

## What's News

### Business & Finance

- ◆ **Saudi Arabia is cutting back on crude output** as part of a high-stakes gamble to crimp worldwide supply, but a key market indicator suggests that traders believe supplies won't shrink for months. **A1**
- ◆ **Tesla global deliveries surged 83%** in the second quarter, helped by dramatic price cuts and hefty discounts as the electric-car maker chases growth in a competitive marketplace. **A1**
- ◆ **Treasury Secretary Yellen heads to China** on Thursday to meet with senior government officials amid tensions over trade, technology and Taiwan. **A2**
- ◆ **Investors who last year embraced dividend-paying stocks** now see greater promise in growth-focused tech stocks that don't typically pay dividends. **B1**
- ◆ **The boom in demand for chips** powering the rise of artificial intelligence has given new life to cryptocurrency miners. **B1**
- ◆ **Twitter began limiting** how many posts users can read on its platform, a move that came as owner Elon Musk says he is fighting companies trying to use its data for developing AI programs. **B2**
- ◆ **United Airlines plans to make changes** to avoid a repeat of the disruption that snarled travel ahead of the Fourth of July holiday, chief Kirby told employees. **B3**
- ◆ **Tyson is reintroducing** certain antibiotics to its chicken supply chain and will drop its "no antibiotics ever" tagline from Tyson-branded chicken products. **B3**

### World-Wide

- ◆ **Against the backdrop of rioting** over the police killing of a teenager, young men of African and Arab origin across France complain of persistent police abuses in the working-class *banlieues*, or suburbs, where many of France's minorities live. **A1**
- ◆ **In the wake of a mutiny** that almost reached Moscow, Russia's Putin is facing a new test: managing the takeover of Wagner Group, one of the most complex liquidations in history. **A1**
- ◆ **Rochelle Walensky, who as head of the CDC** had a major role in the U.S. response to the Covid-19 pandemic, warned Americans as she departs the agency to be on their guard against misinformation and the politicization of science. **A3**
- ◆ **At least two people were killed** in a shooting at a Baltimore block party that left an additional 28 people injured, police said. **A3**
- ◆ **Borrowers are facing new complications** in the wake of the Supreme Court's decision to strike down Biden's mass student-debt cancellation plan. **A5**
- ◆ **Israel carried out airstrikes** on areas near the central Syrian city of Homs, causing material damage but no casualties, the Syrian military said. **A18**
- ◆ **Europe launched the first space telescope** designed to study the mysterious dark universe, and how that part of the cosmos may one day determine its fate. **A3**

### NOTICE TO READERS

WSJ.com and WSJ mobile apps will publish throughout the Independence Day holiday. The print edition won't appear Tuesday, but a daily edition will be available in WSJ iPad and Android apps.

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Police officers in Paris on Sunday were among the 45,000 or so deployed around France after five nights of rioting.

# Behind French Riots Lie Years Of Anger Over Police Conduct

By MATTHEW DALTON

NANTERRE, France—When a police officer shot and killed 17-year-old Nahel Merzouk last week in this Paris suburb, Mourad Telhaoui thought about the time his own son—a young man of North African origin like the slain teenager—was stopped by police two years ago.

They pulled him over on a secluded stretch of highway at night as he was driving home from work. Three officers spoke abusively to him and

handed out tickets for traffic violations he didn't commit, Telhaoui and his son said.

The incident, they said, was caught on his son's dashboard camera. His son included the footage as evidence in a complaint he filed against the police, which is now under court review.

Young men of African and Arab origin across France complain of persistent police abuses, ranging from racial profiling and harassment to assaults and shootings in the working-class *banlieues*, or

suburbs, where many of France's minorities live.

Widespread recording of interactions between police and people from minority communities—with smartphones, dashboard cameras and police body cams—has fueled public anger. A video of a police officer shooting Merzouk during a traffic stop helped ignite a wave of rioting that has gripped France since Tuesday.

"Since we were little, it's the same for all of us: When we are stopped by the police, we have this feeling of fear, a knot in

the stomach," said Telhaoui's son, now 26. "At some point, we have to express our anger."

Macron huddled with his ministers late Sunday as 45,000 police officers fanned out across France and cities braced for another night of rioting.

From Saturday into Sunday, France faced a fifth night of unrest as rioters set fire to hundreds of vehicles and dozens of buildings across the country and attacked several police stations, the French Interior Ministry said.

*Please turn to page A9*

# Oil Gauge Suggests Price Fall As Saudis Cut Flow

Key market indicator undercuts kingdom's big bet that crude is poised for a rebound

By JOE WALLACE AND ANNA HIRTENSTEIN

The oil market has sent a warning to Saudi Arabia and everyone else betting that prices are poised for a rebound: Don't count on it.

The petroleum-rich kingdom throttled back output starting this weekend, part of a high-stakes gamble unveiled in June to crimp supply. Saudi officials think demand will outstrip production this year, teeing up a rally that will restore a gusher of profit to oil producers.

Analysts at the International Energy Agency and Wall Street banks agree that demand could return in the second half of 2023.

Trouble is, the oil market appears to be at odds with them. A key market indicator suggests traders believe supplies won't shrink for months.

The gauge is based on the gap between the price of oil at different dates. In recent days, contracts for Brent oil that will change hands imminently fell to a discount compared with crude that will be delivered down the line. That dynamic, known as *contango*, is a signal that supplies are more than sufficient to meet demand.

What happens in oil has big *Please turn to page A2*

# Putin's Corporate Takeover Of Wagner Has Begun

In the wake of a mutiny that almost reached Moscow, Vladimir Putin is facing a new test—managing one of the most complex corporate takeovers in history.

By Joe Parkinson, Benoit Faucon and Drew Hinshaw

Inside the Wagner Group's sealed-off glass tower headquarters in St. Petersburg, agents from the Federal Security Services, or FSB, have been scouring the offices for evidence against Yevgeny Prigozhin, the Wagner chief who led last month's insurrection. New Kremlin-backed military contractors are launching recruiting drives on Russian social-media networks with recruitment ads to poach some of Wagner's 30,000 mercenaries, hackers and money-men, whom the longtime ally of President Putin deployed to Ukraine, the Middle East and Africa.

Across St. Petersburg, Russian law enforcement took computers and servers at Prigozhin's Patriot Media Group, a key piece of a communication empire that once included the Internet Research Agency, the social-media organization that pumped millions of pro-Kremlin messages onto social-media channels and caused mayhem in the 2016 U.S. presidential election, according to staff and text messages reviewed by The *Please turn to page A10*

- ◆ **Missile lets Ukraine hit farther targets**..... **A8**
- ◆ **Supporters seek release of U.S. teacher in Russia**.... **A8**
- ◆ **Brazil worries it is haven for Russian spies**..... **A9**

## INSIDE



### JASON GAY

For the first time since 2012, two Americans are in the men's tennis top 10. **A14**

# Tesla's Deliveries Climb 83% As Price Cuts Juice Demand

By REBECCA ELLIOTT

Tesla global deliveries surged 83% in the second quarter, helped by sharp price cuts and hefty discounts as the electric-car maker chases growth in an increasingly competitive marketplace.

The car company led by billionaire Elon Musk on Sunday said it delivered more than 466,000 vehicles to customers worldwide in the April-to-June period, a record sales quarter.

Analysts surveyed by FactSet had projected Tesla would deliver about 445,000 vehicles.

The better-than-expected results give Musk new ammunition in his argument that demand remains strong for his aging lineup as he gambles that pursuing growth at the expense of profitability will have long-term benefits for the electric-car maker.

Investor confidence was shaken this year after Tesla reported first-quarter results that

some suggested showed softening interest in the company's bestsellers, the Model 3 sedan and Model Y sport-utility vehicle, and Musk's comments that he would be willing to sacrifice some profitability for continued growth.

How much the effort to boost sales this year has affected profit will be evident on *Please turn to page A6*

- ◆ **Mineral-rich nations want piece of EV pie**..... **A18**

# Green Energy's \$400 Billion Man

Jigar Shah runs the federal loan department supercharging climate investments

By SCOTT PATTERSON AND AMRITH RAMKUMAR

Jigar Shah is living an investor's dream, one with more strings attached than a symphony orchestra.

Shah has \$400 billion of government funds to pour into businesses touting green-energy projects. But he has to do it under the eye of critical lawmakers, cautious bureaucrats and the White

House, which has already clashed with him on the politics of his lending juggernaut. Losses are likely and will be frowned on by Congress.

The line for Shah's cash stretches to 150 companies seeking \$127.7 billion in loans, ranging from new companies with unproven products to giants such as General Motors and PG&E, the California utility blamed for deadly wildfires. Funneling that much money to

climate startups in a short time would be near impossible. Shah has begun writing bigger checks, including a record \$9.2 billion commitment to a Ford joint venture making batteries in Tennessee and Kentucky.

The source of Shah's financial firepower is the Energy Department's Loan Programs Office, an overlooked piece of the Biden administration's strategy to *Please turn to page A7*

## Vampire Creature Is Scaring Fishermen in the Great Lakes

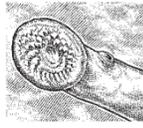
Bloodsucking sea lampreys, with creepy teeth, make a comeback. 'People just freak.'

By JOE BARRETT

BAYFIELD, Wis.—Sean Campbell was out fishing on Lake Superior when one of the charter captain's clients reeled in a beautiful 32½-inch lake

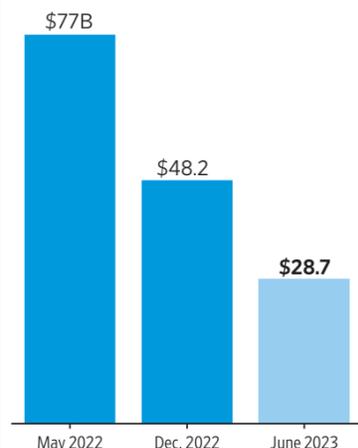
bell, owner of Northern Lights Adventures with his wife, Savannah. "It was just flapping around."

That's when he realized the fish had fallen victim to a sea lamprey—the scariest creature in the Great Lakes. The invasive, eel-like parasite has a round mouth filled with concentric rows of tiny teeth that could creep out a dentist. The *Please turn to page A10*



Yikes

### Public backlog of hung debt



Note: Transaction data excludes private deals Source: Morgan Stanley

## Banks Shed Risky Debt

Banks have sold off tens of billions of dollars of leveraged-buyout debt that was gumming up their lending operations, raising hopes that a critical business on Wall Street is returning to normal. The logjam had crimped banks' ability to make new loans. **B9**

# U.S. NEWS

THE OUTLOOK | By Gwynn Guilford

## Data Quirk May Overstate Job Growth



On its face, the economy looks strong. Output grew 2% annualized in the first quarter, and employers have boosted payrolls by 1.6 million this year, about 2.5% annualized—nearly twice the average increase in 2019.

But some economists say the job market may actually be weaker, and the economy closer to recession, than those figures imply. The reason: quirks in how the payroll data are calculated.

They note that the payroll data are out of step with other data showing a much weaker economy.

The unemployment rate leapt 0.3 percentage point to 3.7% in May, the sharpest one-month increase since 2010, outside of the pandemic recession in 2020. The weakening of employment measures in business surveys and a decline in hours worked could also be signs that the payroll report is behind the curve.

Economists usually look to the payroll survey as the most accurate, complete picture of the job market. But a handful of economists point to blind spots that mean it could be counting more jobs than are being created.

"It's more than 50% likely that it's an overestimate, but it's far from certain," said Steve Englander, head of

North America macro strategy at Standard Chartered, who said the overstatement could be as much as a couple hundred thousand jobs a month.

Such a distortion could be masking the impact of the Federal Reserve's tightening on employment, said Joseph LaVorgna, chief U.S. economist at SMBC Nikko.

"It's possible that the Fed is dealing with an economy that's not as robust as it thinks with a labor market that's not as healthy as it thinks it is," he said, adding that the overstatement of payrolls could be running at around 77,000 a month.

Joshua Shapiro, chief U.S. economist at Maria Fiorini Ramirez, said the payroll survey is more likely to overstate jobs when labor-market conditions are changing quickly, which isn't the case now.

"It'll be a slower process this time because companies are behaving differently due to the limited supply of labor," he said.

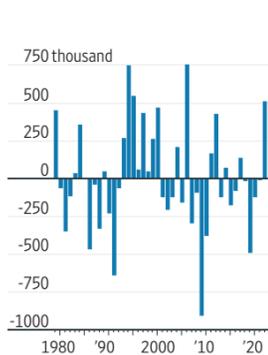
The monthly jobs report, usually published the first Friday of each month and watched closely by investors, policy makers and businesses, consists of two surveys. The payroll survey is based on a sample of more than 122,000 businesses and government agencies

Net change\* in employment from openings and closings from administrative data



\*4Q trailing average Source: Labor Department

Annual benchmark revisions to payroll data



covering around 42 million workers—about 28% of formal employment. The household survey is based on 60,000 households.

