

What's News

Business & Finance

◆ **China's economy** barely grew in the second quarter and youth unemployment soared to a record in June, evidence of a fading recovery that risks leaving the global economy underpowered. **A1**

◆ **Venture firms** are scaling down the megafunds they raised during the technology bull market, showing how startup investors are pruning their ambitions despite a sharp rebound in the value of publicly traded tech stocks. **A1**

◆ **Cathie Wood's flagship** ARK Innovation exchange-traded fund has rallied more than 50% this year and investors are using that gain as an opportunity to get out. **B1**

◆ **Starting next year**, 50 and older catch-up contributions to 401(k) accounts will be funneled only into after-tax Roth accounts for those who earned more than \$145,000 the previous year. **A1**

◆ **Microsoft reached** an agreement with Sony to keep Activision's "Call of Duty" on Sony's PlayStation system if its \$75 billion deal for Activision is completed. **B4**

◆ **Economic indicators** are giving investors hope that the Fed might be able to contain pricing pressures without tipping the economy into recession. **B1**

◆ **Tesla built** the first Cybertruck at its factory in Texas, rolling out the futuristic electric pickup nearly four years after the prototype was introduced. **B1**

◆ **Box-office receipts** for the new "Mission Impossible" made it the weekend's top performer, but it trailed other movies this summer. **B2**

World-Wide

◆ **Russia is poised** to end its cooperation at the U.N. in key humanitarian areas as the Kremlin faces a difficult fight in Ukraine and is eager to shore up support at home amid recent domestic instability, Western officials said. **A8**

◆ **American and Japanese** military officials have been working on a plan for a conflict over Taiwan for more than a year, but the talks have yet to resolve the question of whether Japan would join the fight. **A9**

◆ **The parties in a wrongful-death lawsuit** at the heart of the saga of Alex Murdaugh, who was convicted of murdering his wife and son in a separate case, reached a settlement of at least \$10 million, according to a person familiar with the matter. **A3**

◆ **At least five people died** in a flash flood in Pennsylvania during a weekend of heavy rain that prompted flood warnings across the Northeast and caused travel delays. **A5**

◆ **Heat waves across** large parts of the globe are straining power grids and shutting businesses that can't keep their workers cool, and some of the hardest-hit areas will face higher temperatures in coming days, forecasters say. **A3**

◆ **New campaign-finance** data show that Republican presidential contenders are drawing from a broad base of donors and could challenge Biden's fundraising prowess. **B4**

◆ **Jane Birkin**, the British-born actress and singer who rose to fame in the late 1960s and inspired the iconic Hermès handbag named after her, died Sunday at the age of 76. **A18**

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Centre Court at Wimbledon Gets a New King



TRIUMPHAL SHOUT: The 20-year-old Carlos Alcaraz defeated seven-time Wimbledon champ Novak Djokovic in five sets on Sunday. In the women's final, unseeded Marketa Vondrousova of the Czech Republic upset Ons Jabeur of Tunisia. **A14**

Venture Firms Are Scaling Back Size of Funds in Strategy Shift

By BERBER JIN

Venture firms are scaling down the megafunds they raised during the technology bull market, showing how startup investors are pruning their ambitions despite a sharp rebound in the value of publicly traded tech stocks.

For much of the past decade, Silicon Valley investors raised larger and larger funds in the hopes of capturing more of the rapidly expanding

technology market. As startups swelled in size, venture capitalists wrote massive checks to companies that looked little like the scrappy young businesses that the venture industry was designed to support.

The strategy backfired when the technology market crashed early last year, leaving megafunds with overvalued stakes in startups that had little prospects of going public. SoftBank's first Vision

Fund, a \$100 billion vehicle launched in 2017 that popularized a brasher approach to investing, has shed billions of dollars in value this year as it writes down the value of its startup stakes.

Some venture leaders said they are abandoning the once-popular strategy in favor of a more modest investment approach.

In March, venture firm Y Combinator eliminated a growth investment arm called

Continuity that had plowed more than \$3 billion into late-stage startups, citing the need to refocus its efforts running its startup accelerator.

Y Combinator built a name running the accelerator program, which provides funding and training to founders building new companies. The firm launched Continuity in

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◆ **Traders position selves for a soft landing.** **B1**

Europeans Get Bolder In Backing Kyiv Victory

By YAROSLAV TROFIMOV

VILNIUS, Lithuania—Last week's NATO summit revealed a major realignment within the U.S.-led trans-Atlantic alliance.

European nations, once seen as less steadfast in their support for Kyiv and more vulnerable to Russian pressure, are determined to help Ukraine win an unambiguous victory. At the same time, the Biden administration, which orchestrated a unified Western re-

sponse to the invasion ordered last year by President Vladimir Putin of Russia, is increasingly cautious—constrained by domestic politics and a fear of direct confrontation with Moscow.

In Europe, once-gaping divisions among different capitals have narrowed sharply, as countries previously seen as soft on Russia, including France, Italy, Spain and to a lesser extent Germany, have moved much closer to Ukraine's fiercest supporters: Poland, the Baltic and the Nordic states.

"It took a while, but then it seeped through. Today a lot of leaders around Europe, including Germany, understand that they must help Ukraine defeat Putin if they want to defend their own security," said Reinhard Bütikofer, a German member of the European Parliament. "They have well understood that Putin's threat to Ukraine has significance far beyond Ukraine itself."

The divergence between Washington and its European allies is increasingly evident

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Pay Raises Outpace Inflation

This was first time in two years that Americans' paychecks surpassed price gains. It provides financial relief to workers, while complicating the Fed's efforts to tame inflation. **A2**

Prices and earnings, percentage change from a year earlier



Note: Data are not seasonally adjusted. Consumer-price index is for urban consumers. Earnings are for employees in the private sector. Figures for May and June 2023 are preliminary. Source: Labor Department via St. Louis Fed

Immaculate Grid Stars Baseball's Has-Beens

Trivia game gives journeymen players a bit of fame; 'Glad I failed my way to the top'

By JARED DIAMOND AND JOSEPH DE AVILA

LaTroy Hawkins is the definition of a Major League Baseball journeyman. He never made an All-Star team or won a World Series. For 21 seasons from 1995 through 2015, Hawkins crisscrossed the country while pitching for 11 different teams.

That résumé won't send Hawkins to Cooperstown, but it makes him a Hall-of-Famer in the Immaculate Grid—a new Wordle-like daily quiz game that tests players' knowledge of MLB minutiae.

Immaculate Grid has

sparked a surge of appreciation for players just like Hawkins: the nomads who build their careers in relative anonymity, whose contributions to baseball might otherwise have been forgotten.

"The game is not made up of superstars, I can tell you that much," Hawkins said, referring to baseball, not Immaculate Grid. "The game is made up of guys like me."

Immaculate Grid gets its name from the "immaculate inning," in which a pitcher strikes out all three batters in an inning on nine pitches. It consists of nine squares with team logos

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How a Hot Allbirds Lost Its Way

Shoe company, dogged by holes, finds sustainability a tough sell

By SUZANNE KAPNER

Allbirds shot to fame with eco-friendly wool sneakers worn by Silicon Valley tech bros, Barack Obama and seemingly everyone else. In 2021, employees gathered in its San Francisco headquarters to see its next big product: wool leggings.

When a model tried them on, employees noticed they

were see-through. "I can see your underwear," one exclaimed. By then, Allbirds had already ordered tens of thousands of pairs—many of which were unsellable, according to people familiar with the situation.

The rollout of the leggings, which were discontinued a year later, was just one in a series of missteps by the

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High Earners to Lose A 401(k) Tax Break

By ANNE TERGESEN

Millions of high-earning Americans are slated to lose a popular tax deduction starting next year.

Savers ages 50 and older can make catch-up contributions in their 401(k) accounts each year, with eligible workers allowed to put an extra \$7,500 into their accounts, for a total of \$30,000, this year.

Starting next year, those catch-up funds will be funneled only into after-tax Roth accounts for those who earned more than \$145,000 the previous year. The change is part of a set of new rules Congress passed in December. In 2022, 16% of eligible participants took advantage of catch-ups, according to Vanguard Group.

This change means many workers will pay taxes on

their catch-up money up front during high-earning years, rather than in retirement when they might be in a lower tax bracket. It stands to reshape how many people save for retirement and create financial and estate-planning strategies.

Making catch-up contributions with pretax money has been a boon for high earners. For example, someone in a 35% bracket would receive a \$2,625 tax deduction for a \$7,500 catch-up contribution, while someone in the 22% bracket would deduct \$1,650.

While some people will pay more in taxes under the new rules, financial advisers said there will be a benefit to getting near-retirees to put more money into a Roth, where money grows and can be withdrawn tax-free. The

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China's Economy Barely Grew in Quarter

Unemployment among young soars to record as recovery fades

By JASON DOUGLAS

SINGAPORE—China's economy barely grew in the second quarter from the first and youth unemployment increased to a record in June, evidence of a fading recovery that risks leaving the global economy underpowered this year as recession stalks the U.S. and Europe.

The sluggish pace of growth in 2023 is piling pressure on Beijing to reignite an expansion that is in danger of fizzling out as consumers hold back on spending and exports slump. A drawn-out real-estate crunch and shaky local-government finances are adding to the gloom. More than a fifth of Chinese aged 16 to 24 are out of work.

China's economy grew by just 0.8% in the second quarter compared with the first three months of the year, China's National Bureau of Statistics said Monday, less than half the 2.2% quarterly pace recorded in the January-to-March period. The result reflected weak retail sales, subdued private-sector investment and a reversal in exports, which propelled growth throughout the pandemic but are suffering now as major central banks ratchet up interest rates.

The struggle to keep growth motoring is the most pressing challenge among a lengthy list of issues facing Chinese leader Xi Jinping and his top officials.

A difficult relationship with the U.S.-led West is

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U.S. NEWS

THE OUTLOOK | By Harriet Torry and Anthony DeBarros

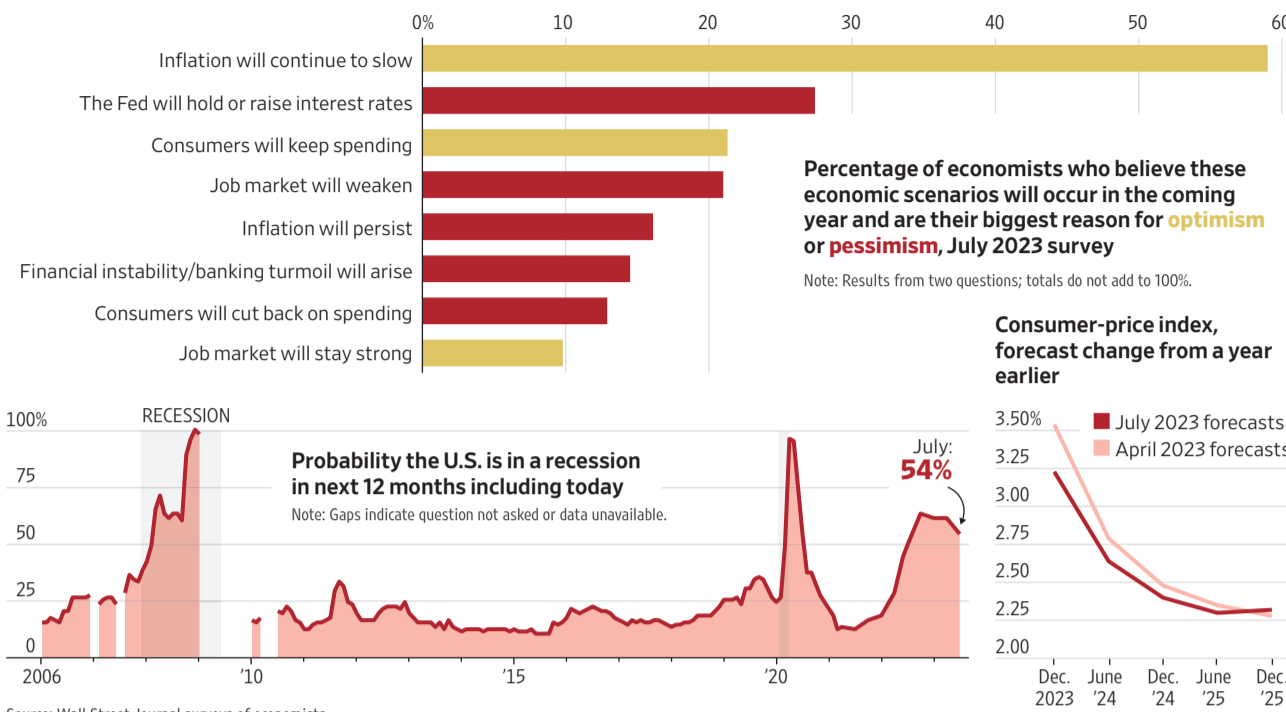
Economists Dial Back Recession Predictions

Economists are dialing back recession risks. Easing inflation, a still-strong labor market and economic resilience led business and academic economists polled by The Wall Street Journal to lower the probability of a recession in the next 12 months to 54% from 61% in the prior two surveys.

While that probability is still high by historical comparison, it represents the largest month-over-month percentage-point drop since August 2020, as the economy was recovering from a short but sharp recession induced by the Covid-19 pandemic. It reflects the fact that the economy has kept growing even as the Federal Reserve has raised interest rates and inflation declined.

In the latest WSJ survey, economists expected gross domestic product to have grown at a 1.5% annual rate in the second quarter, a sharp uptick from 0.2% in the previous survey. They still expect GDP to eventually contract, but later, and by less, than previously. They expect the economy to grow 0.6% in the third quarter, in contrast to the 0.3% contraction expected in the prior survey, followed by a 0.1% contraction in the fourth. Forecasters said GDP would increase 1% in 2023, measured from the fourth quarter of a year earlier, double a previous forecast of 0.5%.

Nearly 60% of economists said their main reason for optimism is their expectation that inflation will continue to slow. The Labor Department's consumer-price index climbed 3% in June from a year earlier,



sharply lower than the peak of 9.1% in June 2022 and the slowest in more than two years. The Fed's preferred inflation measure—the annual change in the personal-consumption expenditures price index excluding food and energy—has fallen from 5.4% in March 2022 to 4.6% in May. Economists expect it to reach 3.7% by the fourth quarter of this year, still well above the Fed's 2% target.

Many economists first began in the middle of last year to project a recession when persistent inflation prompted the Fed to raise rates at the most aggressive pace in nearly three decades. Historically, lowering the inflation rate materially has always involved

higher unemployment and a downturn, and few economists thought this time would be different.

Now, a pathway to achieve a “soft landing,” or getting inflation down without a recession, is “back on the table,” said Sean Snaith, director of the University of Central Florida's Institute for Economic Forecasting. “At the beginning of this year it seemed more of a pipe dream,” said Snaith. Now, “it seems a recession keeps slipping, slipping, slipping into the future.” Snaith has lowered the probability of recession to 45% from 90% in April. On average, economists still expect the labor market to

lose 10,551 jobs a month in the first quarter of 2024. But unlike in the April survey, economists no longer expect job cuts in the third and fourth quarter of this year. They expect employers to add jobs in the second and third quarters of next year, suggesting any downturn will be mild.

“Inflation has slowed remarkably already, and we believe will continue to do so because spending growth is slowing substantially and the growth in labor force is helping service providers,” said Luke Tilley, chief economist at Wilmington Trust.

Still, stronger-than-expected economic growth this year will also likely result in the Fed keeping interest rates

higher for longer, according to the Journal survey.

Economists expected the midpoint of the range for the federal-funds rate to peak at 5.4% in December, up sharply from a 5% forecast in the last survey. The latest prediction implies at least one more quarter-point increase by the Fed.

The Fed last month held its benchmark federal-funds rate steady between 5% and 5.25%. Market participants overwhelmingly expect officials to raise rates by a quarter point at their July 25-26 meeting, according to the federal-funds futures market.

Economists are also pushing back estimates for when the Fed will eventually start

cutting rates. In the latest survey, 10.6% of economists expect a rate cut in the second half of 2023, down from 36.8% in the last survey. The majority of economists, nearly 79%, expected the Fed to cut rates in the first half of 2024 as unemployment rises. Some 42.4% expected that first cut will come in the second quarter.

Economists are relatively sanguine about the impact of the end of the government's pandemic-era pause on student-debt payments, which allowed millions of Americans to avoid a big monthly bill for more than three years.

The resumption of student-loan payments is expected to have a relatively minor impact this fall, shaving 0.2 percentage points, annualized, from consumer spending growth, measured from the third quarter to the fourth quarter of this year.

“We will likely see some slowing in spending growth toward the end of this year as a result of the resumed payments denting certain households' ability to consume, but we do not think the end to the payment pause will be widespread enough to have a significant effect on overall U.S. household spending,” said Wells Fargo chief economist Jay Bryson.

The survey of 69 economists was conducted July 7-12. Not every economist answered every question.

◆ Global migration keeps housing costs higher..... A18
◆ Market gauges hope some economic hope..... B1

Pay Raises Outpace Inflation for First Time in Two Years

BY AMARA OMEOKWE AND MEGAN TAGAMI

Americans' growing paychecks surpassed inflation for the first time in two years, providing some financial relief to workers, while complicating the Federal Reserve's efforts to tame price increases.

Inflation-adjusted average hourly wages rose 1.2% in June from a year earlier, according to the Labor Department. That marked the second straight month of seasonally adjusted gains after two years when workers' historically elevated raises were erased by price increases.

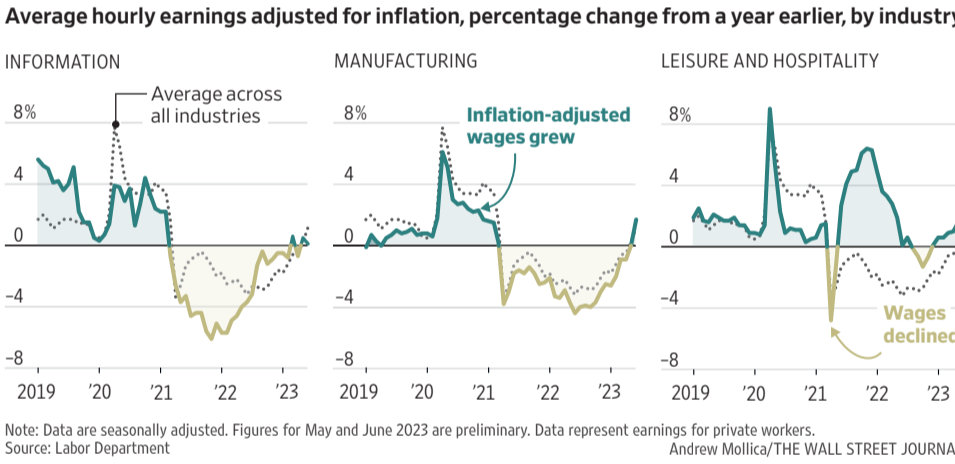
If the trend persists, it gives Americans leeway to propel the economy through increased spending, which could help the U.S. skirt a recession. Since estimates this year, economists surveyed by The Wall Street Journal have lowered the probability a recession will start in the next 12 months.

Not adjusting for inflation, private-sector workers' hourly wages were up more than 4%

in June from a year earlier. Those gains have eased over the past year but remain enough to outpace inflation this summer. Overall consumer prices in June rose 3% from a year earlier, down sharply from a four-decade high a year prior.

In addition to enjoying solid wage growth, Americans are taking comfort in slower price increases for everyday items—such as gasoline and groceries—that have the biggest influence on their perception of inflation.

Consumer confidence in June reached its highest level since January 2022, the Conference Board said. Americans' assessment of current economic conditions and their outlook for the future improved. Americans are nonetheless anticipating a recession within the next year, the survey found. That is likely because they are aware of the Fed's continuing effort to fight inflation and how that might trigger a broad economic slowdown, Conference Board Chief



Economist Dana Peterson said. The Fed has lifted its benchmark interest rate 10 times since March 2022, to a range of 5% to 5.25%, and is on track to do so again this month. Those rate increases have contributed to a cooling in the U.S. economy, but the labor market and wage growth remain on solid footing.

Raises for lower-income workers were particularly strong in early 2023. Restau-

rants, hotels and similar businesses hired at a brisk pace to cater to customers eager for services that were limited initially in the Covid-19 pandemic. While leisure and hospitality employment gains have slowed in recent months, workers in the industry saw their hourly pay rise faster than overall wage growth and inflation.

Wages for manufacturing and business-services workers are also outpacing inflation.

Pay gains have been narrower in the tech-heavy information sector, where several large companies have cut staff.

Federal Reserve Chair Jerome Powell signaled wage growth is still too strong for the central bank's comfort in its inflation-fighting campaign. He said in June that wage gains had eased, but “quite gradually.”

Pay raises allow consumers to purchase more-expensive

goods and services, which in turn supports elevated inflation.

A tight labor market, in which job openings exceed the number of unemployed people looking for work, is a factor propelling sustained wage growth, said Bob Schwartz, a senior economist at Oxford Economics. Workers in recent years had more power to demand raises, but there are signs that trend is cooling.

“As inflation comes down, and that's already happening, wage demands will also abate,” Schwartz said. “You'll see the two going together.”

While improved for the past two years, inflation-adjusted wage growth remains below the trend in the five years before the pandemic, said Julia Pollak, chief economist at jobs site ZipRecruiter. There are some other underlying signs of weakness. Weekly wages are rising more slowly because the average number of hours Americans work decreased from last year. Meanwhile, hiring eased this spring.

Top G-20 Officials Gather in India as Economy Weakens

BY ANDREW DUEHREN

The global economy's brief run of good luck may be ending.

Manufacturing activity is weakening across the world. Europe slid into a mild recession earlier this year. China's much-anticipated rebound from Covid-19 lockdowns is sputtering. Many emerging markets continue to struggle with heavy debt burdens and high interest rates.

Still, central bankers and finance ministers from the Group of 20 major economies gathering in Gandhinagar, India, this week can in many ways breathe a sigh of relief. Headline inflation is dropping. Labor markets in many countries remain strong. Many of the worst-case scenarios officials stressed about after Russia's invasion of Ukraine last year haven't come to pass.

The question now for the world's top economic officials is whether they can keep dodging the worst consequences of the threats they face, from restrictive monetary policy to a slowdown in global trade.

“While prospects are mixed

in the near term, the medium-term outlook for the global economy remains bleak,” said Kristalina Georgieva, the managing director of the International Monetary Fund.

Eyes on China

While economists polled by the Journal expect China to report around 7% in second-quarter growth on Monday, global officials are still closely watching the world's second-largest economy.

Chinese exports last month were down precipitously from a year earlier, while consumer inflation is flat—a sign of weak demand that raises the risk of deflation. While central banks around the world increase interest rates, China's has cut them in a bid to stimulate the economy.

During a news conference on Sunday ahead of the G-20 meetings, U.S. Treasury Secretary Janet Yellen said she was briefed on China's economic plans when she was in Beijing last week. “Of course it is significant to the global economy,” Yellen said.

“China is a very substantial importer for many countries

around the world so when Chinese growth slows it has an impact on growth in many countries. And we are seeing that.”

She also said that it would be “premature” for the Biden administration to consider lifting tariffs on more than \$350 billion in Chinese exports to the U.S.

The slowdown in Chinese exports and global trade partly reflects the consequences of high interest rates and global consumers' return to services after heavily buying goods during the Covid-19 pandemic. But some economists are concerned about a more persistent drag on trade and growth as the U.S. and China try to create distance between their economies.

Many multinational companies have been exploring shifting pieces of their operations outside of China, including to India, while the U.S. and its allies offer fresh incentives to reshore some forms of manu-

facturing. Foreign direct investment into China, a key source of development and growth, collapsed in the first quarter of this year. A reorientation of global supply chains is expected to play out over many years, potentially affecting growth in China and raising prices for global consumers in the longer run.

“It's a slow process because there is no infrastructure or ecosystem in southeast Asia that can quickly replicate the efficiencies that the Chinese market provides,” said Nirav Patel, chief executive of advisory firm the Asia Group.

Eyes on the Fed

For a global economy wedded to the dollar, signs last week that inflation in the U.S. has cooled significantly from last year's peak are encouraging, but many economic officials remain on edge about the Federal Reserve.

The Fed is on track to raise rates again at its coming meeting in July. But how much further it could raise rates after that—and how long rates could remain elevated—is still uncertain as Fed officials battle stickier core inflation. The aftermath of the collapse of Silicon Valley Bank and Signature Bank has also tightened credit conditions in the U.S.

Strong hiring and consumer spending so far has led some economists polled by the Journal to dial back their expectations for a U.S. recession, but most still forecast the world's largest economy will enter one in the next 12 months.

Economics at risk

Rising interest rates in the U.S. last year drew capital into dollar-denominated assets, pushing up the value of the dollar dramatically. That created problems for many low-income countries that use dollars to pay their debts, as well as to import food and energy.

The IMF is warning that the uncertainty of the Fed's future path creates the risk for poorer countries of further dollar appreciation.

CORRECTIONS & AMPLIFICATIONS

Mathematical physicist Freeman Dyson wasn't a collaborator on the Manhattan Project. An article about J. Robert Oppenheimer in Saturday's Review section incorrectly said he was.

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

Suit Settled In Case Tied to Murdaugh

By Valerie Bauerlein

The parties in a wrongful-death lawsuit involving Alex Murdaugh—who was convicted of killing his wife and son in a separate case—reached an \$18.5 million settlement late Sunday, according to people familiar with the matter.

The family of Mallory Beach settled with Murdaugh and with the Parker’s Kitchen store chain in a lawsuit involving a fatal boat wreck in Beaufort, S.C.

Beach was killed at 19 years old when a boat operated by Murdaugh’s son, Paul, crashed into a bridge to Parris Island Feb. 24, 2019. Alex Murdaugh owned the boat.

Paul Murdaugh was awaiting trial on felony charges, including boating under the influence causing death, when he and his mother, Maggie, were fatally shot at the family’s hunting property on June 7, 2021. Alex Murdaugh was convicted of the murders in March and was sentenced to two consecutive life sentences in prison. Alex Murdaugh, who maintains his innocence, testified that the killings were related to the boat wreck.

A wrongful-death suit filed by Beach family lawyer Mark Tinsley unearthed information that led to an inquiry into Alex Murdaugh’s alleged financial wrongdoing.

The evening of the boat wreck, Paul Murdaugh, then 19, had bought alcohol at a Parker’s Kitchen, according to files released by state investigators.

Beach’s family was awarded \$15 million. The settlement included an additional \$3.5 million for the four surviving boat-wreck passengers.

A lawyer for Parker’s said: “Given the outsized publicity this case has received, being tethered to a convicted murderer all but ensured Parker’s would not receive a fair trial.”

The settlement doesn’t resolve a separate Beach family suit against Parker’s Kitchen founder Greg Parker personally. Representatives for Parker and Murdaugh didn’t respond to requests for comment.



A worker set up a hydration station at a tomato field near Winters, Calif., last week, amid a heat wave that is affecting more than 100 million Americans.

Brutal Heat Puts Strain on Small Businesses

Heat waves stretching across large parts of the globe are straining power grids and shutting businesses that can’t keep their workers cool. Some

By Scott Patterson, Jennifer Hiller and Alyssa Lukpat

of the hardest-hit areas will face hotter temperatures in the coming days, forecasters say, adding to risks that infrastructure will fail.

More than 100 million Americans are being affected by the heat barrage, according to the National Weather Service. A streak of 110-degree days is frying Phoenix, and an unrelenting heat wave is punishing Texas and other parts of the South.

Extreme heat swept across Southern Europe, with temperatures hitting triple digits in Italy, Spain and Greece. More than a dozen Italian cities, including Rome and Florence, have been put under a red alert for extreme heat, and authorities in Athens closed the Parthenon as temperatures topped 100 degrees.

Researchers studying the impact of recent heat waves

found they can cut economic growth.

There are “pretty clear signals that the warmer years are associated with lower output,” said Derek Lemoine, an economist at the University of Arizona who studies the economic consequences of climate change. Excess heat hurts labor productivity and can harm learning capabilities in school since “people aren’t using their brains as well in the heat,” he said.

A 2018 study of the impact of rising temperatures on the U.S. economy published in the Journal of Money, Credit and Banking found that a one-degree Fahrenheit increase in the average summer temperature can reduce the annual growth rate of a state’s output by 0.15 to 0.25 percentage point.

So far there have been few indications of catastrophic breakdowns in the power grid or elsewhere, an indication authorities had been able to manage through the extreme temperatures. The burden is falling on small businesses and individuals.

In Burger Fresh & More in Conroe, Texas, the air conditioner broke in June with the

arrival of triple-digit heat. The temperature soared to 118 degrees in the kitchen. Workers relied on cooling towels and fans with misters to stay open while a new system was installed at a cost of \$12,450.

“We had to get a small-business loan to cover it because we’re just a little bitty company,” said manager Karen Swearingen.

Governments are trying to limit the human toll of the heat. But they are constrained by the hot weather itself, which limits the ability of workers to help people in need.

The heat wave is testing the aging U.S. electric grid, which is being asked to deliver more power for running air conditioners without much of a break for routine maintenance. A forecast from the North American Electric Reliability Corporation, a nonprofit that monitors the health of the bulk power system, says large portions of the U.S. could face blackouts this summer.

“Power lines can carry just a certain amount of current through them, and it’s basically heat limited,” said Kyri Baker, assistant professor of architectural engineering at the Uni-

versity of Colorado Boulder. “If they heat up too much they start to sag. If they sag they can do things like touch a tree and cause a short, in addition to just being less efficient and having more losses.”

The National Energy Assistance Directors Association estimates home energy bills will rise 11.7% to an average of \$578 this summer, up from \$517 last summer.

Mary Swindell, who runs outdoor dog-training classes in Boyd, Texas, said she has had to cancel at least half her lessons because many of the dogs can’t handle heat. “Emotionally they shut down because they’re too hot and too uncomfortable to work and focus,” she said.

Swindell estimates her business, Dancing Dogs, has lost around \$3,000 in revenue from the canceled classes, which is about half of what she had expected to make.

For the past few years, the average global temperatures have been moderated by the cooling effects of a three-year La Niña weather pattern in the Pacific Ocean. Now the Pacific is switching to its opposite pattern, known as El Niño, which brings warm water to the east-

ern Pacific and influences weather patterns across the globe.

Last month was the world’s hottest June in the 174-year global climate record tracked by the National Oceanic Atmospheric Administration. Early July saw the world’s warmest days on record, according to daily temperatures NOAA and the University of Maine began tracking in 1979.

Extreme heat can trigger irrational behavior that can add up economically, said Gernot Wagner, a climate economist at Columbia Business School and author of “Climate Shock: The Economic Consequences of a Hotter Planet.”

“Car crashes go up, road rages go up, domestic violence and assaults go up,” he said.

Tamy Jaramillo had to close her Blanding, Utah, restaurant after she spent too long working at the grill and got overheated.

Even with the air conditioner blowing, the kitchen at her restaurant, Yak’s Café, can become unbearable, she said.

“It kicks your ass,” she said. —Vipal Monga and Eric Miller contributed to this article.

Islands’ Leaders Drain a Vital Nuclear Compensation Fund

By Dan Frosch and Christine Mai-Duc

For the people of Bikini Atoll, the several hundred dollars they got each year as compensation for U.S. nuclear tests that ravaged their tiny South Pacific islands was indispensable.

There were funerals, birthdays, medical and fuel costs that many of the approximately 7,000 Bikinians and their descendants said they struggled to cover in their adopted homes across neighboring islands and the U.S.

In February, for the first time since the quarterly payments began in 1987, checks didn’t arrive. The local government, which is part of the Republic of the Marshall Islands, stopped issuing them after a trust fund established to cover its operating expenses sank to \$100,000, from \$59 million in 2017. Costly purchases made by Bikini leaders, including a plane sitting idle at a Taiwan airport and land in Hawaii, drained the fund virtually dry.

“They depleted the fund that many Bikinians depend on,” said Benetick Kabua Maddison, a Bikinian who heads a nonprofit serving the sizable Marshallese population in Springdale, Ark. “We don’t know what the future will be.”

Power is being rationed and government employees are no longer being paid on the island of Kili, where workers can make as little as \$3 an hour, according to people whose relatives reside there. A local bank is suing hundreds who took out payday-style loans, with future trust payments as collateral, but are now defaulting.

In Washington, lawmakers are demanding to know where the money went and why the Interior Department, which formerly oversaw the trust fund, didn’t intervene.

Asked by lawmakers about



Bikini Atoll residents, top, carried their belongings as they prepared to evacuate ahead of an Army-Navy atomic bomb test in 1946. Above, Jack Niedenthal, center in blue, marched with protesters in May to demand the Kili, Bikini and Ejit local government be put into receivership.

the emptying of the fund at a Senate hearing Thursday, Carmen Cantor, assistant secretary of insular and international affairs, said Interior had referred it to the agency’s inspector general.

A federal official with knowledge of the situation said he was interviewed by several Federal Bureau of Investigation agents in June. The FBI didn’t respond to queries about whether it was probing the matter.

Anderson Jibas, the Bikini government’s mayor who has controlled the fund’s disbursements since 2017, acknowledged that people were struggling. “Yes, things are very difficult



on Kili Island, and the Council and I are doing everything we can to help the People of Bikini,” he said.

He blamed the administrators of the trust for not letting

their government began as an attempt to atone for the radioactive fallout of a massive nuclear test program in the South Pacific.

After World War II, U.S. officials evacuated residents of Bikini to the unoccupied atoll of Rongerik, 140 miles away. Over the next 12 years, the military detonated 23 nuclear weapons, leaving a mile-long crater in Bikini Atoll’s coral reef lagoon and rendering the chain of islands uninhabitable.

After many nearly starved, the Bikinians were eventually brought to the island of Kili. In 2016, researchers found the groundwater on Bikini was still contaminated.

Congress established the Resettlement Trust for Bikinians in 1982 and appropriated \$110 million. The money was initially intended to clean up Bikini Atoll and repatriate its residents. When that proved too costly, the funds were instead designated to help operate the local government council, which oversees Kili, Bikini and Ejit—known as KBE.

Another \$75 million was deposited into the Bikini Claims Trust, from which the KBE government disbursed quarterly payments. The fund currently has \$29 million, according to the Jibas administration.

When the Resettlement Trust ran out of money, KBE officials started using funds from the Claims Trust to cover government expenses.

For decades, the Interior Department oversaw the resettlement fund. After taking office in 2016, Jibas began lobbying the U.S. government for more autonomy. The next year, the Interior Department agreed.

