is described as follows: the real property located at Block 1279, Lot 17, and known as 346 Madison Avenue, Borough of Manhattan, County of New York, State of New York, as well as the real property located at Block 1279, Lot 9, and known as 7-11 East 44th Street, Borough of Manhattan, County of New York, State of New York.

Any party seeking to be heard at the Public Hearing shall promptly provide Petitioners with any supporting documents, including but not limited to any memorandum of law or affidavit/affirmation in support of their papers, but by no later than two weeks prior to the Public Hearing date to be set by the Court. Such supporting papers should be delivered to counsel for Petitioners by overnight mail or email at the following address: Attn: Claude G. Sztybel, Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038, email: csztyfer@stroock.com, (P) (212) 806-5934.

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