The payroll survey showed a gain of 339,000 jobs, while the household survey showed employment falling 310,000 and the number of unemployed leaping 440,000 to its highest level since February 2022.

The two surveys often diverge because of statistical noise or because they define employment differently. For example, the self-employed are counted by the household survey but not the payroll survey, and their numbers fell sharply in May. Historically, economists consider the pay-

roll survey a more reliable indicator of labor market health, except at turning points in the economy. For example, from 2007 to 2010, a period dominated by recession and a weak recovery, the payroll survey overstated jobs by a cumulative 1.7 million, as shown by subsequent, more comprehensive tax data.

A major cause of such overestimates is related to jobs created by startups and lost by business closures. The survey has no way of capturing businesses it doesn't know exist, or whether a company that doesn't respond is ghosting it, or has closed, until many quarters later, when tax data become available.

Until then, the Bureau of Labor Statistics uses a "birth-death model" to extrapolate from recent trends how many jobs are created by new companies and lost to business closures. Its contributions are significant, said Omair Sharif, founder of Inflation Insights. "In some years, business net births make up around 40% of the payroll increase."

But when a weakening economy is closing companies and snuffing out new business, the model might erroneously count jobs that haven't actually been added.

In the 12 months through May, net births contributed 43% of the net increase in private-sector payrolls—on the high side of the historical range, though in May the contribution was just 26%.

That might simply be a sign of the jobs created by a startup boom that took hold since the pandemic's onset. It is also possible that the birth-death model is overestimating net new business creations, as it has at previous economic turning points.

Given Fed interest-rate hikes "and tightening credit conditions—which have already pushed small-business confidence to recession levels—the strength of the birth-death model looks implausible," said Ian Shepherdson, chief economist at Pantheon Macroeconomics. "If the true

rate of formation has returned to the 2019 level, then the birth-death model is adding about 30,000 too much to payrolls each month," he said.

If so, the current robust rate of job gains might be revised lower. In August, the Labor Department will publish a preliminary, estimated revision to payroll data for March 2023 that will ultimately be incorporated in February 2024, based on the final tax data.

Jonathan Pingle, chief U.S. economist at UBS, said the level of nonfarm payroll employment at the end of 2022 was likely too high by several hundred thousand, and that the overstatement might have carried into 2023. "The residual net birth-death adjustment may be the most likely culprit," but it is also possible the sample of companies that go into the payroll report isn't representative, he said.

Meanwhile, the household survey is worth watching, said LaVorgna. The employment decline it showed in May could be noise given gains in the prior two months, and the series is prone to swings. But three months of declines "would signal to me that the labor market is at an inflection point and we are now truly shedding jobs," he said.

## California Hotel Workers Go on Strike



Thousands of hotel employees in Southern California walked off the job Sunday ahead of the Fourth of July holiday, demanding better pay and benefits, and less burdensome workloads.

Unite Here Local 11, the union representing hotel workers such as cooks, housekeep-

ers and dishwashers, said its members can't afford to live in Los Angeles near their work and sometimes have to commute from hours away. Above, people protested in front of the InterContinental Hotel in Los Angeles on Sunday.

The union is seeking an immediate \$5-an-hour wage in-

crease. Two law firms representing the group of 44 Los Angeles and Orange County hotels, Hirschfeld Kraemer and Ballard Rosenberg Golper & Savitt, said the hotels have offered wage increases of \$2.50 an hour in the first 12 months and \$6.25 over four years.

—Adolfo Flores

## Yellen to Visit China, Hoping To Ease Trade, Tech Tensions

By Andrew DUEHREN

Washington and Beijing are talking again. The test now is whether they can settle into a new normal that avoids upending the global economy—or fall back into a cycle of acrimony and retaliation.

Treasury Secretary Janet Yellen heads to China on Thursday through Sunday to meet with senior government officials, her department said Sunday. The trip comes as tensions over trade, technology and Taiwan prompt both countries to reconsider the deep commercial and investment ties that have defined the relationship for decades. Yellen is hoping to preserve many of those links, while Chinese officials want to reverse a domestic slowdown by showing they remain open for business from the West.

At stake in the talks is what the International Monetary Fund has warned could be a "fragmentation" of the world economy into two blocs that

slows global growth. If already-tense relations further deteriorate, U.S. officials worry that China could cut off access to key goods such as components to electric-vehicle batteries, for example. In Beijing, officials criticize the U.S. technology controls as an attempt to hold back China's economic development.

"I think a huge risk to the global economy and security would be a real collapse of relations between the United States and China," Yellen said in a recent interview. "We need to stabilize our relationships. We need channels of communication."

Yellen's trip will be the latest attempt by the rivals to halt a downward spiral in relations, with Secretary of State Antony Blinken meeting Chinese leader Xi Jinping in Beijing in June after months of delay. But President Biden's comment that Xi is a "dictator" during a fundraising event introduced fresh turbulence in an already rocky effort at rapprochement.

The Biden administration has been preparing an executive order for months that will aim to cut off some U.S. investment into Chinese technology sectors perceived as risks to national security. It is also weighing additional restrictions on exporting semiconductors to China.

Beijing, meanwhile, has in recent weeks ratcheted up pressure on foreign companies, broadening its espionage law, questioning employees at Western companies and banning some firms from buying products from Micron Technology, the largest memory-chip maker in the U.S.

The tensions have already started to reshape economic relations. While nominal trade between the two countries hit a record \$690 billion last year, the share of U.S. imports coming from China has been dropping. U.S. investment into China for new operations has fallen precipitously since the onset of Covid-19, according to the IMF.

## Oil Gauge Suggests Price Drop

Continued from Page One

implications for the world economy—and it reflects the state of the economy, too. China's growth has flagged, and Europe's usual powerhouse, Germany, is showing signs of weakness.

The World Bank in June forecast slowing global economic growth in the second half of this year because of stubbornly high inflation and rising interest rates. The bank projected an expansion of 2.1% this year, down from 3.1% last year.

"It's a really bearish sign," said Greg Newman, chief executive of London-based brokerage Onyx Capital Group. The surprise is that the Brent price itself hasn't tumbled, Newman added.

He expects Brent to lurch down to between \$58 and \$62 a barrel.

The implication is that Saudi Arabia, the second-largest crude producer behind the U.S., might have to take more drastic action to boost prices amid sluggish demand, higher interest rates and an unexpected bounty of oil from the U.S., Iran and Russia.

A spokesperson for the

Saudi energy ministry didn't respond to requests for comment.

China's recovery has been slower than economists had predicted. Beijing put forward a plan to kick-start growth, but investors say it is insufficient so far to prompt a big rise in commodities demand.

Brent-crude prices slid 13% in the first half of the year, to about \$75 a barrel on Friday, despite previous cuts by the OPEC+ cartel that Riyadh leads. That has meant cheaper prices at the pump for American drivers heading into the summer travel season. Regular gas prices averaged about \$3.54 a gallon heading into Independence Day, down more than \$1.30 from a year ago.

Fuel consumption is weakening in China and in Europe, said Marwan Younes, chief investment officer of hedge fund

Massar Capital Management. A portion of China's near-record crude imports appears to be heading into strategic reserves, he said.

"The larger, broader macro forces are really going to be dampening global growth," Younes added.

By cutting output, Riyadh has bolstered prices for the high-sulfur crude it produces, but it failed to jump-start the broader market, said Adi Imsirovic, director at consulting firm Surrey Clean Energy and a former trader.

As a result, a price benchmark in Dubai last week rose to a premium to Brent crude, the global standard, for the first time since fall 2020.

It is a rare occurrence because oil traded in Dubai is denser and contains more sulfur.

Dubai prices are heavily in-

fluenced by Saudi output, whereas Brent measures the price of oil produced in Europe and Texas.

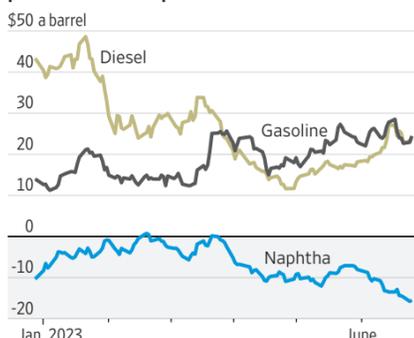
Higher Dubai prices are good news for state oil giant Saudi Aramco, which bases its export prices in Asia on that market.

There is a catch. Aramco is exposed to the frail North Sea market through its sales to Europe, which are priced off Brent.

"The Saudis are back on their own again, cutting output single-handedly to support the market," Imsirovic said. "It goes back to the old mantra that's true again: that OPEC is strong in a strong market and is weak in a weak market."

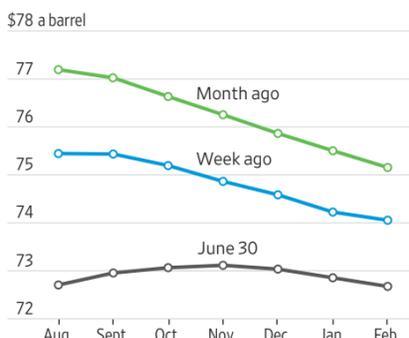
An added risk for oil bulls is that contango in Brent deters money managers from investing in oil derivatives.

Profit margins from different products for European refiners\*



\*Data through June 27. \*An upward slope is called contango and suggests supply is ample. Sources: S&P Global Commodity Insights (profit margin); FactSet (crude futures)

Forward curve for Brent crude futures contracts<sup>1</sup>



DELIVERY DATE FOR OIL

## CORRECTIONS & AMPLIFICATIONS

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## U.S. NEWS

# Missouri Lays Down Law for Missed School

Poor attendance can mean jail for parents, a rule now contested in case at high court

By SHANNON NAJMABADI

LEBANON, Mo.—Missouri parents can be jailed if their children don't attend school regularly. The problem, according to a court filing in a case now before Missouri's Supreme Court: "Nobody has a clue what 'regularly' means."

The litigation involves two mothers, each with a young child who missed about 15 days of class at Lebanon R-III School District in the 2021-22 school year. The mothers called in to explain some of the absences—ear infection, bad cough, a doctor's appointment an hour away—but both were referred to prosecutors and sentenced to jail.

Officials with the southwestern Missouri school district of 4,500 students said they should maintain an attendance rate of at least 90%, an expectation set out in school handbooks. When students don't, their parents are contacted through letters, phone calls and in-person visits, and referred to prosecutors if attendance doesn't improve.

"School attendance is crucial for a student's academic, social and personal development," said Jacy Overstreet, a spokeswoman for the district, who said involving the court system is a last resort. "Our first approach is to work collaboratively with students, their families and our dedicated staff members to identify the underlying reasons for the absences."

Public schools receive funding based in part on student attendance rates, adding a financial incentive.

No state law says students must attend 90% of the time. Missouri's statute requires "regular" attendance, a standard the mothers' lawyers said is unconstitutionally vague and gives school officials and other local authorities wide discretion to choose which parents to charge.

Tamarae LaRue, one of the mothers whose case is being heard by the Supreme Court, said it felt as though she was being bullied by the district after her four boys had several absences because of Covid illness, car trouble and other issues. She said she began having panic attacks, afraid she would be penalized if she was late dropping off her four sons at different schools in Lebanon.

"I was busting my tail trying



Tamarae LaRue served 15 days in jail after her four boys had several absences because of Covid, car trouble and other issues.

to make sure they had all the proof they need—all the doctor's notes they need—calling them while at the eye doctor," LaRue, 32 years old, said of the school district, speaking from the gas station she manages with her mother. LaRue ended up serving 15 days in jail.

Between the start of 2018 and June 2023, nearly 600 charges were filed for violations of Missouri's compulsory-education law, according to state data. Most resulted in guilty pleas or dismissals. Sixty-seven of the charges were filed in Laclede County, where Lebanon is. Only Buchanan County, which is significantly larger, had more

charges filed during that time.

Amy Folsom, the Laclede County prosecutor who tried both mothers' cases, didn't respond to a request for comment. The Missouri attorney general's office also didn't respond. It has argued that attendance means students should be present every day school is in session, and that small infractions are violations of the law.

More than 40 states have some kind of truancy statute that penalizes parents or students for chronic absenteeism, through penalties that can include fines, jail time, taking driver's licenses or referrals to child-welfare agencies.

In recent years, some states have modified those laws or introduced diversion programs in light of cases in which, for example, a parent died in jail or school districts or courts were found to benefit financially from the fines paid.

Truancy statutes are meant to promote regular attendance, which research shows plays an outside role in helping children succeed academically. If a quarter or a third of students in a class are absent, for example, "the teacher is in a no-win position of either starting each class, 'Well, let's, let's review what we did yesterday'...or, 'We're moving ahead. If you weren't here,

talk to a friend and try to catch up,'" said Robert Balfanz, a research professor at Johns Hopkins University's School of Education.