With U.S. oversight gone, trust statements and audits show Jibas and KBE’s lawyer, former Interior employee Gordon Benjamin, went on a spending spree.

In an October 2019 letter

viewed by The Wall Street Journal, Benjamin and Jibas asked Arden Trust to deposit \$50,000 into Jibas’s personal savings account to pay for meetings with government officials and traditional celebrations. Benjamin said the funds went toward a prepaid debit card Jibas used for official expenditures.

Copies of checks written from the council’s operations account show Jibas and other local officials spent more than \$300,000 on travel, hotels and other community events over several months in 2018.

Last August, with the fund dwindling, Benjamin asked Arden Trust manager Mary Milligan to wire some \$280,000 quickly, saying Covid-19 was hurting Marshall Islands commerce, according to emails viewed by the Journal.

Milligan replied that the resettlement fund had fallen to \$172,000, and Arden could only disburse \$72,000 because the remaining \$100,000 was needed to keep the fund afloat.

Benjamin said Arden had led the KBE council to believe they could use funds from the claims trust for government operations, but later reneged, leading to the current shortfall. In May, Jibas said, the government unsuccessfully sought a \$2.5 million emergency distribution from the trust.

“What blows my mind is that every single expenditure we made, I had to send documentation so the Interior Department could see what we’re doing,” said Jack Niedenthal, an American expatriate who served as the trust liaison from 1986 until 2016 and lives in Majuro, the capital of the Marshall Islands. “The idea that they just spend whatever the trustee wires them, wherever they want to, it’s just astounding.”

Jibas attributed criticisms of his government’s spending to political opponents.

U.S. NEWS

No-Nonsense Prosecutor Takes on Trump in Georgia

By CAMERON McWHIRTER AND JAN WOLFE

ATLANTA—A Fulton County Board of Commissioners meeting in the summer of 2021 was proceeding like most mundane local government gatherings. Then Fani Willis came to the podium.

The county's then-newly elected district attorney's presentation was more like a closing argument of a trial than the traditional recitation of figures from a department head, as she demanded more funding for her office to handle a crime wave and case backlog. "If there is anyone in here confused and thinks I'm in here to talk about widgets, I'm here to talk about human life," she said.

Her office got more funding. Willis has carved out a reputation in Georgia legal circles as a no-nonsense prosecutor and workaholic who relishes taking on complex cases. Her path to power has put her on a collision course with former President Donald Trump, whose behavior after the 2020 election is thought to be central to her investigation of alleged attempts to overturn

President Biden's narrow victory in this state.

State grand juries were being seated in Atlanta last week, setting the stage for jurors to hear evidence soon. The case could lead to criminal indictments for Trump and others who sought vigorously to negate his loss here. For about 2½ years, Willis has led an extensive probe into the matter, including questioning under oath of politicians and Trump supporters such as Rudolph Giuliani and South Carolina Sen. Lindsey Graham.

Trump has lashed out at Willis, 51 years old, last year labeling her a "young, ambitious, Radical Left Democrat 'Prosecutor' from Georgia." Trump and his supporters have denied wrongdoing.

In an interview, Willis declined to discuss specifics of the case, but said she was confident that what she brings to a grand jury will stick. She defends her office as fair.

"Our office has very few cases that are no-billed," she said, meaning a grand jury has declined to indict. She added later, "I refuse to fail."

Willis said she is at her desk by 6:30 a.m. and stays

until at least 7 p.m. She has asked staff to split shifts to keep up with her.

A longtime prosecutor, she once described herself as "one of the best murder prosecutors in this country." Former co-workers said she is a stickler for preparation in cases and excellent in persuading juries.

"You look at her and she doesn't come across as the ice queen," said Clint Rucker, a criminal-defense attorney who worked closely with Willis. "And then she opens her mouth, she roars. And it catches people off guard. I love to watch it."

In Georgia, the probe by Willis's office has focused on efforts by Trump and his supporters to reverse his loss in the state in 2020. Trump lost by about 12,000 votes out of about five million cast. He and his supporters repeatedly alleged the vote was fraudulent, although two statewide recounts overseen by the Republican secretary of state showed Biden won.

Willis was born in 1971 near Los Angeles. Her father, John C. Floyd III, was a founder of a faction of the Black Panthers but later grew disillusioned by



Fani Willis once described herself as 'one of the best murder prosecutors in this country.'

the movement's infighting, according to a piece he wrote in a Black Los Angeles newspaper.

Floyd became a criminal-defense attorney, and the family moved to Washington.

Willis attended Howard University and graduated from Emory University law school in 1996. She began practicing law as a plaintiffs' attorney and working in the Atlanta city solicitor's office.

In the WSJ interview, she said her father taught her the importance of preparing for trial, and teachers at Howard University stressed to her that being a Black woman meant she needed to work twice as hard to prove herself.

Rucker first became aware of Willis when he was a young prosecutor. He said a judge called him and said Willis was talented and should come to the DA's office. She joined in 2001, hired by then-DA Paul Howard.

Her biggest case while working for Howard involved helping lead the team that won multiple convictions in a notorious cheating scandal involving Atlanta Public Schools teachers and staff. Rucker, who worked with Willis on that case, said the high-profile nature of it brought a lot of negative publicity to Willis and Rucker, who also is Black.

Willis, a divorced mother of two daughters, left the DA's of-

fice in 2018 to go into private practice but quickly decided to run for a local judgeship. She lost that race and then decided to run against her old boss, Howard, who was embroiled in investigations into alleged misuse of funds and other issues. Howard, who didn't respond to requests seeking comment, had repeatedly denied wrongdoing.

Willis defeated her former boss, and she took office right as the Washington Post reported on a Jan. 2, 2021, recording of Trump calling Georgia Secretary of State Brad Raffensperger, pressing him to "find" votes to overturn Trump's loss. Willis immediately launched an investigation.

What the Money Race Says About the Shape of the 2024 Elections

By JACK GILLUM AND ANTHONY DEBARROS

New campaign-finance data show that Republican presidential contenders are drawing from a broad base of donors and could challenge President Biden's fundraising prowess.

The reports out this weekend add more details on how well-known political figures raised and spent money from April through June. The new data don't offer a complete account of candidates' financial support. Super PACs, which can raise and spend unlimited sums of money, don't have to submit figures until the end of July.

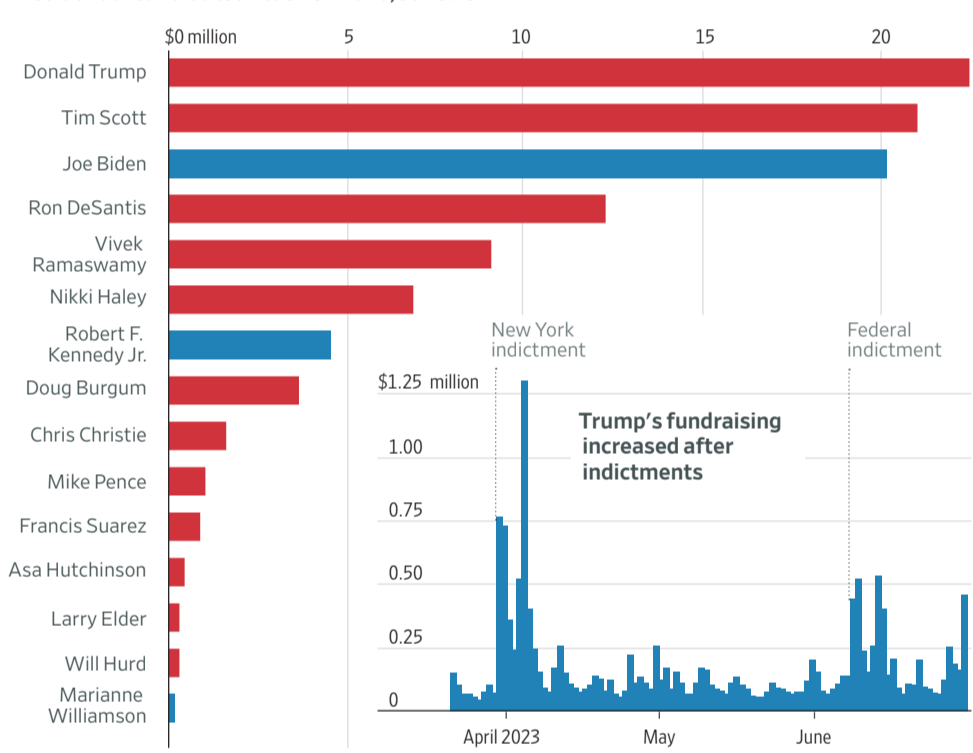
Here are the highlights from candidate campaigns' reports to the Federal Election Commission.

Two GOP leaders

Former President Donald Trump and Florida Gov. Ron DeSantis reported their donations in the most recent quarter reached eight figures, leading the Republican field. They and Sen. Tim Scott (R., S.C.) topped the GOP cash-on-hand list.

The former president's campaign committee reported receipts of \$17.7 million, most

Presidential candidates' cash on hand, June 30



*Reflects candidates' principal campaign committees only.

of it transferred in from a joint-fundraising account, a separate fundraising effort. The Trump campaign previously said its total fundraising in the quarter—combining the campaign and fundraising account—was \$35 million.

DeSantis raised \$20 million, mostly from large donors. Only about 15% came from donors who gave \$200 or less, among the smallest percentages for GOP hopefuls. (DeSantis's figures are for only the six weeks after his May

presidential announcement.) Scott reported raising \$5.9 million and ended the quarter with \$21.1 million on hand.

Other Republicans vying for the nomination reported lower figures. Entrepreneur Vivek Ramaswamy lent his campaign

\$5 million, bringing his total loans to about \$15.3 million. Even so, his campaign spent about \$337,000 more than it took in during the quarter, leaving about \$9 million in cash on hand by July.

Biden's haul

Biden's campaign committee reported raising about \$19.9 million, leaving him \$77 million in the bank when including fundraising from additional Biden-related committees. Biden's campaign said it was the largest amount amassed by a Democratic candidate at a comparable point in the campaign. Biden's team is still putting together its campaign infrastructure.

Robert F. Kennedy Jr. and Marianne Williamson launched long-shot efforts to unseat Biden as the Democratic Party's presidential nominee. Kennedy reported raising \$6.4 million in the second quarter. He ended June with \$4.5 million in cash. Williamson raised about \$920,600 but ran a \$135,000 deficit in the quarter and ended with just \$105,000.

Indictment effect

A Trump fundraising email blasted "136 YEARS IN PRISON, maximum sentence,"

just days after a Manhattan grand jury indicted the former president. "Please make a contribution to SAVE AMERICA," Trump continued.

Trump's supporters heeded his pleas.

In the days following the New York indictment on March 30, Trump pulled in more than \$4 million in donations from individual contributors. That trend was repeated following his June federal indictment for allegedly mishandling classified documents. Within days, his campaign racked up more than \$2 million in additional contributions.

Senate receipts

Among the candidates vying for Senate seats in 2024, two saw second-quarter receipts top \$8 million: Rep. Colin Allred of Texas and Rep. Adam Schiff of California.

Allred, a Democrat who aims to challenge Republican Sen. Ted Cruz, pulled in \$8.8 million in the quarter, ending with \$5.7 million on hand.

Fellow Democrat Schiff on Saturday reported ending the second quarter with \$30 million in cash—more than any other Senate hopeful—after tallying \$8.3 million in contributions.

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U.S. WATCH

PENNSYLVANIA

Flash Floods Leave 5 Dead

At least five people died in a flash flood in Pennsylvania during a weekend of heavy rain that has prompted flood warnings across the Northeast and caused travel delays.

Heavy rainfall around 5:30 p.m. local time on Saturday created a rush of water that carried three vehicles off a road in Washington Crossing, Pa., located about 30 miles north of Philadelphia. Officials in Bucks County's Upper Makefield Township confirmed three fatalities initially, with four still missing.

On Sunday, two more victims were found, officials said. A 9-month-old boy and his 2-year-old sister, were still missing, officials said.

—Ginger Adams Otis

NEW YORK

Ex-Patrol Chief Pleads Guilty

The former leader of a safety patrol in Brooklyn's ultra-Orthodox Jewish community pleaded guilty on Friday to charges he sexually abused a teenage girl.

The plea allows Jacob Daskal, who led a neighborhood watch group called a shomrim, to avoid a trial in a case that alleged he groomed a 15-year-old girl for sex.

As part of the plea agreement, Daskal must register as a sex offender, according to the U.S. Attorney's Office in Brooklyn. Authorities said Daskal subjected the girl to sexual acts over a three-month period in 2017.

—Associated Press

IDAHO

Three Killed In Car Crash

Two adults and a child were killed on Saturday in Idaho when a freight train slammed into their car, pushing it off the road and overturning it, according to law enforcement.

A fourth person who was in the car survived, according to the Idaho State Police.

Police said the cause of the crash, which happened near midday in the northern tip of Idaho, was the car driver's failure "to yield the right of way" to a freight train. The two deceased adults were 37 and 31. All four were wearing seat belts, police said.

—Associated Press



DON'T RAIN ON MY PARADE: A downpour didn't stop the fun at the Cuban & Hispanic American Parade in New York on Sunday, when heavy showers delayed the start of the festivities.

GEORGIA

Murder Suspect Shot by Police

The man accused of fatally shooting four people in Georgia was shot and killed after exchanging gunfire with law enforcement, officials said on Sunday.

On Saturday, officials named the suspect as Andre Longmore, 40 years old.

The gunman fatally shot the victims in Hampton, Ga., about 20 miles south of Atlanta in four separate but close locations around 10:45 a.m. local time, officials said.

He fled the scene, sparking an intense manhunt that stretched across at least two counties, officials said at a Sunday press conference.

A deputy with the Henry County Sheriff's Office and a Clayton County police officer were injured during the attempt to arrest the suspect. The injuries weren't life-threatening, officials said.

The suspect fired at officers while trying to escape after authorities on Sunday tracked him to a nearby area of Clayton County, officials said.

All the victims were from Hampton, officials said.

—Ginger Adams Otis and Alyssa Lukpat

NEW MEXICO

Street-Racing Crash Hurts 4

A man has been arrested after a street-racing crash injured four pedestrians in Albuquerque, police said on Sunday.

Albuquerque police held Abraham Corral Alvarez, 18, after the incident, in which three of the victims suffered serious, life-threatening injuries.

Police said the injured were bystanders at a food truck parked near the site of the street racing late Saturday night.

According to witnesses, three vehicles were racing cars at high speeds when one of the vehicles struck the divider along a bus lane, causing the vehicle to leave the roadway.

Police said four pedestrians were injured. Three of them were taken to a hospital, with two currently in critical condition and the third in stable condition.

Corral Alvarez was detained by police, who said he allegedly was driving impaired.

It was unclear Sunday if Corral Alvarez has a lawyer yet who can speak on his behalf.

The drivers of the other cars involved in the street racing were being sought by police.

—Associated Press

CHICAGO

Jesse Jackson To Step Down

The Rev. Jesse Jackson on Saturday said he would step down as president of the Rainbow PUSH Coalition, the Chicago-based civil rights group he founded more than 50 years ago.

Jackson, 81, announced his resignation during a quiet farewell speech at the organization's annual convention, where the group paid tribute to him with songs, kind words from other Black activists and politicians, and a video montage of Jackson's 1984 and 1988 presidential campaigns.

—Associated Press

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DANIEL MOTTA



U.S. NEWS

Venture Firms Cut Fund Size

Continued from Page One
2015 and invested more than half of the firm's latest fund of \$1.4 billion when startup valuations peaked in 2021 and 2022.

Social Capital, the venture firm run by the serial SPAC promoter Chamath Palihapitiya, abandoned its plans earlier this year to raise a \$1 billion fund. In his "All-In" podcast, Palihapitiya said he made the decision after the market crash made it difficult to assess the value of his existing startup portfolio.

"I could barely stand the idea of me putting money to work right now—of my own capital—without any answers," Palihapitiya said in the podcast. "But then the idea of having a bunch of sovereign-wealth funds and folks that were ready to work with us, I don't know, just not the right time."

Last fall, Palihapitiya also shut down two SPACs after failing to find companies to take public after the market crashed.

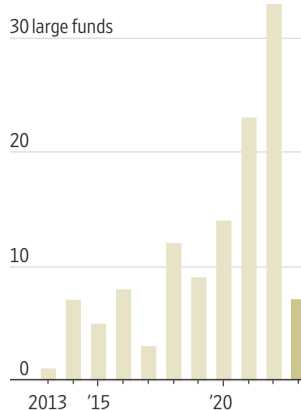
The cuts are coming even as the tech-heavy Nasdaq has risen over 30% this year, in part because of recent optimism over artificial intelligence.

Venture investors said that many of the opportunities from that sector are concentrated in small startups and that there still aren't many attractive investments among later-stage companies.

Shaky receptions to a trio of initial public offerings this month show that the new-issue market is still in recovery mode.

"When money got a little easier, did the marginal investments sneak in? Yes. And

Number of large funds raised by venture funds



Note: Chart shows the number of funds of at least \$1 billion. Figure for 2023 is for the first six months of the year. Source: PitchBook

that's why we're all sort of taking pause and getting back to basics," said Alfred Lin, a partner at Sequoia Capital. Last month, Sequoia downsized its own business by separating its U.S. and European unit from its China and India units. The split came in response to U.S. government scrutiny of Sequoia's China ventures.

Venture firms raised seven funds totaling at least \$1 billion for the first six months of the year, a slower pace than in prior years. Venture firms raised 33 such funds for the full year in 2022 and 23 in 2021, according to data from PitchBook.

The declines have mirrored a drop in the size and frequency of later-stage funding rounds, where mega-funds once ingested the bulk of their cash, the data show.

The smaller funds are also the result of a much tougher fundraising environment, as large investors including university endowments and pension funds cut back the amount of money allocated to venture firms.

The IPO market for technology startups has remained largely shut for over a year, delaying the payouts these investors need to reinvest large amounts of cash in new

funds. Tiger Global Management, after investing much of its latest \$12.7 billion fund when startup valuations peaked in 2021 and 2022, downsized its ambitions for its latest fund, raising around \$2 billion so far, according to a securities filing. The firm told investors that some of its existing backers cut back their commitments to the new funds, people familiar with the matter said.

Tiger's partners also told investors that the firm was raising its investment bar given the cooled market, the people said. Earlier this year, Tiger also explored selling a portfolio of its startup stakes to help return some cash to its investors and asked some startup founders to return its initial investment, people familiar with the matter said.

Venture giant Andreessen Horowitz also discussed breaking apart its future venture funds into smaller funds dedicated to specific sectors like fintech and enterprise investing, people familiar with the matter said. Its latest venture fund of \$2.5 billion is among the largest in the industry.

"We're in a bit of a rationalizing state of the market," said Beezer Clarkson, a partner at Sapphire Partners, which backs venture firms. "In these tougher markets, this is a behavior you've seen historically."

The retrenchment has sometimes hurt these firms' reputation with founders, who are increasingly relying on their existing backers for financial support at a time of dwindling cash across the industry.

After Y Combinator shut Continuity, 10 startups backed by the firm sent a joint letter to its leadership expressing their disappointment with the decision, according to a copy viewed by The Wall Street Journal. In an emailed response to the startups, Paul Graham, Y Combinator's co-founder, said that the board had unanimously concluded that it had been a mistake for the firm to start the growth fund and that it had become impossible to run it well alongside its startup accelerator.



Joblessness among those aged 16 to 24 rose to 21.3% in June. A jobs fair in Jiangsu province.

China Posts Weak GDP Growth

Continued from Page One
squeezing investment in China. Beijing is sparring with Washington over semiconductors and the materials needed to make them. Ally Russia is sunk in a quagmire of its own making in Ukraine.

On an annual basis, economic growth accelerated, helped by a favorable comparison with 2022, when growth collapsed because of sporadic lockdowns under a government policy of eliminating even the tiniest Covid-19 outbreaks. That weakness in 2022 means the economy is still expected to meet or even exceed officials' goal of expanding by around 5% this year.

Compared with the same quarter the previous year, growth in the second quarter accelerated to 6.3% from a 4.5% annual pace in the first quarter, a worse performance than the 6.9% pace expected by economists polled by The Wall Street Journal. The pickup in the annual rate was flattered by a deep slump in

the second quarter of last year, when businesses in Shanghai were closed to contain a citywide outbreak of Covid-19.

The loss of momentum after an initial burst of activity at the beginning of the year means China will need to do more to revive household and business confidence and get the economy back on track, economists say.

"The Chinese economy is clearly sputtering," said Eswar Prasad, professor of trade policy and economics at Cornell University and a former head of the International Monetary Fund's China division. He said the figures highlight the need for more stimulus to power faster growth as well as policy changes that will help revive confidence in China's private sector and spur faster productivity growth.

Beijing abandoned its strict Covid-19 controls around the turn of the year, paving the way for a rebound in activity as businesses resumed trading and consumers spent some of the savings they had squirreled away during the pandemic.

The hope was that China's consumers would step up to power a durable recovery and a prolonged slide in the real-estate sector would turn around, buoying the economy

with demand for exports weakening as stubbornly high inflation and rising borrowing costs curbed spending in the West.

Monday's data suggest that hope was misplaced. Retail sales in June rose just 0.2% compared with May, a sign that households are wary of spending.

Economists say their caution reflects anxiety about jobs and the wider economy and the lingering scars of the pandemic, such as lost income and jobs.

China's headline measure of joblessness, the surveyed urban unemployment rate, held steady at 5.2% in June. But youth unemployment rose yet again, with joblessness among those aged 16 to 24 rising to 21.3% in June, from 20.8% in May.

Investment in buildings, machinery and other fixed assets rose just 0.4% in June compared with May, hurt by weakness in real estate. Industrial production expanded 0.7% over the same period.

The figures from China contrast with better economic news in the U.S. Inflation cooled last month to its lowest pace in two years, strengthening expectations the Federal Reserve will be able to finish its interest-rate increases without tanking the economy.

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TIME	FLIGHT	GATE	STATUS
C	A	R	R
V	O	N	
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Tax Rule On 401(k)s To Change

Continued from Page One
changes don't apply to IRAs, which allow a catch-up contribution in 2023 of \$1,000 for savers 50 and over on top of the \$6,500 annual limit.

"The Roth is such a powerful savings tool that I try to have at least some dollars going into that bucket for all my clients, regardless of tax bracket," said Cristina Guglielmetti, a financial adviser in Brooklyn, N.Y.

Benefits of Roth

Retirees with nest eggs in traditional accounts must pay ordinary income tax when they withdraw the money. In Roth accounts, workers can build a pot of tax-free money to spend in years in which tapping other accounts would push them into a higher tax bracket or force them to pay higher Medicare premiums.

Many assume they will be in a lower tax bracket in retirement, but that isn't always the case, said Ed Slott, an adviser who specializes in retirement accounts.

Because high earners often amass large balances in traditional 401(k)s and individual retirement accounts, many find themselves in the same or a higher tax bracket when the Internal Revenue Service requires them to start pulling money out of those accounts at age 73.

The new requirement for catch-up contributions is a "gift to high earners" who might otherwise overlook the benefits of tax-free growth, Slott said.

Because Roths grow tax-free, they are better options for big savers than taxable brokerage accounts, which require owners to pay taxes annually on dividends, interest and realized capital gains, advisers said. Roths also have big advantages for heirs, who

receive tax-free income.

Both Roth and traditional accounts must be liquidated over 10 years by most non-spouse beneficiaries.

Some seek delay

Though the change is set to kick in Jan. 1, some companies and plan providers said they need more time to meet the logistical challenges of identifying who earned more than \$145,000 the previous year and retooling payroll and other systems to ensure their catch-ups go into a Roth.

More than 200 employers, 401(k) record-keepers, and payroll providers recently sent a letter to Congress requesting a two-year delay. Signed by companies including Delta Air Lines, Anheuser-Busch, and Fidelity Investments, which administers 24,800 corporate retirement accounts for employers, the letter said that many won't be able to change their systems in time to meet the deadline.

"For many of these plans, unless this requirement is delayed...their only means of compliance will be to eliminate all catch-up contributions for 2024," the letter said.

Sharon Lukacs, executive director of the New York State Deferred Compensation Board, said the state's \$31 billion deferred compensation plan allows the 2,236 local employers using the plan to decide whether to offer a Roth. Currently, 1,200 have opted against doing so, in some cases because their payroll systems couldn't handle Roth contributions.

So far, 150 of the 1,200 have agreed to add a Roth by Jan. 1, she said.

Currently, 30% of Fidelity's 24,800 401(k) clients lack a Roth feature, said Dave Gray, head of workplace retirement offerings and platforms at the Boston-based company. Unless those employers adopt a Roth option before the new law

goes into effect, they will have to eliminate catch-up contributions for all of their workers, Gray said.

Payroll providers, employers and 401(k) record-keepers are working to meet the deadline, but are waiting for guidance from regulators on questions including whether they must seek permission from high earners to put their catch-up contributions into a Roth or can do so automatically, Gray said. If the guidance comes late in the year, companies might not have enough time to adjust their systems, he said.

Some retirement savings plans, including those for state employees in South Dakota and Idaho, can't add a Roth unless their state legislatures pass laws, said Matthew Petersen, executive director of the National Association of Government Defined Contribution Administrators, which has 250 members. Some employers must negotiate with unions to add a Roth, he said.

A spokesperson for the Treasury Department said it plans to issue guidance in the near future but declined to comment on the request for a delay.

Big savers could actually see a benefit in being steered to Roth accounts.

A fix from Congress

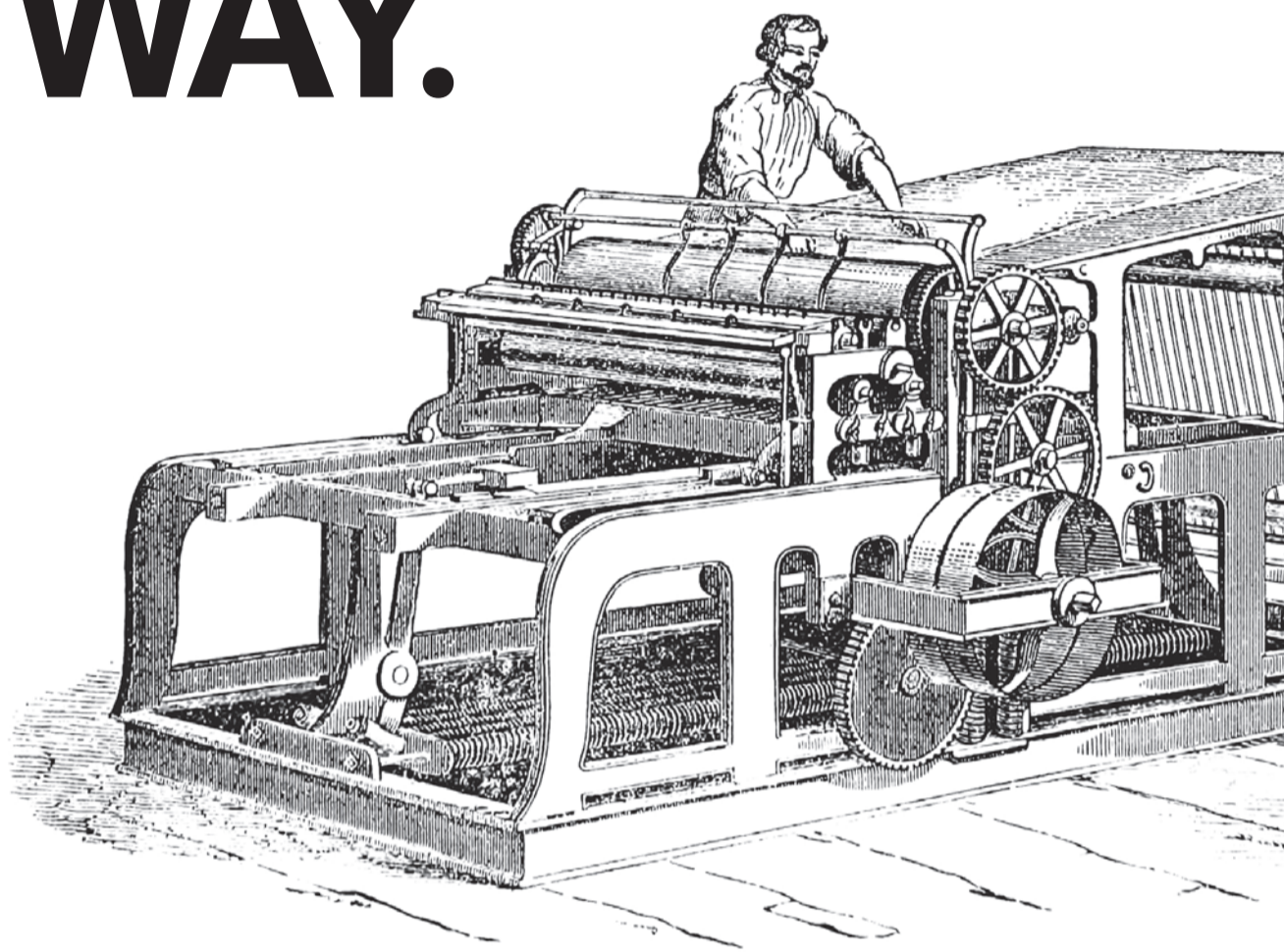
Another question hanging over catch-up contributions resulted from a drafting error in the retirement bill that Congress passed late last year, which many lawyers specializing in retirement plans interpret as prohibiting catch-up contributions for all workers starting in 2024.

In a May 23 letter to the Treasury Department and IRS, lawmakers including Sen. Mike Crapo (R., Idaho) and Rep. Richard Neal (D., Mass.) said Congress intends to "introduce technical corrections legislation" to fix that problem.

"Congress did not intend to disallow catch-up contributions," the letter said.

PHOTO: JIANGSU PRESS

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WORLD NEWS

Russia Pulls Back From U.N. Outreach

Moscow ends Syrian aid corridor and may block the renewal of Black Sea grain deal

By JARED MALVIN
AND WILLIAM MAULDIN

Russia is poised to end its cooperation at the United Nations in key humanitarian areas as the Kremlin faces a difficult fight in Ukraine and is eager to shore up support at home amid recent domestic instability, Western officials said.

In recent weeks, Russia has pushed for the removal of a U.N. peacekeeping mission from Mali, blocked a critical U.N. aid supply line for Syria, and is threatening to end an agreement that allowed Ukraine to resume its Black Sea grain exports, officials say.

Moscow's renewed efforts at bare-knuckle diplomacy at the U.N. come as Russia is facing a war in Ukraine with no end in sight and weeks after an armed insurrection by the Wagner group, which posed the most serious challenge in more than a decade to Russian President Vladimir Putin's grip on power.

"Among the Russian elite and the Russian people at large, it is considered that the government is making too many concessions, that they're not getting too much in return," said Dimitri Simes, an analyst on U.S.-Russian relations, referring to the grain deal, which is set to end on Monday.

Signed in Istanbul in July 2022, the Black Sea Grain Initiative has allowed Ukraine to export more than 32 million tons of wheat, corn, sunflower oil and other goods around the world. The deal opened a special maritime corridor in the Black Sea for commercial ships and charter vessels that the U.N. uses to ship Ukrainian



Workers loaded grain at a port in Izmail, Ukraine, in April.

grain to crisis-stricken countries such as Sudan, Yemen and Somalia.

The Turkish government, which along with the U.N. helped broker the initial deal, has played a central role in keeping Russia from breaking with the agreement over the past year, U.S. officials and Western diplomats say. Turkish President Recep Tayyip Erdogan has expressed a renewed willingness to cooperate with the West in recent weeks, agreeing to green-light Sweden's entrance to NATO after a yearlong standoff.

Erdogan on Friday said he and Putin were on the "same page" regarding an extension of the deal, without elaborating. Kremlin spokesman Dmitry Peskov told reporters that Moscow is still weighing the issue.

"If Moscow follows through on its threat, developing countries including in the region will pay the price including quite literally with higher food prices as well as greater food scarcity," Secretary of State Antony Blinken said on Friday.

Russia has threatened to cancel the deal in the past and briefly suspended its cooperation with the accord last Octo-

ber after a Ukrainian attack on its forces in Crimea. Ukrainian and U.S. officials say they are concerned that Russia is increasingly willing to back out of the agreement because of Putin's growing international isolation and domestic instability.

U.N. Secretary-General António Guterres wrote to Putin this past week proposing a continuation of Ukraine's grain exports in return for reconnecting a subsidiary of Russia's agricultural bank to the Swift international payments system.

Russia has for decades used its influence as one of the five veto-wielding members of the U.N. Security Council to heap pressure on the West and other opponents, but diplomats and analysts say Putin now appears unusually willing to break with past agreements such as the grain deal and the Syrian aid lifeline.

"Russia has gone from a posture of grumpy accommodation to all-out obstructionism," said Richard Gowan, the U.N. director at the International Crisis Group, a non-profit that monitors conflicts.

Russia's mission to the U.N. didn't reply to a request for comment.

Europeans Get Bolder On Ukraine

Continued from Page One
on issues including Ukraine's prospects of eventually joining the North Atlantic Treaty Organization, the military capabilities Kyiv needs for its current offensive aiming to reclaim occupied territory, and the desirability of any peace settlement with the Kremlin in the near term.

"Biden's mantra is that the unity of the alliance is the high priority," said Slawomir Dębski, director of the Polish Institute of International Affairs, a Warsaw think tank that advises Poland's government. "The problem now is that it's the Biden administration that is lagging behind Europe, and it's the Biden administration that is creating trouble for the unity."

Washington remains the biggest backer of Ukraine, and President Biden reiterated in Vilnius that the U.S.'s commitment won't waver—warning that Putin is making a "bad bet" as he doubts the West's staying power and unity.

Yet political winds are blowing in opposite directions on the two sides of the Atlantic. A sizable, and growing, minority of the Republican Party wants to end any support for Ukraine, and the U.S.'s role in the war is likely to become an issue in next year's presidential election. A proposal to prohibit all security assistance to Ukraine garnered 70 Republican votes, or nearly one-third of all Republican House members, on Thursday.

Former President Donald Trump, a Republican who seeks to return to the White House, has accused Biden, a Democrat, of risking World War III by supplying Ukraine with cluster munitions, a type of ammunition Russia has been using in abundance.

Few major European leaders have similar electoral concerns in the near term. Euro-

pean economies have weaned themselves off dependence on Russian energy, and even the once pro-Putin nationalist parties rarely openly support Moscow now. Many key European leaders who pushed for talks between Kyiv and Moscow last year, most notably President Emmanuel Macron of France, have increasingly come to the view that no deal on Ukraine can be struck until Putin is routed on the battlefield or leaves power.