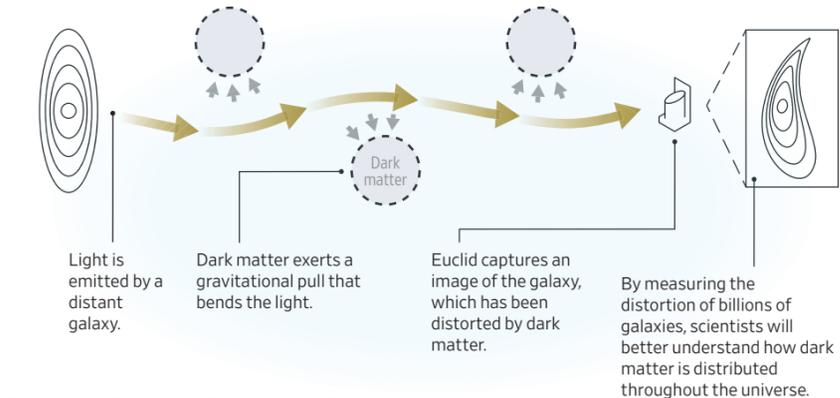
Attendance rates have plummeted since the onset of the Covid pandemic. Federal data has recorded large drops in math and reading scores among U.S. students during that time.

Mallory McGowin, a department spokeswoman, said neither the agency nor Missouri's statute has definitions for "regular attendance" or "chronic absenteeism."

"We are waiting to review the court's decision for guidance," McGowin said.

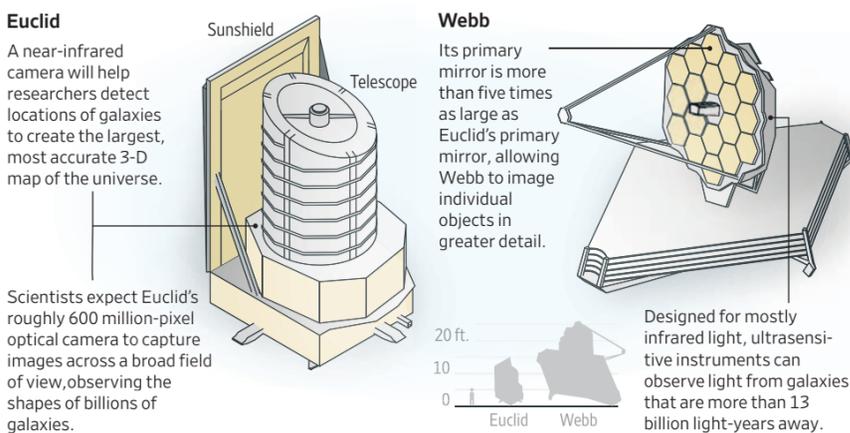
## Mapping the Dark Universe

Euclid is designed to study dark matter—which doesn't emit or absorb light—by observing how the shape of distant galaxies gets distorted by the effects of dark matter.



## Depth vs. Breadth: Comparing Space Telescopes

The James Webb Space Telescope can peer almost to the edge of the universe, while the new Euclid telescope is designed to record an area about 100 times as wide as what Webb can in a single observation.



# Launched Space Telescope To Study Dark Universe

By AYLIN WOODWARD

In an unprecedented mission, Europe has launched the first-ever space telescope designed to study the mysterious dark universe, and how that relatively unknown part of the cosmos may one day determine its fate.

Only 5% of the universe is made up of matter that we can see. Now, the European Space Agency's Euclid mission will help probe the rest of what's out there—what scientists call dark matter, which holds the cosmos together, and dark energy, which is responsible for our universe expanding at an accelerating rate. Both are undetectable using traditional telescopes and astronomy.

Named after an ancient geometrician, the Euclid space telescope blasted off a pad in Cape Canaveral, Fla., aboard a SpaceX Falcon 9 rocket just after 11 a.m. local time Saturday. The roughly \$1.4 billion mission, with contributions from the National Aeronautics and Space Administration, is the culmination of nearly two decades of planning, development and engineering by the Euclid Consortium, a group of more than 2,000 scientists from around the world.

"It is the first space telescope that has been literally designed to investigate dark energy and dark matter," said Jason Rhodes, an observational cosmologist at NASA's Jet Propulsion Laboratory and U.S. science lead for the Euclid mission. "It's really amazing that there's this invisible 95% of the universe that we really don't know all that much about."

The 2-ton craft will make a 30-day journey to an orbital perch 1 million miles from Earth, where it will operate for about six years, joining NASA's James Webb Space Telescope in peering into the distant universe.

The new telescope isn't designed to look deeply at individual cosmic structures like the larger Webb telescope does, but rather survey wide swaths of space at a time. Euclid's goal is to use one of the biggest cameras ever sent into space to help create a three-dimensional map of more than one-third of the sky, encompassing billions of galaxies that are as far away as 10 billion light-years.

"They're both sort of best in their class at what they do," Rhodes said of the two space telescopes, adding that they could one day work together.

"Euclid, since it's looking at so much of the sky, it'll find very rare objects," he said, "and then you would turn that information over to Webb and say: 'Webb, can you study these in great detail?'"

Despite making up most of the universe's mass, dark matter remains one of astrophysics's biggest mysteries, and eludes study. It neither emits or absorbs light, so dark matter can only be detected indirectly—by observing the effect of its gravity on other objects in space. That's where the sheer number of galaxies Euclid will be glimpsing come into play, Rhodes said.

As Euclid observes the position and shape of a distant galaxy, the light from that cosmic structure will get bent ever so slightly by the dark matter between it and the telescope, and scientists can then note that deviation.

"This tells us about the intervening dark matter," Rhodes said.

## Watch a Video

Scan this code for a video on the launch of the Euclid space telescope.

# Exiting CDC Head Warns of Politicization

By SARAH TOY

Dr. Rochelle Walensky has a warning for the American people: Be on guard against misinformation and the politicization of science.

In one of her final interviews as head of the Centers for Disease Control and Prevention, Walensky said she wants Americans to make health decisions based on "their own risk assessment and their own personal risks, but not through politics," she said.

Political partisanship has, in many ways, defined Walensky's tenure as CDC director. People on the right were more likely to push back against the agency's pandemic guidance on quarantines, distancing and masking, compared with those on the left, while Democrats were more likely to be vaccinated than Republicans, according to polls. Political partisanship was a stronger national predictor of Covid-19

vaccination than any other demographic factor, according to KFF, formerly the Kaiser Family Foundation.

Walensky said that public health shouldn't fall along partisan lines. "Some of our biggest divides were based on jurisdictions and how they voted," Walensky said of Covid-19 vaccination rates.

Critics have contended that the CDC gave conflicting recommendations to the public. About a quarter of Americans said they lacked trust in the CDC's health recommendations, according to a 2022 survey of around 4,200 people published in the journal Health Affairs this year.

Walensky acknowledged missteps in communicating during the pandemic, such as not making it clear that the agency's guidance could change as the pandemic evolved. Some Biden administration officials had said that the CDC's explanations of new

and amended guidelines were sometimes hard to grasp.

"We probably could have done a better job saying, 'Watch this space,'" she said.

Walensky said she found it difficult to balance health messaging for the scientific community and the public. "We had to do both, at the same time, in the same 90-second sound bites," she said.

Before the pandemic, the CDC primarily advised state and local health officials, awarded grants and published scientific studies and data. It didn't have day-to-day interactions with the public, said Brian Castrucci, president and chief executive of the de Beaumont Foundation, a non-partisan, philanthropic organization focused on public health. A lot of the CDC's problems stemmed from being thrust into a role it had never taken on before, as well as a lack of public-health infrastructure on the state and local level, he said.

Walensky contends that the CDC has a plan that would help it forestall misinformation by taking a defensive approach to health messaging. That includes brainstorming potential avenues of misinformation before releasing public-health reports, and making clear to media outlets what details could be misconstrued, she said. It is a process Walensky calls "pre-bunking."

The agency is also working on making recommendations plainer and simpler.

She encouraged people to check things they are hearing with other trusted sources, such as academic institutions or societies and their physicians.

"People will say, 'Well, we don't trust the federal government or we don't trust this agency,' My response is, 'OK, then verify,'" she said. "Go triangulate your resources and see where you can find trust in other places."

# Two Killed, Dozens Injured In Shooting at Baltimore Party

By ADOLFO FLORES

At least two people were killed in a mass shooting early Sunday at a Baltimore block party that left an additional 28 people injured, police said.

Authorities responded to the shooting at about 12:35 a.m. and came upon more than two dozen injured people at the party in the city's Brooklyn neighborhood, the Baltimore Police Department said.

An 18-year-old woman and a 20-year-old man were declared dead. Nine people were taken to local hospitals, while about 20 walked into nearby hospitals. As of Sunday afternoon, authorities said nine people remained hospitalized.

The 18-year-old woman was pronounced dead at the scene and the 20-year-old man died at a hospital, police said. Those who were injured range in age from 13 to 32.

Acting Police Commissioner

Richard Worley said investigators were trying to find suspects in the shooting and were reviewing video. At least two people were believed to have opened fire at the block party, Worley said.

Responding to questions about why police weren't at such a large event, Worley said the department wasn't made aware of it until Saturday.

Baltimore Mayor Brandon Scott called the shooting a "reckless cowardly act" that altered the lives of many and cost some their lives.

Scott said the shooting highlighted the need to address the proliferation of illegal guns on the streets of Baltimore and the ability of those who shouldn't have them to get their hands on weapons.

"All of Baltimore is grieving the lives that we lost here and our hearts are with all those who are still recovering," Scott said.

## U.S. NEWS

## Gaps Persist in Affirmative Action's Wake

After high court's ruling, the legacy of race-based policies gets a reappraisal

When Paulette Brown graduated from a majority-white law school in 1976, an adviser at Seton Hall University told her that she should steer away

By Imani Moise,  
Isaac Yu  
and Erin Mulvaney

from applying to the large prestigious law firms. Brown, a Black woman, was told there wasn't a place for her in that world.

She retired in 2021 as a senior partner at a prestigious firm. She said affirmative action gave her a shot. But it wasn't a fix: Brown said she was grossly underpaid compared with her peers, from her first paycheck to her last.

"It pains me even now to think about how I was not treated correctly," said Brown, 72 years old.

Decades of affirmative action have increased the racial diversity on some of the most

selective college campuses that often serve as the primary pipeline into high-status careers. But there isn't much conclusive evidence affirmative-action policies have leveled the playing field in the U.S.

The Supreme Court's landmark ruling Thursday found the consideration of race in university admissions unconstitutional, raising questions about the future of race-conscious decisions in other parts of American life—and how impactful such considerations have been to date. The decision eliminated the principal tool the nation's most exclusive schools have used to diversify their campuses.

The number of Black identifying students enrolled in Ivy League universities increased by 61% between 1980 and 2020, according to federal data. Populations of Hispanic and Asian students each more than quadrupled over the same period.

"Race conscious admissions have been very effective at selective universities, although it varies state to state," said Julie Park, an associate professor of education at the University of Maryland. "Schools that are unable to consider race," she

said, "have struggled to keep their student bodies at pace with the diversifying of the general population."

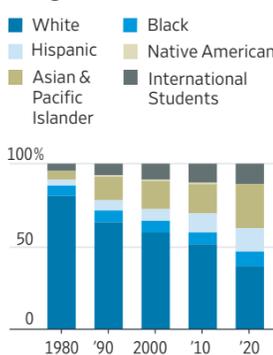
Recent decennial census data indicated that Latinos, Asians and other groups drove all U.S. population growth during the past decade, as America's white population shrank for the first time.

Studies have shown that minorities, after graduating, have attained foot-in-the-door positions but leadership roles largely remain out of reach in the legal world, hospitals and corporate boardrooms.

As of 2021, 86% of Fortune 500 CEOs were white men, according to SHRM, a trade organization for HR professionals. Only a handful of Fortune 500 companies have Black CEOs, and people of color remain underrepresented across a host of senior-level positions.

It is difficult to measure the impact of affirmative action policies because there is a lack of transparency into how and when they are applied. The mechanics behind admissions and hiring decisions are usually confidential. Its implementation in higher education has been inconsistent.

### Percentage of enrolled students at Ivy League colleges and universities



Source: IPEDS via National Center for Education Statistics

Sally Deschamps, a first-generation Dominican-American from south Florida, said she—like many others—has no idea if affirmative action helped get her into Atlanta's Emory University in 2005. And the 36-year-old says she doesn't care.

"Something has to set you apart from the competition, and for some people it might be your story and your experiences," said Deschamps, now a civil engineer for the Defense

Department based in Camp Lejeune, N.C. She transferred from Emory after a year and graduated from the University of Florida in 2010.

University officials have insisted no substitute for racial preferences exists that can ensure that a representative share of minority applicants—particularly Black students—gains admission to selective institutions. As noted by the NAACP in a brief it filed with the court, students of color are still underrepresented in advanced classes.

In the realm of law, women and nonwhites have made incremental progress in representation for associate-level positions at law firms, according to the National Association of Law Placement. For the past decade, representation for lawyers of color hired for first-year associate positions rose to 28% from 20%. Women represent half of the lower-level positions.

But white men are disproportionately represented in equity partner ranks, indicating firms are struggling with retention and promotion of the underrepresented attorneys they are getting in the door. In

2022 only 22.6% of women had this top position at firms.

Calvin Yang, a student involved in Students for Fair Admissions's cases before the Supreme Court, said he believes he was rejected from Harvard after ticking the "Asian" box on his application. He cheered the court's Thursday decision.

"Affirmative action is a well-intentioned idea that is poorly executed in reality," Yang said.

Lauren Holland, a financial analyst in New York City, said it is hard to imagine that she would have been able to move from the South Side of Chicago to Wall Street without at least a little help.

Holland's status as a National Achievement Scholar, a program specifically for Black students, got her recruited by several schools, including the University of Oklahoma, where she studied engineering. She later studied at the University of Chicago Booth School of Business. Once she joined the securities industry—where just 6.5% of employees are Black—she felt peers challenged her credentials.

"The question was always 'how did you get here?'" she said.

## Biden Resists Left's Calls for Supreme Court Changes

By ANDREW RESTUCCIA

WASHINGTON—Progressives responded to last week's sweeping Supreme Court decisions with a clear message: It is time to reshape the high court.

But Joe Biden isn't convinced.

The president, a staunch institutionalist, has largely rejected calls from liberals to push for term limits for justices and for expanding the size of the court, warning that doing so could further politicize the judiciary.

That position could put the president, heading into the 2024 election, at odds with young, progressive voters who are deeply critical of the conservative court. Some of Biden's advisers maintain that the president's reluctance to embrace the issue could appeal to the moderate voters he needs if he wants to win reelection.

Young voters turned out in high numbers in 2022 midterm elections, helping to stave off the deep losses for Democrats that some pollsters predicted. But there are signs that those same voters are reacting to 80-year-old Biden's decision to run for re-election with apathy—in part because of his age—and wish they had other choices.

"The voters that are coming of age politically now have only known a court that has been completely politicized," said Brian Fallon, the executive director of Demand Justice, which advocates for sweeping changes to the Supreme Court. "They do not think of the court in the gauzy



President Biden has warned that pushing for changes at the Supreme Court could further politicize the judiciary.

terms that people of Joe Biden's vintage do."

Over the course of just two days, the Supreme Court upended affirmative action, found web designers and other creative businesses have a First Amendment right to refuse work for same-sex weddings and overturned a Biden administration program that would have slashed student-loan debt for tens of millions of Americans.

The rulings, widely expected, drew praise from Republicans and shook the Democratic establishment—though progressives were pleased

that Biden said he would try to revive his student-debt plan via a different legal path. The rulings also renewed longstanding calls from liberals to redefine the way the court has operated for more than 100 years, with some making the case that it is long past time for Biden to embrace the issue.

"President Biden should run on term limits in 2024. If he does, it will perhaps wake the court up so that they stop showing contempt for American public sentiment," said Rep. Ro Khanna (D., Calif.), who has proposed legislation

that would establish an 18-year term limit for future Supreme Court justices. He argued that the current court majority is "dominated by stubborn, old, extremist jurists who have contempt and little understanding for modern American life."

Several Democrats, including Sen. Elizabeth Warren of Massachusetts, and the Congressional Progressive Caucus, have pushed legislation to remake the Supreme Court. In recent months, other powerful groups on the left, including Planned Parenthood, have endorsed the effort.

Republicans have steadfastly opposed expanding the court. Sen. Ted Cruz (R., Texas) has offered a constitutional amendment that would lock in the current size of nine justices.

The court has existed in its current form, consisting of nine justices, since 1869. Before that, the composition changed several times. In 1937, President Franklin Roosevelt proposed adding justices to a conservative Supreme Court that had thwarted many of his New Deal initiatives. The so-called court-packing plan failed in Congress.

Public confidence in the Supreme Court has declined, driven in large part by the unpopularity of its ruling last year overturning a constitutional right to abortion. Some 31% of voters held a positive view of the high court in an NBC News poll released this past week, a record low since the poll first asked about the court in 1992 and significantly below the 50% with a positive view in 2018. Some 40% in the new survey had a negative view of the court.

Some polls have found support for term limits for Supreme Court justices, but opinion on adding additional justices to the court has been divided. About two-thirds of Americans favored term limits or a mandatory retirement age for the justices in an Associated Press-NORC poll last July, taken just weeks after the high court's ruling on abortion.

But Biden hasn't budged in his reluctance to support changes at the court.

In a recent interview with MSNBC, Biden said the nation's high court had done "more to unravel basic rights and basic decisions" than any Supreme Court in recent history. But he added, "If we start the process of trying to expand the court, we're going to politicize it, maybe forever, in a way that is not healthy."

The White House has also declined to say whether Biden would support a code of ethics for the Supreme Court, a measure that some Democrats have proposed after reports of some justices failing to disclose gifts from wealthy benefactors.

## As No Labels Plans 2024 Run, Questions Swirl About Its Donors

By JULIE BYKOWICZ

A centrist group is laying the groundwork to run an alternative candidate if the 2024 presidential race becomes a Donald Trump–Joe Biden rematch.

It is called No Labels, but many political strategists have their own label for it: spoiler.

History and recent polling suggest a third-party candidate has little chance of winning and could tip the election to Trump, the Republican former president who No Labels itself says is too dangerous to return to the White House. A No Labels candidate could swing the race in critical states or help ensure no candidate gets to 270 electoral votes, which would let state delegations in the House pick the winner, likely favoring the GOP.

Ben Chavis, a former NAACP executive director and a national co-chairman of No Labels, rejects the characterization of the nonprofit group as a spoiler.

"Americans want more choices rather than a repeat of

the 2020 presidential race," Chavis said.

The names involved in No Labels constitute a mostly moderate mix of Democrats and Republicans. In addition to the left-leaning Chavis, other national co-chairs include two Republican former governors and Democrat-turned-independent former Connecticut Sen. Joe Lieberman. Republican real-estate developer Harlan Crow, whose friendship with conservative Supreme Court Justice Clarence Thomas has come under scrutiny, is among No Labels' supporters.

The group hasn't taken positions on major issues that divide the two leading parties, such as abortion access. It claims bipartisanship and centrism as its main values and says a more specific agenda is forthcoming this month.

No Labels—which by law doesn't have to publicly name its donors—says it will evaluate its general election chances after Super Tuesday primary voting in March. If it determines its "unity ticket" has an Electoral College path



West Virginia's Sen. Joe Manchin, right, has been a repeat guest on No Labels' weekly calls with its donors.

to victory, it will reveal its presidential and vice presidential picks at an April convention in Dallas.

Rick Wilson, a veteran of GOP campaigns who co-founded the anti-Trump group the Lincoln Project, said No Labels is operating from a "fictional playbook" that has its candidate picking up wins in states that are difficult to envision, including Florida and Pennsylvania.

"It is a spectacular combi-

nation of hubris and irresponsibility at a level that I have trouble even believing," Wilson said. "They've made a financial and personal decision to destroy Joe Biden."

No Labels is waving off concerns and plowing ahead. The 13-year-old nonprofit group, which has a \$70 million budget, has qualified for the ballot in Arizona, Alaska, Colorado, Oregon and Utah and is pursuing access elsewhere. Arizona Democrats are suing

to kick No Labels off the ballot, and the group says it expects more lawsuits in other states where it wins access.

The ballot drive in Maine has collided with a Democratic secretary of state who accused the group of leading voters to think they were merely signing a petition when they were actually signing up to join its party.

The liberal group MoveOn recently sent letters to secretaries of state asking them to investigate whether No Labels is doing the same in their states. No Labels says it isn't misleading anyone.

No Labels says it was emboldened by a December survey it commissioned showing that 59% of voters would be open to supporting a moderate independent candidate. The group hasn't polled any specific candidates.

No Labels won't say what its candidate selection criteria would be—or who would do the selecting. It says it will lay out a process in August.

Sen. Joe Manchin (D., W.Va.), 75, who often has feuded with the Biden admin-

istration, says he might be open to a presidential bid. Manchin, who is also weighing whether to run a tough race for Senate re-election in 2024, has been a repeat guest on No Labels' weekly calls with its donors.

A growing collection of political strategists and Democratic lawmakers pan No Labels as on a futile mission, possibly aiding Trump. Several dozen, including Biden advisers, met last month in Washington to plot ways to pressure the group to stand down.

In May, some Democratic House members who belong to the "Problem Solvers" caucus that No Labels helped form in 2017 broke with the group over its presidential effort.

Questions about the motives of No Labels are compounded by the secrecy surrounding its finances.

The group's leaders say naming their donors would subject them to scrutiny and intimidation. Past known donors include executives in the finance and energy industries whose campaign contributions largely lean Republican.

## U.S. NEWS

# Student Loan Borrowers Face New Complications

By GABRIEL T. RUBIN  
AND ANDREW RESTUCCIA

WASHINGTON—The Supreme Court's decision to strike down President Biden's mass student-debt cancellation plan thrusts borrowers back into a repayment system that millions had hoped they would never see again.

Payments and interest accrual on federal student loans have been paused for more than three years, since the pandemic prompted the Trump administration and Congress to freeze them in March 2020. During that time, the Biden administration has sought to completely overhaul how bor-

rowers pay off their debts.

There have been other changes that could make repayment more complicated for some borrowers. Millions of student loan holders have graduated from schools (or left without a degree) since 2020, and have never made a payment or been assigned to a loan servicing company.

Millions of others have had their accounts moved between servicers as firms such as Navient, formerly Sallie Mae, left the federal student loan business altogether in recent years. According to a June report by the Consumer Financial Protection Bureau, more than 4 in 10 borrowers will re-

turn to repayment with a new student loan servicer.

"I'm really worried about this group," said Aaron Ament, president of the National Student Legal Defense Network.

Biden on Friday said he would launch a new effort to forgive student loans on a large scale using a different legal authority than the one that the Supreme Court blocked. The details of that program, including when it will be finalized and how many people it will cover, are still unclear, adding fresh uncertainty for borrowers.

Meanwhile, the Biden administration has undertaken

an overhaul of how borrowers pay off their loans, revamping income-based repayment programs and rewriting accountability regulations for for-profit schools.

Expanding income-driven repayment plans is the administration's main strategy for preventing loan balances from ballooning in the future, and while their new terms got less attention than mass debt cancellation, they could cost far more over time than a one-time cancellation plan would, according to estimates by the Penn Wharton Budget Model.

IDR plans were designed to help lower earners borrow for college, but in their current

form, few have been able to use them effectively because of technical problems and onerous amounts of income-verification paperwork.

The administration's proposed changes would provide qualifying borrowers with more-generous options that could leave them debt-free sooner, while paying off only a fraction of their balances. The plan, which the Education Department finalized on Friday, will cut payments to zero for borrowers making \$32,800 or less a year. The department estimated it will save all other borrowers at least \$1,000 a year.

The Education Department

has just a few months to implement the new plan and communicate it to borrowers before payments restart in October.

The Biden administration is taking steps to help borrowers with the transition. For one year, beginning on Oct. 1, borrowers who miss payments won't be referred to collections agencies, reported to credit bureaus or put in default, according to the White House.

Congress held funding flat for the Office of Federal Student Aid for the current fiscal year at \$2 billion. As a result, servicers will likely need to cut customer service staffing and wait times could swell.

## N.Y. Mayor Makes Aid To Migrants A Priority

By ERIN AILWORTH  
AND JIMMY VIELKIND

NEW YORK—Mayor Eric Adams is betting that solving a migrant-housing crisis with no end in sight is, at least for the moment, more important to New Yorkers than just about everything else.

Adams has increasingly turned his energy toward finding shelter for tens of thousands of asylum seekers after riding into office on a message of reducing crime. The city has a rare right-to-shelter requirement, putting a legal onus on Adams to find ways to care for the more than 81,000 migrants who have streamed into the city, mostly after illegally crossing the country's southern border.

The 62-year-old Democrat, thought to be a rising star in the party, cut a budget deal with lawmakers this past week where negotiations were complicated by the rising costs of caring for asylum seekers. He spurned calls by progressive members of his own party for more spending on other priorities, such as education and social-service programs, increasing their frustration with his moderate tack.

Adams said handling the migrant crisis required finding room in last year's budget for a \$1.4 billion outlay. The city plans to spend at least \$2.9 billion in a \$107 billion budget that took effect July 1.