Biden, in remarks in Helsinki last week, said his hope and expectation is that "Ukraine makes significant progress on their offensive, and that it generates a negotiated settlement somewhere along the line." President Volodymyr Zelensky of Ukraine has repeatedly said no settlement is possible until Ukraine regains occupied land, which amounts to about 20% of the country's territory, and secures reparations from Moscow.

At the Vilnius summit, the Biden administration surprised many allies with its refusal to negotiate the language on Ukraine, which said NATO "would be in a position to extend an invitation to Ukraine to join the alliance when allies agree and conditions are met."

Frustrated, Zelensky issued a fiery tweet as he arrived in Vilnius. "A window of opportunity is being left to bargain Ukraine's membership in NATO in negotiations with Russia," he wrote. "And for Russia, this means motivation to continue its terror."

Daria Kaleniuk, a Ukrainian anticorruption campaigner and civil-society activist, raised this point in a sharp exchange with national-security adviser Jake Sullivan. Is it true, she asked Sullivan at a NATO public forum in Vilnius, that Biden "didn't invite Ukraine to NATO because he's afraid of Russia, afraid of Russia losing, of Ukraine winning?"

Speculating that there are backchannel communications between Washington and Moscow, she said: "Should I prepare my son to be a soldier and

fight the Russians when he will be 18 years old in seven years?" The audience responded with thunderous applause.

Sullivan responded that any suggestion that Washington would negotiate a secret deal with the Kremlin at Ukraine's expense was "entirely unfounded and unjustified."

Appearing on NBC on Sunday, Sullivan reiterated that Ukraine's NATO accession "is not subject to negotiation with any country, including Russia."

The changing dynamic on military aid to Ukraine adds to tensions between Washington and many European allies. Though overall European and U.S. assistance to Ukraine is about the same, Washington still supplies most of the weapons used by Kyiv. In recent months, however, the Biden administration has been overtaken by European nations when it comes to providing new types of equipment Kyiv said it needs for military success.

While the U.S. hasn't agreed to supply ATACMS missiles Kyiv seeks, London and Paris have supplied longer-range cruise missiles that can hit anywhere in occupied parts of Ukraine, and that are being used against Russian command posts, logistics nodes and ammunition depots. Washington hasn't deliv-

ered pledged Abrams tanks, while scores of German and British tanks are on the battlefield. The Biden administration has also slow-rolled European efforts to provide Kyiv with F-16 aircraft owned by countries such as the Netherlands, Denmark and Norway.

Within Europe, perhaps the most significant shift has occurred in France, the EU's only nuclear power. Macron has become increasingly convinced of the need for a Ukrainian victory—a belief he expressed in a landmark speech in Bratislava, Slovakia, on May 31. "Only one peace is possible—a peace that respects international law and is chosen by the victims of the aggression, the Ukrainian people."

Washington remains Kyiv's biggest backer.



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WORLD NEWS

Japan Takes a Cautious Stance On Military Defense of Taiwan

By ALASTAIR GALE

TOKYO—American and Japanese military officials have been working on a plan for a conflict over Taiwan for more than a year, but the talks have yet to resolve a central question: Would Japan join the fight?

Washington has nudged Tokyo to consider roles for the Japanese military such as hunting for Chinese submarines around Taiwan, people familiar with the discussions said, without getting any commitment.

The planning is one of the most important aspects of the U.S. response to Beijing's threats to capture Taiwan by force. At its closest, Japan is just 70 miles from the democratically self-governing island, and it hosts some 54,000 U.S. troops, concentrated on the southern island of Okinawa.

If China moves to seize Taiwan and the U.S. intervenes, as President Biden has said it would, the first response would likely come from those U.S. bases. Under an agreement dating from the 1960s, the U.S. would need Japan's approval—but Tokyo would feel pressure to provide that, as refusing would jeopardize the alliance that ensures its security.

Getting Japan to engage in the fight directly would be harder. Japanese leaders publicly shun discussion of a role in any Taiwan war, in part because public opinion is generally against getting ensnared in a conflict.

"If you ask the question of whether you are willing to risk your life to defend Taiwan, I think 90% of Japanese people would say 'no' at this point," said Satoru Mori, a professor of politics at Keio University in Tokyo.

Tokyo is investing heavily in long-range cruise missiles and other hardware in response to China's growing arsenal, but it says the buildup is strictly for self-defense. "We



Taiwanese military personnel watched artillery fire during combat exercises last September.

have to spend more on military deterrence and response capabilities to reduce the risk we would be attacked," Prime Minister Fumio Kishida said on a recent visit to Okinawa.

Japan's Constitution, written by the U.S. after World War II, renounces the use of force to settle disputes. But under a law approved in 2015 under then-Prime Minister Shinzo Abe, Japan can respond militarily if a close ally is under attack nearby and its own survival is at stake.

Simulations conducted this year by the Center for Strategic and International Studies, a Washington think tank, found the U.S. could likely block a Chinese takeover of Taiwan with the support of allies such as Japan and Australia.

In most of the center's war-game scenarios, Japan joins the U.S. in the fight after China attacks U.S. bases on Japanese soil, destroying hundreds of American and Japanese aircraft—a modern-day version of Pearl Harbor. Surviving Japanese ships and planes attack the Chinese to

the north and east of Taiwan and help intercept Chinese amphibious invasion craft before they overwhelm the island, with Japan's hard-to-detect submarines playing a vital role in sinking Chinese ships.

While a Chinese attack on U.S. bases in Japan would likely end Tokyo's hesitancy, some American and Japanese security analysts said, there is no guarantee a conflict would play out that way. What worries Tokyo most about getting involved in fighting is the risk of escalation—for example, of China's encouraging allies Russia and North Korea to attack Japan, or threatening to use nuclear weapons.

The U.S. is seeking more clarity from Japan as the two sides try to develop a combined operational plan for a Taiwan conflict. Subjects include supply routes, missile-launcher sites and refugee-evacuation plans, people familiar with the talks say. Japan is willing to support the U.S. military by providing fuel and other supplies, these people say.

A Pentagon spokesman said

the U.S. and Japan share a commitment to peace in the Taiwan Strait and that the U.S. welcomes Japan's interest in "expanding its roles, missions, and capabilities. This will enhance deterrence." Asked about planning for a conflict over Taiwan, a Japanese government spokesman said Japan and the U.S. maintain joint defense plans but declined to go into further detail.

Japan's military, known as the Self-Defense Forces, currently operates 50 destroyers and 22 attack submarines, as well as more than 300 jet fighters. Late last year, Tokyo said it would raise military spending around 60% over the next five years to 2% of gross domestic product.

"We are building up our army, navy and air force, as well as space and cyber capabilities. Maybe in five years when our new shape is clearer, we will have to talk about new roles and missions in the region," said Nobukatsu Kanehara, a former national-security official and adviser to Abe, the former prime minister.

Pope Clears Bishop Installed by China

By FRANCIS X. ROCCA

ROME—Pope Francis accepted as bishop of Shanghai a man whom Chinese authorities had installed in the post without consulting the Vatican, in the latest sign of the pope's determination to pursue a rapprochement with Beijing despite China's tightening restrictions on religion.

The Vatican on Saturday said Pope Francis had named Bishop Joseph Shen Bin to lead the diocese of Shanghai, more than three months after Chinese Catholic authorities said he had been ceremonially installed in the position.

Cardinal Pietro Parolin, the Vatican secretary of state, told Vatican media that the pope had acted for "the greater good of the diocese and the fruitful exercise of the bishop's pastoral ministry," but said that Beijing's unilateral decision to transfer the bishop from his former diocese of Haimen was contrary to "the spirit of dialogue and collaboration" of a 2018 power-sharing agreement on the appointment of bishops.

China's Foreign Ministry didn't respond to a request for comment on Saturday.

China's estimated 10 million to 12 million Catholics have been divided for decades between a "patriotic" church registered with the government and a so-called underground church that rejects government control. The Vatican and China haven't had diplomatic relations since shortly after the Communist revolution of 1949.

In 2018, the Vatican and Beijing signed an agreement, renewed in 2020 and 2022 for two-year terms, that gives both sides a say in the appointment of bishops.

The deal marks a rare concession by the pope of his prerogative to appoint bishops, which Vatican officials have argued is necessary to maintain the unity of the church in China. Critics, including Cardinal Joseph Zen, a former bishop of Hong Kong, have argued that the agreement is a betrayal of the country's underground Catholics loyal to the pope.

The details of the deal remain secret, but the pope has said it gives him the final say.

The deal has come as the Chinese Communist Party under Xi Jinping has intensified government control of religion.

Religious groups have been required to revise their practices and teaching in accordance with Communist Party doctrine.

The Vatican has acknowledged that the results of the deal have been meager so far. Only a handful of new Chinese bishops have been ordained under the agreement since 2018.

Last November, the Vatican accused Beijing of violating the deal by transferring Bishop John Peng Weizhao from his Vatican-approved post as bishop of Yujiang to a new

role as auxiliary bishop of Ji-angxi, a diocese not recognized by the Vatican.

The Vatican's response to the Shanghai appointment was milder on Saturday. Cardinal Parolin suggested that there might be aspects of the case unforeseen by the unpublished agreement and requiring further negotiation. He also praised Bishop Shen as an "esteemed pastor." But he said it was "indispensable that all episcopal appointments in China, including transfers, be made by consensus" between Rome and Beijing.

The acceptance of the Shanghai diocese leader reflects a bid for rapprochement.

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FROM PAGE ONE

How a Hot Allbirds Stumbled

Continued from Page One
startup that was once a cultural symbol of cool and is now a standout example of a hot company that lost its way.

Allbirds is cutting back as its revenue shrinks and its cash pile dwindles. Its shares have lost more than 95% of their value since a November 2021 initial public offering and on Friday closed at \$1.28.

The company, founded in 2016, tapped into the idea that businesses can make money, be innovative and do good in the world, especially when it comes to the environment. To help the planet, co-founders Joey Zwilling and Tim Brown believed consumers didn't have to stop buying stuff, just that the stuff needed to be made differently. It leaned on its popularity to pursue a hyperfast growth model pioneered by other online disrupters such as Warby Parker that sold goods directly to consumers.

It turns out that not everyone wants to dress head-to-toe in merino wool, which although better for the environment than nylon or polyester, isn't as durable. Customers complained of holes in their sneakers months after buying them. And the leggings, which were made from a blend of wool and other fibers, in addition to being see-through, didn't hold their shape, the people said. Allbirds said the sheerness was limited to one light color and that it was a minor issue caught at an early stage.

New products

After the initial success of its original shoe, the Wool Runner, Allbirds tried to expand beyond its base of 30- and 40-year-olds to attract younger customers with more technical running shoes and other sneakers in brighter colors and edgier patterns. It also pushed into new categories—underwear, puffer jackets and golf shoes—but struggled to replicate the success of its first shoe.

The company lost focus, unsure if it was selling to sneakerheads or soccer moms, said the people, who are familiar with Allbirds' product development and marketing. A key business assumption, that consumers' concerns about the environment would drive them to buy sustainable products, has been a tough sell.

Some of Allbirds' loyal customers, including the Silicon Valley crowd, have dropped the brand. Its stumbles have opened the door to other sneakers that are supplanting Allbirds among tech and fashion trendsetters, such as On and Hoka.

For Zwilling and Brown, who were millionaires many times over on paper when Allbirds went public but didn't sell stock in the offering, it's been a humbling experience.

Zwilling has a saying: Customers will accept one degree of weirdness, but not two. Iterations of existing styles are preferred over brands pushing too far into new categories. He said in an interview that shoppers



Allbirds co-founders Joey Zwilling and Tim Brown. The shoe company's new products haven't been as popular as its original shoe.

who came to Allbirds for its original shoes weren't ready to buy technical gear such as running shoes or workout clothes from the brand. He acknowledged problems with the leggings and other workout clothes. "You've got to get [the] fit right," he said.

Brown, in a separate interview, added: "As we've tried to expand and grow the brand, we created products that haven't quite met the mark."

Until recently, Zwilling and Brown, who are both 42 years old, served as co-CEOs, working at desks across from each other in an office with an open floor plan.

In May, Allbirds abandoned its joint stewardship and named Zwilling sole CEO. Brown now oversees partnerships, brand awareness and culture as its chief innovation officer.

The Allbirds co-founders said the double-CEO model initially worked because they had complementary skills. Zwilling, an industrial engineer with a Wharton M.B.A. and a salt-and-pepper beard, oversaw finance, operations and technology. Brown, who played professional soccer, studied graphic design in college and earned an M.B.A., focused on product design, branding and marketing.

As the business floundered, disagreements arose, the people familiar said. Employees would sit through a meeting with Brown, who would talk about targeting younger shoppers—known internally as "Charlie"—with edgier designs and technical gear such as running shoes. Then, they would go into a meeting with Zwilling, who would say the prime customer is a 45-year-old who buys the shoes because they are comfortable, the people said.

Brown and Zwilling said they never disagreed on strategy. "Every decision that we made, we made together," Brown said. An Allbirds spokesman said "Charlie" was meant to signify a broad age group, from 25- to 40-year-olds, not just younger shoppers.

Also in May, the company said it was laying off 9% of its U.S. corporate staff, its second round of job cuts in a year.

Missteps

Allbirds released the Tree Flyer in 2022 and touted technical and sustainability features that it thought would lure shoppers. It didn't take off.



Source: Allbirds Photo courtesy of Allbirds

In 2008, Brown started thinking about creating a different type of sneaker—one that wasn't covered in logos or made from synthetic materials—when he was playing professional soccer in New Zealand, where he grew up. The idea crystallized during an entrepreneurship class he took in 2013 at Northwestern University's Kellogg School of Management, during a semester he studied there while earning his master's degree from the London School of Economics.

Brown and Zwilling met through their wives, who were Dartmouth College roommates. Zwilling had been developing renewable energy sources at a San Francisco biotech company. Brown, who was then living in London, flew to the Bay Area to meet with Zwilling and get his advice. They decided to team up. "I wondered if there was an opportunity to help create a brand that could change the way people thought about consumption," Zwilling said.

Allbirds took off as environmental concerns were reaching a fever pitch with wildfires burning out of control in California, hurricanes leveling parts of Florida and scientists warning that time is running out to

reverse the effects of global warming.

Their first shoe quickly amassed a devoted following for its comfort and eco-friendly materials. The Wool Runner's upper is made from merino wool, the midsole from a foam produced from sugar cane and the laces from recycled plastic bottles. At first Allbirds sold its goods only online. It opened its first bricks-and-mortar store in 2017.

In an early partnership, Allbirds set up shop inside the original Shake Shack in New York City for one day in 2018 and sold limited-edition sneakers. People lined up around the block for the shoes, prompting some Allbirds employees to compare the company's gravitational pull to that of Supreme, the ultracool streetwear brand.

The company offered to share its environmental innovations with competitors, even as it accused some of them in lawsuits of knocking off its designs.

By the time Allbirds went public in November 2021, it had a market value of \$4 billion. For the full year of 2021, it reported a loss of \$45.4 million on \$277.5 million in sales.

Allbirds launched its second sneaker in 2020, the Tree

Dasher, made of eucalyptus tree fiber. It marketed it as an entry-level running shoe, pitting it against industry giants Nike, Adidas and others. It pushed further into running two years later with the Tree Flyer.

Sales of the Flyer were disappointing, according to the company. Some customers said it lacked the support and cushioning needed for hard-core running. It was also more expensive, priced at \$160, compared with \$95 for the Wool Runner when it launched.

"Consumers weren't ready to shell out \$160 for a technical running performance product from us, given that's not the ethos [of our] DNA," Zwilling told analysts in March.

Allbirds had problems with a line of workout clothes made from merino wool. Allbirds says wool is naturally suited for exercise, because it absorbs moisture and regulates temperature. That wasn't always the experience of customers.

Edward Yruma, a senior research analyst at Piper Sandler who follows Allbirds, took a photograph of himself last year after a run in one of the T-shirts and sent it to company executives. "It was so wet it looked like I had taken a shower with the shirt on," Yruma said.

Toes peeking out

The Pacer, a sneaker made of vegan leather that was introduced in 2022, didn't live up to expectations. Other types of apparel that Allbirds introduced such as \$250 puffer jackets and \$88 dresses, also made from merino wool, didn't attract customers and had to be discounted. The company has since discontinued its leggings and other performance clothing and liquidated unsold apparel at a cost of roughly \$13 million.

One big problem: holes. Sarah Mattina was on her third pair of Allbirds' Tree Dasher style, which she got as a Christmas gift in December. By April, both big toes were peeking out. Her two previous pairs lasted a bit longer—about a year—before they also developed holes. The 28-year-old San Francisco resident said she is done with the

brand. "My next sneakers won't be Allbirds," said Mattina, the marketing director for a non-profit. "I'll probably buy Hoka or On, those are the new hot shoes."

Allbirds said it has made more than 30 changes to try to prevent holes from forming in its shoes, including tightening the weave and adjusting the mold on which the shoes are made. Brown said novel materials have a learning curve. Zwilling said competitors' shoes also develop holes.

Allbirds went after younger shoppers by partnering with designers like Rosie Assoulin, who created a limited-edition collection of slide sandals for the brand. It also teamed with the Portuguese graphic artist and illustrator Bráulio Amado to produce Tree Dasher sneakers in colorful prints.

The effort failed to attract enough younger customers, partly because many of the company's products, such as its colorful ballet flats, tended to skew older. As one insider put it, Allbirds wasn't going to convince kids in downtown Oakland, Calif., to ditch their Air Jordans when it was selling ballet flats.

The Allbirds spokesman said Oakland teens were never the company's target and the partnerships weren't designed for younger customers, but rather to expand its base among core consumers.

Zwilling unveiled the new strategy to analysts in March telling them that as the company tilted younger, it lost focus on its core.

Gone are the dresses and puffers. Allbirds is dropping much of its apparel, except for underwear, socks, T-shirts and sweats that proved more popular with its customers. It is also doubling down on bestselling products such as the Wool Runner and Tree Dasher, which it plans to update with new colors and styles. In June, it introduced the MO.Onshot, a sock-like sneaker that it says sucks more carbon from the atmosphere than the process of creating it emits.

The company is also slowing the pace of store openings and weighing whether to sell goods internationally through third-party distributors, which is less costly than operating its own stores in those markets. It currently has about 59 stores across nine countries, with 42 locations in the U.S.

Analysts expect the company to post its first annual sales decline as a public company this year. In 2022, it reported a loss of \$101.4 million on \$297.8 million in revenue.

Allbirds said it isn't changing its commitment to sustainability, even though it doesn't always drive shoppers to buy its products.

Environmental concerns are among the least important attributes consumers look for when buying shoes and clothing, according to a survey in March of 750 U.S. consumers by Wedbush Securities. Comfort and price are among the most important. "It's admirable that they want to be environmentally friendly," said Wedbush analyst Tom Nikic. "However, it doesn't resonate with consumers."

Zwilling said people come to Allbirds for sustainability but end up purchasing because the products are comfortable, stylish and reasonably priced.

New Trivia Game Stars Journeymen

Continued from Page One
and statistical categories running along the top and left side. Users then have nine guesses to name players who fit the criteria of each cell. Ostensibly, the goal is simply to fill the grid. But at the end, the game also tabulates a "rarity score," effectively giving players bragging rights for responding with more obscure names.

In Friday's grid, for instance, one box asked for a Hall-of-Famer who played for the Pittsburgh Pirates. Nearly 60% of contestants went the obvious route, picking legendary outfielder Roberto Clemente. The real fun for many is finding a player that nobody else would ever think about. Say, first baseman Jake Beckley, who joined the team then known as the Pittsburgh Alleghenys in 1888. Only 0.05% of players picked him.

For people like Derek

Brightwell, an Atlanta Braves fan from Louisville, Ky., that's the point: to conjure up the most obscure, unheralded and otherwise unmemorable players he can remember.

Brightwell keeps a rotation of esoteric players at the top of his mind when he plays. He likes to choose Oliver Drake, a pitcher who played for seven teams from 2015 through 2020. He also frequently returns to Octavio Dotel, who pitched for a total of 13 teams. (Only one player in history, pitcher Edwin Jackson, played for more at 14.)

His favorite answers are when he can pull out random parts of Braves history. One grid recently asked for an All-Star player with the Braves. Instead of choosing a well-known figure like slugger Chipper Jones, he opted for pitcher Shelby Miller, the team's only All-Star selection in 2015.

"No one is going to think of Shelby Miller as a Braves All-Star. It was like .8%," Brightwell said. "I was like yes, I nailed that one."

Cadin Hogue, a Chicago Cubs fan from Spokane, Wash., was especially thrilled when his grid included Mordecai Brown, the Hall-of-Fame



Former player LaTroy Hawkins, shown in 2021, is the kind of name favored by Immaculate Grid.

pitcher whose career began 120 years ago.

"Getting those really rare ones like Mordecai Brown is awesome because all the baseball knowledge that you've collected was really worth something," Hogue said.

Immaculate Grid was created by Brian Minter, a 29-year-old software engineer from the Atlanta area. When he launched it in April, he

didn't expect it to catch on. Now more than 200,000 people play the game each weekday.

Immaculate Grid caught the attention of Sean Forman, the founder of Baseball-Reference, a popular website that provides statistics for every player in MLB history. Forman noticed an unusual surge of traffic to the site's "multi-franchise tool," which allows

users to search for players who played for multiple teams.

On Tuesday, Baseball-Reference announced it bought Immaculate Grid and plans to roll out versions of the game for other sports.

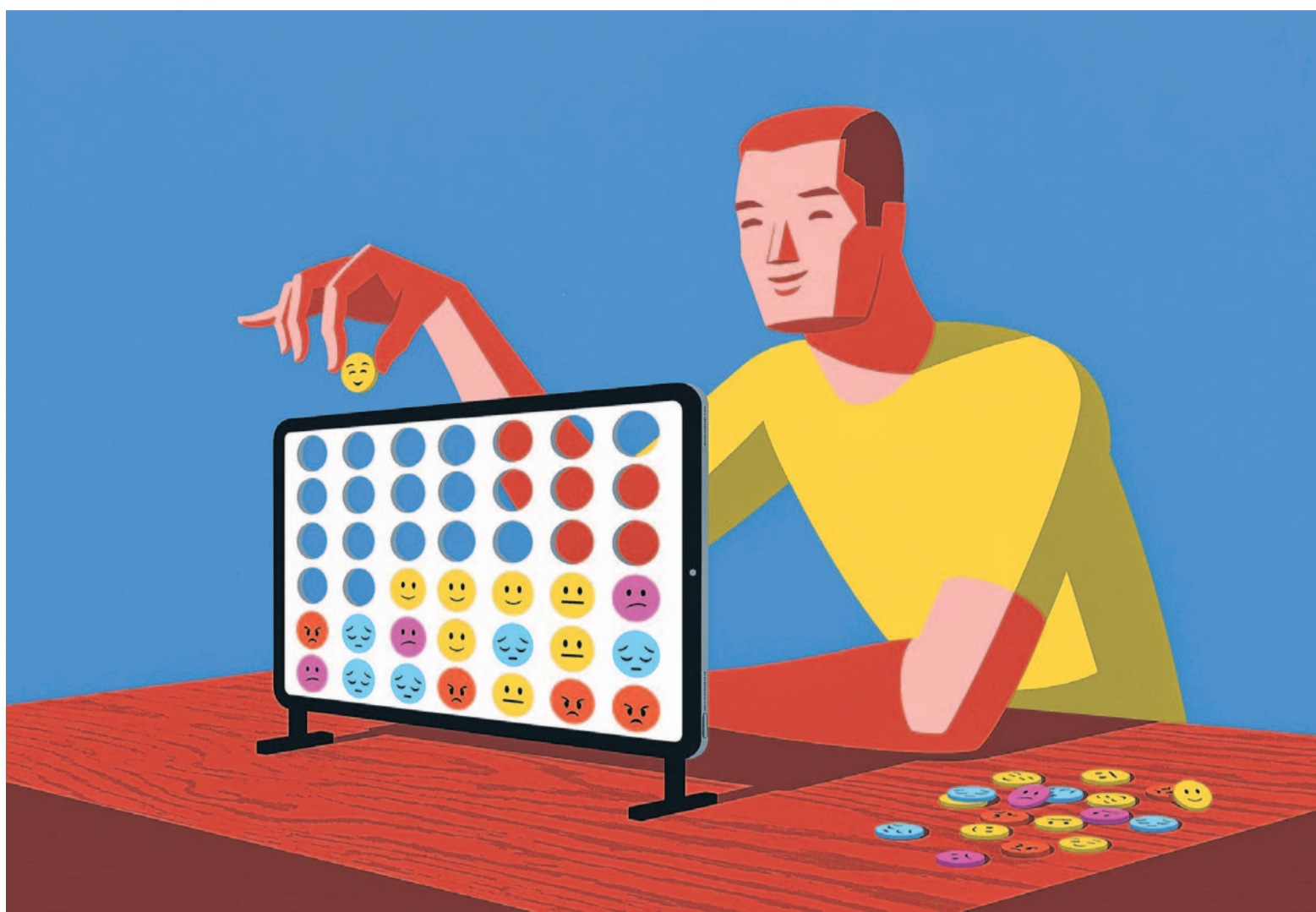
One change under Baseball-Reference was immediately apparent. Nearly every player now has a corresponding photograph. Previously, only

prominent players would have a picture populate in the box to signify a correct answer. Everybody else got an anonymous blank headshot.

That includes C.J. Nitkowski, a left-handed reliever who played for eight franchises from 1995 through 2005. He was so enamored with his status in the game that he made the blank headshot his Twitter profile portrait.

Nitkowski said he hears from fans on social media thrilled that they remembered him for the game. He was a possible answer in a recent grid, which asked for a player who appeared for the Houston Astros and New York Yankees. Only 0.02% of people chose Nitkowski. "If you care about having a low rarity score, I can help you out," he said.

LaTroy Hawkins, who played with the Colorado Rockies, was in Cary, N.C., working with baseball prospects at the USA Baseball National Training Complex. Just about everybody was playing Immaculate Grid. Hawkins was a popular answer. That's because Hawkins is exactly the type of player the grid favors. "I'm glad I failed my way to the top," Hawkins said.



tional use, researchers have found.

“A lot of mood-tracking tools are built on the idea that people would track their mood at least once a day because they’re supposed to identify patterns and triggers,” says Stephen Schueller, associate professor of psychological science at the University of California, Irvine, who has studied mood-tracking apps.

Schueller and his colleagues found that most people really only track their moods a couple of times a week. They also discovered a paradox: While people are drawn to such apps by negative life events—a divorce, a death—they’re more inclined to document positive moods.

Similar issues with self-reporting have been found when it comes to tracking diets. People note the healthy foods, and conveniently neglect to mention the chips and sweets.

An Apple spokeswoman said the company carefully designed the mood-tracking feature to display calm colors and shapes for both pleasant and unpleasant emotions, so people wouldn’t feel ashamed of indicating negative feelings.

Accentuate the positive
While naming negative emotions can serve to damp those feelings over time, Craske says, even tracking just the good vibrations can be beneficial.

“We’re more likely to savor the moments associated with those positive moments, like a social gathering,” she says, “and are more likely to engage in those activities again.”

Some studies have shown mixed results.

Researchers in the U.K. studied a group of teens and young adults with mental-health issues and a similar group without reported issues. For both, identifying feelings in a tracking app significantly reduced momentary negative moods and impulsivity. But over the course of the study, the apps didn’t appear to have a significant effect on the participants’ emotional regulation, awareness or clarity.

Schueller said that while there isn’t enough evidence to say definitively that tracking your moods makes you happier, there aren’t any downsides—except the few extra minutes a day on your phone.

“If it allows you to get a more nuanced picture of your life, why not?”

Can Tracking Mood Cheer You?

Apple is pushing into mental health with an emotion gauge for iPhone and Apple Watch



FAMILY & TECH
JULIE JARGON

Tracking daily steps can motivate us to walk more. Tracking sleep can reveal problems such as sleep apnea. Can tracking our moods make us happier?

There are now many tech ways to log where you fall on the happy-sad spectrum each day. Fit-bit offers mood logging in its stress-management tool. Period-tracking apps, such as Clue and Flo allow women to see how their moods fluctuate with their cycles. Apps like Daylio focus on mood.

The latest big player to enter the arena is **Apple**. Its latest software updates—iOS 17, iPadOS 17 and WatchOS 10, due this fall and already out in public beta—include a way to log your state of mind. Apple’s Health app also includes a mental-health questionnaire that can assess depression risk.

Many mental-health professionals say simply being aware of your mental state can identify patterns

and improve well-being. When people can see associations between their moods and factors like sleep and exercise, these doctors say, it can be even more powerful.

But some research suggests that people don’t experience lasting benefits because they don’t track often or long enough.

Why log your mood?
Apple’s push into mental health comes as the country is experiencing a youth mental-health crisis and growing numbers of adults are struggling with depression. The U.S. Preventive Services Task Force last month completed recommendations that doctors screen adults ages 19 to 64 for anxiety disorders and all adults for depression.

If you already track your exercise and sleep on Apple devices—and the amount of time you spend in daylight, with the Apple Watch update—you’ll be able to view that data alongside your moods. Then you can figure out if you feel better on days when you sleep well or exercise more.

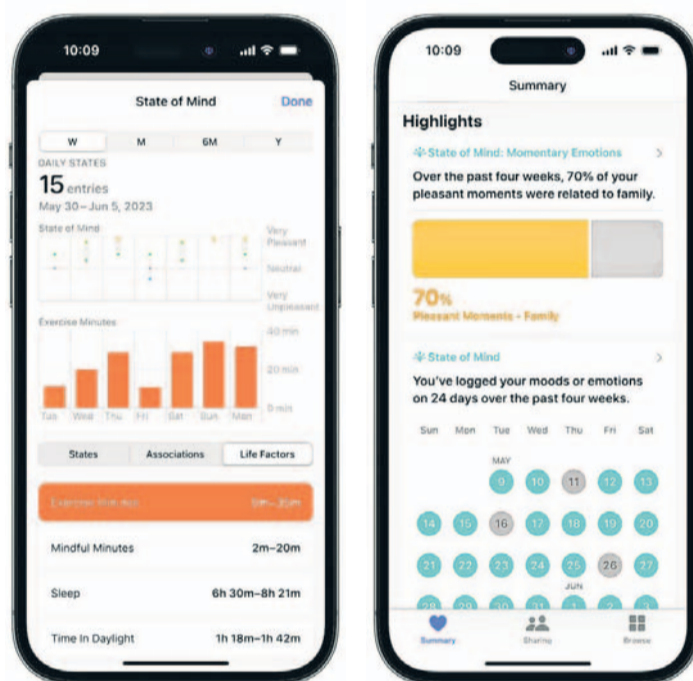
After selecting how they feel, people can then choose factors that have the biggest impact on their feelings, like travel or family. The features will be available in

People who track their moods on an iPhone can see how they correspond to factors such as sleeping and family time.

the Health app on iPhones and iPads. On the Apple Watch, it’s in the Mindfulness app.

Apple device users who track their moods will be able to share the log with their doctor. (Apple says it doesn’t share Health app data with third parties without the user’s permission.) Health app data is encrypted on locked iPhones and iPads. Health data synced to iCloud is encrypted in transit and on Apple servers.

“When people keep track of emotional fluctuations and see linkages, it can lead them to make changes in their behavior,” says Michelle Craske, a psychology and



psychiatry professor at UCLA who has studied the effects of mood tracking.

Frequency and negative feelings
Real-world use of these apps doesn’t always match the aspira-

Viral AI Photo App Triggers Baby Fever

By DALVIN BROWN

A new AI photo app is triggering baby fever among a population better known for delaying parenthood plans.

The app is Remini. It dethroned Meta Platforms’ new Twitter competitor, Threads, to become the most popular free-to-download app in Apple’s App Store. It lets users generate images of themselves in wedding dresses or pregnant in maternity wear. Remini will even serve up family portraits showing the user with AI-generated babies.

Ziyah Brown, a 35-year-old makeup artist in Cincinnati, has spent most of the past decade focusing on her small business and preparing to buy her dream home: a five-bedroom house she closed on in November.

“In my 20s, I was too busy and never really had time for kids,” she said. “As I got older and became an aunt, I just accepted it probably wasn’t going to happen, and I stopped thinking about it.”

On Tuesday, those feelings changed when she stumbled across Remini, she said. The app was like a magic mirror showing a future self: a photo of her expecting, plus a string of group portraits where she has children all bearing a striking family resemblance.

“Feelings of motherhood rushed over me,” Brown said. “I was like, ‘Wow, now I can actually see myself being there at some point.’”

How you use it
The app works a lot like Lensa. On Remini, users upload a dozen selfies, either alone or with a partner, and the app uses artificial intelligence to generate images. The iOS and Android app has a three-day free trial and costs \$10 a week after that for access to all of its editing tools.

The company said it frequently adjusts pricing and features.

Remini launched in 2019 with software to enhance photo clarity, such as making blurry images clearer. Last year, it added generative AI, which picks up on your appearance through selfies, and lets you create artsy avatars.

In May, it included the ability to choose from preset themes to generate six images at a time. In recent weeks, it added the pregnancy template and others that include a child. Sometimes, the AI spits out another partner, or multiple children.

The company intended for users to create childhood versions of themselves. However, people have started uploading photos of themselves and partners to see what the children they have together might look like.

Unlike Lensa, which produces cartoonlike imagery, Remini’s results look more like real photographs.

“We found that these are the photos that create a stronger emotional reaction in people,” said Luca Ferrari, co-founder and chief executive of the app’s developer, Milan-based Bending Spoons. “The secret sauce is this degree of photo realism.”



Generated by AI

Some drawbacks
Remini faces some of the same problems as other AI image generators.

The app can take several minutes to render images, and not all the photo results are realistic. There are some obvious flaws with how AI renders hands, and both babies and parents can appear wildly misconfigured.

Sometimes, the app will spit out zany photos.

During testing, we sometimes received family photos with two nearly identical parents. It also oc-



asionally changed our race.

“Retaining the user’s identity as accurately as possible is one of the hardest challenges with these algorithms,” said Matteo Danieli, co-founder of Bending Spoons. “We’re making an enormous effort to mitigate identity preservation issues.”

As for privacy and protection of users’ image files, the company said uploaded photos are stored on its servers and, at times, encrypted.

Photos, facial data processed for AI images and the AI depictions are deleted from its servers after 30 days. Users can email the com-



pany’s data department to request data deletion at any time.

While the hype lasts, a generation that had been avoiding family matters suddenly has more to ponder over.