"There are many things we could have poured our money into if we had that \$1.4 billion," the mayor said, even as he touted how the budget deal struck Thursday with the City Council addressed the needs of New Yorkers.

Adams's Thursday remarks were the coda to months of contentious negotiations with his fellow Democrats who control the City Council.

Speaker Adrienne Adams said Thursday that the process was difficult and called the mayor's insistence on cuts—such as a proposed \$36.2 million cut in funding for libraries and roughly \$41 million less for the city university system—counterproductive. Council members restored all of the library funding and most of the funding for community colleges, and spoke out about how Adams and his aides treated them.

Councilman Charles Barron, a member of the finance committee, voted no on the budget Friday, calling it "fiscally negligent and economically oppressive to the working-class families."

He panned cuts to education, healthcare, and youth and senior services.

"I know this budget is no good because I've never seen a more reluctant handshake by a speaker in all my 14 years in doing this budget," Barron said, referring to Thursday's ceremony. He was one of 12 council members who voted against the spending plan, which passed with the support of 39 members.

A representative for the mayor said the budget invests in things like early education and more, and that "anyone who claims this budget doesn't deliver resources to those who need it is being disingenuous."

The shelter population began exploding to record levels last year.

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U.S. Representatives  
**Jasmine Crockett (D-TX30)**  
and **Marc Veasey (D-TX33)**

join Anthony Pratt to open our latest  
100% recycled box factory in Texas

DANIEL MOTTA



U.S. NEWS

U.S. WATCH

KANSAS

Nine Hurt in Club Shooting

A shooting in a Kansas nightclub early Sunday left seven people with gunshot wounds and two more hospitalized after being trampled, police said.

Wichita Police Lt. Aaron Moses said investigators believe several shooters opened fire inside the City Nightz club just before 1 a.m. One suspect was in custody.

The gunshot victims included five men between the ages of 21 and 34, a 21-year-old woman and a 24-year-old woman, Moses said.

Police said Sunday that police have been called to the nightclub about a dozen times this year for various incidents, including a report of aggravated battery and a drive-by shooting on May 21.

—Associated Press

LOS ANGELES

Migrants Bused In From Texas

A bus carrying migrants from a Texas border city arrived in downtown Los Angeles on Saturday for the second time in less than three weeks.

The office of Los Angeles Mayor Karen Bass wasn't formally notified but became aware on Friday of the bus dispatched from Brownsville, Texas, to L.A. Union Station, Bass spokesperson Zach Seidl said. "The City of Los Angeles believes in treating everyone with respect and dignity and will do so."

The asylum seekers came from Cuba, Belize, Colombia, El Salvador, Guatemala, Mexico, Nicaragua and Venezuela.

The city received a bus carrying 42 migrants from Texas on June 14.

—Associated Press

CALIFORNIA

Minimum Pay Rises in Cities

The swanky, celebrity-studded city of West Hollywood officially has the highest minimum wage of any U.S. city after pay zoomed to \$19.08 an hour Saturday.

Workers in West Hollywood welcomed the increase amid rising rent, gas and food prices, although employers grumbled about growing labor costs that they say could drive them out of business.

The minimum wage also went up in other cities on Saturday. San Francisco's minimum wage increased more than a \$1 to \$18.07 an hour. Los Angeles is now \$16.78 an hour, and the minimum wage in Washington, D.C. is \$17, up from \$16.10 an hour.

—Associated Press



AS EASY AS PIE: Jude Hunter, 11 years old, competes in a blueberry-pie-eating contest at the Chattanooga Market on Sunday in Tennessee.

FROM PAGE ONE

Tesla Logs Growth in Deliveries

Continued from Page One  
July 19, when the electric-car maker reports financial results. In the first quarter, Tesla's operating margin, a measure of profitability, fell to 11.4%, from 19.2% in the first three months of 2022. Still, it remains higher than that of many carmakers.

Sunday's results mean Tesla's rate of growth can slow in the second half to 24% compared with the same period a year ago and still meet Wall Street expectations for 1.82 million deliveries this year. Some investors are hopeful that Tesla's price cuts hit a bottom in the second quarter.

Tesla has been targeting 50%

annual delivery growth on average, though it has set a more modest goal for this year. The car company has been adding factory production at the same time underlying demand for its vehicles has been showing some signs of softening after years of blistering sales increases.

Deliveries in the first quarter rose 36% from a year earlier, lifted in part by a series of price reductions that also dented earnings in the same period. Last year, an extended shutdown at Tesla's Shanghai assembly plant weighed on the company's second-quarter performance.

The world's top seller of electric vehicles, Tesla has regained momentum this year after a punishing 2022, in which the stock had its worst annual performance and the company missed its deliveries target.

Tesla's shares have more than doubled in the first six months of this year as the company has remained upbeat

Tesla deliveries, quarterly



Note: As of July 2  
Source: the company

about its growth prospects and recruited several car-company rivals to use its fast-charging network.

But the stock remains below a peak of more than \$400 set

in November 2021, and Tesla is under pressure to prove to Wall Street it can keep winning over buyers as competitors accelerate the rollout of their own electric-vehicle offerings.

Musk unnerved some investors this spring when he declared the company was prepared to sacrifice near-term profitability in pursuit of growth, a strategy that rival automakers have largely abandoned over the years. "We've taken a view that pushing for higher volumes and a larger fleet is the right choice here, versus a lower volume and higher margin," he said in April.

Over the past year, Tesla has gone from having monthslong waiting lists for many of its models to building inventory.

To juice demand, Tesla has employed a range of promotional tactics. Since early January, starting prices across the company's lineup have dropped between 14% and 28% in the U.S., depending on the model,

according to The Wall Street Journal's review of the changes on Tesla's website.

Tesla aims to boost sales from the 1.3 million vehicles delivered last year. It produced more than 920,000 cars and sport-utility vehicles in the first six months of the year and has set a goal of producing 1.8 million vehicles in 2023.

To achieve its targets, it has been adding factories around the world. It officially opened one in Texas last year and another in Germany to help it churn out more cars. With the added output, it needs to keep sales rising to avoid an inventory buildup.

Adding to the pressure is that Tesla, unlike traditional automakers, doesn't have a dealership network to help it sell down excess stock if it starts to pile up.

Because of its direct-sales model, the car company holds the inventory on its books until it can make a sale and has to

do the work of storing the vehicles and finding buyers, a task that becomes more onerous if supplies build.

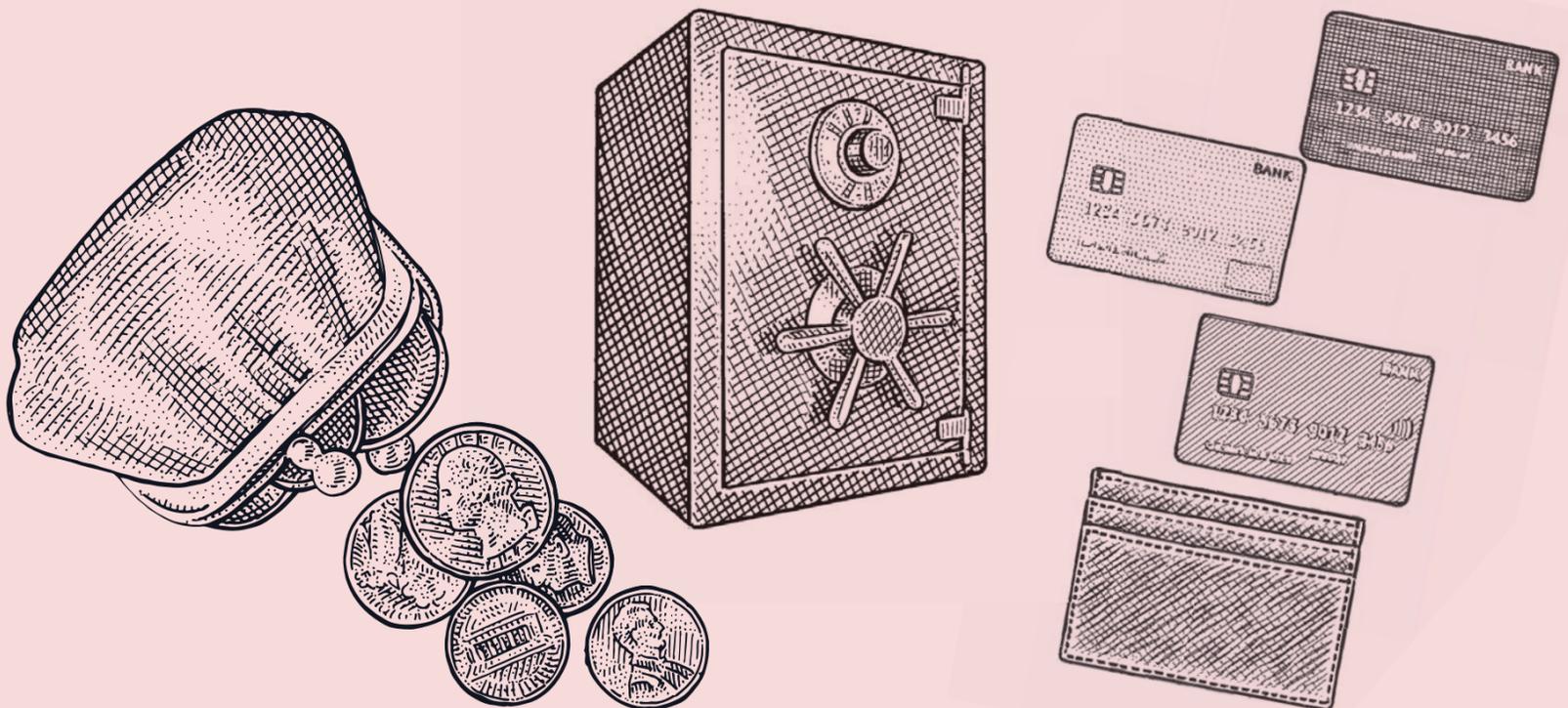
In the first quarter, the value of Tesla's finished goods—a measure that reflects unsold inventory of vehicles and those in transit to customers, among other products available for sale—increased to roughly \$4.6 billion, from less than \$1 billion the year before, securities filings show.

While Tesla has often tinkered with prices—adjusting them up and down in a way that is similar to the dynamic-pricing models of airlines and hotels—the revisions this year have resulted in substantial price cuts.

As of late June, Tesla also was offering thousands of dollars off certain vehicles it had in stock, and some buyers qualified for a \$7,500 federal tax credit on top of that.

—Tim Higgins  
contributed to this article.

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## U.S. NEWS

# Funds for Green Energy

*Continued from Page One*  
address climate change. Largely quiescent for almost a decade, the office is designed to finance businesses that are important to the country's energy transition but unable to borrow from traditional lenders, often because their technology is seen as too risky or because the terms are too onerous.

"We would absolutely look at investing alongside them," said Jehangir Vevaina, a managing partner at Brookfield Asset Management who helps oversee the private firm's \$15 billion energy transition fund. That fund, one of the largest of its kind, typically invests in a company's equity, which can become less risky when government loans give businesses a stamp of approval, as well as lower borrowing costs than commercial banks.

Climate-related provisions in last year's Inflation Reduction Act gave Shah's office a windfall, multiplying its lending capacity 10-fold. That pile of cash is at least 20 times as big as most private green-energy funds, giving Shah and the Loan Programs Office a major role in shaping the American energy landscape.

That is how Shah found himself in early 2021 calling hundreds of clean-energy executives to pitch the loans his office could provide. Primary targets were clean-energy startups that had raised at least \$100 million in equity financing. He also wooed big businesses with the resources to pay back large loans.

Some were reluctant to apply, worried about the complicated approval process and the risks of taking a government loan. Shah, eager to get funds out the door, can be impatient. In September, he pressed a startup company that has a plan for recycling batteries to borrow hundreds of millions of dollars from the

federal government to construct a plant.

The company's chief executive, Ajay Kochhar, was hesitant, unsure how quickly it could repay. "Get your ass to Pittsburgh," where a clean-energy conference was about to start, Shah told the executive, according to people familiar with the conversation.

At a coffee shop soon after, Shah told Kochhar, of Li-Cycle Holdings, that its recycling plant could easily generate enough revenue for repayment. Five months later, the two announced a \$375 million federal loan.

Shah's office is "the clean-energy bank of the United States," said Peter Davidson, who led it from 2013 to 2015. With its burst of funding, "the floodgates have really opened," he said.

The loan program is part of the reason the Inflation Reduction Act's tax credits and spending represent one of the largest outlays of taxpayer-financed industrial stimulus since the 1930s New Deal.

In early June, Shah's office committed \$850 million to startup battery maker Kore Power. The loan would fund what the company calls the KOREplex, a giant battery manufacturing facility in the desert about 35 miles west of Phoenix.

Shortly after, the Loan Programs Office announced the record commitment to the Ford battery venture. The \$9.2 billion agreement is bigger than the \$5.9 billion Ford borrowed from the office starting in 2009, when it was struggling through the financial crisis.

## Solyndra PTSD

Hanging over the Loan Programs Office's every move is what Shah called "Solyndra PTSD." Despite the office's successes, which include backing Tesla, it remains dogged by a busted loan to solar-panel startup Solyndra.

Solyndra failed in 2011 after China flooded the market with low-price panels. In addition, an investigation by the Energy Department's inspector general found Solyndra had misrepresented facts and omitted



Jigar Shah, center, with colleagues in his Washington, D.C., office.

key information in getting the loan. The \$535 million loan that went sour made staffers cautious, borrowers nervous and critics of the program aggressive.

Rep. Cathy McMorris Rodgers (R., Wash.), chair of the House Energy and Commerce Committee, has called the expanded funding "Solyndra on steroids" and said the Inflation Reduction Act's new spending and lending "has heightened the risk for waste, fraud and abuse." She said her committee is in regular contact with the loan office.

Shah's first loan deal after taking over in 2021 was a \$1 billion commitment to Monolith, a company that aims to produce hydrogen from natural gas. The company's technology will capture the carbon that the process yields and turn it into a material for everyday products such as tires. Clean hydrogen is an alternative to oil and gas.

Several members of Shah's staff worried the deal was too risky, people familiar with the matter said. Shah argued it was safe because it required Monolith to set aside revenue and meet rigorous requirements before getting the money, such as showing its production process would work at scale. Monolith hasn't yet met them.

Last summer, Monolith raised more than \$300 million in equity from investors including BlackRock and NextEra Energy, the most valuable power company in the U.S.

Staff members raised concerns about a potential loan to a company called Syrah Resources, a producer of graphite, which is used in rechargeable batteries, people familiar with the matter said. Raw material for its Louisiana processing facility would come from a mine in Mozambique, the scene of terrorist attacks, raising concerns that disruptions would threaten Syrah's project. Shah pushed ahead, on the grounds that the program was protected in the deal and the U.S. needed to lessen its dependence on China for graphite. The office issued a \$102 million loan last summer.

When Shah supported granting a loan for an Occidental Petroleum project, White House officials told him it could backfire. The project involved removing carbon from the atmosphere via a new technology, then injecting it into the ground to extract more oil. Administration officials worried about a backlash from environmentalists, a person familiar with the discussion said.

Shah argued it was worth

exploring as a way to develop carbon-removal technology. The loan application is still working its way through the office. Occidental's first big carbon removal plant is under construction.

Despite having lived for decades around Washington, D.C., Shah seems more like a creature of Silicon Valley's high-tech culture than a Beltway denizen. He co-founded a solar-energy company, SunEdison, in 2003 with a home-equity line of credit. It revolutionized the way businesses and homeowners paid for rooftop solar panels. Under its financing concept, which Shah drew up for a business-school class project at the University of Maryland, the panels are typically paid for over a 20-year stretch, in part with buyers' savings from generating their own power, making the panels almost free in the long run.

Installations exploded, and SunEdison became North America's largest rooftop-solar provider. Shah left in 2008, the company was sold in 2009. Years later it went bankrupt after an aggressive growth strategy backfired.

Shah co-founded clean-energy investment firm Generate Capital about nine years ago. His effusive personality and list of contacts helped build

Generate into one of the largest clean-energy investment firms. At Generate's San Francisco office he would hold court in a cavernous space known as the "Jigar-torium."

When approached by the Biden transition team about leading the Loan Programs Office, Shah was reluctant. On a podcast he used to co-host called, "The Energy Gang," he once called the office "irredeemable" because it was doing so little.

Patti Poppe, now the CEO of PG&E, listened to the podcast in the mornings while exercising on her treadmill. "It would make me run faster because he'd make me mad," she said. Shah often criticized utilities for moving too slowly. Poppe eventually invited Shah to talk to the management team at her previous job in Michigan and became convinced the industry needed to be more aggressive.

At PG&E, she is seeking a roughly \$7 billion loan to upgrade and bury the utility's outdated power lines, to reduce wildfire risk and keep up with rising electricity demand driven by electric vehicles.

## 'Damn you!'

Before Shah took the job, his Generate colleagues told him accepting was a dumb idea unless he could make the office more efficient, he said in an interview at his Energy Department office, clad in his blue fleece vest and Stan Smith tennis shoes.

He outlined his demands, including provisions that would make it easier to lend to companies in the electric-vehicle supply chain. On a call with DOE officials, they agreed to all of his conditions, he said. "I was like, 'Damn you!'" he recalled.

He tripled the agency's staff to roughly 250 and recruited debt experts from banks.

"If anyone can crack through some of the red tape, it's a force of nature like Jigar," said Scott Jacobs, who co-founded Generate Capital with Shah and one other person. "Yet I'm not sure anyone can get through all of the bureaucracy."



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## WORLD NEWS

## Missile Lets Ukraine Hit Farther Targets

Designed to strike Saddam Hussein, Storm Shadow has pinpoint accuracy

BY ALISTAIR MACDONALD  
AND DANIEL MICHAELS

The long-range British cruise missile Ukraine has been using to smash Russian military operations was created a generation ago to hit Saddam Hussein in his bathroom.

For several months, Ukraine has been using Storm Shadow—which can hit targets more than 150 miles away with pinpoint accuracy—to blow up Russian military supplies and infrastructure that until recently were out of Kyiv's reach. The missile is so precise that in its first use, during the 2003 Gulf War, one Storm Shadow punched a hole in the side of a building and then another one followed through the same hole.

Now, Kyiv could be set to receive U.S. long-range missiles, as officials in Washington seek approval at the highest levels to send an American system to Ukraine and bolster its continuing offensive. The system, the Army Tactical Missile Sys-

tem, or ATACMS, has a range of about 190 miles. Washington has so far not sent it for fear that Ukraine could use the truck-launched rocket to strike Russian territory and escalate the conflict into a wider war.

Ukraine's use of Storm Shadow over recent weeks has indicated it has lots of targets to hit within Russian-occupied parts of the country.

Storm Shadow, which entered Ukrainian service in May, has been accomplishing a mission that Ukraine last year pursued with U.S.-made High Mobility Artillery Rocket System, or Himars, a truck-based weapon with a strike range of at most 50 miles. Like Himars, which forced Russia to pull supplies and bases back from front lines to avoid being hit, Storm Shadow is compelling Moscow to rethink its logistics as Ukraine gears up its offensive.

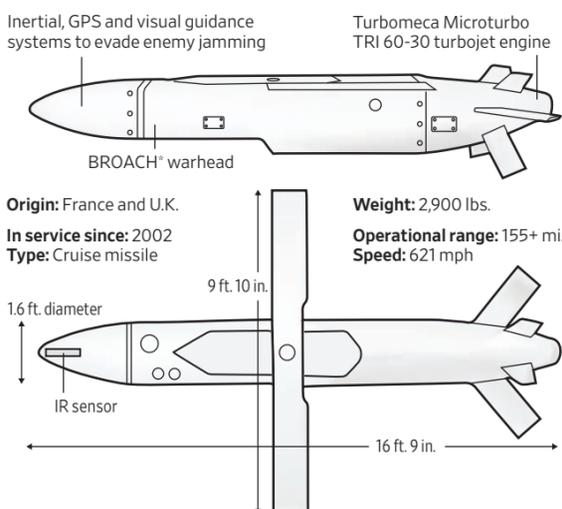
Ukraine in June used Storm Shadows to cripple a bridge that Russia relied on to supply its troops in the Kherson and Zaporizhzhia region, Russian officials said.

Also like Himars, Storm Shadow appears to be having a psychological impact on Russian forces and civilians. Footage of the ammunition-dump hit on social media showed a

## Heavy Hitter

Ukraine has stepped up strikes against infrastructure deep in Russian-occupied territory after the U.K. provided it with long-range Storm Shadow missiles.

## Storm Shadow missile



\*Bomb Royal Ordnance Augmented Charge  
Source: GlobalSecurity.org

Elizaveta Galkina/THE WALL STREET JOURNAL

string of explosions amid a raging fire and a plume of black smoke drifting across farm fields. "It's the end," a woman watching the destruction said on the recording.

Official Russian press and

social-media channels have carried accounts of how Storm Shadow, thanks to its long reach, has struck buildings across occupied parts of Ukraine and even killed a Russian general.

Ukraine is using the weapon "very effectively," said Doug Bush, the U.S. Army's acquisition chief. Bush said that Ukrainian forces have been very good at linking intelligence data with high-precision, long-range strikes and "gotten inside" Russia's ability to move its stockpiles of weapons and ammunition.

Ukrainian officials agree. In May, Ukrainian Defense Minister Oleksiy Reznikov told a local TV station that the missile has a 100% success rate in hitting its intended target. A Russian-installed official in occupied Ukraine told Russian state news agency TASS that it is hard to shoot down.

The U.K. has been a first mover in arming Ukraine. It sent antitank missiles before Russia launched its large-scale invasion last year, and London's decision to send its Challenger 2 tanks earlier this year—the first initiative to send modern Western battle tanks to Ukraine—prompted the U.S. and other allies to follow suit.

France, which produces a twin version of the missile called Scalp, said it is considering sending longer-range missiles.

Britain hasn't said how many Storm Shadows it has

sent. The U.K. had roughly 822 Storm Shadows in its arsenal before the start of the war, Janes, the defense intelligence company, estimates.

The weapon's cost may limit how many Britain's cash-strapped Defense Ministry will be able to send. In 2011, the Royal Air Force told Britain's Parliament that each Storm Shadow cost the equivalent of more than \$1 million today.

Defense experts, though, say that its very existence in Ukraine's arsenal, no matter how many, will have been enough to force Russia to move its supply chain further away from the front line.

"It holds a range of Russian critical dependencies at risk: fuel, ammunition dumps, command and control bunkers, and other high-value targets," Jack Watling, senior research fellow at the Royal United Services Institute, a think tank in London, wrote in a paper on the weapon.

Storm Shadow and Scalp are produced by a British-French-Italian company, MBDA. They use a mix of guidance systems that help them evade enemy jamming, maneuver and reach their targets.

—Bojan Pancevski  
contributed to this article.

## Zelensky Says His Humanity Is Key to Beating Putin

BY JAMES MARSON

ODESA, Ukraine—The soldiers put on brave faces for the president. One had lost both hands. Another, a chunk of his hip. A third had a bandage wrapped around his head.

"Have you got everything you need?" President Volodymyr Zelensky asked.

"Everything but my health," one of them replied.

"You'll get it back," Zelensky told him.

A few hours later, on a day when The Wall Street Journal spent several hours with him, Zelensky was still thinking about the soldiers: the one who volunteered for the front after the Russians occupied his hometown, and the handless man whose fiancée stood beside him talking of their future together.

The president had been putting on a brave face, too.

"I don't have the right to look weak," he said. "I can't be weaker than them, and they're as strong as steel. Even if there are some moments, they should be when you're alone."

For 16 months, Zelensky has led the resistance against a Russian invasion aimed at wiping his country off the map. Western leaders and Ukrainian citizens have praised him for his bravery and relentless schedule from front-line cities to foreign capitals.

The personal toll is visible in the crags and lines that darken his 45-year-old face. But on a half-day visit to the southern port city of Odesa, accompanied by reporters from the Journal, Zelensky showed little sign of flagging.

He chatted at length with injured soldiers and medics at a hospital. He chaired a meeting on exports at the port.



President Zelensky, right, gives an award to a serviceman in Odesa in a photo provided by the presidential press service.

Then he sat for more than an hour with the Journal.

Ukraine is fighting a much larger foe and must seek advantages wherever it can, he said. "What can we do compared to Russia? We have to be faster," Zelensky said in the interview. His relative youth and vigor are an advantage over 70-year-old Russian leader Vladimir Putin, he said. Then he named another: his humanity.

"It's very important not just to blab, to speak just to say something," he said. "No, it's understanding the problem."

That approach was on display at the hospital, where he went from room to room

meeting injured soldiers and their relatives. Zelensky chatted with the men in the first room for several minutes, posing for photographs and presenting awards.

Nurses, doctors and relatives gathered in the corridor and peered inside. Among them was Lyudmyla Buhreyeva, the 54-year-old mother of Serhiy Buhreyev, the man who had lost part of his hip.

The family had fled the southern city of Henichesk, which Russia quickly occupied at the start of the war. Weeks later, 35-year-old Buhreyev, a father to a baby boy, Nikita, and 12-year-old Oleksandra,

volunteered for the army. He told Lyudmyla: "Mom, don't cry. We'll take it all back."

Buhreyev was defending the eastern city of Bakhmut in March when he was injured. As the Russians closed in, six of the men in his unit surrendered, but he clung on and was carried out, bringing a Ukrainian flag with him.