“When you can vividly imagine your future self, you start to care more about it,” said Cristina Atance, a professor of psychology at the University of Ottawa studying cognitive development.

“But it’s a double-edged sword. It can lead you to become complacent and not think about the steps it takes to make it happen,” she said.

Ziyah Brown doesn’t have children. AI-generated images changed the way she thought about having a family.

PERSONAL JOURNAL.

Why Retirement Tarnishes Your Sterling Credit

Score matters long after you stop working

By Imani Moise

Golf scores tend to improve in retirement. Credit scores, not so much. Even people with pristine records of on-time payments can expect their scores to slip after they stop working. While a drop in income won't ding your credit directly, scaling back one's lifestyle in retirement or paying off old loans can lower scores, said Ethan Dornhelm, vice president of scores and analytics at FICO.

Credit scores matter to millions of retirees even if they are less likely to apply for mortgages, loans or other debt, financial advisers said. Scores are used in a range of insurance and healthcare decisions, from setting your premiums to whether you are accepted to an assisted-living facility.

Ideally, financial freedom in retirement should mean no longer caring about whether you are a 790 or a 650, but scores remain important as more retired Americans carry mortgage debt and credit-card balances, said Bill Stack, a financial adviser who specializes in serving seniors in Missouri's Ozark Mountains.

Points of pride

Clarence Stokes, a 67-year-old former public-utility employee in Louisville, Ky., said his score peaked at 806 shortly after he retired in 2017, but dropped below 740 in 2019 after his wife forgot to pay a \$15 balance on her JCPenney credit card

while the two were traveling across Europe. He tried in vain to get the late payment removed from his credit report.

"I was upset so I canceled the card, and it dropped our score," he said. Since then, he hasn't been able to get his score back above 800. It is frustrating, said Stokes, who prides himself on a long history of on-time payments and who along with his wife paid off his 30-year mortgage 13 years early in 1999.

Average FICO scores rise as consumers get older, peaking in one's 70s at 762, according to company data. After age 79, the average score falls to 756. As long as your score stays in the 660-780 range that most lenders consider "good," a small postretirement drop shouldn't affect your finances much, credit-industry executives said. A decline in score matters most to those who fall below that threshold.

Retirees typically have longer credit histories, which keep overall credit scores healthy, but closing decades-old accounts, even inactive ones, can cause a steep drop in your score. Income and employment data aren't included in the calculation, but credit scores do reward borrowers for having a mix of different kinds of loans, which can hurt those who have already paid off mortgages and auto loans.

Some retirees may find that they no longer have a valid credit score at all if their credit report hasn't been updated in the past six months. FICO doesn't issue scores for "stale files" due to insufficient information.



Retirees should keep credit accounts active by using them regularly.

VantageScore, a rival scoring agency, says its algorithm uses historical repayment data to predict borrower behavior in the future instead of letting credit scores go inactive. Still, data show average scores slip after people turn 80, according to analysis of VantageScore numbers by the credit bureau TransUnion.

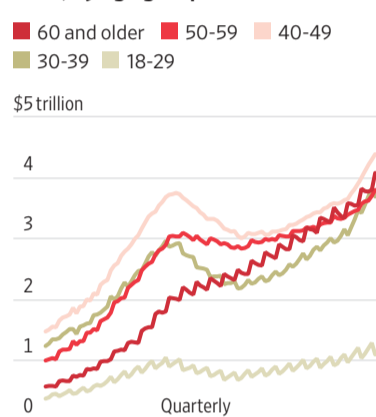
"It is difficult to know exactly what's driving that," said Chief Executive Silvio Tavares.

How to keep scores up in retirement

To maintain a healthy credit score, retirees should continue to keep credit accounts active by using them regularly, Dornhelm of FICO said.

Financial advisers tend to counsel clients to pay off as much debt as possible before retiring. That isn't an option for a growing group of seniors, who have accu-

Debt, by age group



Sources: New York Fed Consumer Credit Panel; Equifax

60 more than quadrupled over the past 20 years, to \$4 trillion, according to Federal Reserve data.

Most seniors' debt is tied up in mortgages, although many retirees are carrying credit-card debt, according to the National Council on Aging.

The combination of lower or fixed income in retirement with higher interest rates and inflation can quickly make debt burdens unmanageable for retirees, advisers said.

To keep his score from falling further, Stokes says he charges \$4,000 to \$5,000 onto his American Express every month even though he can afford to pay his expenses in cash. The strategy helps boost his credit score—which now sits around 780—and earns him travel rewards he uses to plan trips with his wife.

"You can't change the system, but if you know the system, then you can work the system," he said.

Tom Cruise's Running Form Is Famous. But Is It Good?

By Lane Florsheim

When Tom Cruise runs in movies, his arms slice rapidly through the air, elbows locked at a sharp right angle, fingers spread wide. His knees are high, posture rod-straight—unless he's dodging a bullet or explosive, which he does often. Most of all, he moves fast.

"It's always just a complete all-out sprint," said Ned Trim, the head coach of the Mile High Run Club in New York City. "He's never running at an efficient, economical pace."

Cruise's running form is an on-screen trademark that rivals Jack Nicholson's maniacal laugh and John Travolta's killer dance moves.

Of the many movies Cruise, 61, has acted in, the run is most closely associated with the "Mission: Impossible" franchise, in which he's played field agent Ethan Hunt since 1996. Some fans joked on social media that the run was the main reason they planned to see its seventh installment, "Mission: Impossible—Dead Reckoning Part One," released Wednesday.

Cruise's technique is certainly dramatic and distinctive. But is he actually good at running? Bobby McGee, an Olympic running coach in Boulder, Colo., and creator of the RunForm training program, said Cruise's ability to keep his chest down and head forward is characteristic of an elite runner. His 100-meter time has been calculated at around 11.5 seconds, McGee said, "which is a world-class high-school-girl kind of time."

"He's got a high cadence," McGee added, referring to

the number of steps Cruise takes per minute, "which makes him much more believable than, say, a Hems-worth, who has a longer sort of stride."

Lee Saxby, a running coach and biomechanist in the U.K., said that despite his age, Cruise could be a "poster boy" for sprinting mechanics. "Sprinters tend to peak in their late 20s," said Saxby. "It's exceptional what he's doing."



'Mission Impossible' star Tom Cruise's signature sprint gets rave reviews.

At the "Dead Reckoning" premiere, Cruise told "Entertainment Tonight" he didn't know why fans are so excited to see him run. "But I'm honored that you are!" he said. "I was born running. I came out with a sprint. My mom was trying to hold onto me, and she just couldn't get a hold." Through a representative, Cruise declined to comment.

A couple of running coaches offered feedback for the actor, who remains committed to doing his own stunts even as he approaches senior citizenship. "He tends to really tense up when he's running," said

Trim. "You look at top-level sprinters, and it's all about staying relaxed. The more relaxed your body is, the more you're not getting in the way of the function of your muscles."

Trim said that when Cruise runs, "you see every vein popping, stuff like that—which I think totally adds to the drama," but could be hurting his time.

Ben Rosario, the executive director of the Hoka

Northern Arizona Elite professional running team, said Cruise might also consider loosening up his hands, which are "always very rigid."

"If you watch most runners, their hands are very relaxed," he said. "One of the things we teach young runners is to act like they're carrying a potato chip between their thumb and their forefinger and they can't let it break. You're just barely touching your thumb to your forefinger."

Olympic running coach McGee likened Cruise's flat palms to those of nine-time Olympic gold medal winner Carl Lewis. He said that Cruise is probably an even better runner now than he was in the earlier "Mission: Impossible" movies. The actor's compact frame helps, McGee said.

"Normally a taller runner has to work much harder to get their core strong enough to control their length, because the distance between the bottom of their rib cage and the top of their pelvis is great," he said. "Tom is smaller. It makes him look so much more effective because he's got the shorter levers and so on."

"He does a good job with what he has," McGee said. "He's really an athlete."



CYCLOPS LENS



JUBILEE BRACELET



3235 MOVEMENT



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ARTS IN REVIEW



ART REVIEW

Luminous, Liquid Visions

The Worcester Art Museum rolls out a selection of its world-class collection of watercolors

BY BARRYMORE LAURENCE SCHERER

Think “art museum,” and big-city institutions like Washington’s National Gallery, the Art Institute of Chicago and New York’s Metropolitan first spring to mind. But the current “Watercolors Unboxed” show at the Worcester Art Museum in central Massachusetts makes you realize that regional museums throughout the U.S. often harbor treasures that rank with those of the majors.

Founded in 1896, the Worcester Art Museum not only boasts admirable collections of European and American painting and sculpture, superb mosaics, some 3,700 Japanese woodblock prints, and the famed John Woodman Higgins Armory Collection—it also houses a celebrated trove of watercolors, which because of their fragility and sensitivity to light are rarely displayed.

Through Sept. 10, WAM is presenting a choice selection of 40 European and American works created between the 1870s and 1950s representing a variety of artistic approaches to this subtle but challenging medium. Organized by Nancy Kathryn Burns, WAM’s curator of prints, drawings and photographs, the show features rarely exhibited watercolors by such American luminaries as Childe Hassam, Winslow Homer, Rockwell Kent, John La Farge, John Singer Sargent and Andrew Wyeth (his riveting 1957 “The Rope,” a study for “Hay Ledge”). It also includes examples by artists less known for their activity in watercolor and gouache (also called “opaque watercolor”), notably Amedeo Modigliani, Gustave Baumann and Ernst Ludwig Kirchner. These newly unboxed paintings range stylistically from Sargent’s bravura brushwork to the deliberate poster-like rawness of social commentator Jacob Lawrence’s 1943 “They live In firetraps.” Also featured are examples from WAM’s collection of watercolors painted or influenced by members of the San Ildefonso school, a collective of Native American artists working in the Southwest during the first half of the 20th century. Because most of these pieces have so long been safely archived, they are in prime condition, their fragile pigments fresh and unfaded. Moreover, beyond reflecting over 70 years’ progression of watercolor styles, they illustrate a variety of techniques employed by the artists to achieve their effects, some not always obvious to viewers. Informative technical discussions are included in the wall cards.

For example, Childe Hassam’s 1916 “Yonkers From the Palisades,” a panoramic view looking across the Hudson River from New Jersey’s craggy shore, achieves textural contrast between the quick, fragmented brush strokes of the cliffs and their autumnal foliage and his flowing, idealized blue wa-

ter. To paint the river, Hassam applied layers of blue and yellow-green wash, before tamping them down with a bit of sponge or other absorbent material.

Similarly, Rockwell Kent’s 1926-27 “Boy on Cliff” demonstrates wash manipulated to create a different effect: Here, a lone youth, precariously balancing on a narrow rock outcropping, ponders the sea below. Kent surrounds the boy’s head with a mystic aureole of light against the picture’s glowing polychrome sky. As Ms. Burns observed to me, “he produced that sky by brushing adjacent washes of various hues, and most probably using a similar absorbent material to apply further layers of blue and rose tones.”

Altogether different in mood, Maurice Prendergast’s effervescent “Venice” (1911) exemplifies his well-known use of staccato dabs of color with which he recorded the view outside his Venetian hospital window while recuperating from emergency surgery during a painting holiday there. Characteristically, he makes the mosaic-like dabs scintillate by leaving surrounding areas of the cream paper visible.

Not surprisingly, Sargent and Homer are easily the show’s stars. Sargent’s “Muddy Alligators” (1917)

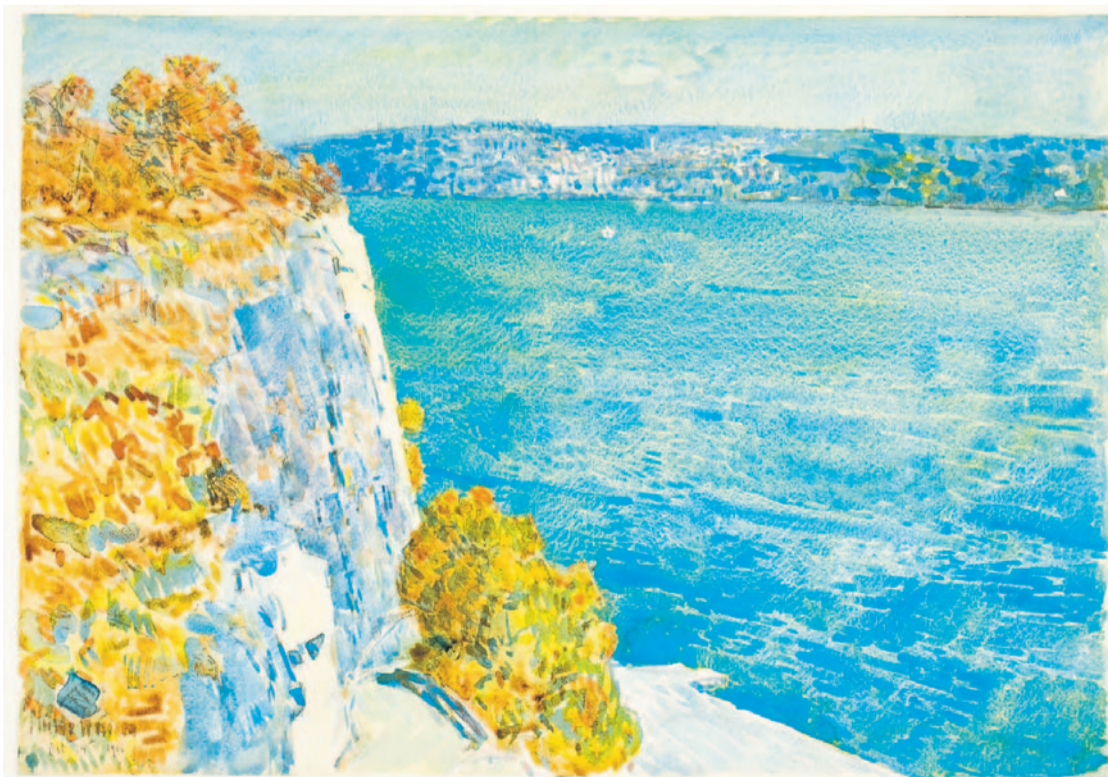
is among his most exceptional watercolor essays, painted during a trip to Florida after he had essentially abandoned portraiture for the landscape painting that had long been his great love. Over graphite outlines, he loosely deploys quick patches of watercolor to capture a group of these fearsome reptiles lolling about their swampy habitat. Sargent pools some patches and scrapes away others—notably to form the sharp teeth of the open-mouthed gator in the foreground. Hanging alongside the painting, three of Sargent’s detailed pencil sketches of alligators reveal the intensive preparatory study behind the artist’s apparent spontaneity.

Created during Homer’s second visit to the Bahamas, “Rum Cay” (1898-99) shows a muscular Bahamian running past a large sea turtle against a minimal beachscape comprising three spare horizontal bands of color wash. Apart from the oblique reference to Aesop’s tortoise and hare, the runner bespeaks Homer’s consummate skill at capturing the athletic human body in action, from the splendid delineation of the man’s face and sunlit torso to the flexed toes of his left foot.

In contrast, Homer’s “Old Friend” (1894) conveys the deep emotion of a rugged old woodsman contemplating a massive ancient tree. Homer’s expressive rendering of the man’s upturned face underscores the emotional link. The composition illustrates his use of “subtractive” painting: Though Homer evidently depicted the Adirondack woodland surrounding the man and the enormous trunk, he subse-



‘Muddy Alligators’ (1917) by John Singer Sargent, top; ‘Venice’ (1911) by Maurice Prendergast, above; ‘Yonkers From the Palisades’ (1916) by Childe Hassam, below



quently scraped away the paint at the left of the sheet, fashioning a bright white cloud out of the white paper’s now roughened surface to emphasize the great tree’s majestic presence. Having first seen this profoundly moving work when it was lent by the WAM, along with Sargent’s “Muddy Alligators” and “Bathers,” to the 2017 show “American Watercolor in the Age of Homer and Sargent” at the Philadelphia Museum of Art, I can declare on seeing it this time that familiarity certainly has not bred contempt.

Watercolors Unboxed

Worcester Art Museum, through Sept. 10

Mr. Scherer writes about music and the fine arts for the Journal.



‘Rum Cay’ (1898-99) by Winslow Homer, above

SPORTS



Wimbledon, England

It had to happen one day. Novak Djokovic would meet his Novak Djokovic.

Tennis's most stubborn champion would encounter a contender who was respectful but unshaken, who wasn't rattled by his legend, or endurance, or head games, and would rise to the moment, unabashedly, as a young Djokovic once did, long ago.

Djokovic would relinquish the throne, as kings eventually do.

But he kept winning, and tennis started to have its doubts. Djokovic continued to add to his unprecedented men's singles career—23 major titles, the most of all time. He won another in Australia in January, and Paris in June. He raced to the final of this year's Wimbledon, already the winner of seven titles here, including the last four.

At 36, Djokovic's grip was firm. Youth remained foiled. Up-and-comers were spellbound, beaten from the start. It appeared to be happening again Sunday, as Djokovic blew away an inexperienced finalist in the first set. Then it changed—gradually, then all at once, as the old saying goes.

The empire is done. Wimbledon has a new king: Carlos Alcaraz, a 1-6, 7-6(6), 6-1, 3-6, 6-4 winner over an aging titan who finally relinquished his reign.

It was a rollicking match you could feel in your guts, no matter who you pulled for. It offered a bit of everything: momentum for both players, a one-sided start, a tense tiebreaker, a time violation, an extended bathroom break, a broken racket, a rowdy audience alternating between silence and rapture, and a VIP list that included the Prince and Princess of Wales, the King of Spain, and Brad Pitt, the Duke of Handsome.

Alcaraz had won a major before—last year's U.S. Open. But Djokovic wasn't at that one, so this win feels like a generational changing of the guard, or at least a very conspicuous first step. Roger Federer is retired. Rafael Nadal is injured and hoping for a final season. Djokovic could keep winning for years, of course—I'd never count him out.

But Alcaraz is now the Greatest Show in Tennis. He is the youngest winner at Wimbledon since Boris Becker, and Bjorn Borg be-



Carlos Alcaraz celebrates after beating Novak Djokovic, 1-6, 7-6(6), 6-1, 3-6, 6-4, on Centre Court in the Wimbledon men's final on Sunday.

JASON GAY

Alcaraz Wins the Hard Way

A new Wimbledon champion is crowned as the 20-year-old from Spain beats Novak Djokovic

fore Boris. In a brief time—he has mastered the fickle grass surface and made it his funhouse.

Nothing about this feels like a fluke. If anyone was going to do what happened Sunday, it was going to be Alcaraz. The 20-year-old from Spain has become tennis's destination thrill ride, a (barely) 6-foot-1 dynamo of athleticism and shot-making who would run across a creek full of crocodiles to make a spectacular return.

Importantly, Alcaraz seems to have the necessary maturity. He appreciates his elders, but also wants to play them and thump them into the dirt. He'd been a baby at the launch of the Big Three, raised in the shadow of Spanish idol Nadal. When Federer retired, Alcaraz spoke with regret that they'd never tangled.

Djokovic—in a major—loomed

as an important hurdle, an essential passage for the world No. 1. At this year's French, they split a thrilling pair of sets in the semifinals before Alcaraz was overcome by leg cramps and fell apart. It looked like a preparation error, a rookie mistake.

Alcaraz learned. "I took a lesson from that match," he said Sunday. It's what you want to see.

This time he beat Djokovic by playing like him, by staying fit and playing with a confidence younger players have rarely shown against any of the Big Three. After that near-bagel in the opening set, Alcaraz did what he needed to do, which was to go right back at Djokovic and turn the match around. He stopped playing timidly. He started hitting harder—taking nothing off the pace, risking his demise on clever drop

shots and gutsy, angular winners.

The moment wasn't too bright. Carlos wasn't going to be a passenger. Of course, Djokovic is Djokovic, and you know how that goes. He's won many of his majors after the match appeared headed to the other guy. There may be no harder opponent to close out in sports—not just in men's tennis, but all of sports. Even after you defeat Djokovic, you should go up to the scorekeeper and get the result in writing, just to confirm.

The crowd wanted Alcaraz, bad. It didn't seem to faze Djokovic. Creases on his face, jawline covered in stubble, eyes like daggers at the umpire following that time infraction, Djokovic still thrives as the heel, even with Roger and Rafa gone. It's a role he's played before.

He doesn't need the crowd, of

course. No player has ever been better at shutting out the noise, squashing pretty story lines, breaking the hearts of tennis romantics. Even when Djokovic lost his composure—as he did early in the fifth, smashing a racket after having his serve broken, a chorus of boos raining down—he remained a threat. He was Djokovic.

This is why we know Alcaraz is for real: because he did the hardest possible thing.

He showed up at Wimbledon and defeated a historic champion, a player with a strong case as the greatest to ever do it, who loves this tournament and its grass as much as anyone.

He did it through a fire, in a comeback, in five sets, with ruthlessness. Novak Djokovic finally met his Novak Djokovic, and he was Carlos Alcaraz.

The WSJ Daily Crossword | Edited by Mike Shenk

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- 28 Pod bit
- 29 Took advantage of
- 30 Physics quantity
- 31 "The Way We ___"
- 32 Final, e.g.
- 33 "Maybe yes, maybe no"
- 34 Ingredient in some stir-fries
- 35 Moody rock music
- 38 Sch. not far from Harvard
- 39 Letters on brown trucks
- 44 Chocolate-covered caramel candy
- 45 Letter after pi
- 48 Volunteering words
- 49 First American to orbit the Earth
- 50 Dens
- 51 Remove the writing from
- 52 Tacked on
- 53 Buckshot or BBs
- 54 Prejudice
- 55 Every 12 mos.
- 56 Egyptian queen, familiarly
- 58 Sharp knock

LONG DIVISION | By Mike Shenk

- Across**
- 1 Suspended like a hammock
 - 6 Out of fashion
 - 11 Stock debut: Abbr.
 - 14 Universal donor's blood group
 - 15 Blender brand
 - 16 Longtime Chinese leader
 - 17 Houston baseballer
 - 18 Pressed for time
 - 20 Area with few places to purchase fresh produce
 - 22 The other side
 - 23 Everglades Natl. Pk. setting
 - 24 Turn away
 - 25 Extra bed
 - 26 Early afternoon hour
 - 27 Only North American marsupial
 - 31 Hard to explain
 - 34 Early morning hour
 - 36 Letters on a Forever stamp
 - 37 Desperate situations call for them, and a hint to the circled letters
 - 40 "Awesome!" in the '80s
 - 41 Baseball cap feature
 - 42 Paper pieces
 - 43 Title for a retired prof
 - 45 Some freight carriers: Abbr.
 - 46 Campaign pro
 - 47 Impressive strength
 - 50 Tony winner Salonga
 - 53 Second son
 - 9 Church faction
 - 10 Say the wrong thing, say
 - 11 Wishy-washy response
 - 12 Display nervous energy
 - 13 Amazed sounds
 - 19 Hovering saucers
 - 21 Mother of 53-Across
 - 25 Have as questionable associates
- Down**
- 1 Sheet music component
 - 2 Big name in disinfecting
 - 3 ___point (partly)
 - 4 Stylish sort
 - 5 Sides in an eternal battle
 - 6 Asset for modeling
 - 7 Ed of "Up"
 - 8 Take it from the top

Previous Puzzle's Solution

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M	A	N	U	I	H	O	P	E	W	I	N	G
S	T	O	P	L	O	B	S	R	E	E	D	I

The contest answer is **CHAT UP** at 44-Down. Each of the five theme answers conceals a U.S. state in reverse: **STEAK SALAD**, **WHEN I AM OLDER**, **MARCIA DAVENPORT**, **WHO HAD IT LAST** and **OR SO I HOPED**. 44-Down similarly conceals **UTAH**.

Marketa Vondrousova Wins Her First Career Major Title

By JOSHUA ROBINSON

Wimbledon, England

Until this summer, Marketa Vondrousova had always found grass-court tennis nothing short of baffling. In four trips to the Wimbledon main draw, she had won just one match and never survived past the second round. So when she returned to the All England Club this summer, unseeded and still finding the surface "almost impossible," she expected her stay to be short.

But on Saturday, Vondrousova, a 24-year-old from the Czech Republic, completed the most remarkable run the women's tournament has seen in decades by defeating Ons Jabeur of Tunisia, 6-4, 6-4 to become a Wimbledon champion in 1 hour and 20 minutes. No unseeded woman had even reached the final since a 19-year-old Billie Jean King (still known as Billie Jean Moffitt in those days) made it in 1963, before the Open Era had even begun.

"I don't really know what's happening now," a visibly shocked Vondrousova said on court. "It's an amazing feeling."

For Jabeur the defeat was a third heartbreaking loss in a Grand Slam final in the space of 12 months. The world No. 6, bidding to become the first women's major winner from Africa, had previously fallen in 2022 Wimbledon and U.S. Open finals, just as she seemed to be making a career breakthrough. But once again nerves seemed to get the better of Jabeur as she stumbled to more than 30 unforced errors, more than twice as many as Vondrousova.

"I think this is the most painful loss of my career," Jabeur said, before turning to her coaches and family. "We're going to make it one day."

A year ago, the Centre Court crowd had watched Elena Rybakina blow Jabeur

off the court in a relentless display of power tennis. With the biggest serve and one of the heaviest forehands on the women's tour, Rybakina put the weaknesses in Jabeur's game on full display. Jabeur could slice balls in return all she wanted, but there was always another rocket on the way.

Even in the second set, Jabeur jumped out to a 3-1 lead, only for Vondrousova to claw her way to 3-3, then 4-4, before closing it out.

Then again, the 42nd-ranked Vondrousova had shown her ability to come back from adversity long before she stepped onto Centre Court on Saturday after-



Unseeded Marketa Vondrousova beat Ons Jabeur, 6-4, 6-4, to claim the Wimbledon women's title on Saturday.

Vondrousova presented a very different type of challenge. Like Jabeur, she has built her game around touch and finesse, only left-handed, which was enough to make her a runner-up at the 2019 French Open as a teenager. But unlike the woman across the court, Vondrousova showed a steely resolve in the afternoon's trickiest moments. She knew that Ons Jabeur's toughest opponent had always been Ons Jabeur.

Nothing made that clearer than the first set Vondrousova gave her about as many opportunities as anyone could hope for in a major final, only for Jabeur to hand them right back. Jabeur converted just two of her first seven break points and then allowed Vondrousova to break back immediately any-

way. This time last year, her wrist was in a cast following two surgeries and she visited Wimbledon only as a tourist. Her career appeared to be stalling. Vondrousova had even lost her sponsorship from Nike.

"You don't know if you can play at this level and if you can be back at the top," Vondrousova said before the match. "I just feel like I'm just grateful to be on a court again, to play without pain."

But if women's tennis has proven anything since the decline of Serena Williams, it's that any player on a hot streak can become a Grand Slam champion. The 25 tournaments since Williams' last major win, at the Australian Open in 2017, have now been won by 16 different women.

OPINION

The Innovation Cage Match



INSIDE VIEW
By Andy Kessler

and would probably be nothing more than a rich slap contest. But it got me thinking about competition and why it so often happens in pairs, from Cain vs. Abel to ChatGPT vs. Bard and now Twitter vs. Threads.

Charles Darwin scrambled to get his book on natural selection, “On the Origin of Species,” in print in 1859 because naturalist Alfred Russel Wallace was also writing on the subject. In 1908-09, Robert Peary and Frederick Cook raced well-funded expeditions to the North Pole. Both claimed victory—Cook by a year—though Congress honored Peary’s claim.

Thomas Edison, the Wizard of Menlo Park, tried thousands of materials for incandescent lamps until the carbon-based filament worked, which he patented in November 1879. Maybe he got the idea because English inventor Joseph Swan had already demonstrated a working carbon filament that February. Edison built direct-current electricity generators, even wiring up J.P. Morgan’s home. Eccentric Serbian Nikola Tesla (and George Westinghouse) eventually beat Edison with

an alternating-current generator whose output could travel long distances.

New Yorkers loved to ask, “Does Macy’s tell Gimbels?” about cross-street retail rivals. There was nothing better in my time at Morgan Stanley than beating Goldman Sachs to lead a hot company’s initial public offering. Heck, The Wall Street Journal and New York Times have been competing for more than a century.

Inventions happen at the same time because unlike hard goods, knowledge about what is state of the art travels fast. Ideas are fluid, more so in today’s digital world. As Victor Hugo put it, the most powerful thing in the world is an idea whose time has come. Competition pushes, creating races until winners emerge. Forget the “aha” moment or a lightbulb turning on, the hard work that follows is what matters. The default mode in physics is entropy or gradual decline. Similarly, progress is lazy. It takes competing humans to drag things over the finish line.

In 1952 Linus Pauling proposed that DNA had a three-chain helical structure. Racing to prove him wrong, James Watson and Francis Crick showed the double helix structure the next year. In 1958 Bob Noyce and Jack Kilby almost simultaneously invented the integrated circuit. They raced knowing about each other’s efforts.

Craig Venter’s Celera Genomics was in a race with the government-funded Human

Genome Project to map the DNA of humans. In April 2000, Mr. Venter announced, “We’ve finished the sequencing phase,” coming in first. The push helped.

Bill Gates and Steve Jobs squabbled constantly over who could design a better computer and operating system, delighting customers with new features. Marc Andreessen’s Netscape and Mr. Gates’s Microsoft fought the browser wars, often in court,

From Musk and Zuckerberg to Gates and Jobs, rivalry builds the future.

but kept making their products better. Larry Page and Sergey Brin launched Google Search in 1998, with many competitors, mainly Yahoo! Eventually, Microsoft’s Bing took over as No. 2 and keeps pushing Google to improve, now with AI tools.

Oh, and while Mr. Gates won the personal-computer race, Jobs won the bigger race for smartphones, though his company has Samsung, which uses Google’s Android operating system, as a vigilant competitor. Google also pays Apple for placement as the default search engine on iPhones, so Google wins no matter whose phones sell more. It used to be Nintendo vs. Sega in videogame consoles, now it’s Sony vs. Microsoft.

But why so many pairs of competitors? Mostly because we only remember the winners and runners-up. Remember the Google+ social network? Even Google wants to forget it.

Here’s a weird one: Elon Musk’s X.com and PayPal from Peter Thiel’s Confinity were both scrambling to create payment processing by email. Their offices were in Suite A and Suite B at 394 University Ave in Palo Alto, Calif. The companies eventually merged.

Jennifer Doudna’s work at the University of California, Berkeley, on Crispr gene-editing was pushed by Feng Zhang’s simultaneous work at Harvard. Walter Isaacson’s terrific book “The Code Breaker” reads almost like a 100-yard dash.

Let’s face it, we all love a good race: Red Bull’s Max Verstappen and Mercedes’ Lewis Hamilton in Formula One. Jonas Vingegaard and Tadej Pogacar and their teams in the Tour de France.

It’s the same with new technology. Stasis equals death. Alexa battles Siri. Facebook Reels drafts TikTok. OpenAI brought out its generative AI tool ChatGPT before it was ready for prime time because Google was close to launching Bard. Meta’s LLaMA is behind but gaining. A high-stakes race for sentient computing and artificial general intelligence is on. I’m skeptical we’ll fully get there, but we’ll all enjoy and benefit from the many cage matches along the way.

Write to kessler@wsj.com.

BOOKSHELF | By Josef Joffe

Reichs, From First to Third

Germany in the World

By David Blackburn
(Liveright, 774 pages, \$45)

Five hundred years ago, the land we now call Germany existed as the “Holy Roman Empire of the German Nation.” It wasn’t a real empire and certainly wasn’t holy or Roman or even particularly German. It was rather a hodgepodge of fiefdoms, creeds and nationalities. Napoleon put an end to this “empire” in 1806.

Modern Germany, a babe among the classic nation-states, was born in 1871, when Prussia pounded together 25 little Germanys. Unification triggered growth, then ambition, then two horrifying world wars. Amputation cut the behemoth down to size. Reunified today, Germany is Europe’s largest economy and an admired citizen of the world.

Yet there are continuities, which is the main theme of David Blackburn’s “Germany in the World: A Global History, 1500-2000.” These continuities, though, aren’t of the facile character-as-destiny sort—from Luther to Hitler, as a 1941 tome had it. Mr. Blackburn bids us to look through a “wider lens,” which reveals that Germany was not Europe’s odd-man-out.

Take German nationalism. He reminds us that the “1860s were a pivotal decade” in the annals of nationalism. Invented by Revolutionary France, the ideology gripped all new nation-states: Germany, Italy and Japan. America, too, went on a nationalist binge in the 1890s.

The Kaiser’s Germany was not on a *Sonderweg*, a separate poisoned path. Nor was the Reich before 1914 less liberal than France or Britain by the standards of the time. Germany was beholden to the rule of law and boasted a strong parliament and a vigorous press. Why did its regime turn to genocide? In spite of the growing literature on the Holocaust, the cosmic riddle remains unsolved.

Mr. Blackburn counsels that “we should challenge the persistent idea that landlocked Germany was wrapped up in its own affairs”—an unto-itself—“while others transformed relations between Europe and the non-European world.” In fact, he contends, the “Holy Roman Empire was a world in motion.” Over the next 150 pages, he recounts how Germany’s sailors manned the ships of the seafaring nations, its soldiers served in the British and Dutch empires, and its restless inhabitants struck out from Eastern Europe to the Western Hemisphere.

Even so, the global wanderlust of German sailors, savants and settlers doesn’t quite compare to what the real globalizers did, conquering and peopling the four corners of the earth. Diaspora isn’t empire, never mind how many millions of Germans settled in the United States; and anyway the few possessions Germany grabbed were lost in the 1919 Versailles settlement. The defeated Germans should thank the victors who spared them countless wars against the locals, which drained the blood and wealth of the colonial powers after World War II.

The German (or German-speaking) “empire” was a lot cheaper. It was a cultural dominion. We can’t think about modernity without Goethe and Schiller, Bach and Beethoven, Marx and Hegel, Kant and Wittgenstein, Rilke and Mann, Freud and Jung, Einstein, Planck and Heisenberg. Germans like G.W. Pabst and Fritz Lang wrote the first chapters of the cinematic canon. Carl Laemmle invented Hollywood.

Mr. Blackburn reminds us that American higher education was “remade” in the image of the “German model.” Harvard, Stanford and Johns Hopkins (“Göttingen in Baltimore”) adopted the German concept of the research university. Later they profited from a tragic windfall gain, when thousands of German academics found refuge in the U.S.—Hitler’s “gift.”

The young nation-state of Germany turned to fascism and genocide in the 1930s. Yet before 1914 it was as liberal as France or Britain.