Lyudmyla hovered nervously outside the hospital room. She said she wanted to thank the president and ask for a photo.

As Zelensky bid farewell, Lyudmyla pounced, embracing the president, kissing him and saying, "I adore you!"

Zelensky returned to the room for more photos.

After presenting awards to medics, Zelensky and his entourage piled into vehicles and sped off.

The cars swept into the compound of the Odesa Seaport Administration. Outside stands a reminder of a previous war: a statue to port workers who died in World War II bearing the inscription: "No one is forgotten. Nothing is forgotten."

Inside, Zelensky chaired a meeting about exports from the port, which have been largely cut off by a Russian blockade. As a minister gave a presenta-

tion, Zelensky glanced around and fidgeted as if distracted. Then he suddenly interjected with a question: "Where?"

The meeting concluded, and the president's convoy set off again for a government residence, up from the port past the city center's lively cafes, the baroque opera house and stores with signs in a mix of Ukrainian and Russian. Founded by Catherine the Great at the end of the 18th century, Odesa has long been a target for Russia.

Despite Putin claiming Odesa as a historically Russian city, its inhabitants, including a large number of Russian speakers, have come down firmly on the side of Kyiv.

"I love Odesa," said Zelensky as he arrived at the interview.

The president, a former comedian and actor, joked about needing to sleep for five years to catch up on night hours lost during the war.

He said he has little time to relax, save for a short time around 6 a.m. when he eats breakfast and reads one of the handful of books he has on the go at any one time, from history to fiction, to relieve his mind somewhat. He also tries to spend time with his son and daughter, helping his son with his English homework.

Asked about his good humor, Zelensky said smiling keeps him human.

"It's important to stay grounded so you don't feel like someone on a pedestal in the sky," he said.

Putin and the Russian elite, he said, have lost touch with reality, oblivious to the deaths caused by their deployment of the Russian military in an attempt to conquer territory.

"They do not understand the price of life," he said.

## Supporters Seek Release of U.S. Teacher Held in Russia

BY KRIS MAHER

When Marc Fogel calls home from a penal colony in Russia, his mother knows not to ask how he is doing. Instead, she listens for clues in his voice while she tells him what's happening with Pittsburgh's sports teams.

"Sometimes he sounds OK, and sometimes I know he's close to tears," said Malphine Fogel, who is 94 and lives in Butler, Pa.

The phone line is always clear on the brief calls, she said, which makes it hard to believe that her son, a 61-year-old high-school history teacher, is thousands of miles away, serving a 14-year prison sentence for carrying medical marijuana that had been prescribed for his back pain.

Marc Fogel is one of at least six Americans known to be cur-

rently detained in Russia, but his case has drawn less attention and action by the U.S. government than some other cases. That is because the State Department hasn't designated him as "wrongfully detained," as it has with Wall Street Journal reporter Evan Gershkovich and Paul Whelan, a Marine veteran, who were both arrested on charges of espionage.

Gershkovich, 31, was detained on March 29 by Russia's Federal Security Service, or FSB, while he was on a reporting trip in the city of Yekaterinburg. Gershkovich, the Journal and the U.S. government vehemently deny the allegation of espionage.

Whelan, who is serving a 16-year sentence, denies engaging in espionage.

Lawmakers have been calling on the State Department to apply the "wrongfully de-

tained" designation to Fogel's case, which would effectively commit the U.S. government to securing his release.

A bipartisan group of lawmakers recently introduced the Marc Fogel Act, which would require the State Department to provide Congress with copies of documents and communications on why a wrongful-detention determination has or hasn't been made in cases of U.S. nationals detained abroad within six months of their arrests.

State Department officials have declined to elaborate on how they reach such determinations, or about their decision on Fogel, but say that isn't set in stone, and that they are seeking his freedom.

"We take seriously our commitment to assist U.S. citizens abroad and to provide all appropriate consular assis-



Marc Fogel with his mother, Malphine Fogel. He is serving a 14-year prison sentence in Russia.

tance," a State Department spokesperson said.

The spokesperson added, "The U.S. government continues to call on the Russian government to release Marc Fogel on humanitarian grounds."

Fogel was arrested Aug. 14, 2021, at Moscow's Shereme-

tyevo airport after customs officials found less than an ounce of medical marijuana in his luggage. After spending summer break at home in Oakton, Pa., he and his wife flew to Moscow, where they had planned to teach for their 10th and final year at the Anglo-

American School of Moscow. Convicted in June 2022 on drug-trafficking charges, he is serving his sentence at a maximum-security institution in Rybinsk, around 200 miles north of Moscow.

—Louise Radnofsky  
contributed to this article.



## WORLD NEWS

# Brazil Worries It Is Haven for Russian Spies

By **LUCIANA MAGALHAES**  
AND **LOUISE RADNOFSKY**

**PADRE BERNARDO**, Brazil—the double life of a suspected Russian spy arrested in the far north of Norway began more than a decade earlier in this corn- and soybean-producing town a half a world away, Brazilian authorities say.

Norwegian authorities say a university researcher carrying Brazilian documentation is actually a deep-cover agent for Moscow, charging him with espionage. Investigators traced his Brazilian citizenship to a fraudulently obtained birth certificate from Padre Bernardo, in what has become a familiar pattern of identity theft and spycraft originating from this South American country.

Another Russian using a forged Brazilian identity is incarcerated in Brazil and faces spying charges in the U.S. Dutch authorities stopped him last year as he allegedly attempted to infiltrate the International Criminal Court as an intern. A third suspected Russian spy who lived for years under a Brazilian identity in Rio de Janeiro is missing.

The incidents have sparked an investigation in Brazil into whether Moscow is using the country as an incubator for deep-cover agents seeking to infiltrate the West. Brazilian investigators have offered few public details about their

## Authorities fear Moscow is using the country as an incubator for its agents.

probe, but they believe more covert agents could be lurking undetected within the country or around the world, according to people familiar with the matter.

The Russian Embassy in Brasilia didn't respond to requests for comment on the allegations of spying. Moscow has denied that Russian agents are covertly operating in Brazil, Norway or elsewhere.

For the U.S., the two alleged agents now in custody also present an opportunity for a possible prisoner exchange. U.S. officials have said they are engaging with countries holding Russian citizens and are open to incorporating such prisoners in a deal aimed at freeing Americans held in Russia. That includes Wall Street Journal reporter Evan Gershkovich, who is being detained on a charge of espionage that he, the Journal and the U.S. government strongly deny.

In the case of Sergey Cherkasov, who allegedly attempted to infiltrate the International Criminal Court under the Brazilian identity of Victor Muller Ferreira, Brazil is wrestling with competing extradition demands from the U.S. and Russia. Cherkasov is serving a 15-year prison sentence in Brazil for using false documents and is under investigation there for alleged espionage.

Paulo Ferreira, a lawyer representing Cherkasov, said his client admitted to the use of false documents but denied he is a Russian spy.

The U.S. indicted Cherkasov in March, charging him with illegally entering the U.S. under his Brazilian alias and acting as a Russian agent while attending a graduate program in Washington, D.C.

Russia also has requested his extradition, saying that he is a drug trafficker, an allegation that has drawn skepticism from many U.S. and Bra-

zilian officials but which Cherkasov himself has said to be accurate.

According to the U.S. indictment, Cherkasov fraudulently obtained a Brazilian birth certificate that identified him as Victor Muller Ferreira, born in April 1989, and used that birth certificate to obtain other fraudulent IDs, building up his double life in Brazil over several years.

That alleged strategy underscores security gaps within Brazil's documentation system that covert spies can exploit: Law-enforcement officials say that with just a birth record in hand, a person can obtain Brazilian identity cards and a passport, as long as those documents haven't already been obtained under that identity.

When authorities took Cherkasov into custody, they recovered a message from him describing how a source in Brazil had helped him obtain fake documents and could potentially help others do the same, according to the indictment.

"She feels happy when she can help, asking her for help is pretty easy," Cherkasov wrote in the message, according to the indictment. He wrote that he gave the source a necklace worth \$400 in return for her services.

In Norway, authorities arrested a man they say is Mikhail Mikushin in October and charged him with espionage.

At the time, he was working as a researcher at the University of Tromsø under the Brazilian identity of José Assis Giammaria and had previously spent years at universities in

Canada under that alias. Mikushin's lawyer in Norway, Marijana Lozic, said she couldn't comment on the charges against him under section 122 of the Norwegian penal code, which covers "aggravated intelligence-gathering activity targeting state secrets" and carries a prison term of up to 10 years.

Brazilian authorities tracked Mikushin's Brazilian documentation to Padre Bernardo, a town of about 30,000 people in the Brazilian state of Goiás. Records at the town's main public notary office list José Assis Giammaria as a person born in November 1984 to an Italian-born businessman who was a naturalized Brazilian citizen and a woman who was a school employee from Rio de Janeiro.

Authorities are trying to confirm what happened to the real Giammaria. One official said he believes Giammaria was a real person who is now dead.

In another incident from late last year, the owner of a 3-D printing company in Rio de Janeiro named Gerhard Daniel Campos Wittich abruptly disappeared while traveling overseas, sparking a social-media campaign from friends for information on his whereabouts.

That campaign ended in March when Greek intelligence officials identified the man as a suspected Russian spy with the last name of Shmyrev. They said he fled back to Russia with a woman they identified as his wife, who was also a spy living under a fake identity in Greece.

Greek officials haven't provided further details on the case, and Brazilian officials declined to comment.



Protesters at Place de la Concorde in Paris. A video of a police shooting helped ignite rioting that has gripped France.

## French Rage Over Police Conduct

*Continued from Page One*

The home of a Paris suburb mayor was rammed by a vehicle and set alight. His wife and one of his two children were injured, he said. Prosecutors have opened an investigation for attempted murder. There were, however, fewer violent incidents nationwide on Saturday night, authorities said.

More than 3,000 people have been arrested since the protests and rioting started.

The French police say the banlieues require intense policing because they are rife with drug trafficking, gang activity and violence, not because of the race of their residents. The French government says its police forces aren't racist.

"All accusations of racism or systemic discrimination by law enforcement are totally unfounded," France's Foreign Affairs Ministry said.

Two of France's largest police unions say they are fighting a war, describing rioters as "vermin." "Faced with these savage hordes, asking for calm is not enough, it must be imposed," the unions said.

Earlier in the week, rioters set alight a youth center where Merzouk went for after-school activities while his mother, who raised him alone, was working, says Rossana Morain, the center's director.

Employees at the center would pick up Merzouk from school and help him with his homework, she said.

"We are very sad for Nahel, because he was a nice boy," Morain said last week.

"There isn't a healthy relationship with the police."

A sign at a makeshift memorial where the teenager was killed read: "How many Nahels weren't filmed?"

When there isn't clear-cut video evidence, pursuing misconduct allegations against officers is difficult, lawyers and experts say.

A 2017 study by France's independent civil-rights agency found that men perceived to be of African or Arab origin were about three times as likely as white men to have experienced a police identity check in the previous five years and nine times as likely to have been stopped more than five times.

They are also more likely to be stopped than minorities of Turkish descent in Germany, according to a study led by Sebastian Roché, a criminologist at France's National Center for Scientific Research.

"The first step is public acknowledgment that there is a problem," Roché said. "We're not there yet."

Ilies, a 25-year-old of Moroccan origin who asked to be identified only by his first name, said he was sitting on a bench next to his home in a working-class section of eastern Paris last year on the evening of July 14, Bastille Day.

A group of police were walking by when some youths near him launched fireworks at the officers. The officers charged. One officer hit him in the shoulder and mouth with a baton, dislodging several teeth and fracturing his jaw, Ilies said.

Four days later, he and his lawyer, Avi Bitton, filed a complaint with the inspector general of the National Police. A year later, they haven't received a response or any indication an investigation is under way, Bitton said.

The officer who hit Ilies, meanwhile, showed up at his apartment building three months ago along with a team of other officers, Ilies said. The police stopped him and a friend in the parking garage of his building, he said.

The officer pulled him aside, asked him if he knew who hit him and told him to drop his complaint, he said, adding that one of the other officers allowed a police dog to press its paws against his chest. "I was scared," he said. "I said I didn't know who it was."

A spokesman for the Paris prefecture, which oversees police in the French capital, said the complaint brought by Ilies is under investigation and declined to comment further.

When news of Merzouk's

death first broke, Agence France-Presse, the country's largest newswire, was among the first to report on it. AFP cited anonymous police officials saying police officers shot the driver after he attempted to run them over. That article relied on police officials because they were the only sources available when the story broke, AFP spokesman Boris Bachorz said.

Hours later, a video taken by a witness emerged on social media. It showed two officers standing at the side of Merzouk's car, which was stopped, and one pointing his handgun into the driver's-side window.