Curiously missing from a section of the book titled “The Triumph of German Culture,” spanning the 60 years between Bismarck and Hitler, is the momentous Jewish role. Something like 39 Jewish Nobel laureates hailed from Germany and Austria during this period, and more from the rest of *Mitteleuropa*. And then there were the writers of fiction, like Franz Kafka, and composers, like Arnold Schoenberg, who broke the mold.

Mr. Blackburn’s commendable passion for evenhandedness sometimes gets the better of him. Thus he depicts the boundless slaughter after the Final Solution was formulated in 1942 as, though “German-directed,” a “pan-European operation” by peoples under the German knout, especially in Eastern Europe. This complicity doesn’t obliterate the difference between rider and horse. Nazi Germany designed the project and built the death factories. Some Poles, Ukrainians et al. were willing collaborators. But they were not masters.

We get a similar whiff of “yes, but” in Mr. Blackburn’s account of the two world wars. Yes, unrestricted U-boat warfare brought the U.S. into the first, but German civilians suffered under the blockade. And, yes, in the second, German war-making was indiscriminately cruel, but area bombing inflicted terrible misery on German innocents.

How, other than loss and devastation, did Germany go so fast from fascist dictatorship to peaceable republic? The U.S. solved postwar Germany’s security dilemma by extending its nuclear umbrella. Safety breeds good things: prosperity, democracy and self-containment. The rest of Europe no longer fears the nation that is again No. 1.

So is the “German Problem” a thing of the past? Not quite. Twelve years ago, as Mr. Blackburn points out, Poland’s foreign minister remarked that he feared German power less than German inactivity. Sometimes lessons are too well learned. Passivity no longer works as a grand strategy, as Russia made clear when it invaded Ukraine last year and forced Germany to lend its might to the victim.

Too much of a good thing might also hold for “Germany in the World,” which runs close to 800 pages. The research is magnificent, with 80 pages of endnotes. But the central idea—Germany as a Western nation like the others—is often submerged beneath a torrent of names, details and digressions. That said, the book is superbly written, and even Germany buffs will find a surfeit of riches.

Mr. Joffe teaches at the Johns Hopkins School of Advanced International Studies.

AMLO Makes Xóchitl a Household Name



AMERICAS
By Mary Anastasia O'Grady

With 10 months to go until Mexico’s 2024 presidential election, Mr. López Obrador’s approval rating hovers above 60%. While he can’t run for re-election, his popularity could very well carry the candidate for his Morena party, yet to be named, first over the finish line on June 2.

That is unless a challenger emerges who can unite the opposition and spur high turnout.

Enter Ms. Gálvez, a 60-year-old Mexican senator, who announced her intention to run June 27. She’s gained a remarkable amount of national attention thanks in a large part to Mr. López Obrador, who clearly sees her as a threat.

The president is right to be worried. Ms. Gálvez is an intelligent politician with a happy-warrior vibe. Only a month ago Morena seemed impossible to defeat. That’s no longer true.

Morena goes into this election year with a strong macroeconomic story. AMLO’s agenda has been antigrowth and anti-institutional but peso stability is covering a multitude of sins. The Mexi-

can currency is trading at less than 17 to the dollar—down from 21 in 2021. Robust remittance flows from the U.S. and prudent monetary policy at the independent central bank are the main explanations for the muscular peso. Foreign investment flows into manufacturing, off the back of nearshoring, have also played a role.

AMLO free rides off of peso stability but the credit goes to the economic liberalization that he opposes: free trade, investor protections and transparent monetary policy. Still, Mexico is far below its potential.

AMLO is a populist whose political strategy revolves around class and racial division—and grievance. Opponents in Congress and the courts who get in the way of his nationalist agenda are labeled uppity snobs—or in his vernacular, *fifis*.

The Frente Amplio por Mexico coalition (made up of the National Action Party, the Institutional Revolutionary Party and the Revolutionary Democratic Party) has agreed to back a single candidate to try to beat Morena.

Ms. Gálvez is one of 13 competitors registered for the coalition primary, which will consist of two rounds and finish on Sept. 3. She’s far from a shoo-in. Other serious contenders are seasoned PAN congressman Santiago Creel and PRI-ista Enrique de la Madrid, the son of a former president. But AMLO has put the candidacy of the upwardly

mobile Ms. Gálvez, who’s not a social conservative, in play.

The senator was born in the small state of Hidalgo, to an indigenous father and a mixed-race mother. Her family was poor but she finished school and graduated from the National Autonomous University of Mexico with a degree in computer engineering.

She built successful consulting businesses specializing in “intelligent” buildings. She also started a foundation to fight childhood malnutrition in indigenous communities.

The president’s attacks on the senator suggest he is afraid of her—and her message.

During the government of President Vicente Fox (2000-06) she was the head of Mexico’s national institute of indigenous people.

She narrowly lost a 2010 bid for governor in Hidalgo—despite having few resources from her party, the PAN. In 2015 she was elected to serve as mayor of a section of Mexico City. In 2018 she won a proportional-representation senate seat.

In a Twitter video last week Ms. Gálvez noted that AMLO had invoked her name seven consecutive days at his daily press conference at the national palace—11 times on one day. She used photos of a fire on a Pemex platform in

the Gulf of Mexico and cartel violence in the state of Guerrero to ask the president if he didn’t have better things to do than talk about her.

The law is no impediment for AMLO when he is intent on destroying an opponent. A court ordered him to give her the right to reply after he accused her of opposing social programs during his daily press conference. He has refused to comply.

On Friday he alleged that in the last nine years Ms. Gálvez’s companies had contracts with the state valued at more than \$80 million. Ms. Gálvez denied the charge, calling the president’s arithmetic wrong and his statement a blunder. She also said he had made public confidential tax information and threatened legal action against him.

When he’s not abusing his power, he’s blatantly insulting her. He calls her a puppet of the elite. During a press conference last week he made an attempt to dismiss Ms. Gálvez’s candidacy by likening her to an ambulatory tamale vendor, singing the jingle that all Mexicans know from the street. It’s doubtful that condescension toward a woman who climbed the economic ladder through sheer determination is a winning strategy.

While the president deems hard work, Ms. Gálvez is talking to the nation about its aspirations, freedom and respect for institutions. Those are themes many Mexicans may want to hear more about.

Write to OGrady@wsj.com

Summer Is for Salamanders

By Christopher de Vinck

‘Summer afternoon—summer afternoon; to me those have always been the two most beautiful words in the English language,” wrote Henry James. These days, what do children do in the summer?

In the 1950s I began my days with a glass of Ovaltine and a boiled egg. Then I’d think about my options. I might ride my bike to the local swimming pool with a towel wrapped around me and a quarter in my pocket for the Good Humor truck. It was a small community pool, no deeper than 5 feet and with a single lifeguard, a college girl who let me sit on her lifeguard chair. She applauded when I performed water tricks for her, especially the one where I disappeared underwater and lifted my legs straight up. I felt like an Olympic swimming star under the bright sun.

We had a pond behind our house, down the lane past the raspberry bushes. I looked for frogs and lizards in the water. On a hot day I’d run down to the field and nearly leap into the raspberry bushes and pick berries, crushing them

With a pond, a book, a baseball glove, and a little imagination—anything is possible.

with my tongue against the roof of my mouth, savoring the taste and the quenching juice. Then I sat at the edge of the pond and searched for salamanders.

A boy can see himself in the pond’s reflection. A man can easily forget there ever was a pond.

I liked sliding my hands slowly in the water and scooping up a salamander. I

liked admiring its tail, head and its small legs. Summer boys pay attention.

If there is a better way to spend a hot summer afternoon than lounging in a tree fort with a copy of “Treasure Island” and a glass of Kool-Aid, I’d like to hear about it. “Fifteen men on the dead man’s chest—Yo-ho-ho, and a bottle of rum!”

One of the best parts of my summer days was trying to spot snapping turtles. In my mind they were sea monsters, cousins of the dinosaur, and ferocious with their iron jaws. To see a snapping turtle just below the surface of the water like a lurking submarine was for me a high adventure in my own private, summer ocean.

One summer I built a hut with sticks from the mock orange bush, and I used grass as insulation. I made mud cookies and “baked” them on the hot roof of the chicken coop. I played gas station on

my bike: rhododendron leaves for dollars; the mailbox was the gas pump. Yo-yos, Cracker Jack and Davy Crockett hats; Ring Dings and decoder rings—I was well-equipped.

And the nights, when the window was open pulling in the cool air and the crickets and tree frogs chortled and Yogi Berra, Whitey Ford, Mickey Mantle and Roger Maris were summer gods waving their magical bats on the radio.

Things have changed since I was a boy. But I still think you can give a kid a baseball glove and a book on a hot afternoon, and tell him there are lonely turtles and salamanders hoping for a visit down by the pond. Wait a while and listen closely, you might just hear him say: “Yo-ho-ho, and a bottle of rum!”

Mr. de Vinck is the author of 17 books, including “Things that Matter Most.”

OPINION

REVIEW & OUTLOOK

The Supreme Court Control Act

The Supreme Court has finished its business for the summer, but Senate Democrats never finish trashing the Justices. The Judiciary Committee that scoured Brett Kavanaugh's high-school yearbook is preparing to pass new rules under the guise of ethics reform that are intended to put the Justices on a political leash.

The effort is led by Rhode Island Sen. Sheldon Whitehouse and his more senior political front man, Judiciary Chairman Dick Durbin. They're playing off recent media reports that claim ethics violations without showing any real violations. But that's enough of an excuse for claiming to want to protect the Court's reputation while actually destroying it.

Their Supreme Court Ethics, Recusal, and Transparency Act would require the Court to establish a Code of Conduct within 180 days. It would also set disclosure rules for "gifts, income, and reimbursements required to be disclosed under the Standing Rules of the Senate and the Rules of the House of Representatives."

Treating judges like Members of Congress is exactly the wrong model to follow. The nine Justices are appointees with lifetime tenure under the Constitution in order to insulate them from political pressure. Legislators are political actors accountable to voters for their relationships with campaign contributors and interest groups.

The Senate ethics scheme would drop the Justices into a new political maelstrom. The bill invites ethics complaints alleging that a Justice violates the new rules or "has otherwise engaged in conduct that undermines the integrity of the Supreme Court." That open-ended standard is an invitation to groups on the left and right to file endless complaints against the Justices to create the appearance of wrongdoing or conflicts of interest.

The complaints would be handled by a five-member panel of chief judges from the circuit courts. That would further politicize the judiciary by asking lower-court judges to rule on the ethics of Justices who decide whether to hear appeals of their rulings. The judges would be under enormous pressure to act against Justices with a different judicial philosophy.

The bill also lays out "circumstances requiring disqualification" to hear a case—more commonly known as recusal. The Justices currently make their own decisions on recusal based on relatively narrow criteria such as whether they have a financial interest in a case. Political demands for recusal are becoming more common, but most can be ignored.

The Senate bill sets up a process for a three-

judge panel of judges to review a "motion" by a party for recusal. Such motions would proliferate, as the parties and interests angle to eliminate a Justice they think might rule against them. The Democratic goal here is thinning the Court on a case by case basis to influence decisions. It's a different means than packing the Court by adding Justices, but the purpose is similar.

The Founders anticipated this political temptation, which is why they created the judiciary as a separate and co-equal branch of government under Article III. While Congress established the lower federal courts, the Constitution created the Supreme Court, which sets its own rules. Congress has no constitutional power to tell the Justices how to run the Court.

The supposed justification for this radical re-making of the Court is a series of media articles that reveal little more than that Justices have rich friends. They have on occasion even flown on private jets, oh my. In the latest supposed scandal, the staff of Justice Sonia Sotomayor is reported to have encouraged the sale of her books coinciding with her appearances at universities. In none of these cases has anyone found a real conflict of interest involving the Justices and a case or ruling.

The partisan nature of this exercise is clear from the one-sided efforts at fact-finding. Last week Messrs. Whitehouse and Durbin sent a letter to Leonard Leo, who advised President Trump on judicial nominations and is friends with some of the conservative Justices.

The letter requests "an itemized list of all gifts, payments, and items of value . . . to any Justice of the Supreme Court or a member of the Justice's family which you had a role in facilitating or arranging." We could find no evidence of similar curiosity about the liberal Justices and their friends.

Damaging the Court has been Mr. Whitehouse's explicit goal since progressives lost their majority and the Court as a second legislature. In 2019 he and four other Senate Democrats wrote a notorious amicus brief in a gun-rights case that said "the Supreme Court is not well." The brief threatened, mob-style, that if the Court didn't "heal itself," it might have to be "restructured."

Democrats don't currently have the votes to break the Senate filibuster and pack the Court, but watch out when they do. Meantime, their ethics ruse is an attempt to intimidate and control the Justices by other means. It deserves to be called out as a betrayal of the Constitution that would destroy judicial independence.

New ethics rules are a scheme to destroy the Court's independence.

America's Trade Abdication

The United Kingdom signed onto the Indo-Pacific trade pact on Sunday, becoming the first European country to join the 11-nation Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). In addition to its economic benefits for Britain, the event is notable for exposing America's growing trade failures.

The CPTPP is the successor to the Trans-Pacific Partnership that Donald Trump walked away from in 2017. It includes Canada, Mexico, Japan, Australia, Vietnam, Singapore and Malaysia, among others. The pact excludes China, which made it an ideal opportunity to shape global trade rules and expand U.S. economic influence in the fastest-growing part of the world. The parties moved on without the U.S., and now others want to get in on the action.

That doesn't include the U.S. After criticizing Mr. Trump's trade policy as a candidate, President Biden has been nearly as protectionist in office. He's retained most Trump tariffs, and he's resisted new bilateral or other trade deals. He's even left Britain in the cold, despite its compatibility with the U.S. economy and post-Brexit interest in a bilateral deal.

The Administration launched the Indo-Pacific Economic Framework (IPEF) last year, but it has since been exposed as vacuous. The U.S. won't negotiate tariff reductions or market access measures. U.S. companies say the White House even seems to be backtracking on its promise to promote new standards for digital trade.

Thirty-six business and agriculture groups expressed their dismay about the failures of IPEF in a May letter to Commerce Secretary Gina Raimondo and U.S. Trade Representative Katherine Tai. "A 'work-centric' trade agenda must reflect how American companies and the workers they employ suffer together when we are barred from selling the goods and services we produce in foreign markets," they wrote.

The White House is by all accounts afraid of debating Mr. Trump on the benefits of trade. That leaves the U.S. on the sidelines as the rest of the world negotiates new trade deals, including the European Union with Indonesia and India. This also leaves the U.S. the odd economic man out in the Indo-Pacific even as U.S. companies urgently need supply-chain alternatives to China. The costs of Mr. Biden's trade abdication are growing by the month.

More Dollars Follow Ohio Students

Pennsylvania's Democratic Gov. Josh Shapiro sold students out by backing down on a school voucher proposal this month, but his Republican neighbor Gov. Mike DeWine is doing better in Ohio. The Governor and the GOP Legislature recently narrowed the funding gap between charter and district schools and opened a state voucher program to all families, making the Buckeye State the latest to offer universal school choice.

Ohio's EdChoice Scholarship Program has offered K-12 school vouchers to families with income under 250% of the federal poverty level—about \$75,000 for a family of four—or to families with students attending the state's worst-performing schools. The new law opens the vouchers to any family regardless of income or school attendance.

The full scholarship amount rises to \$6,165 from about \$5,500 for K-8 students, and to \$8,407 from \$7,500 for high school. The voucher tapers down for families making more than 450% of the poverty level. According to an analysis from Ohio's Legislative Service Commission, more than 90,000 students currently attend private school without a scholarship and now could be eligible.

The new law is also a step toward fairness for charter schools, a priority for Mr. DeWine. Charters will get a roughly 12% increase in state funding, plus \$1,000 per student in facilities fund-

ing—twice as much as before. Charter schools that are considered high-performing according to state criteria—roughly a third of the state's charters—receive supplemental funding per student and now will see increases in those amounts.

Overall, high-performing charters should see a roughly 40% boost in funding, according to the Fordham Institute, putting them at about 90% of what district schools receive. The average brick-and-mortar Ohio charter school will receive roughly 85% of district-school funding, up from 70% currently.

More than 100,000 students attend Ohio's charter schools, which are especially important for the state's inner-city students. Out of 26 cities measured, Cleveland students posted the biggest drop in National Assessment of Educational Progress reading scores last year compared to 2019. Cleveland also has its own school voucher program, and one common-sense measure from the Legislature was to allow students to take the vouchers to any private school—not only schools within the district.

Ohio has expanded its school choice offerings from cities to suburbs over the years. Good for Gov. DeWine and the Legislature for making private schools available to more families, and let's hope they have their eye on education savings accounts next.

The Buckeye State makes vouchers universal and boosts charter schools.

LETTERS TO THE EDITOR

Why Canada's Trudeau Overlooks the Military

That Canada's low defense spending has turned it into a "free-rider" on issues of global security is sadly self-evident ("Canada Is a Military Free-Rider," Review & Outlook, July 13). What may be less clear to Canada's partners around the world is the main cause of my country's "feeble commitment to alliance defense."

It can be attributed to Canada's practice of "distraction federalism." Prime Minister Justin Trudeau and his cabinet are distracted from the core constitutional responsibilities assigned to the national government, such as defense and security, because their progressive worldview predisposes them far more to the social-welfare responsibilities of the country's provinces and cities.

The government's policy record is thus marked by persistent intrusions into provincial areas of policy-making, such as childcare and healthcare, at the expense of dedicating the scarce resources of policy attention and public dollars to its own exclusive responsibilities. This distracted form of federal leadership has contributed to an erosion of Ottawa's state capacity, undermined the country's security and harmed its reputation with key allies.

In an age of growing geopolitical turmoil, Canada needs a federal government with a vision and agenda for the exercise of national power. The country already has 10 provincial premiers. We don't need another.

SEAN SPEER
Editor at large, *The Hub*
L'Orignal, Ontario

The Arctic Ocean is a focal point for geopolitical rivalry, with clear security and economic implications for Canada. The shrinking polar ice allows commercial ships and naval surface vessels, using the shorter route above Canada and the northeast route above Russia, to sail to and from Europe and northern Asia during the summer months without the help of icebreakers. Less summer sea ice also presents opportunities to tap vast deposits of natural gas, oil and critical minerals.

The good news is NATO countries—the U.S., Canada, Denmark and Norway—control 47% of the coastline bordering the Arctic Ocean. Finland, Iceland and Sweden have territory inside the Arctic Circle. The bad news is Russia stretches over the other 53%, and around 2.5 million Russians live in its Arctic territory, accounting for nearly half the Arctic's population.

With China and India increasingly focusing on the Arctic's natural resources, the stakes are high and the clock is ticking. Canada needs to up its game militarily in the Arctic.

PROF. JAMES L. REGENS
University of Oklahoma
Nichols Hills, Okla.

There's an old saying that every country has a choice between two armies: its own or someone else's. Sadly, Canada is relying on someone else's, and for a country with a stellar military history, that is a shame. It may not bode well for Canada's future.

DOUGLAS CORNISH
Ottawa

Missing the Leaders of the Greatest Generation

In "When Character Mattered In D.C." (op-ed, July 13), Joseph Epstein asserts that it was "WASP culture" that brought "stability, solidity, gravity," noting that "a certain weight and aura of seriousness suffused public life." The demise of character, however, has more to do with the demise of the Greatest Generation.

The baby-boom U.S. presidents have been pygmies, in character as well as achievement and inspiring leadership, compared with the World War II generation. I'm a late boomer, and it pains me to say it, but we're a generation of midgets compared with our parents, not only in politics, but in most fields of endeavor.

HOWARD BARBANEL
Bay Harbor Islands, Fla.

Mr. Epstein and I are the same age. Having lived through World War II, the Eisenhower generation, the 1960s and into the present, we have seen the changes in culture since the demise of the WASP. In the 1950s, we aspired to assimilate, as defined by WASP cultural values: the way we dressed, spoke in mixed company, treated women, etc. As a product of those times, I wish it were still that way.

But the WASP culture also stood for discrimination against others, each group to a more or lesser degree based on race, religion and education. What I have come to appreciate is that the group that holds the power always feels superior to the people who don't.

JOHN A. VITERITTI
Laurel, N.Y.

Strike That Juror—He's Reading the Journal

Like the reader who knew that a man with the print copy of the Journal under his arm would be her future husband (Letters, July 14), I also made an assumption about a person who carried the WSJ. He was a member of the venire in my first jury trial out of law school, and he had a print issue among his belongings when he walked into a courtroom.

I represented the plaintiff, a young, black woman who had been cheated by a car dealership when it refused to honor the warranty on the used car she had bought. She didn't like me much. She thought I didn't know what I was doing—and she was right.

When Will We Stop Giving The Russians a Warning?

As a retired special-ops aviator, I can't fathom why the U.S. announced in a press release that we are sending Ukraine cluster munitions ("Cluster Bombs for Ukraine," Review & Outlook, July 10). Besides letting the Russians know, it gave the press a field day to write how "bad" these weapons are because they might injure civilians later on. (As opposed to the "OK" weapons the Russians use to deliberately target civilian infrastructure and displace millions.) I hope the Biden administration learns from this, and when we send the Army Tactical Missile System to Ukraine, the press and the Russians find out about it only when Russian command posts, supply depots and airfields thought to be safely out-of-range suddenly come under effective attack.

LT. COL. GEORGE B. HEPT, USAF (RET.)
The Villages, Fla.

A Fortune Teller Who Didn't

Matthew Hutson's review of the book "Nobody's Fool" (Bookshelf, June 10) brings to mind an entrepreneur in my area who advertised his fortune telling and tarot reading with a sign in front of his business. A few days later, another sign in front read: "Out of Business." Why couldn't he have predicted that?

SHELDON P. SIEGEL
Allentown, Pa.

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

Let the Sailors Wait at Home

Regarding Rahm Emanuel's op-ed "Japan Is Ready and Able to Maintain U.S. Naval Vessels" (July 12): If it's emergency repair for U.S. naval vessels, fine. But routine overhaul? No. Many of these ships are crewed by sailors whose spouses and children are in America. To patrol the Western Pacific usually requires a tour of six months or longer. Spending another three months away while your ship is in dry dock is a no-no.

JAMES D. WHITESIDE
Midland, Mich.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Well, I don't call my mindset a narrow-minded prejudiced filter bubble. I call it my happy place."

OPINION

The Doctor Won't See You Now

By Andrew Hartz

A patient came to a clinic where I worked a few years ago. He was looking for help with depression but also told his therapist that he was feeling frustrated after having lost out on a research fellowship. The patient, who was white, felt the reason was affirmative action. The therapist was Arab. A group of psychiatrists, social workers and psychologists discussed the case at a clinic-wide meeting and came to an apparent consensus: Confront the patient and tell him that if he didn't overcome his biases, he would be transferred elsewhere. They argued that it would be unfair for a clinician of color to have to provide therapy to a "racist" patient.

The same ideologies that have infiltrated education, medicine and the legal profession have also invaded mental healthcare. The American Psychological Association has decried "traditional masculinity." The Journal of the American Psychoanalytic Association published a paper describing "Whiteness" as a "malignant, parasitic-like condition." Two years ago, a prominent psychiatrist speaking at Yale shared her fantasies of killing white people. Recently, the president of the APA's division of psychoanalysis said that therapists should "center Palestine . . . as a central working tenet of any clinical praxis."

These attitudes are more common than one might imagine. The most recent APA psychoanalysis conference, which has in the past focused on the practice of therapy, was absorbed by identity politics, such as "the white supremacist within" and "psychic colonization," to quote two panel titles.

Emerging empirical research shows the problem is widespread. One forthcoming study charts a more than 500% increase in politically slanted communiques at the APA from 2000-02 to 2017-19. A 2018 study showed that psychology departments, like most of academia, have extreme bias, with almost 17 registered Democratic professors for every one Republican. The bias is



GETTY IMAGES

larger at higher ranked schools, and most Republican academics report higher rates of self-censorship.

These ideologies are shaping official standards of practice. The American Counseling Associations' official competency guidelines frame counselors and clients as either "privi-

Therapists who judge, recoil, or quietly rage at their patients can't provide effective therapy.

leged" or "marginalized." The National Association for Social Work, which represents many therapists, has a code of ethics requiring "all members of the social work profession to practice through an anti-racist and anti-oppressive lens."

But the issue isn't only that clinical practices have become more ideological. Increasing numbers of therapists lack the clinical competency to help patients with truly diverse viewpoints. Years of one-sided education have made many of them unable to tolerate being around people with different views, much less support them as empathic therapists.

The large majority of the country

has at least one "unorthodox" opinion—maybe a conservative political bent, a literal belief in the Bible or support for free speech even when it's offensive. This includes centrists, moderates, libertarians, and many liberals, as well as people who are simply open-minded. These people need mental healthcare as much as anyone else, and they deserve a therapist who respects their values.

Today, people with unorthodox beliefs face unprecedented antagonism, yet the mental health profession largely ignores them. It's staggering how many populations in need of counseling go overlooked. These include people who have to self-censor, those who've faced high costs for their speech, victims of antiwhite bias, cops who face hostility simply for doing their jobs, and couples who might be attached to some traditional features of gender. There are also black people who dislike the dominant racial narrative of the left, gay men and lesbians who feel alienated by aspects of LGBT culture, and women who disagree with aspects of contemporary feminism. Most of these people don't know where to go to find a therapist who understands their concerns.

To work productively with these groups, therapists need to do more than simply refrain from attacking

them or overtly politicizing therapy. Therapists need to have some understanding of patients' experiences and feel comfortable supporting their goals. Therapists who judge, recoil, or quietly rage at their patients can't provide effective therapy.

But instead of training therapists to help these people, schools increasingly teach students to view those with unorthodox opinions negatively. The myriad seminars on treating "diverse populations" that students receive in fact only enable them to work with an ideologically narrow segment of the population—albeit a segment of various races and sexual orientations.

Psychological knowledge could even help the country better sustain productive political dialogue. At its best, psychology can help people relate to each other, articulate their concerns, and find solutions to conflict. Unfortunately, as in other professions, the mental health field isn't adequately cultivating robust debate. This has robbed the country of real insight into the many political issues psychology touches, from the mental health costs of masking and lockdowns to the transgender debates.

To address these concerns, I founded the Open Therapy Institute along with professionals across the political spectrum of many racial, ethnic and religious backgrounds. We have a range of theoretical orientations and areas of expertise, but we all share a commitment to open inquiry and empathic, patient-centered care. We plan to offer interactive online workshops and clinical services in states across the country. We will train professionals to treat overlooked populations.

Millions of Americans are feeling stuck, struggling to respond to a rapidly politicized culture. Most aren't aware of how transformational psychological concepts can be. If the field becomes an echo chamber, many people won't get the right care. No psychologist should want that.

Mr. Hartz is a clinical psychologist in New York City and founder of the Open Therapy Institute.

The U.S. Navy Needs More Attack Submarines

By Roger Wicker

The United States, Australia and the United Kingdom formed a pact in 2021 to boost the three nations' collective deterrence in the Indo-Pacific. That Aukus agreement is vital but there is more work to do: The U.S. should double its submarine production.

Under the first pillar of the Aukus agreement, the U.S. would sell our attack submarines to Australia. In exchange, Australia would expand basing for U.S. submarines. In the second pillar, all three nations would share advanced technology.

Attack submarines are among our most effective weapons and the crown jewels of U.S. military power. Undersea warfare is one of the few areas in which we retain a competitive advantage over the Chinese military.

To supply our allies, and counter the threat from China, the time to double sub production is now.

Aukus has bipartisan support because of its potential to improve the national security of all three nations. Implementing this deal will require a historic amount of cooperation and trust among the three countries and, here at home, between the executive and legislative branches.

As it stands, the Aukus plan would transfer U.S. Virginia-class submarines to a partner nation even before we have met our own Navy's requirements. The U.S. Navy's military requirement is 66 nuclear attack submarines. Today, there are only 49 in the fleet. And the Navy projects its inventory will decline to 46 by 2030 as older nuclear submarines retire faster than they are replaced.

Worse still, demands on our submarine maintenance capabilities have also stretched our military's readiness. Nearly 40% of U.S. attack submarines cannot be deployed because of maintenance delays. For example, the USS Connecticut had an accident in the South China Sea in 2021 and likely won't be operational until 2026.

The U.S. submarine industrial base is producing an average of 1.2 Virginia-class attack submarines a year, short of the two our Navy needs. There are many reasons for this underperformance. For years, the U.S. government purchased only one submarine annually—hardly enough to maintain a strong industrial base.

By comparison, during the 1980s we bought four times as many. The effort to ramp up production to a rate of two attack submarines a year has been plagued with workforce and supply-chain challenges.

To keep the commitment made under Aukus, and not reduce our own fleet, the U.S. would have to produce between 2.3 and 2.5 attack submarines a year.

Improvements in submarine maintenance and more forward basing of submarines will help increase deployment of the submarine fleet, making the deterrence effect of these weapons even stronger. Australian investment in U.S. shipyards will also help. But we can't afford to shrink the overworked U.S. submarine fleet at a dangerous moment.

China's President Xi Jinping has instructed the People's Liberation Army to be ready for a Taiwan invasion by 2027. Time is of the essence.

Fortunately, there is a solution. President Biden should immediately send Congress a request for supplemental appropriations and authorities—including a detailed implementation plan—that increases U.S. submarine production to 2.5 Virginia-class attack submarines a year. It is time to make generational investments in U.S. submarine production capacity that include supplier and workforce development initiatives.

There is precedent for such a bold investment. Men, women and industries answered the call at the outset of World War II to produce weapons and materiel. During the Cold War, the U.S. rapidly built a nuclear Navy that was second to none. To fulfill the promise and benefit of the Aukus agreement, we need such clarity of purpose once again.

Mr. Wicker, a Republican, is a U.S. senator from Mississippi and ranking member of the Senate Armed Services Committee.

Bidenomics and the Boom in DEI and ESG Jobs



LIFE SCIENCE
By Allysia Finley

How many environmental justice majors does it take to calculate the CO2 emissions of a light bulb? This isn't a joke. Businesses now employ scads of college grads to do this.

For years America's political class has lamented that too many college grads are working in low-paying jobs that don't require post-secondary degrees. The diversity, equity and inclusion and environmental, social and governance industries—DEI and ESG, respectively—are solving for this problem while creating many others.

In the modern progressive era, young graduates are finding remunerative employment as sustainability coordinators, DEI officers and "people partners." Instead of serving up pumpkin soy lattes, they're quantifying corporate greenhouse gas emissions and ensuring employers don't transgress progressive cultural orthodoxies.

But making a customer a cup of fancy coffee serves a useful function. The same can't be said of most DEI and ESG jobs, which are among the fastest growing professions in the modern economy. Consider some of the more than 34,500 LinkedIn search results for "diversity and inclusion" and "sustainability" jobs in New York.

•Wells Fargo is looking for a "tech diversity, community & sustainability communications consultant" who can "collaborate and consult with stakeholders to drive . . . understanding of audience impacts to guide messaging to reduce key risk." Translation: a progressive who can run interference with Sen. Elizabeth Warren and Biden administration banking regulators.

•The National Football League is seeking a "Diversity, Equity, and Inclusion Senior Program Coordinator" who "will be a strategic, empathetic planner who works collaboratively to

manage sensitive high-priority League and/or Club-specific initiatives and projects." Applicants must be able to handle "highly confidential information." Like, say, the emails of former Las Vegas Raiders coach Jon Gruden?

•Deloitte has a posting for a "Tax Senior" in "Sustainability, Climate & Equity-Renewable Energy." "The ideal candidate," the company says, "will monitor current and proposed tax legislation and regulations related to renewable energy and sustainability, as well as implement client outreach strategies." In other words, Deloitte is hiring consultants to help its clients pocket more green subsidies.

Since January 2021, according to the Bureau of Labor Statistics, jobs in human resources and environmental consulting have increased 23.6% and 8.3%, respectively. In the first 2½ years of the Trump presidency, the fields grew only 2.7% and 4.5%. These figures don't include the various in-house ESG and DEI jobs that companies have added.

This boom owes in part to Biden administration regulations. But the bigger drivers are progressive employees who demand that their employers indulge their politics as well as ESG police like BlackRock that order corporations to produce detailed reports about their labor and environmental practices.

According to a proposed climate disclosure rule from the Securities and Exchange Commission, an unidentified manufacturing company spends between \$600,000 and \$750,000 a year on producing climate and sustainability disclosures. Twenty of its employees work part-time on climate disclosures from November to March each year.

Employees at an unidentified energy firm spend 7,500 to 10,000 hours annually on climate reporting. The company pays external advisers up to \$1.35 million. That's a lot of time and money these companies could be spending on activities that actually benefit investors, workers

and customers. How about United Airlines reassign its CO2 attendants to answering customer calls?

Progressives won't admit it, but sustainability disclosures are effectively make-work projects. Shovelling out paperwork does nothing except support other similarly wasteful ESG jobs. A whole industry has grown around these disclosures.

Young grads are finding employment helping companies not run afoul of progressive orthodoxies.

Take the case of businesses buying carbon offsets to mitigate their emissions. This practice often entails paying loggers not to cut down trees for lumber, which allows businesses to claim they are locking up carbon in forests. To estimate the CO2 value of these offsets, companies hire "consulting foresters" to measure the girth and height of trees. Auditors then must review their calculations.

Businesses thus claim they are reducing their CO2 emissions even though they aren't. The result is higher lumber and housing prices—

Notable & Quotable: Debate

From former New Jersey Gov. Chris Christie's July 16 appearance on ABC's "This Week":

George Stephanopoulos: You announced this week that you're going to make the debate stage. You've qualified to make the debate stage. Do you think Donald Trump's going to be there?

Mr. Christie: You know, George, I do. I do think he'll be there.

Mr. Stephanopoulos: Really?

Mr. Christie: Yeah, I think he'll be there. . . . I've known him for a long time, as you know. His ego, I think, will not permit him to have a big TV show that he's not on. And I think he'd be enormously frustrated sitting back in Bedminster and watching what I'm going to do to him on that stage in absentia.

Mr. Stephanopoulos: Sounds like you're baiting him to come in.

Mr. Christie: . . . I don't think I have to, but I'm happy to say right now, come on, Donald, get on the stage and defend your record. You know, if you want to be the nominee, you need to defend your record. And he has a record of four years as president where he didn't deliver on a lot of issues that Republicans care deeply about. He didn't repeal and replace ObamaCare like he said he would, even

and overgrown forests and out-of-control wildfires. Many trees in Canada and California that companies paid to preserve for carbon offsets have gone up in smoke during recent wildfires.

This is a good metaphor for the ESG and DEI industries. They destroy productive economic investments while creating deadweight losses across the economy.

The overgrowth in ESG and DEI jobs is perhaps nowhere better illustrated than academia. Clarkson University has a job posting for a "sustainability coordinator" for its athletics department. The job requires a master's in environmental policy and ski-coaching certification. Apparently even ski instructors must be able to calculate carbon emissions nowadays.

Not surprisingly, colleges are increasingly offering expensive advanced degrees to credential workers for sustainability jobs, piling more and more debt on grads. Applications for Columbia University's Master of Science in sustainability management—total tuition: approximately \$91,296—have doubled over the past three years.

These jobs may pay more than working at Starbucks, but please don't call it gainful employment.

though he had a Republican Congress. He said he was going to balance the budget; he added \$6 trillion to the national debt. He said he was going to build the wall in Mexico; he built 47 miles of new wall. You know, George, at that pace in four years, he'd need 110 years as president to be able to finish the wall.

Mr. Stephanopoulos: None of that has shaken his support right now . . . inside the base of the Republican Party. What can you say that people haven't already heard that can change their minds?

Mr. Christie: . . . I think it's just about patience and persistence on this. He's got a record that is not great as president. And, by the way, we didn't even talk about the three-time loser record, where he lost in 2018 the House, lost the Senate and the White House in 2020, and led us to a horrible midterm performance in 2022 with a president who was at 35% job approval. So it's going to take time, though, George. This guy has been at the front of every Republican primary voter's mind for eight years. I've been in the race for five weeks. Give me some time.

And you can see already when he's up at one o'clock in the morning posting on Truth Social about me, I think we're in his head.

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WORLD NEWS

Migration Boom Keeps Home Costs High

Global surge bolsters housing prices, rents in wealthier nations, entrenching inflation

By STUART CONNIE

SYDNEY—A wave of immigration to affluent countries is adding upward pressure to housing costs, frustrating renters and home buyers and making it harder for central bankers to tame inflation.

From Europe to Asia and North America, people have been moving across borders in record numbers, lured by tight labor markets and looser post-Covid travel rules. Many are landing in cities where housing is in short supply.

That is helping push up rents and keep home prices from falling as much as expected despite sharp increases in borrowing costs, especially in Europe, Canada and Australia.

In Canada, which absorbed a record 437,000 migrants last year, property prices started rising again in February after 10 straight monthly declines. In the U.K., annual inflation in rents in May hit its highest level since records began in 2016, and has accelerated for 20 of the past 21 months.

In the U.S., rent growth is

slowing, but home prices have started rising again after falling over the past year. The median U.S. existing-home sales price bottomed at \$361,200 in January and has risen each month since, according to National Association of Realtors data, though they are still down year-over-year.

Rent and housing costs continue to be a driver of inflation in the U.S., accounting for 70% of the 0.2% increase in consumer prices during June.

Many factors, including underinvestment in supply of new houses, and a reluctance by some owners to sell, are helping keep housing costs elevated in the U.S. Still, some economists say the arrival of so many legal and illegal immigrants is also part of the equation. The U.S. population grew by 1.26 million people last year, the fastest rate since 2019, with almost all of the increase—one million—coming from immigrants.

A recent Goldman Sachs report pointed to immigration as a key reason why house prices in major economies have shown signs of leveling out at higher prices than expected following declines sparked by interest-rate increases.

For property owners and landlords, support from immi-



Immigration is exacerbating a Canadian housing shortage. Above, home construction in Montreal

gration is good news, limiting downsides from slowing economic growth. A sharp decline in housing costs—which is still possible if interest rates keep climbing—would be destabilizing to the world economy.

But for many people, the persistence of high housing costs is fueling frustration, especially when so many other expenses are rising.

Scott and Dianne Wilson have watched rents accelerate through 2023 as they complete

a move with their two young sons to Brisbane, Australia, where Ms. Wilson has secured work as a child-care educator, from the U.K. They hope to move in August and are looking at paying \$2,000 a month for a home their relocation agent tells them would have cost about \$1,400 last year.

Since housing costs—especially rents—make up an important part of central banks' inflation gauges, their stickiness is adding ballast to arguments to

raise interest rates further.

Central banks in Australia and Canada have surprised investors with interest-rate increases recently.

Around five million more people moved to affluent countries last year than left them, the Journal recently reported, up 80% from prepandemic levels. Germany, Canada, Japan and other countries are rewriting immigration rules to bring in more people to fill skills shortages.

Economists estimate that around 85% of migrants become tenants after arriving in a country, meaning the pressure they exert on housing costs is strongest in the rental market, though some also ultimately purchase homes.

In Australia, whose borders were largely closed during the pandemic, around 400,000 more people arrived during the 12 months through June than left, according to official forecasts—nearly double the prepandemic average. Officials expect another 315,000 immigrants in the 12 months through June 2024, in a country of roughly 26 million people.

The influx prompted Philip Lowe, Australia's central bank governor, in May to sound the alarm on inflation as migrants search for somewhere to live.

Average rents across Australia's major cities increased 11.5% over the 12 months through June and are more than 25% up on prepandemic levels, according to property analytics provider CoreLogic. Home prices recently began rising again on a month-over-month basis after falling 9.1% over the seven months through February.

"The population is increasing by 2% this year. Are there 2% more houses? No," Lowe said.

Canada Woos Skilled Foreigners Fed Up With U.S. Snags

Canada this month will start offering open work permits to any immigrants in America on an H-1B visa, in a clear bid to lure away highly educated foreigners frustrated by the U.S. immigration process.

By Michelle Hackman in Washington and Paul Vieira in Ottawa

It is the latest effort by Canada to capitalize on a growing sense from international students and professionals that settling permanently in the U.S.—between ever-more-competitive visa lotteries and a growing backlog of green cards—is too slow and difficult.

The new recruitment strategy, which Canada unveiled at

a North American technology conference, Collision, held in Toronto in June, is designed to appeal to out-of-work foreign tech-sector workers in the U.S. whose immigration status is now in jeopardy after a recent series of layoffs, Canadian Immigration Minister Sean Fraser said.

For decades, attending an American university and settling in the U.S. more permanently has been the holy grail for many ambitious young foreigners. But that path has started to fray. International students can work for between one and three years on their student visas, but switching onto a work visa after that—most commonly the H-1B for high-skilled foreign-

ers—has recently become dramatically more competitive. Last year, roughly one in five applications to the annual H-1B lottery were granted a visa; this year the number was closer to one in 10.

"With the H-1B lottery getting worse and worse every year, for a lot of these individuals Canada may actually be their only option," said Chris Richardson, a former U.S. diplomat and co-founder of Argo Visa, a company that advises foreign applicants on the U.S. visa process.

Canada's proposed work permit would allow H-1B visa holders to move to Canada without a job and look for one once they arrive. The types of immigrants who would qualify

for the program, Canadian experts say, could also quickly become permanent residents under the country's merit-based points immigration system.

Without the fast-track program, they would either need to apply for entry under the regular Canadian process or get a Canadian employer to obtain a work permit for them.

Fraser said at the conference that the situation presents an opportunity for Canada. "There's a lot of people who over the course of their careers may not have considered coming to Canada but very much want to stay attached to the North American market."

English-speaking countries have benefited from foreigners' frustrations with the of-

ten-slow and seemingly capricious U.S. immigration system, with universities from the U.K. to Australia all attracting more international students from countries like China and India.

Canada is considered a desirable destination because, under revised rules over the past 15 years, international students have an easier path to permanent residency after graduation, said immigration lawyers, Canadian officials and policy analysts who have studied immigration trends. If they end up working for American companies, they can live in the same time zone as their colleagues. In recent years, more American companies, such as Microsoft and Google, have opened branch

offices in Canadian cities like Toronto and Vancouver.

Canada is making a broader effort to use immigration as an economic tool to fill job vacancies across the economy, given the aging workforce, and fuel economic growth. Technology-industry leaders in Canada estimate the shortage of workers, from software engineers to coders to computer scientists, could hit 250,000 next year.

"If I were the U.S. government, I would be very upset that Canada is basically siphoning off American workers," said Sergio Karas, a Toronto-based immigration lawyer who works with companies to help secure workers from abroad.

WORLDWATCH



A rescue worker searches for people at the site of a landslide caused by heavy rain in Yecheon, South Korea, on Sunday.

IRAN Women Face New Curbs

Authorities announced a new campaign to force women to wear the Islamic headscarf and morality police returned to the streets 10 months after the death of a woman in their custody sparked nationwide protests.

The morality police had largely pulled back following the death of 22-year-old Mahsa Amini in September, which led to mass protests calling for the overthrow of the theocracy that has ruled Iran for over four decades.

On Sunday, Gen. Saad Montazerolmahdi, a police spokesman, said the morality police would resume notifying and then detaining women not wearing hijab in public.

—Associated Press

ISRAEL Netanyahu Leaves Hospital

Prime Minister Benjamin Netanyahu was discharged after an overnight hospital stay for checkups and monitoring following a dizzy spell.

Netanyahu, 73, was rushed Saturday to Sheba Medical Center after feeling mild dizziness. His office said he had left the hospital Sunday after saying his test results were normal and that he was feeling very good.

The medical center said Netanyahu was in excellent condition. It said doctors implanted a "subcutaneous Holter," a monitoring device placed under his skin, to allow Netanyahu's medical team to keep a close watch on his heart activity.

—Associated Press

SOUTH KOREA Flooding Kills At Least Nine

Rescuers in Cheongju, South Korea, pulled nine bodies from a flooded tunnel where around 15 vehicles were trapped in muddy water, as days of heavy rain triggered flash floods and landslides and destroyed homes across the country, officials said. A total of 37 people have died and thousands have been evacuated since July 9, when heavy rain started pounding South Korea's central regions.

Nearly 900 rescuers including divers were searching the tunnel in the central city of Cheongju, where the vehicles, including a bus, were swamped by a flash flood Saturday evening.

—Associated Press

WEST BANK Three Israelis Hurt in Attack

A Palestinian gunman opened fire on a car in the occupied West Bank, wounding three Israelis, including two girls, Israeli authorities said.

The Israeli military said the gunman opened fire on a car from a passing vehicle. Israeli rescue service MDA said three Israelis were wounded, including a 35-year-old with gunshot wounds who is in serious but stable condition. Two girls, ages 9 and 14, were slightly wounded by flying debris.

The military said forces apprehended the suspected gunman in the city of Bethlehem and seized his car and an assault rifle found inside. Troops arrested two other suspects, the army said.

—Associated Press

Actress and Singer Inspired Hermès Bag

By GINGER ADAMS OTIS

Jane Birkin, the British-born actress and singer who rose to fame in the late 1960s and inspired the iconic Hermès handbag named after her, died on Sunday. She was 76 years old.

Birkin grew up in London but found fame in France. She moved there as a young actress and met

French actor and singer Serge Gainsbourg, with whom she had

a long romantic and creative collaboration. The two often worked together professionally and in 1969 released "Je t'aime...moi non plus," one of their biggest musical hits.

In 1983, Birkin was seated next to the chairman of Hermès on a flight when her straw bag spilled open. Birkin, who had three children, shared the challenge of finding a bag that could hold everything a busy, working mother needed.

The chat led to the creation of the Birkin, the status-symbol, luxury handbag coveted by celebrities and fashion enthusiasts.

In a 2021 interview with

The Wall Street Journal, Birkin said she didn't use the Hermès bag, even though she inspired it.

"I carry too much stuff and it's too heavy. I stuff coat pockets instead," she said.

Birkin was a "timeless French-speaking icon," France's Culture Ministry said on social media. Birkin worked with other French greats besides Gainsbourg, including singer and songwriter Étienne Daho and filmmaker Agnès Varda, the ministry said.

The actress appeared in dozens of films over her career for directors including Varda and Michelangelo Antonioni.

Raised in a creative, comfortable middle-class home in London, Birkin married British composer and conductor John Barry in 1965. They later divorced. They had a daughter, fashion photographer Kate Barry, who died in 2013.

Birkin had two other daughters: Singer and actress Charlotte Gainsbourg, from her relationship with Serge Gainsbourg, and French model and singer Lou Doillon, from a relationship with French film director and screenwriter Jacques Doillon.



British-born Jane Birkin, seen in 1964, found fame in France.

Traders Position for Soft Landing

Cooling off of inflation eases fears that Fed would cause recession

By AKANE OTANI

Wall Street is more convinced than ever that inflation is subsiding.

That is giving investors hope that the Federal Reserve might be able to pull off what

once seemed impossible: containing pricing pressures without tipping the economy into recession.

The economic data that came out this past week could hardly have been better. The consumer-price index, which tracks prices for everything from used cars to groceries, rose in June at the slowest year-over-year pace in more than two years. Inflation in wholesale prices cooled even more. An index measuring the

prices fetched in June by warehouses, factories, farms and energy producers rose at its slowest pace since August 2020.

The reports should help ease what has been one of investors' biggest fears over the past year. The Fed has been rapidly raising interest rates to try to rein in inflation. Many money managers have worried that the Fed's moves would lead to a recession. That is because when interest rates go

up, so does the cost of borrowing money. That typically slows down spending and hiring among consumers and businesses—often to the point that the economy tips into a downturn.

The longer it takes for the Fed to bring inflation back to prepandemic levels, the more likely a recession seems. If inflation cools quickly enough, however, investors believe the Fed might be able to finish its interest-rate increases while

leaving the economic expansion intact.

That is exactly what markets seem to be pricing in.

The S&P 500 rose 2.4% this past week, its biggest gain in a month. The index is up 17% for the year, while the Nasdaq Composite, which heavily weights technology stocks, has risen 35%.

The yield on the 10-year U.S. Treasury note, used to help set everything from mortgage

Please turn to page B2

Investors Bail From ARK Fund, Cashing In After Gain

By JACK PITCHER

Cathie Wood's flagship exchange-traded fund has rallied more than 50% this year. Investors are using that as an opportunity to get out.

They have pulled a net \$717 million from the ARK Innovation ETF over the past 12 months, according to FactSet. That exodus marks a notable shift for a fund that had consistently drawn investor cash since its 2014 inception. Once the largest actively managed ETF, with nearly \$30 billion in assets under management, the fund has shrunk to about \$9 billion, mostly due to investment losses.

Known by its ticker symbol ARKK, Wood's fund became an investor darling shortly after the onset of the Covid-19 pandemic with hugely successful bets on unprofitable and "disruptive" technology companies. It took in huge amounts of investor money, culminating with a \$6.5 billion inflow in the first quarter of 2021, when its share price peaked.

Then, the Federal Reserve's fastest interest-rate-increase campaign in decades crushed the valuations of unprofitable growth companies, which often attract investors when interest rates are low and returns on safer investments such as certificates of deposit are minimal. Shares of ARKK plunged 67% in 2022, but its investors largely held on or bought the dip. Now, analysts said they expect some of those investors are getting out for good.

"You have a whole group of people who got in somewhere near the top and are sitting on horrific losses," said Matthew Tuttle, chief executive of Tuttle Capital Management, which operates an inverse ETF that lets investors bet against Wood's fund. "I think some of those people have said, 'I'm

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Market Gauges Register Cautious Hope on Economy

By SAM GOLDFARB

New signs of cooling inflation sparked market gains last week. But is the pain from inflation—and the Federal Reserve's interest-rate-raising campaign to fight it—really over?

Here is what market gauges are showing:

Investors have long expected inflation to fall back to the Fed's 2% target relatively quickly, a bet that is starting to look better now than it did a few months ago.

The biggest question for investors, however, remains how high rates will need to go. Treasury yields closely track investors' expectations for interest rates and dropped sharply when bonds rallied last week after the release of lower-than-expected readings on consumer and supplier prices. Yet yields remain well above their lows for the year, suggesting many aren't convinced that the Fed's work is done.

Past moments of optimism have met with disappointment. The Fed has repeatedly raised its own interest-rate forecasts since early 2022. Investors have often been hesitant to follow suit but have ultimately been dragged along

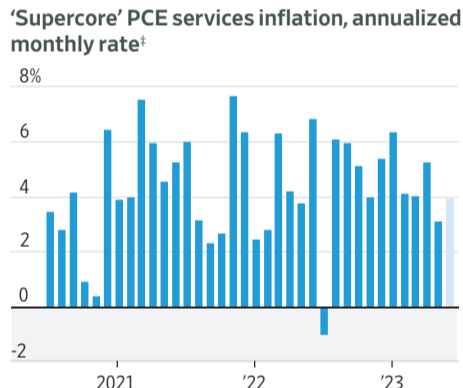
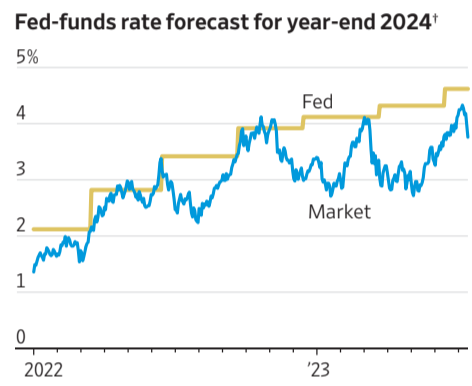
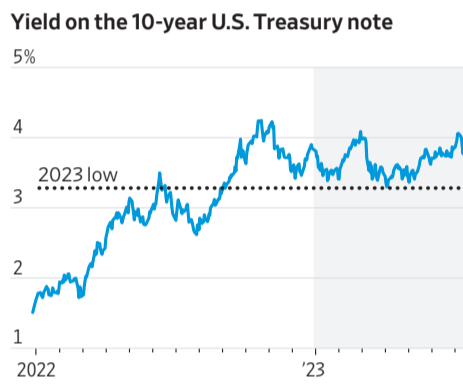
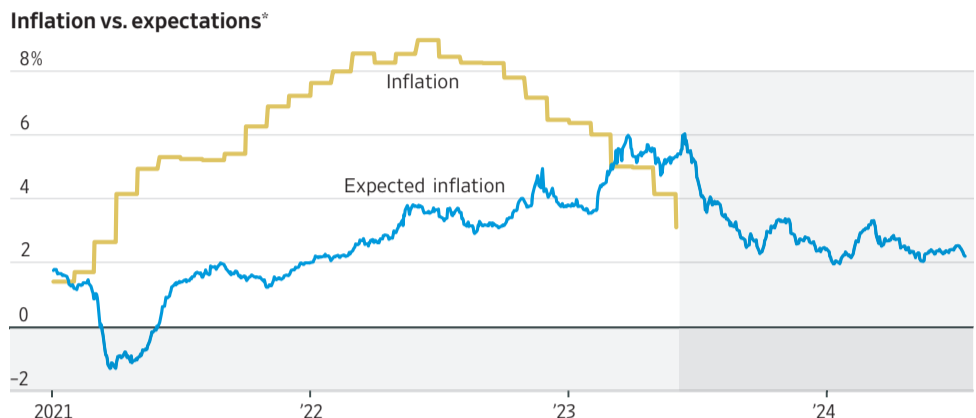
for the ride.

The Fed's preferred inflation measure—the core personal-consumption expenditures price index, which strips out volatile food and energy items—stood at 4.6% in May, still well above its 2% target. But there have been signs of progress, with even some easing in nonenergy or housing services—a key category for the Fed sometimes known as "supercore" inflation.

One note of caution for investors is that progress on inflation has come despite a very tight labor market. Many believe that wage increases, in particular, will need to subside for inflation to come fully under control.

Investors do expect interest rates to fall in the coming years, but their forecasts don't necessarily include a recession.

The Fed's benchmark federal-funds rate is expected to fall gradually over the next decade to a long-term level that neither stimulates nor slows growth, according to an analysis of Treasury yields by Benson Durham at Piper Sandler. By comparison, Australian bond yields suggest a more concerted effort to boost the economy over the next couple of years.



*Shows annual CPI inflation and derivatives' market one-year earlier forecast for annual CPI inflation. †Market forecast is based on overnight index swaps. Fed forecast reflects median forecast of Fed officials at meetings with economic projections. ‡June 2023 number is Employ America estimate based on CPI, PPI and import-price data
Sources: Labor Department (inflation); Tradeweb (CPI swaps data); Tradeweb ICE Closes (Treasury); Federal Reserve (Fed); Chatham Financial (market); Employ America (supercore); Federal Reserve Bank of Atlanta (wage growth)



The Cybertruck sports a triangular stainless-steel exterior and science-fiction appeal.

Tesla Begins Production on Cybertruck Years After Unveiling

By NORA ECKERT

Tesla built the first Cybertruck at its factory in Texas, rolling out the futuristic electric pickup nearly four years after the prototype was introduced.

The company celebrated the production kickoff in a Saturday morning tweet that showed a photo of the vehicle surrounded by hundreds of employees in hard hats at Tesla's plant in the Austin area,

where the company is now based. CEO Elon Musk unveiled the Cybertruck in 2019 at an event outside of Los Angeles, and suggested at the time that it would be in production within a couple of years.

More competitors have brought their electric pickups to market since Tesla shared plans to enter the segment. Ford's F-150 Lightning pickup began rolling off assembly lines in Michigan early last

year. Startup Rivian Automotive increased deliveries of its R1T pickup to customers in recent months.

The gasoline-pickup-truck segment has become one of the more lucrative sides of the business for legacy automakers, and many companies have hoped to lure in new buyers with similar EV offerings.

Some of these vehicles, such as the F-150 Lightning, bear a

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SEC's Crypto Strategy Falts in Ripple Case

By DAVE MICHAELS AND PAUL KIERNAN

WASHINGTON—The Securities and Exchange Commission thought it had a way to regulate crypto—a 77-year-old Supreme Court test that created a catchall definition for obscure securities.

The SEC applied the so-called Howey test to go after crypto startups that issued tokens, exchanges that traded them and even parties that pool investors' coins and lend them out. The test became the linchpin of the SEC's strategy to regulate cryptocurrencies, even though the laws the agency enforces are decades older than the internet.

That strategy backfired on the SEC this past week when U.S. District Judge Analisa Torres decided the test doesn't cover more than \$1.4 billion in sales of a token known as XRP. Whether the tokens are securities depends on how they are sold, she said.

The decision was a big loss

for the SEC on its home turf of the Manhattan federal courts where it tries most of its cases, attorneys said.

The SEC could appeal Torres's ruling, which isn't binding on other district courts. Some attorneys said the judge's decision opens a major loophole in investor-protection laws that regulators must challenge. The agency might also feel compelled to appeal because other crypto defendants will cite Torres's decision in their own court fights with the SEC.

"I'm confident the SEC will appeal," said Rep. Brad Sherman (D., Calif.), a critic of crypto companies. "This process will drag on for a long time."

The SEC sued Ripple Labs and two of its executives in December 2020 over their sales of XRP, a cryptocurrency designed to facilitate cross-border payments.

The case was a key part of a legal strategy to persuade

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INSIDE



BOX OFFICE

'Mission: Impossible' falls short of other summer hits in its opening weekend. **B2**



TRANSPORTATION

United Airlines pilots are set to receive pay raises of up to 40% in a contract deal. **B3**

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BUSINESS & FINANCE

New 'Mission: Impossible' Falls Short of Other Summer Movie Hits



Tom Cruise once again plays Ethan Hunt in the latest installment.

was shot in Italy during the pandemic, which inflated costs and stretched out its production time line.

The earnings from Cruise's latest film beat other installments of the franchise, Paramount said. When "Mission: Impossible-Fallout" debuted in 2018, it grossed \$77.5 million in the U.S. during its first five days, Paramount said.

While box-office earnings have fallen this year, there have been some successful showings at the theater, particularly from films based on popular franchises, including "The Super Mario Bros. Movie" and "Guardians of the Galaxy Vol. 3."

Two other high-profile releases fell flat.

Pixar's "Elemental," a \$200 million animated romantic comedy, earned an estimated \$29.5 million at the box office domestically in its opening weekend in one of the worst debuts in the studio's history. It added an estimated \$15 million internationally.

"The Flash," a Warner Bros. Discovery story about a time-traveling superhero that cost about \$200 million to produce, took in about \$55 million in the U.S. and Canada during its three-day debut. It earned an additional \$75 million internationally.

Releases later this summer could send box-office results surging, with highly anticipated films such as Greta Gerwig's "Barbie" and Christopher Nolan's "Oppenheimer" opening this weekend.

By NORA ECKERT

Tom Cruise's \$291 million summer blockbuster "Mission: Impossible" film is packed with thrilling stunts, including one in which the 61-year-old actor rides a motorcycle off a cliff and deploys a parachute seconds later.

Its box-office performance was less impressive.

Box-office data provider Comscore said Paramount's "Mission: Impossible-Dead Reckoning Part One" pulled in \$56.2 million in the U.S. from Friday to Sunday, making it the weekend's top performer, ahead of "Sound of Freedom" and "Insidious: The Red Door." Overall this summer, that haul puts the film in seventh place among opening-weekend performances, behind other franchise installments such as "Spider-Man: Across the Spider-Verse," "Guardians of the Galaxy Vol. 3" and "Indiana Jones and the Dial of Destiny."

Unlike many other popular films this summer, "Dead Reckoning Part One" opened on Wednesday. It is expected to earn \$235 million through Monday, \$80 million of that coming from the U.S., Paramount said.

Pressure has been high on older stars such as Cruise and Harrison Ford to turn around Hollywood's lackluster summer by tapping into fans' nostalgia. The domestic box-office haul from May 1 to July 12 is down 7.7% compared with the year-earlier period, and 19% below the total for the same

Estimated Box-Office Figures, Through Sunday

Film	Distributor	Sales, in Millions		
		Weekend*	Cumulative	% Change
Mission: Impossible - Dead Reckoning Part One**	Paramount	\$56.2	\$80.0**	—
2. Sound of Freedom	Angel Studios	\$27.0	\$85.5	37%
3. Insidious: The Red Door	Sony	\$13.0	\$58.1	-61%
4. Indiana Jones and the Dial of Destiny	Disney	\$12.0	\$145.4	-56%
5. Elemental	Disney	\$8.7	\$125.3	-13%

*Friday, Saturday and Sunday in North American theaters
**Opened on Wednesday
Source: Comscore

period in 2019 before Covid struck, according to Comscore.

"Cruise is unique among the older generation of stars, with an unmatched reputation as a filmmaker and star absolutely dedicated to the movie-theater experience," said Paul

Dergarabedian, a senior media analyst at Comscore.

The actor once again plays Ethan Hunt, leader of an American spy agency, who in this film faces a mysterious artificial-intelligence villain. Much of the big-budget film

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SEC Plan For Crypto Stumbles

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crypto companies to comply with SEC rules. The agency said many crypto tokens are investment contracts, a catch-all term it has used to regulate arcane investments in orange groves, whiskey casks, pay phones and the breeding of beavers.

A 1946 Supreme Court case regarding investments in orange groves defined an investment contract as an agreement under which buyers expect to earn a profit based on the efforts of others. In the court case, a company sold interests in an orange grove to investors. People who bought the investment contract expected to earn a profit on the eventual sale of oranges, with the work done by the company that managed the land and citrus trees, the court reasoned.

SEC Chair Gary Gensler has said most crypto tokens are investment contracts, citing the Howey test. Gensler has said that people buy crypto assets hoping to profit from them and rely on crypto companies to make the tokens more valuable.

But tokens aren't intrinsically, or always, an investment contract, Torres wrote. The judge said it is how tokens are sold that matters. One sale can be an investment contract, while another isn't.

Ripple's sales of XRP to institutional investors qualified as an investment contract, she wrote. The company marketed directly to those investors, promising that it would work to make XRP more valuable. That part of her opinion sided with the SEC's view of XRP.

But people who bought XRP on digital-asset exchanges didn't know they were buying from Ripple since trading is anonymous, Torres wrote. It wasn't enough that they were speculating on XRP to rise in value because people buy all types of commodities hoping they will rise in value, and that doesn't make those things securities.

The decision underscores the need for Congress to create a clear regulatory structure for the digital-asset industry, according to some lawmakers.

Ripple, Coinbase and other crypto companies have collectively spent millions of dollars lobbying Washington to rewrite the laws that the SEC has relied upon to go after the industry. The industry's allies in Congress wasted little time

in seizing on Torres's decision as proof that the SEC is overstepping its authority.

"I applaud the decision," Sen. Cynthia Lummis (R., Wyo.) said. The ruling "confirms the need for Congress to deliver a clear regulatory structure for the crypto asset industry."

Crypto lawyers have been promoting the idea for years that tokens can be investment contracts in some cases but not in others. Torres's decision supports that idea. Stocks and bonds don't work like that—they remain securities from when they are issued to whenever the company goes out of business or buys them back from investors.

"That is the impact of this ruling and why it is such a watershed," said Marco Santori, chief legal officer at the crypto exchange Kraken. "The right question is whether a particular transaction was a securities transaction."

Critics of the decision said it flips the purpose of the securities laws on its head. Small investors, who use exchanges to make crypto investments, wind up with no protection under the judge's reasoning. But bigger investors, who negotiate directly with token issuers and often get better prices, have the protection of securities laws.

"It's just frankly bizarre, and that is why I think it is very likely to get overturned if the SEC chooses to appeal like I think they will," said Lee Reiners, a lecturing fellow at Duke University.

Torres's reasoning effectively supports the arguments of crypto exchanges, which argue that the Supreme Court wrote the Howey test to address investments made directly in a company, and not secondary-market trading. Coinbase investors embraced that argument after Torres's ruling came out, driving the stock up around 25% on Thursday.

Coinbase is fighting an SEC lawsuit in Manhattan federal court that alleges it operated illegally because it didn't register to trade securities. Coinbase has told the court that it will move for an early judgment in the lawsuit because the tokens it lists aren't investment contracts. Coinbase will cite Torres's ruling in its motion, according to people familiar with the matter.

JPMorgan analyst Kenneth Worthington wrote Friday that Torres's decision "appears on the surface to be a win for Coinbase." If an appeals court doesn't overrule Torres, that would damage the SEC's chances of convincing a court that tokens listed on Coinbase's platform are securities, he wrote.

—Vicky Ge Huang contributed to this article.

ARK Hit By Outflow Amid Gains

Continued from page B1

never getting back to even; this is probably the best I'm going to do, and it's time to get out."

Wood said the outflows have been small compared with the fund's assets.

"We have been astonished at our asset retention since February of '21," Wood said in an interview. "It's a very small number as a percentage of assets, which suggests that it's far more likely to be people who are taking some profits than some exodus of people who have stayed in the fund through a prolonged down period."

Despite the recent rally, ARKK shares are trading about 70% below their record. The S&P 500 has climbed 17% this year on hopes the Fed is near the end of its tightening effort. It is still down 6.1% from its early 2022 high.

ARKK's top five holdings are Tesla, Coinbase Global, Roku, Zoom Video Communications and Block. Only Tesla and Zoom were profitable last year. Tesla holds an 11% weight in the fund, helping

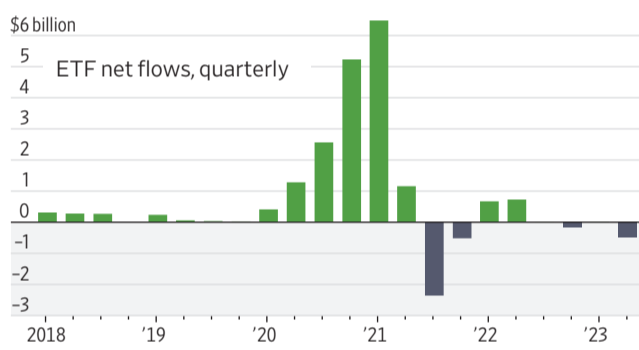
power its advance this year. Shares of the electric-vehicle maker have more than doubled in 2023 but, like ARKK, are down sharply from their previous high.

Although technology stocks are strongly back in favor this year, the best performers have mostly been mature, profitable companies that generate significant cash, such as Microsoft and Amazon.com. Unlike two years ago, investors appear to have less interest and patience for companies that aren't expected to turn a profit until years in the future. Higher interest rates have meant there is a much higher opportunity cost to wait for profitability.

"There's certainly been a change in sentiment from when the ARK funds were doing really well," said Aniket Ullal, head of ETF data and analytics at CFRA Research. "A lot of the stocks the ETF holds won't have big cash flows until way out in the future, and it's a more challenging environment for that with rates expected to be higher for longer."

Investors said the ARK brand lost its luster after the fund's prodigious fall. It took another hit after missing out on the monster rally in shares of Nvidia, the graphics-chip maker at the heart of the boom of interest in artificial-intelligence technology. ARKK sold the last of its Nvidia posi-

ARK Innovation

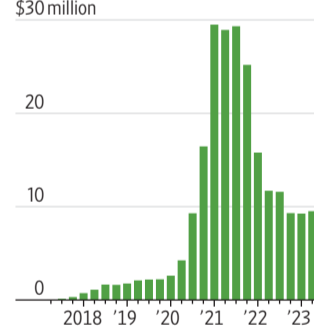


ETF assets under management*



*Through July 10

Estimated fees revenue, quarterly



Source: FactSet

Traders See A Soft Landing

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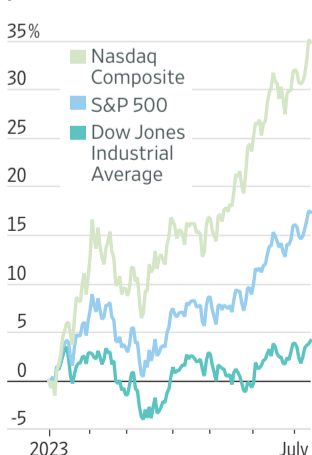
rates to student loans, ended Friday at 3.818%, compared with 4.047% the previous week. That marked its biggest one-week slide since March.

"We all thought there would be a hurricane, but it hasn't come yet," said Brad Conger, deputy chief investment officer at Hirtle Callaghan.

This coming week, investors will get a look at fresh data on retail sales and existing-home sales, as well as earnings from companies including Morgan Stanley, United Airlines Holdings and Tesla.

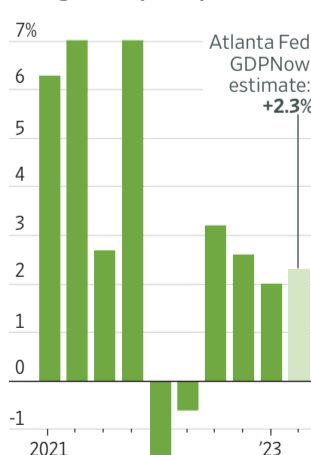
Parts of the economy have undeniably slowed. The housing market, for example, has cooled.

Index performance, year to date*



*As of July 14. †Seasonally and inflation adjusted at annual rates. Sources: FactSet (performance); Commerce Department via St. Louis Fed (GDP); Federal Reserve Bank of Atlanta (2Q '23 estimate)

U.S. gross domestic product, change from prior quarter†



Atlanta Fed GDPNow estimate: +2.3%

facturing industry has weakened, too. At the start of the month, data from the Institute for Supply Management showed activity in the manufacturing sector contracted in June for an eighth consecutive month.

But the fact remains that, so far, the overall economy has evaded recession. The biggest U.S. banks posted better-than-expected results Friday, thanks to consumers and businesses continuing to spend and bor-

row money in the second quarter.

Generally good economic news has kept the market climbing.

"Earnings have been resilient, and inflation is less of a problem," Conger said. "When you put those two things together, yeah, the market...it should be up."

If the Fed ends up raising interest rates just one more time, as traders currently expect, and the economy keeps

on chugging along, markets might have more room to climb, investors and analysts say.

What could go wrong, then?

The obvious answer is that the Fed decides inflation hasn't come down enough to stop tightening monetary policy, and surprises investors by continuing to raise interest rates past July, said Rhys Williams, chief strategist at Spouting Rock Asset Management.

"Clearly the market is saying that inflation has peaked, the Fed is looking through the rearview mirror, and the incremental news is going to just keep getting better...but the data suggests the Fed might have to keep going for a while," Williams said.

The Fed's preferred inflation measure, the personal-consumption expenditures price index, rose 3.8% in May from a year earlier. That was the slowest pace in two years but still well above the central bank's 2% inflation target.

Another risk is that economic momentum falters. Some indicators—such as the bond market's yield curve, and the Conference Board's leading economic index—have been at levels that have historically signaled recessions for months.

BUSINESS NEWS

United Pilots Set for Raises Of Up to 40%

Pact is latest by major airlines to boost wages, perks amid a shortage

By ALISON SIDER

United Airlines Holdings struck a preliminary contract agreement with its pilots that would provide pay raises of 34.5% to roughly 40%, the latest move by major airlines to boost wages and incentives while carriers grapple with a pilot shortage.

The deal underscores the new dynamics for pilots in the now-booming airline industry, as pilot unions at **Delta Air Lines** and **American Airlines Group** have also reached new labor agreements that include substantial pay raises and other benefits.

United's agreement, which still needs to be made final and ratified by its pilots, also includes changes to work rules aimed at giving pilots more control over their schedules, union leaders said. The Air Line Pilots Association said Saturday that the deal is worth about \$10 billion. Pilots would initially get pay bumps of 13.8% to 18.7% followed by additional raises in later years.

Pilots' initial pay rates under this contract range from close to \$110 an hour to over \$420 an hour. Pilots tend to get an average of between 80 and 85 hours a month in flight hours, which would amount to a range of between about \$100,000 for a newly hired pilot to over \$400,000 a year for a senior widebody captain.

United Chief Executive Scott Kirby said the deal would deliver "a meaningful



United Airlines pilots have picketed at airports and been critical of the company's management.

pay raise and quality of life improvements" while facilitating the airline's growth.

Labor negotiations at several carriers hit snags in recent months as pilots held out for better deals. United's pilots last year rejected a deal that would have included pay

raises of more than 14.5% over 18 months. Talks have grown increasingly tense as pilots have picketed at airports and been critical of management.

The contract that Delta's pilots ratified earlier this year set a new high for pilot pay and benefits that rival carriers

have scrambled to match or exceed.

American Airlines pilots are set to begin voting this month on a new four-year deal that would boost wages by 41.5%. The Allied Pilots Association said late Saturday that it plans to review the United

agreement to determine whether its own proposed contract terms now need to be revisited.

Southwest Airlines pilots have said their negotiations have stalled and last month asked to be released from federal mediation.

H&M Now Wants to Sell You Makeup, Sofas and Crocs

By TREFOR MOSS

H&M Hennes & Mauritz is moving further beyond its eponymous clothing label, doubling down on beauty products, housewares and selling products from other brands to draw in more shoppers.

The retailer is opening stand-alone beauty and home stores even as it continues to close its namesake clothing shops. Meanwhile, it is expanding the handful of other chains it owns including up-market brand Cos and street-fashion label Weekday. It is also selling more third-party brands, including Adidas and

New Balance sneakers, in its stores and online.

The moves come as H&M works to develop its growth strategy in a bid to revive stagnant sales.

"We have really been looking into customer demand," Chief Executive Helena Helmersson said in an interview. While that has partly involved refreshing H&M's core clothing ranges to re-engage the consumer, she said, "part of this work is asking: How can we broaden what we offer?"

Sales growth at H&M, once a rapidly growing pioneer of fast fashion, has stalled in recent years. Excess inventories

and the Covid-19 pandemic depressed sales, and now online fashion rivals including Shein are challenging the company on speed and price.

Moreover, Helmersson said, H&M had lost some cachet in particular with young female consumers, its core demographic, but is making progress in winning them back. The brand lost ground against rivals several years ago because its clothes were perceived as less trendy and its stores lacked excitement, according to analysts.

H&M's revenue in 2022 was approximately the same as six years earlier. Growth has re-

mained underwhelming so far this year. The company reported a 9% rise in revenue for the six months ended May 31, although its growth rate was 1% when stripping out currency fluctuations.

In response, analysts say, the Swedish company is diversifying. The company has increased the number of H&M Home-branded stores—which sell everything from sofas to kitchenware to bed linen—to 32 from 11 before the pandemic.

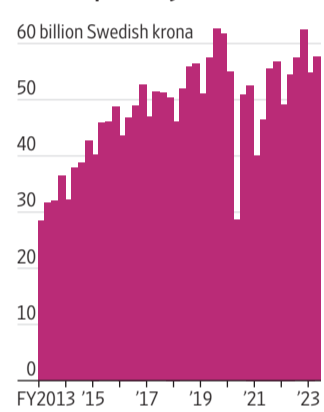
It has also added homeware sections to 399 regular stores, and says its range is now available in most countries where it operates online.

H&M is now looking to make a similar push into beauty and personal-care products. The company opened two flagship H&M Beauty-branded stores in Norway in April.

H&M has since last year also embraced selling other companies' products, including in its stores. It now offers more than 70 other brands, including Crocs, Levi's and Superdry, and says it plans to add more.

The company has also launched a sportswear brand, H&M Move, and started to sell secondhand clothing through its Selly resale platform.

H&M's quarterly revenue



Note: 1 billion krona = \$97.6 million. Most recent fiscal quarter ended May 31. Source: S&P Capital IQ



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WSJ.com/Tech

‘Call of Duty’ to Stay on PlayStation After Deal

Microsoft gets Sony on board pact to keep the game on Xbox’s rival consoles

By Sarah E. Needleman and Nora Eckert

Microsoft reached an agreement with Sony Group to keep Activision Blizzard’s popular “Call of Duty” series on Sony’s PlayStation system if its \$75 billion deal for Activision is completed.

Sony has been an opponent of the megamerger, which has a closing deadline of Tuesday. Over the past year and a half, Microsoft made agreements with Nintendo, Nvidia and other rivals—but not Sony—to make “Call of Duty” equally accessible to them over a 10-year period. Microsoft said Sony had declined to sign such an agreement, making it an outlier. Now, the software giant said, Sony is on board.

A key concern among regulators scrutinizing the deal has been whether the acquisition would harm competition in the global videogame industry, namely if Microsoft were to make Activision’s games—including “Call of



Control of the videogame franchise is a concern for regulators who oppose Microsoft’s purchase of game maker Activision.

Duty,” one of the most popular series of all time—exclusive to its Xbox system. Some regulators also raised concerns that Microsoft could delay the release or degrade the quality of “Call of Duty” games for rival distributors. Microsoft has re-

peatedly said it wouldn’t do those things.

Microsoft Vice Chairman and President Brad Smith said in a tweet on Sunday morning about the Sony deal that Microsoft would remain focused on ensuring that “Call of Duty” stays available on more

platforms than ever. “From Day One of this acquisition, we’ve been committed to addressing the concerns of regulators, platform and game developers, and consumers,” Smith wrote, responding to the deal’s announcement by Phil Spencer, Microsoft’s head

of gaming.

Sony confirmed a 10-year deal had been reached.

Microsoft announced its plans to buy Activision in January 2022 and valued the deal at \$69 billion after adjusting for the videogame publisher’s net cash. The

companies secured regulatory approval in Europe, China and other markets but hit roadblocks in the U.S. and the U.K.

An appeals court on Friday denied a last-ditch bid by the Federal Trade Commission to halt the acquisition. In a brief order, the Ninth Circuit Court of Appeals rejected the FTC’s request for a court order that would have blocked Microsoft and Activision from merging while the agency appeals a July 11 decision by a trial-court judge.

Friday’s order helps clear the way for Microsoft and Activision to close the merger and puts pressure on the FTC to drop its appeal of the July 11 ruling. While the deal still faces opposition in the U.K., Microsoft and Activision received a lift last week when the country’s Competition and Markets Authority said it would consider proposals for a restructured deal, which would trigger a new merger investigation. The regulator didn’t say how long such an investigation would take.

Meanwhile, Microsoft and Activision could agree to extend the deal’s Tuesday deadline.

Businesses Tackle AI With More Task Forces

By Chip Cutter

As companies race to incorporate artificial intelligence into their operations, many are wrestling with a more fundamental corporate concern: Who should manage such efforts?

The potential of AI to increase efficiency and change work in several white-collar functions—from marketing and human resources to finance and engineering—means it can be difficult to determine which teams should oversee the technology, executives say. Enabling too many departments to experiment with generative AI can expose a company to risks or data-privacy issues, executives say; restricting it can stifle innovation and potential productivity improvements.

“If you have too much top down, adoption really suffers,” said Hamid Moghadam, chief executive of real-estate company and warehouse owner Prologis, which is working to find new ways to apply AI in its business. “And if it’s too bottoms up and unstructured, the good ideas don’t go anywhere.”

Across industries, CEOs have spent weeks debating the right ways to tackle AI projects, as the technology advances and companies attempt to seize on it. Some CEOs asked technology chiefs or data officers to determine how AI should be employed. Such executives possess a technical background, an advantage in helping them assess which generative AI tools, such as ChatGPT, can be right for a business, said Alex Singla, a senior partner at McKinsey, who is advising companies on AI strategies.

Other employers are creating roles, like heads of generative AI, or forming committees to address the technology. Companies including VMware,



Prologis is expanding employees’ access to a tool from Microsoft and OpenAI called Azure OpenAI.

DocuSign and others have pulled together small bands of employees from several departments to meet regularly to discuss AI efforts. These AI task forces, typically made up of about a dozen people, are becoming more common, corporate advisers say. Landing a spot on them has also become a coveted assignment for professionals hoping that involvement in AI efforts can bolster their careers, advisers say.

“Generative AI is the hot new thing,” said Paul Daugherty, chief executive of Accenture’s technology group. “People do want to become part of these initiatives. People want to get involved. They want to build their own skills around this.”

An AI council

At VMware, the company created a centralized AI council earlier this year to monitor work across the business. It also started smaller AI task forces focused on specific departments, such as marketing, said Kit Colbert, the company’s chief technology officer. The central AI council meets bi-weekly and is made up of about

10 people, including representatives from the legal department, engineering, marketing and customer success.

One of the council’s first tasks: defining how AI could be used throughout the company. VMware approved the use of the technology for internal engineering projects, but not those involving products or software sent to customers, Colbert said. VMware agreed to allow generative AI in early stages of creating marketing content, but not in determining hiring or firing decisions in human resources, since the company wants to avoid potential bias in such actions, Colbert said.

The task force also helps to oversee internal AI experiments. To assess the impact of generative AI on its operations, VMware is conducting a controlled study within a group of engineers that builds internal tools. For a month, the company is measuring the productivity of about two dozen engineers using traditional software-development programs. Then, it will give those employees access to a large language model to help

them in writing code using generative AI. It will measure whether AI makes employees more productive or satisfied, Colbert said. “We’re going to be learning about: What does this team want? What do they need?” he said.

More data scientists

Many executives realize that AI efforts—and how a company is structured—will need to evolve. At MetTel, a telecommunications-services provider in New York that employs roughly 750 people, the company is considering putting data scientists in every department to help teams find new uses for AI. Already, the company uses AI to help read emails from customers and to identify technical problems on customer networks before they are reported. CEO Marshall Aronow said he hopes it can do more within the company. “This is a great opportunity to take away a lot of what we’ll call steady state or lower level or more manual work,” he said.

The enthusiasm around ChatGPT has led employees throughout the company to

email MetTel’s chief technology officer with ideas about how AI could change existing processes.

Advisers say companies must be disciplined about what can be accomplished with AI now. Singla, the McKinsey partner who leads the firm’s AI division, said he recommends that companies determine two or three areas per department where generative AI could make a difference. Senior leaders or an AI task force can then evaluate which projects seem most doable and worth giving priority to based on the available data and technology. That avoids “a road map of 1,000 use cases,” he said.

Technology company DocuSign has assigned two executives to spearhead AI efforts: DocuSign’s chief technology officer, who looks after AI products offered to customers, along with its chief information officer, who is internally focused.

“We don’t want it to become 200 experiments in the company, which is why a limited number of people owning it helps,” said Shanthi Iyer, DocuSign’s chief information officer.

Some companies are trying to straddle a line between top-down control and bottom-up idea generation. The real-estate company Prologis is expanding employees’ access to a tool from Microsoft and OpenAI called Azure OpenAI. At the same time, a group of three leaders—the company’s chief technology officer, the head of its venture investing arm and a global head of strategy and research—help decide which AI projects are worth pursuing more broadly.

“We want to make it really easy for people to generate ideas and experiments. But then we want a level of control and due diligence on whether we can actually implement it,” said Moghadam, Prologis’s CEO.

Cybertruck Begins Production

Continued from page B1

resemblance to their gas-powered counterparts, a tactic meant to woo traditionalists. Musk slammed those designs as boring, and opted for a different look with the Cybertruck, which sports a triangular stainless-steel exterior and science-fiction appeal.

Musk is facing an uncertain EV market as he scales production of the battery-powered pickup. Sales of electric vehicles have slowed in the first half of the year, and inventory has begun to pile up at dealerships across the U.S., according to research firm Cox Automotive. There were 92 days of unsold EV inventory at the end of June, a measure of stock availability based on recent sales trends, compared with a 51-day supply across all types of vehicles, according to Cox.

Tesla, along with other automakers, has tried to spur demand for its electric models by slashing prices.

The Tesla boss said earlier this year that he didn’t expect the electric pickup to be a meaningful part of the automaker’s portfolio until 2024. Musk said in April that he expects the company to start delivering Cybertrucks to customers in the third quarter of this year. “I wouldn’t put too much stock in start of production. It’s kind of when does volume production actually happen, and that’s next year,” he said at the start of the year.

The company ran into snags when the truck was introduced in late 2019. Musk claimed the Cybertruck was bulletproof, asking his head of design to throw a small metal ball at its side window. The window cracked.

“Maybe that was a little too hard,” Musk said.

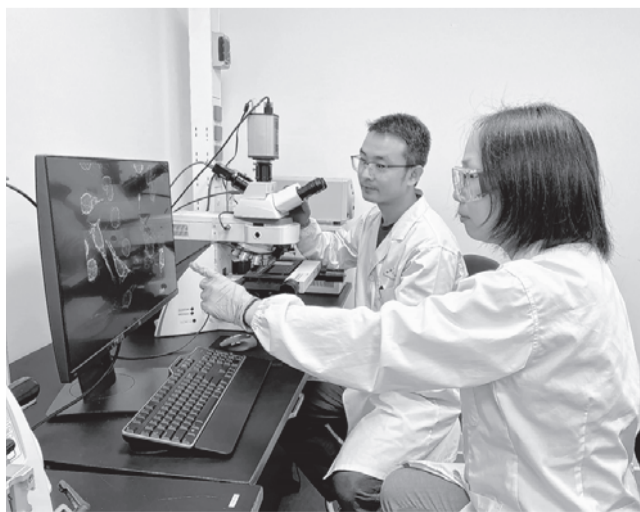
Ozempic and Wegovy Spark Gold Rush for Drugmakers

By Jared S. Hopkins

The sudden popularity of drugs such as Ozempic and Wegovy for weight loss created a multibillion-dollar market overnight. Healthcare companies want a piece of it.

The weight-loss space is quickly maturing into a booming pharmaceutical segment. Investors are making bets on the next breakthrough product and drugmakers are racing to test dozens of new therapies. Companies are developing diagnostic tests that could better match patients to drugs suited for them.

“It is almost as if a completely new disease area has been discovered that just happens to have 100 million people in it,” said Mark Bagnall, chief executive of Phenomix Sciences, a startup that this year rolled out tests that help



Structure Therapeutics raised \$185.3 million in its IPO this year.

doctors match patients to weight-loss drugs.

For years, the weight-loss market was stagnant with products that were ineffective

or carried irksome side effects. New therapies like Mounjaro from Eli Lilly and Ozempic and Wegovy, both from Novo Nordisk, changed

that—and catapulted their manufacturers to the top of the industry. Now weight-loss drugs could become a top-12 global therapy valued at \$54 billion by 2030, up from \$2.4 billion last year, according to Morgan Stanley.

Analysts say the space has room for more companies, with just a fraction of eligible people taking prescription drugs to lose weight.

Since Lilly disclosed a study of impressive weight-loss data from its then-experimental drug Mounjaro about a year ago, companies developing weight-loss drugs have raised or done deals valued at more than \$1.4 billion, according to Piper Sandler analysts. Among them was Structure Therapeutics, which is developing a weight-loss pill and is one of about a dozen biotech companies to go public this year,

raising \$185.3 million after its founding seven years ago.

“Not a lot of biotechs will go into chronic disease; now we are seeing a lot more,” Structure CEO Ray Stevens said. “Biotech companies’ investors aren’t typically interested in chronic diseases because they usually tend to [have] very long trials and very expensive trials.”

On Friday, Lilly said it agreed to acquire closely held Versanis Bio for up to \$2 billion. Versanis’s lead drug candidate is an obesity pill that is designed to work differently than Mounjaro. The drug is designed to block fat accumulation, prompting the body to build muscle and burn fat instead.

About half of more than 80 drugs in development for obesity or related diseases work differently than the ones from Lilly and Novo, according to

TD Cowen. Analysts say some might threaten the dominance of current therapies while others might help people who are still unable to lose weight while on existing drugs.

Other experimental drugs promise to cause fewer side effects like nausea or make people less likely to regain weight after stopping treatment.

“As a next-generation solution, we’re actually able to address some of those issues,” said Jayson Dallas, CEO of closely held Rivus Pharmaceuticals, which is developing a weight-loss pill. “The battle forever has been enabling people to keep the weight [off].”

After its experimental pill helped people lose weight while preserving muscle mass in a midstage study, Rivus said it raised \$132 million in a series B financing.

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Private Equity Casts Wide Net For Talent

Buyout firms look for younger workers with a variety of backgrounds

By CHRIS CUMMING

Private-equity firms are looking beyond the Ivy League in their search for younger workers, as the industry grapples with a hiring market that remains very hot despite a slowdown in deals.

Buyout firms are recruiting more junior-level employees from state universities and smaller colleges, rather than the handful of elite schools they usually focus on, say people who work with fund managers on hiring issues. Firms are seeking out candidates with technical and scientific backgrounds or hands-on experience running businesses, they say.

Both trends represent a marked change from the buyout industry's past practice of hiring mostly young bankers with finance degrees from top schools such as Harvard or Stanford universities.

For years "private equity hired based on resume—the school you went to, the investment bank you worked for. It's been a very homogeneous profile," said Ted Bililies, a partner at consulting firm Alix-Partners who works with firms on talent-management issues.

Now, private equity "is widening the net so that they're not all looking at the same six schools," Bililies said.

There are two main reasons private-equity firms want to change their hiring habits, people in the industry say. First, firms want a more di-

verse workforce, in part because institutional investors have begun to demand more hiring of minority candidates and women. Second, they want to get a leg up in the ultracompetitive postpandemic hiring market.

"Traditionally private equity did not do well in recruiting a diverse slate of candidates," said Christopher Hunt, president and co-founder of Hunt Scanlon Media, a Greenwich, Conn., company that publishes reports on the executive-search industry. By broadening their searches, "firms are broadening their ability to recruit people of diverse backgrounds."

The traditional profile for a young worker in private equity is called the "two-plus-two": two years in investment banking, two years in private equity, then business school.

This model is slowly eroding as more young private-equity professionals opt to forgo business school. Firms are deliberately expanding searches to find workers with less uniform backgrounds, including those with experience outside the financial sector, said Gina Jorasch, interim assistant dean in the career management center at the Stanford Graduate School of Business.

"Firms [now] might be open to hiring someone without the traditional two-plus-two, but who have technical industry experience," she said.

Josh Adams, now a partner at **OpenGate Capital**, was an

accountant without a college degree when Platinum Equity hired him at age 23 to be a London-based associate. He credits Platinum for its willingness to take a chance on a young professional who didn't fit the mold.

"I didn't have the most traditional background, but work ethic prevailed," he said.

Adams said his own unusual path into the industry informs his contribution to the hiring process at Los Angeles-based OpenGate, which manages over \$1 billion. "We come from a cultural environment where it's not just what was your school, what was your GPA, did you work at Goldman," Adams said. "It's about the right people doing the right job and bringing the right skill set."

Recruiters say the market for junior-level private-equity talent is still very hot, even as buyout activity and fundraising have been cool for roughly the past 12 months. In the second quarter, global private-equity investment was about \$98.5 billion, 54% lower than the same period a year ago, according to research outlet S&P Global Market Intelligence.

Recruiters estimate that openings for private-equity analysts and associates are about 10% to 20% lower this year than in 2021 and last year. But because those years were so busy, the current level of demand remains strong by historical standards. Many firms have reduced rather than halted staff additions,



Buyout firms are recruiting more junior-level employees from smaller colleges, rather than elite schools such as Wharton School.

hiring two or three associates this year, for instance, rather than five or six during the boom years.

Firms learned during the Covid-19 pandemic that halting junior-level hires when deal making slows causes a shortage of manpower when activity picks up again, said Cameron Boland, president of recruiting firm GoBuySide. Even during a slowdown, firms need junior-level workers to analyze and model potential deals, she added.

"You need the associates to do the work," Boland said. "Even if deals are not closing, [firms] are still looking."

Compensation for younger private-equity workers—as well as for senior professionals—remains high and is rising. A report earlier this year from Preqin, which tracks information about private markets, said that 84% of firms increased pay at all levels from 2021 to 2022, and more firms raised base pay for junior professionals than for any other level.

About 73% of firms expected to increase pay between 2022 and 2023, the

Preqin report said. U.S.-based investment associates last year earned an average of about \$195,000, including their share of deal profits, while investment analysts earned just under \$114,000, Preqin's survey shows.

The pressure to increase base salaries in the postpandemic years stemmed in part from investment banks' raising junior-level pay, forcing private-equity firms to spend more to compete, said Will Lambeth, a managing director focused on private equity for recruiting firm Dartmouth Partners.

He said associate salaries grew by about 10% to 20% last year and appear to be holding steady this year. While senior professionals' compensation can vary quite a bit year to year due to fluctuations in asset sales, pay for younger workers tends to be steadier. And firms can't expect to hire top candidates for junior positions by lowballing them, recruiters say.

"The challenge is once you raise salaries, you can't bring them back down," Lambeth said.

The good news for private-equity firms, recruiters say, is that the industry's recent financial slowdown hasn't dampened the desire of talented young people to enter the industry. Of last year's graduating class at the University of Pennsylvania's Wharton School, about 13% took jobs in private equity or venture capital, up from 7% for the class of 2016.

But firms can no longer expect to attract the best simply by offering a big salary and promising a promotion after a few years of hard work, Alix-Partners' Bililies said. Younger workers often prefer a more diverse working environment, and they want to have scope for creative thinking. A stodgy office atmosphere can quickly turn these young professionals off, and private-equity firms have to adapt and change how they recruit and develop young workers, Bililies said.

Firms that will win this recruitment race are those that can persuade young workers "that they're going to be seen and heard, not just occupying a cubicle for the next several years," he said.

CFTC Whistleblower Program's Director Resigns to Represent Tipsters

By MENGQI SUN

Christopher Ehrman, the director of the Commodity Futures Trading Commission's whistleblower program since 2013, is leaving the agency effective immediately and will begin representing whistleblowers as a lawyer in private practice.

The derivatives-market regulator said Christina McGlosson, who recently returned to her role as associate director of the whistleblower office after two years in the private sector, will serve as acting director.

Ehrman will begin a new job representing whistleblowers after Labor Day, helping them present their cases to regulators and apply for awards, he said in an interview. He declined to name the law firm he will be joining.

Tips from whistleblowers have been increasingly driving enforcement actions at the CFTC, Ehrman said, with about 30% of active cases involving whistleblowers.

Ehrman said he is proud that he helped expand the office from a staff of three to 11 people now, including 10 at-

torneys, as well as building the office's website to engage with potential informants.

He also helped revamp the award review process to more closely mirror that of the Securities and Exchange Commission's whistleblower program, where informants and their lawyers have a chance to object before any final decision is made, he said.

Ehrman's leadership was tested when a record-breaking whistleblower award of nearly \$200 million to a former Deutsche Bank executive in October 2021 threatened to overwhelm the program's funds.

The whistleblower's information helped U.S. and U.K. regulators investigate manipulation of global interest-rate benchmarks by Deutsche Bank, leading to roughly \$2.5 billion in settlements with the bank in 2015, including \$800 million with the CFTC.

But the size of the prospective payout put the whistle-

blower program in peril, as agency leaders contended there was no mechanism to pay the former bank executive and other applicants and continue funding the program. The award led the agency to seek congressional action, and it averted a crisis after President Biden signed a bill in July 2021 to fund the program.

Ehrman said the issues behind the funding crisis still aren't resolved, as the provision to set up a separate account at the U.S. Treasury to fund the office will expire in October 2024 unless lawmakers amend it.

"It was a truly existential threat," he said of the funding turmoil.

The next program director will need to tackle the funding issues, as well as adapt to the increasing volume of tips and award applications, he said. Representatives for the CFTC said it was Ehrman's decision to leave the agency.

13%
of last year's Wharton School graduates took jobs in private equity or venture capital

The program received 1,506 tips in the fiscal year ended Sept. 30, 2022.

David's Bridal Sale to Keep Most Stores Open

By AKIKO MATSUDA

A bankruptcy judge on Friday approved the sale of nearly 200 David's Bridal stores out of bankruptcy to **Cion Investment Corp.**

In her bench ruling approving the sale Friday, Judge Christine Gravelle with the U.S. Bankruptcy Court in Trenton, N.J., said the transaction, which is set to close next week, would maximize the value for the creditors, while saving thousands of jobs and keeping up to 195 stores open.

"Without the sale, there's no way that this debtor would reach...the levels of return [for the creditors] that will be produced by the sale that's backed by Cion," the judge said.

"We were a thread away from liquidating" just weeks ago, said Bradford Sandler, a lawyer representing the junior creditors, at the hearing. But the deal came together after landlords gave concessions and made it happen in a last-ditch effort, Sandler said.

As part of the agreement, Cion, a publicly traded investment firm, has agreed to take over certain existing liabilities and pay for the costs to cure

contract defaults and breaches, according to the asset purchase agreement. The purchase price wasn't disclosed.

The successful sale of David's Bridal stores as a going concern would stand out among the retailers that filed for bankruptcy in recent months.

Housewares chain Tuesday Morning said in April it would liquidate all of its stores in bankruptcy, and home-goods retailer Christmas Tree Shops is following suit after defaulting on a loan that funds its bankruptcy.

David's Bridal, which boasted the wedding apparel chain of 294 stores in the U.S., Canada, the U.K. and franchise stores, filed for chapter 11 in April.

The privately owned company started to liquidate certain stores under bankruptcy, while continuing its efforts to find a buyer.

This chapter 11 filing was the second in less than five years for the Conshohocken, Pa.-based retailer. The company struggled to recover from the Covid-19 pandemic downturns, David's Bridal CEO James Marcum said in a court filing.



Lockheed Martin is expected to report per-share earnings of \$6.45 on Tuesday.

THE TICKER | MARKET EVENTS COMING THIS WEEK

Monday

Empire Manufacturing
June, previous 6.6
July, expected 0.0

Earnings expected
Estimate/Year Ago
Equity LifeStyle Properties **0.35/0.33**

Tuesday

Business inventories
April, previous up 0.2%
May, expected up 0.2%

Capacity utilization
May, previous 79.6%
June, expected 79.5%

Industrial production
May, prev. down 0.2%
June, expected up 0.0%

Retail sales, ex. autos
May, previous up 0.1%
June, expected up 0.3%

Retail sales

May, previous up 0.3%
June, expected up 0.5%

Earnings expected

Estimate/Year Ago
Bank of America **0.84/0.73**
Charles Schwab **0.71/0.97**
Lockheed Martin **6.45/1.16**

Morgan Stanley **1.20/1.44**
PNC Financial Services **3.29/3.39**

Prologis **0.98/0.8**

Wednesday

Building permits
May, previous 1.491 mil.
June, exp. 1.480 mil.

EIA status report

Previous change in stocks in millions of barrels
Crude oil up 5.9
Gasoline down 0.0
Distillates up 4.8

Housing starts

May, previous 1.631 mil.
June, exp. 1.480 mil.

Mort. bankers indexes

Purch., prev. up 2.0%
Refinan., previous down 1.0%

Earnings expected

Estimate/Year Ago
Elevance Health **8.79/8.04**
Goldman Sachs **3.16/7.73**
IBM **2.02/2.31**
Netflix **2.85/3.20**
Tesla **0.79/0.76**

U.S. Bancorp **1.05/0.99**

Abbott Labs **1.05/1.43**
Blackstone **0.92/1.49**
CSX **0.49/0.54**
Johnson & Johnson **2.62/2.59**
Marsh & McLennan **2.12/1.89**
Philip Morris International **1.50/1.32**

Thursday

EIA report: natural gas
Previous change in stocks in billions of cubic feet
up 49

Existing home sales

May, previous 4.30 mil.
June, expected 4.24 mil.

Initial jobless claims

Previous 237,000
Expected 231,000

Leading indicators

May, prev. down 0.7%
June, exp. down 0.6%

Philadelphia Fed survey

June, previous -13.7
July, expected -10.2

Earnings expected

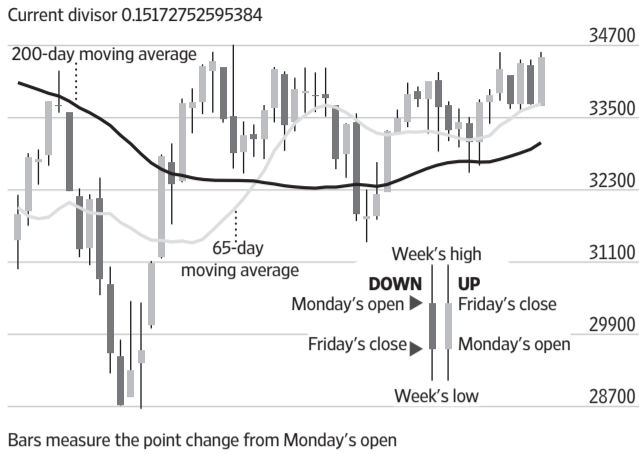
Estimate/Year Ago
Schlumberger **0.71/0.50**

* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) ♦ Adjusted for stock split
Note: Forecasts are from Dow Jones weekly survey of economists

MARKETS DIGEST

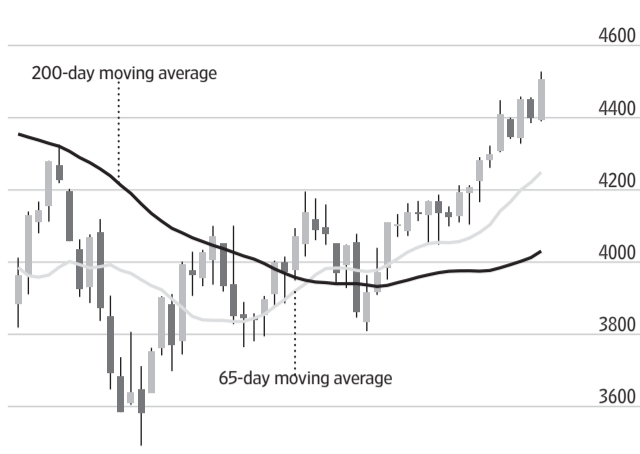
Dow Jones Industrial Average

34509.03 ▲774.15, or 2.29% last week
 Trailing P/E ratio 23.02 17.96
 P/E estimate * 18.64 16.30
 Dividend yield 2.07 2.23
 All-time high 36799.65, 01/04/22

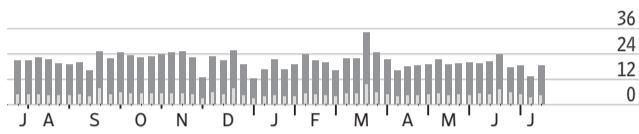


S&P 500 Index

4505.42 ▲106.47, or 2.42% last week
 Trailing P/E ratio * 19.98 20.57
 P/E estimate * 20.37 16.43
 Dividend yield * 1.55 1.68
 All-time high 4796.56, 01/03/22



NYSE weekly volume, in billions of shares



*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; *Based on Nasdaq-100 Index

Major U.S. Stock-Market Indexes

Index	High	Low	Close	Net chg	% chg	52-Week Close (●)	High	% chg	YTD	3-yr. ann.
Dow Jones										
Industrial Average	34592.26	33705.68	34509.03	774.15	2.29	28725.51	34589.77	10.3	4.1	9.0
Transportation Avg	16075.91	15522.95	15826.95	267.44	1.72	11999.40	15940.63	19.8	18.2	18.7
Utility Average	931.15	896.60	927.55	21.78	2.40	838.99	1061.77	-3.7	-4.1	5.1
Total Stock Market	45288.43	43864.05	45068.05	1153.63	2.63	36056.21	45172.43	16.3	17.0	11.5
Barron's 400	1007.55	981.38	999.53	30.92	3.19	825.73	1023.2	14.0	8.6	14.1
Nasdaq Stock Market										
Nasdaq Composite	14232.11	13584.87	14113.70	452.99	3.32	10213.29	14138.57	23.2	34.8	10.4
Nasdaq-100	15720.06	14924.64	15565.60	528.75	3.52	10679.34	15571.98	29.9	42.3	13.3
S&P										
500 Index	4527.76	4389.92	4505.42	106.47	2.42	3577.03	4510.04	16.6	17.3	12.1
MidCap 400	2702.20	2598.22	2673.94	70.70	2.72	2203.53	2726.61	16.1	10.0	14.5
SmallCap 600	1248.59	1196.72	1236.66	36.83	3.07	1064.45	1315.82	8.8	6.8	14.5
Other Indexes										
Russell 2000	1952.54	1860.42	1931.09	66.43	3.56	1655.88	2021.35	10.7	9.6	10.6
NYSE Composite	16130.71	15648.68	16040.23	368.60	2.35	13472.18	16122.58	11.0	5.6	9.5
Value Line	589.18	566.59	583.01	15.72	2.77	491.56	606.49	10.3	8.7	9.6
NYSE Arca Biotech	5345.59	5120.52	5325.46	204.94	4.00	4390.11	5644.5	11.4	0.8	-3.3
NYSE Arca Pharma	851.10	834.89	849.10	9.17	1.09	737.84	892.45	0.9	-2.2	9.1
KBW Bank	84.97	80.35	82.28	1.57	1.94	71.96	115.55	-20.9	-18.4	4.2
PHLX [®] Gold/Silver	128.88	116.40	127.15	10.04	8.57	91.40	144.37	23.2	5.2	-2.5
PHLX [®] Oil Service	89.11	83.20	86.74	2.954	3.53	56.08	93.94	47.1	3.4	38.3
PHLX [®] Semiconductor	3828.16	3586.41	3750.41	172.68	4.83	2162.32	3797.13	39.2	48.1	21.9
Cboe Volatility	16.21	13.12	13.34	-1.49	-10.05	12.91	33.63	-44.9	-38.4	-23.3

[§]Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

New to the Market

Public Offerings of Stock

IPOs in the U.S. Market

Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Expected pricing date	Filed	Issuer/business	Symbol/primary exchange	Shares (mil.)	Pricing Range(\$)	Bookrunner(s)
7/18	6/23	ODDITY Tech Software-Computer, Traditional & others. Consumer-tech company built to transform the global beauty and wellness market.	ODD Nq	10.5	27.00/30.00	GS, MS, Allen & Co, BofA Securities, Barclays, Trust Financial, Citizens Financial Group

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Lockup expiration	Issue date	Symbol	Offer price(\$)	Offer amt (\$ mil.)	Through Friday (%)	Lockup provision	
July 20	July 20, '22	Virax Biolabs Group	VRAX	5.00	6.8	-92.0	365 days
April 21, '23	Jayud Global Logistics	JYD	4.00	6.8	-20.0	90 days	

Sources: Dealogic; Dow Jones Market Data

IPO Scorecard

Performance of IPOs, most-recent listed first

Company	SYMBOL	IPO date/Offer price	Friday's close (\$)	Offer price	1st-day close	% Chg From	Company	SYMBOL	IPO date/Offer price	Friday's close (\$)	Offer price	1st-day close	% Chg From
NETDU	July 14/\$10.00	21.23	24.9	GENK	June 28/\$12.00	16.20	35.0	5.6
Nabors Energy Transition II	10.11	1.1	...	...	...	...	Azitra	4.21	-15.9	-14.9	...	...
Sagimet Biosciences	15.95	-0.3	...	...	...	...	BranchOut Food	3.11	-48.2	-29.8	...	...
Bowen Acquisition	10.14	1.4	0.1	...	...	...	CAVA Grp	47.67	116.7	8.9	...	...
Prestige Wealth	11.67	133.4	116.1	...	...	...	ESH Acquisition	10.20	2.0	1.1	...	...
Apogee Thera	5.69	13.8	-4.5	...	...	...	Atmus Filtration Tech	23.56	20.8	8.8	...	...
Fidelis Insurance	13.67	-2.4	6.0	...	...	...	InflectionPoint Acquisition II	10.13	1.3	0.6	...	...
Kodiak Gas Svcs	16.24	1.5	3.4	...	...	...	CaliberCos	2.11	-47.3	-64.9	...	...
Savers Value Village	23.70	31.7	3.4	...	...	...	Strong Global Entertainment	2.99	-25.3	-19.4	...	...
Bukt Jalil Global Acquisition I	10.19	1.9	0.2	...	...	...	Acelryn	21.32	18.4	-9.3	...	...

Sources: Dow Jones Market Data; FactSet

Public and Private Borrowing

Treasurys

Date	Auction details	Settlement date
Monday, July 17	Auction of 13 and 26 week bills; announced on July 13; settles on July 20	Thursday, July 20
Wednesday, July 19	Auction of 17 week bill; announced on July 18; settles on July 25	Auction of 4 and 8 week bill; announced on July 13; settles on July 31

A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA gained 774.15 points, or 2.29%, on the week. A \$1 change in the price of any DJIA stock = 6.59-point change in the average. To date, a \$1,000 investment on Dec. 31 in each current DJIA stock component would have returned \$31,911, or a gain of 6.37%, on the \$30,000 investment, including reinvested dividends.

Pct chg (%)	Stock price	Point chg	Company	Symbol	Close	\$1,000 Invested (year-end '22)
9.42	19.74	130.10	salesforce.com	CRM	\$229.33	\$1,730
5.15	5.01	33.02	3M	MMM	102.30	878
4.52	13.69	90.23	Home Depot	HD	316.50	1,017
4.26	10.44	68.81	Caterpillar	CAT	255.62	1,078
4.08	1.30	8.57	Intel	INTC	33.15	1,275
4.03	18.59	122.52	UnitedHealth Group	UNH	480.17	913
4.02	8.78	57.87	Amgen	AMGN	227.43	882
3.76	5.43	35.79	JPMorgan Chase	JPM	149.77	1,142
3.50	11.02	72.63	Goldman Sachs	GS	326.19	964
3.34	3.49	23.00	Nike	NKE	107.95	928
2.84	6.71	44.22	Visa	V	243.16	1,175
2.38	8.02	52.86	Microsoft	MSFT	345.24	1,446
2.11	3.59	23.66	American Express	AXP	173.39	1,186
1.91	1.14	7.51	Coca-Cola	KO	60.90	972
1.42	2.88	18.98	Honeywell	HON	206.14	972
1.00	1.32	8.70	IBM	IBM	133.40	972
0.97	2.84	18.72	McDonald's	MCD	294.94	1,132
0.84	1.25	8.24	Procter & Gamble	PG	150.05	1,003
0.76	1.17	7.71	Walmart	WMT	154.66	1,099
0.48	1.02	6.72	Boeing	BA	213.12	1,119
0.39	0.62	4.09	Johnson & Johnson	JNJ	159.87	918
0.34	0.10	0.66	Walgreens	WBA	29.20	804
0.01	0.01	0.07	Apple	AAPL	190.69	1,472
-0.02	-0.02	-0.13	Walt Disney	DIS	88.62	1,020
-0.34	-0.18	-1.19	Dow	DOW	52.92	1,078
-0.41	-0.64	-4.22	Chevron	CVX	153.58	872
-1.20	-0.61	-4.02	Cisco	CSCO	50.38	982
-1.52	-1.66	-10.94	Merck	MRK	107.34	1,081
-3.32	-5.70	-37.57	Travelers	TRV	165.95	895
-5.26	-1.89	-12.46	Verizon	VZ	34.01	908

*Based on Composite price. DJIA is calculated on primary-market price. Source: Dow Jones Market Data; FactSet

International Stock Indexes

Region/Country	Index	Close	Latest Week % chg	Low	52-Week Range Close	High	YTD % chg
World	MSCI ACWI	696.22	3.38	550.37	550.37	696.22	15.0
	MSCI ACWI ex-USA	311.69	4.74	244.35	244.35	311.69	10.8
	MSCI World	3017.94	3.21	2367.69	2367.69	3017.94	16.0
	MSCI Emerging Markets	1028.49	4.88	842.76	842.76	1028.49	7.5
Americas	MSCI AC Americas	1708.97	2.57	1363.36	1363.36	1711.63	17.3
Canada	S&P/TSX Comp	20262.07	2.17	18206.28	18206.28	20767.38	4.5
Latin Amer.	MSCIEM Latin America	2468.51	0.99	1951.25	1951.25	2506.18	16.0
Brazil	BOVESPA	117710.54	-1.00	96551.00	96551.00	120420.26	7.3
Chile	S&P IPSA	3464.71	3.17	3021.53	3021.53	3546.47	9.2
Mexico	S&P/BMV IPC	53770.80	-0.25	44626.80	44626.80	55534.68	11.0
EMEA	STOXX Europe 600	460.83	2.95	382.89	382.89	469.00	8.5
	STOXX Europe 50	3963.46	2.80	3310.09	3310.09	4079.60	8.5
Eurozone	Euro STOXX	4622.00	3.49	359.45	359.45	465.19	12.7
	Euro STOXX 50	4400.11	3.86	3279.04	3279.04	4408.59	16.0
Austria	ATX	3161.21	1.50	2647.43	2647.43	3557.01	1.1
Belgium	Bel-20	3563.35	1.73	3313.82	3313.82	3954.16	-3.7
France	CAC 40	7374.54	3.69	5576.87	5576.87	7577.00	13.9
Germany	DAX	16105.07	3.22	11975.55	11975.55	16357.63	15.7
Greece	Athex Composite	1325.61	3.70	788.46	788.46	1325.61	42.6
Israel	Tel Aviv	1811.77	2.79	1707.57	1707.57	2067.23	0.8
Italy	FTSE MIB						

CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-ends generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. NA signifies that the information is not available or not applicable. NS signifies funds not in existence for the entire period. 12 month yield is computed by dividing income dividends paid (during the previous 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Source: Lipper

Friday, July 14, 2023

Fund (SYM)	NAV	Close/Disc	52 wk Prem	Ttl Ret
General Equities				
Adams Diversified Equity	ADX	20.27	17.08	-15.7
Central Secs	CET	44.15	36.39	-17.6
CohenStrsCEOppFd	COF	10.80	10.85	+0.5
EVTxAdvDivIncm	EVT	24.15	22.98	-4.8
GabelliDiv&IncTr	GDV	25.27	21.41	-15.3
Gabelli Equity Tr	GAB	5.37	5.75	+7.1
GeneralAmer	GAM	51.06	42.02	-17.7
JHancockTaxAdvDiv	HTD	21.47	20.45	-4.8
Liberty All-Star Growth	USA	NA	6.63	NA
Liberty All-Star Equity	ASG	NA	5.57	NA
Royce Micro-Cap Tr	RMT	10.14	8.88	-12.4
Royce Value Trust	RVT	15.95	14.03	-12.0
Source Capital	SOR	43.17	39.10	-9.4
Spott Focus Trust	FTW	8.71	8.15	-6.4
SRH Total Return	STED	16.47	13.37	-18.8
Tri-Continental	TY	31.54	27.93	-11.4

Specialized Equity Funds

abrdn Gbl Prem Prop	AWP	4.34	4.12	-5.1
abrdn GblInfra Inc	ASGI	21.27	17.82	-16.2
Adams Natural Resources	PEO	24.83	20.91	-15.8
ASA Gold & Prec Met Ltd	ASA	18.54	15.65	-15.6
BR Enh C&I	CI	19.28	18.78	-2.6
BlackRock Energy & Res	BGR	13.62	11.86	-12.9
BlackRock Eq Enh Div	BDJ	8.86	8.29	-6.4
BlackRock Enh Gbl Div	BOE	11.68	10.06	-13.9
BlackRock Enh Intl Div	BGY	6.28	5.47	-12.9
BlackRock ESG Cap All T	ECAT	18.00	15.86	-11.9
BlackRock Hlth Scl Term	BEAT	19.01	16.22	-14.7
BlackRock Hlth Sciences	BME	9.56	7.93	-17.1
BlackRock Innov&Growth	BIG	9.56	7.93	-17.1
BlackRock Res & Com	BKZ	NA	9.07	NA
BlackRock S&P Tech Term	BST	21.88	18.51	-15.4
BlackRock S&P Tech Trst	BST	34.72	34.46	-0.7
BlackRock Util Inf & Pwr	BUI	23.20	20.33	-13.8
CLEARBRIDGE ENVI MDS OPP	PEO	35.22	30.35	-13.8
CLEARBRIDGE M&P MDS TR	CTR	37.47	35.04	-15.4
ClearBridge MLP & Midstn	CEM	41.43	31.87	-23.6
ChnStrInfr	UTF	23.44	23.41	-0.1
Cohen&Steers Quallnc	RQI	12.85	11.93	-7.2
Cohen&Steers Real Est and I	RLTY	12.27	14.45	-11.2
Cohen&Steers TotRet	RFI	11.86	11.77	-0.8
Cohen&Steers TrstRet	RFI	11.86	11.77	-0.8
Columbia Sel Pml Tech Gr	STK	28.24	20.56	+8.2
DNP Select Income	DNP	8.52	10.17	+19.3
Duff&Ph Util&Infra Inc	DPG	11.35	9.95	-12.3
EtnVncEqtyInc	EOI	16.72	16.79	+0.4
EtnVncEqtyInclnc	EOI	18.97	18.34	-3.3
EVRS&MnDvsEqInc	ETJ	8.61	8.37	-2.8
EtnVncMqgBuyWrthc	ETB	14.34	13.93	-2.9
EtnVncMqgBuyWrthc	ETV	13.35	13.24	-0.8
EtnVncMnDvsEqInc	ETY	12.53	12.50	-0.2
EVTrMnGblDvEqInc	ENG	8.84	8.02	-9.3
Ecofin S&S Impact Term	EXF	NA	12.80	NA
First Trust Energy Inc C	FEN	15.54	13.55	-12.8
First Tr Enhanced Eq	FIF	18.29	17.61	-3.7
First Tr Energy Infra	FFA	NA	14.82	NA
First Tr MLP EnerGnc	FEI	NA	7.80	NA
Gabelli Healthcare	GRX	12.04	9.95	-17.4
Gab Utility	GUT	3.27	6.87	110.1
GAMCO Gold&NatRes	GN	3.98	3.78	-5.0
J Han Finl Oppy	BTO	25.51	27.59	+8.2
Neuberger Bmm MLP & E	NML	NA	6.69	NA
Neuberger Nxt Gen Con	NBXG	13.40	11.40	-17.6

World Equity Funds

abrdn Emg Mkts Eq Inc	AEF	NA	5.33	NA
abrdn Gbl Div	AGD	NA	9.64	NA
abrdn Tot Dyn Div	AOD	NA	8.30	NA
Allspring Gbl Div Oppty	AGD	4.94	4.39	-11.1
BlackRock Cap Alloc Term	BCAT	17.31	15.20	-12.2
Calamos GloDyInc	CHG	6.86	6.17	-10.1
EV Tx AdvGblDivInc	ETG	18.85	17.08	-9.4
EtnVncTxAdvOpp	FTO	25.57	23.31	-8.8
First Tr Dyn Euro EqInc	FEDU	14.02	13.49	-3.8
Gabelli Multimed	GGT	4.14	6.68	60.6
GDL Fund	GDL	10.26	9.71	-22.7
Highland Global Alloc	HGLB	NA	8.55	NA
India Fund	IFN	16.88	16.82	-0.4
Japan Smaller Cap	JOF	8.73	7.27	-16.7
Lazard Gbl TotRetInc	LGI	17.85	15.56	-12.8
Mexico	MXF	NA	17.48	NA
Miller/Howard High Inc E	HIE	NA	10.10	NA
MS ChinaSHrFd	CAF	16.05	12.82	-20.1
MS India	IHF	27.07	22.11	-18.3
MS CBRE Gln Mng Trst	MEGI	16.63	13.99	-15.9
New Germany	GF	NA	9.26	NA
Templeton Dragon	TDF	11.11	9.44	-15.0
Templeton Em Mkt	EMF	14.29	12.33	-13.7

Fund (SYM) NAV Close/Disc Yld

Fund (SYM)	NAV	Close/Disc	52 wk Prem	Ttl Ret
BlackRk Income	BKT	12.74	12.25	-3.8
Invesco HI 2023 Trgt Term	HIIT	7.89	7.57	-4.1
Investment Grade Bond Funds				
Angl Oak FS Inc Trm	FINS	13.71	11.80	-13.9
BlRck Core Bond	BHK	10.89	10.90	+0.1
BR Credit Alloc Inc	BTZ	11.21	10.18	-9.2
Invesco Bond	VBF	NA	15.00	NA
J Han Income	JHS	NA	10.79	NA
MFS Intmdt	MIN	NA	7.43	NA
Westem Asset Inf-Lk Inc	WIA	NA	8.45	NA
Westem Asset Inf-Lk O&I	WIV	NA	8.92	NA
Westn ASst Gbl Def Opp Tr	IGI	NA	16.41	NA

Loan Participation Funds

Apollo Senior Floating	AFT	NA	12.92	NA
BR Debt Strategy	DSU	10.76	9.95	-7.5
BR FR/R Inc Str	FRA	13.18	12.26	-7.0
BlackRock Floating Rte Inc	BGT	12.80	11.60	-9.4
BS SFR 2027 T	BSL	14.54	12.99	-10.7
BS St Cr 2027 Tm	BGB	12.56	10.92	-13.1
EtnVncFltRtInc	EFT	13.20	11.82	-10.5
EV SenFltRt	EFR	12.99	11.81	-9.1
FT/Sr FltRte Inc 2	FCT	11.12	9.89	-11.1
Highland Oppy & Income	HFO	NA	8.74	NA
InvDYCROpp:AX	VTA	10.94	NA	NA
InvSnrIncTr	VVR	NA	3.84	NA
Neuven Credit Strat Inc	JQC	5.85	5.04	-13.8
NuvFloatRateLncFd	JFR	9.15	7.90	-13.7
NuvFloatRtIncOppy	JRO	9.04	7.77	-14.0
Nuv Senior Income	NLS	5.32	4.58	-13.9

High Yield Bond Funds

abrdn Inc Credit Str	ACF	6.96	6.90	-0.9
AllianceBernHillInc	AWF	10.67	9.89	-7.3
Allspring Income Oppty	EAD	7.18	6.42	-10.6
Barings Gbl SD HY Bd	BGH	14.89	13.42	-9.9
BR Corporate Hy	HYT	NA	8.85	NA
BlackRock Ltd Dur Inc	BLW	13.76	12.93	-6.0
BNY Mellon Hi Yld	DHF	2.56	2.19	-14.5
Brookfield Real Asst Inc	RA	NA	16.74	NA
CrSuisHighYld	DHY	2.12	1.91	-9.9
DoubleLine Inc	DLY	11.83	11.92	-0.8
DoubleLine Yld Opps	DYL	15.19	14.41	-5.1
First Tr Hlnc Lng Strt	FSD	12.59	11.50	-8.7
First Trust HY Opp2027	FTHY	15.55	15.56	-12.8
Franklin Univ	FT	7.63	6.92	-9.3
KKR Income Opportunities	KIO	NA	11.66	NA
New Amer Hl Inc	HYB	7.94	6.65	-16.2
Neuven Global High Inc	JGH	12.82	11.22	-12.5
PGIM Global High Yld	GHY	12.55	11.19	-10.8
PGIM High Yield Bond	ISD	13.70	12.38	-9.6
PGIM St Dur Hy Yld Opp	SDHY	17.17	16.49	-13.5
PioneerHilnc	MAV	9.33	7.98	-14.5
PioneerHilnc	MIO	12.62	10.92	-13.2
PioneerMgdHilnc	MHI	10.50	8.59	-15.0
Putnam Mgn Inc	PMI	6.55	6.23	-4.9
Putnam Mgn Opp	PMO	11.16	10.39	-6.9
RiverNorth Flx Mul Inc II	RFM2	15.27	14.02	-8.2
RiverNorth Mgd Dur Muni	RFM	16.17	15.05	-6.9
Westem Asset Mgd Muni	MMU	NA	9.96	NA

Other Domestic Taxable Bond Funds

Allspring Multi-Sector	ERC	10.02	9.29	-7.3
Ares Dynamic Crd Alloc	ARDC	NA	12.34	NA
BlackRock Tax Muni Bd	BIT	14.53	13.48	-1.0
BlackRock Tax Muni Bd	DBL	14.40	14.39	-0.1
DoubleLine Oppor Crd Fd	DBN	14.40	14.39	-0.1
EV Lmt DurInc	EVV	10.43	9.22	-11.6
Franklin Ltd Income	FTF	7.16	6.22	-13.1
J Han Investors	JHI	10.08	12.61	-10.4
MFS Charter	MCR	6.84	6.18	-9.6
NuvCorePlusImpact	NPCT	11.82	10.12	-14.4
Neuven Taxable Muni Inc	NBB	16.85	15.58	-7.5
PIMCO Corp & Inc Oppty	PCY	10.82	13.70	+26.6
PIMCO Corp & Inc Strat	PCN	11.07	13.40	-21.0
PIMCO HlncStr	PHK	4.49	4.90	+9.1
PIMCO IncmStrFd	PFL	7.72	8.17	+5.8
PIMCO IncmStrFd II	PFN	6.80	7.10	+4.4
Putnam Prem Inc	PPI	3.84	3.59	-6.5
Westem Asset Disf Inc	WDI	NA	13.70	NA

World Income Funds

abrdn AP IncFd	FAX	3.18	2.71	-14.8
MS EmMktDomDebt	EDD	5.65	4.88	-13.6
PIMCO Dynamic Income	PCI	17.25	18.96	+9.9
PIMCO Strat Inc	RDS	4.30	5.58	+29.8
Templeton Em Inc	GEM	5.94	5.30	-10.8
Templtn Gbl Inc	TEI	4.72	4.32	-8.5
WstAstEmergDebt	EMD	NA	8.72	NA
Westem Asset G CrD Opp	GDO	NA	12.51	NA

National Muni Bond Funds

AllBerNatlMunInc	AFB	12.37	10.76	-13.0
BlRkR Inv Q Mun	BKN	13.15	11.64	-11.5
BlackRock Muni 2030 Trgt	BT	23.45	20.96	-10.6
BlackRock Muni	BFK	11.63	9.98	-14.2
BlackRock Muni II	BLE	12.07	10.38	-14.0
BlkRk Muni Inc Qly	BYM	11.21	11.24	-11.6
BR MuniAssets Fd	MAA	NA	12.25	NA

General Equity Funds

Alternative Strategies I	5.02	NA	NA	0.6
First Trust Hdg StratA	10.07	NA	NA	N
First Trust Hdg StrJ	10.06	NA	NA	N

Specialized Equity Funds

ARK Venture	24.51	NA	NA	NS
ArrowMark Financial Corp	BANX	NA	16.47	NA
CBRE GblRIEst	IGR	6.22	5.58	-10.3
CIM RA&A	25.01	NA	NA	4.9
CIM RA&C	24.41	NA	NA	4.1
CIM RA&CI	25.21	NA	NA	5.2
CIM RA&L	24.79	NA	NA	4.6
Forum RE Income I	9.18	NA	NA	NS
NexPointRIEstStratA	19.19	NA	NA	-7.5
NexPointRIEstStratC	19.41	NA	NA	-8.2
NexPointRIEstStratZ	19.43	NA	NA	-7.2
PIMCO Flexible REInst	10.15	NA	NA	NS
PREDEXJ	27.52	NA	-11.5	
PREDEXT	27.67	NA	-11.6	

BR MH Qly 2 MUE

BR MH Qly 2 MUE	11.40	9.80	-14.0	4.7
BR MuniHoldings	MHD	13.59	11.69	-14.0
BR MuniVest Fd	MVF	7.8		

MARKETS

Bookseller Warns About Its Liquidity

By BECKY YERAK

Barnes & Noble Education warned that its long-term viability could be in jeopardy if the textbook seller can't improve its liquidity.

The school-bookstore operator on Friday said in a regulatory filing that it could issue a warning about its ability to remain in business if efforts to improve its financial position, such as possibly refinancing its debt, aren't successful. Such a going-concern warning would trigger a default on its credit agreements.

Barnes & Noble Education, which spun off from Barnes & Noble in 2015, said it would delay filing its annual report for the year ended April 29 in light of its restructuring discussions with creditors.

The company said its business has struggled as customers moved away from buying physical textbooks to lower-margin digital course materials, a shift that was accelerated by the coronavirus pandemic.

As of late April, it had \$24 million in cash and \$184 million in debt outstanding, according to a May news release.

For the fiscal fourth quarter that ended in April, the company expects to report a 3.7% drop in revenue and its loss from continuing operations is anticipated to widen to \$41.9 million from \$9.3 million in the previous fiscal year, according to Friday's filing.

For the full fiscal year that ended in April, it estimates revenue increased 3.2% to \$1.54 billion, but its loss from continuing operations is expected to be \$90.1 million versus a loss of \$61.6 million.

A company spokesman said that while it weighs options, the company remains focused on serving students, educators and institutions.

Bank Counts on Unions' Accounts

Amalgamated has big paper losses and a large number of uninsured deposits

By JONATHAN WEIL

Amalgamated Financial calls itself America's socially responsible bank. Its biggest shareholder is a labor union, and its customers include nonprofits, unions and political campaigns. It classifies about half of its deposits as "super core" because they come from customers who have been with the bank for an average of 17 years.

The New York bank stands out for other reasons: Few U.S. lenders have seen the market values of their assets hit harder by rising interest rates, and most of its deposits weren't covered by federal deposit insurance.

The unrealized losses don't put Amalgamated under financial stress, as long as it can continue holding the assets and doesn't have to sell at a loss. Loan defaults haven't been a problem for the bank, and deposits have held steady. Its stock price is down 26% this year, in line with declines at other small banks.

Earnings season is under way for U.S. banks, and the second-quarter results will prove crucial for the lenders contending with holes in their balance sheets. Unrealized losses on loans and bonds likely grew industrywide during the second quarter as interest rates rose and bond prices fell.

Higher rates set off a banking crisis in March, leading to the failures of Silicon Valley Bank and First Republic Bank, which had large unrealized losses on their assets that didn't count on their balance sheets.

Amalgamated in its most recent quarterly report said the market value of its bonds was about \$129 million less than their balance-sheet value as of March 31, while the market value of its loans was about \$387 million less. The combined total of \$517 million nearly matched its \$519 million of total equity, or assets minus liabilities.

Just a handful of banks have disclosed losses of that scale relative to their net worth. Amalgamated is unusual because 62% of its deposits were uninsured at the end of the first quarter, a relatively high percentage for the industry.

The unrealized losses didn't count under the accounting rules because Amalgamated labeled the bonds "held to maturity" and the loans "held for investment." The bank was hit hard by losses because it holds fixed-rate assets that don't mature for many years—

\$7B

Amalgamated Financial's total deposits as of March 31.

the type that fall in value the most when rates rise. In effect, the bank was betting that rates would stay low. The majority of losses on held-to-maturity bonds were on bonds due after 10 years.

Amalgamated's chief financial officer, Jason Darby, said the bank has strong liquidity, bolstered by its unique relationship with long-term union depositors. "The franchise value of this customer loyalty was clearly demonstrated in the first quarter when our deposits withstood the turmoil in the banking sector," he said, and the bank's "very strong liquidity position gives us a significant cushion to ride out the current interest-rate cycle and retain loans and securities until they mature."

Jack Ciesielski, founder of asset manager R.G. Associates in Towson, Md., says bank in-



Amalgamated Financial points to its long-term depositors as a sign of the bank's strength.

vestors should look at the fair values for banks' financial instruments to avoid getting blindsided. "And not just investors, but companies that bank with these banks, and regulators," he said. "It is a real-time snapshot of how healthy the bank is given current circumstances."

While nearly every U.S. bank had unrealized losses on its bonds and loans, just a handful of mostly small lenders were hit as hard as Amalgamated. At **Citizens Holding** of Philadelphia, Miss., which has 27 branches, unrealized losses on loans and held-to-maturity bonds were equivalent to 161% of equity as of March 31. At two Hawaiian banks, **Bank of Hawaii** and **Central Pacific Financial**, they were 113% and 101%, respectively.

These other banks weren't as exposed to uninsured deposits as Amalgamated. The risk is that depositors get worried the bank won't have enough cash to pay them off and they rush to withdraw

their money. That is what brought down Silicon Valley Bank. After it failed, regulators guaranteed its uninsured deposits to prevent more bank runs.

Central Pacific spokesman Tim Sakahara said "any unrealized losses on our assets are offset by our strong core deposit base." Bank of Hawaii spokeswoman Melissa Torres-Laing said "unrealized losses, on assets the bank does not intend to sell, have no impact on deposits or liquidity."

Citizens Holding's chief executive, Stacy Brantley, said "we have very stable deposits" and that unrealized losses didn't change materially in the second quarter.

Amalgamated reported an increase in deposits during the first quarter, to \$7 billion as of March 31 from \$6.6 billion as of Dec. 31, driven by an eightfold increase in brokered deposits to \$595 million. The brokered deposits were expensive, with a 4.5% average rate. Noninterest-bearing deposits fell 9% during the quarter to

\$3 billion.

Founded in 1923 by the Amalgamated Clothing Workers of America, Amalgamated is 41%-owned by the labor union Workers United and related parties. It markets to customers with shared values on social, economic and environmental issues.

Customers include the Biden-Harris re-election campaign, which lists Amalgamated in federal disclosures as its sole bank. A campaign spokesman declined to comment.

"Workers United and other unions have been banking for decades with Amalgamated, which has delivered the performance to us as investors that helps us support our mission," said Lynne Fox, international president of Workers United and chair of Amalgamated's board. "That's not something that can be easily replaced, and we are confident in the liquidity, capital position, financial stewardship and future of this valued partner."

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FINANCIAL ANALYSIS & COMMENTARY

Pickleball Won't Tank Big Insurers

UnitedHealth results offer reasons for optimism

Seniors, you can go back to playing pickleball. But go easy on those joints.

On Friday, **UnitedHealth Group**, parent of the largest health insurer in the country, posted better-than-expected earnings and raised the bottom end of its outlook for the rest of the year, despite higher medical costs related to an increase in procedures among seniors.

Last month, large managed-care companies including UnitedHealth and **Humana** warned investors that seniors were feeling more comfortable going back to the operating room for such things as hip and knee replacements after lower medical utilization during the pandemic. UBS even said the rapid adoption among seniors of pickleball, which combines elements of tennis, badminton and ping pong,

could be adding to injuries.

The insurers' predictions on seniors weren't off the mark. On Friday, UnitedHealth said the company's medical loss ratio rose to 83.2% from 81.5% a year earlier. That number reflects the proportion of premiums paid out for medical expenses, so when it climbs there is less room for profit. "As we discussed several weeks ago, during the second quarter we observed increased care patterns, notably in outpatient surgeries for seniors, and especially with certain orthopedic procedures which may have been postponed," said Chief Executive Officer Andrew Witty.

And yet UnitedHealth's stock shot up 7.2%. **Elevance Health**, **Cigna Group** and Humana were all sharply higher as well.

The stock gains were essentially

UnitedHealth medical loss ratio



a relief rally after insurers had become hard to own this year given the rising utilization concerns and pretty significant regulatory scrutiny of their pharmacy-benefits business. Even after Friday's rally, insurers have been significant underperformers, with the four aforementioned stocks all underperforming the S&P 500 by more than 25 percentage points this year.

Investors will now be closely watching to see how other insurers fare. Humana, which reports in early August, said it expects higher costs related to an increase in pro-



Pickleball's adoption among seniors could be adding to the number of injuries.

cedures.

That UnitedHealth, the nation's largest managed-care company, usually seen as a bellwether for the industry, was able to deliver a beat helps instill some confidence in the sector, though costs are expected to remain elevated.

Pickleball could indeed be a part of the reason. After analyzing the growth in pickleball as well as the nature and frequency of related injuries, UBS analysts last month estimated that \$250 million to \$500 million of medical costs might be directly attributable to the nascent

sport. More broadly, pickleball could be a symbol of a change in senior behavior that could be driving healthcare usage up, they wrote. Compared with previous generations, seniors are living longer and are more active.

Seniors are driving up costs of the healthcare system, and that represents a short-term problem for insurers. In the longer term, though, costs will be passed on to consumers and taxpayers through higher government expenditures and higher premiums. Insurers will be just fine. —David Wainer

Hydrogen-Powered Vehicles Just Refuse to Die

The old debate about whether electric vehicles should be powered by batteries, **Tesla**-style, or with hydrogen fuel cells, such as the **Toyota Mirai**, appears to have been won hands down by batteries in recent years. So why are companies still investing in hydrogen cars?

The answer is that there are still plenty of doubts about battery EVs as a universal solution for decarbonizing road transport.

British petrochemical giant **Ineos Group** is the latest company to reveal a fuel cell EV. The automotive division of Jim Ratcliffe's privately owned group on Thursday presented an adapted version of its

Grenadier off-roader.

Ineos hopes to launch a battery EV in 2026 that it envisages being used in urban and everyday settings. But it also wants a low-carbon way to deliver the same kind of extreme off-road capability and long range its customers might expect from its gas-guzzling Grenadier. This is where hydrogen excels.

"I don't think one technology is superior to the other. I think they've got different uses. And I think we need a mix of technologies in the future," says Lynn Calder, chief executive of Ineos Automotive.

This is a variant of what has become a consensus view: That fuel

cell EVs, which are more energy-dense, are needed for long-distance trucking, buses and the odd niche light-vehicle application, while battery EVs, which are more energy-efficient, are the better solution for decarbonizing your typical family car.

BMW is currently touring the world with a fleet of hydrogen-adapted iX5 sport-utility vehicles to make the case for the technology, despite having little if any involvement in commercial vehicles.

BMW's fuel cell iX5s are a political calling card: It is easier to galvanize the attention of policy makers if you can show them a car. Politics matter because hydrogen

has for years been caught in a chicken-and-egg conundrum where investments in vehicles only made sense if there was refueling infrastructure, and vice versa. Now more infrastructure is planned, particularly in the European Union and China, which is one reason companies along the vehicle supply chain are increasing their investments. Automotive parts giant **Bosch** last week said it would spend an additional \$1.1 billion on hydrogen projects, starting with a fuel-cell stack it is supplying to U.S. trucking startup **Nikola**.

A virtuous cycle might finally be under way in heavy trucks. In time, this could in turn bring down the

cost of fuel cells and hydrogen to the point that the technology becomes competitive with battery EVs in the car market, too—though this is still an outside bet given the potential of battery innovations.

Above all, the surprising persistence of the hydrogen-car dream speaks to the uncertainties and complexities of the transition to lower-carbon rides. The curious alliance between Tesla and China has put battery EVs far in the lead for now. But tinkering away in the garage at a backup technology, particularly one that can be sold into other markets, isn't a crazy thing for carmakers to do. —Stephen Wilmot



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