Someone can be heard shouting: "You're going to get a bullet in the head!" Then the car starts to move past the police officer, who fires a single shot. Lawyers for Merzouk's family say witnesses have said the threat was shouted by one of the police officers.

Based on the video, AFP published a new story less than two hours later that invalidated

its earlier reporting based on police sources, Bachorz said.

French prosecutors said last week that the officer didn't use his gun legally.

They pressed preliminary charges of voluntary homicide against him, and he has been detained. His lawyer, Laurent-Franck Liénard, said the officer asks Merzouk's family for forgiveness.

Liénard denied his client ever said Merzouk tried to run over the officer.

The complaint by Telhaoui's son, which is under review, wouldn't have stood a chance without the video to counter the police statements, Telhaoui said.

Telhaoui and his son were standing last week outside the charred youth center where Merzouk went after school.

"Idiots did this. It's not justified," Telhaoui said, pointing to the burned-out building. "The situation is becoming uncontrollable."

—Noemie Bisserbe  
contributed to this article.

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Federal Police headquarters in Brasilia. Brazilian authorities believe more covert agents could be lurking undetected.

FROM PAGE ONE

# Putin's Corporate Takeover

*Continued from Page One*  
Wall Street Journal. A likely new owner of Patriot Media, the messages say, is National Media Group, chaired by Alina Kabaeva, the Washington-sanctioned rhythm gymnast the U.S. government believes to be the mother of at least three of Putin's children.

Not since the British crown began liquidating the East India Company in 1858 and assumed direct rule over its far-flung colonies, has the world seen a government try to swallow a corporate empire comparable to Wagner.

The Wagner Group helped the Kremlin amass international influence and collect revenues, all managed by Prigozhin's main holding company Concord. Putin is now trying to take control of a corporate monster he helped create, according to Western, Middle East and African officials alongside Russian defectors and documents detailing more than 100 Wagner-controlled companies.

The Kremlin on June 24 blocked the social-media channels of Wagner Group and Concord. Several Concord subsidiaries have been raided by the security services, which said they found items including pistols, fake passports, detailed charts listing hundreds of companies, the equivalent of \$48 million in cash and gold bars.

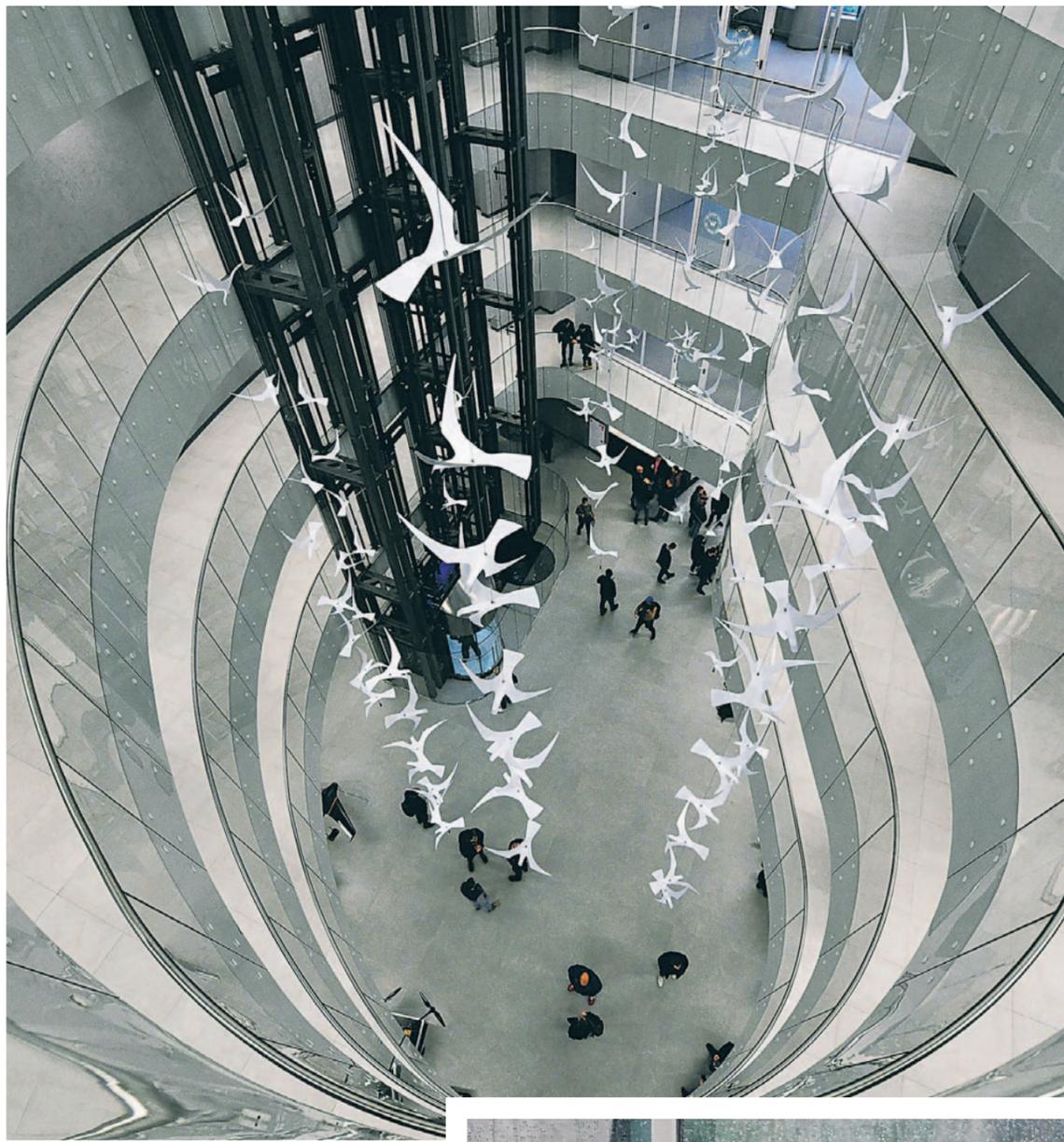
Social-media accounts that once blasted out the Kremlin viewpoint from behind the smokescreen Prigozhin built for Putin have largely gone dark. His own social-media network YaRUS said Thursday it was suspending service and looking for new investors, "due to the political situation." In a video posted on social media Friday, Yevgeny Zubarev, director of Prigozhin's news agency RIA FAN, said the agency was shutting down.

Governments in Africa and the Middle East that outsourced their security to Wagner mercenaries have been told by Russian officials those guns-for-hire will no longer operate independently.

Neither the Kremlin, Concord or Patriot Media responded to emailed questions. Prigozhin's location is unclear. Belarussian President Alexander Lukashenko, who brokered the deal between the mercenary chief and the Kremlin, said he had arrived in the country on Tuesday.

News of the raid of the Patriot Media Group in St. Petersburg and possible sale to a pro-government outlet was first reported by independent Russian news website The Bell and verified by the Journal. Svetlana Balanova, National Media's chief executive, didn't respond to a WhatsApp message and the Patriot Media Group didn't respond to a request for comment.

Before Prigozhin fell from the Kremlin's favor, he built one of the world's most complicated and unaccountable corporate structures, a heavily-sanctioned spidergram of hundreds of companies in Russia and other jurisdictions that often paid their thousands of workers, mercenar-



Above, the entrance lobby of the PMC Wagner Centre in St. Petersburg; right, a worker removes a logo on a window.

ies, line cooks, mining geologists, and social-media trolls in cash.

Many of the deals Wagner-linked companies struck with African governments were informal, reliant on smuggling and illicit transfers and personally negotiated by Prigozhin himself, Western, Arab and African officials say.

One company employee said in text messages reviewed by the Journal that Prigozhin had transferred some of his holdings to employees in the weeks before the mutiny, potentially making them even more complicated for the government to requisition.

In May, Prigozhin was replaced as the head of the supervisory board of Patriot Media Group, by Abbas Juma, a company employee. Juma confirmed he was appointed but he hadn't asked to be and wasn't sure why. "[Prigozhin] is a very smart and prudent person who never does anything for nothing," he said.

## Shrinking circle

Putin's attempts to grab the reins of those companies will be a test of how much control he retains over the system he built and has used to rule Russia for 23 years. For years, the autocrat, surrounded by a shrinking circle of hardline advisors, confided more and more of the work ordinarily given to the state to the network of companies run by Prigozhin, the ex-convict turned caterer he trusted to ensure his food wasn't laced with poison.

Line cooks and kitchen staff Prigozhin employed for sumptuous New Year's Eve and national holiday dinners with guests that included Putin and defense minister Sergei Shoigu and Chief of General Staff Valery Gerasimov—the military leaders he would one day launch a mutiny to detain—had to first pass a polygraph test.

There was a question: "Have you ever wanted to harm the president of the Russian Federation," said Aleksandr Karamyshev, one of his former waiters. Prigozhin personally served Putin's meals, and never spoke with him, melting into the background as an obedient courtier. Prigozhin's company paid his waitstaff their salaries on the spot, in cash from a large bag, Karamyshev said. In the kitchen, Prigozhin threatened to break the teeth of waiters who dropped a fork or missed some cue, and would summarily fire cooks for small infringements.

At a Defender of the Fatherland Day event he tasted a ladle of soup that was about to be served, and found it wanting. He approached the cook responsible and punched him repeatedly in the face. "He was never seen again," Karamyshev said.

As he turned against his former chef, Putin announced Tuesday that Concord's fi-

nances would be investigated, and said the company, alongside Wagner, received almost \$2 billion in military contracts and to pay salaries between May 2022 and May 2023. State TV anchor Dmitry Kiselyov later said that Wagner Group and Concord Holding have received contracts totalling 1703 billion rubles, or roughly \$20 billion.

"I hope nothing was stolen, or, at least, not so much," Putin said, in a June 27 address to the military. "We will certainly deal with all this."

Alexander Beglov, St. Petersburg governor and longtime opponent of Prigozhin, told Russian television on Friday that the state wouldn't take the assets but also accused the Wagner boss of being behind a dirty business that was trying to take control of the city economy. "Now everyone has seen who is really with our president, and who wants a bloody civil feud for

our country," he said.

Prigozhin's business empire is mostly known for its mercenary operations but also included companies in finance, construction, supply and logistics, mining and natural resources, even a firm, Sport-horses Management, which was controlled by Prigozhin's daughter Polina. Through corporate entities owned by Polina, his son, Pavel, and his wife, Prigozhin controlled some 180,000 square feet of property in a gated community at Lakhta, an upscale St. Petersburg Lakeside suburb, according to corporate records. He is connected to Broker Expert LLC, a trading house in Russia that has dispatched excavators to a Wagner-controlled gold miner in Sudan, and tractors to Bois Rouge, another company that owns a redwood timber concession in the Central African Republic as well as Sudanese gold holdings, according to ad-

ditional corporate and customs records.

The companies he uses to send mercenaries into foreign civil wars are within chains of other companies, according to organizational charts reviewed by the Journal. They include Sewa Security Services, which has deployed security operatives, and is a subsidiary of M-Invest, a St. Petersburg-based financial firm.

Evro Polis, another mercenary firm which guards the largest gas fields in Syria and is estimated by Western officials to receive up to a quarter of production profits, is inside a company chain that leads to Service K LLC, a human-resources company. In Mali, the government has paid Wagner companies more than \$200 million since late 2021, to try to defend the country from Islamist rebels, John Kirby, spokesman for the National Security Council, said Friday.

More than six Wagner-controlled companies also deal in mining, which is facilitated by another network of supply and logistics companies also owned by the group.

## Gold mine

In the Central African Republic, Wagner-controlled Midas Resources SARLU has taken control of much of the production at the Ndassima gold mine, with unexploited resources estimated as high as \$1 billion, the U.S. government says. In turn, the gold and diamond Wagner is mining in the country is exported by another Prigozhin firm, Diamville SAU, to markets in the United Arab Emirates and onto Europe, it says.

Although Prigozhin admitted he had founded the Wagner private military company in October after a decade of denying the group's existence, much of the broader corporate network that makes up his holdings remains covert, or unacknowledged, said analysts and U.S. and European officials who have closely studied the group.

"The question is whether the many separately established but coordinated entities operating across Africa and beyond will continue to function as a network absent the guidance and, perhaps, the fear of Prigozhin to keep them together," said one former senior U.S. official who watched Wagner's rise.

Shortly after the insurrection began, employees at Patriot Media were at their keyboards when law enforcement broke down the door and ordered them into a canteen. The officers began to haul away computer equipment and data servers. Staff haven't returned to work but are discussing which government entity would now take over.

On Saturday, a giant Wagner sign was removed from the company headquarters and the group confirmed on its Telegram channel that it was moving out. "PMC Wagner Center will continue to work for the benefit of our country," it said. "But in a new format and at other sites."



# Lampreys Make a Comeback

*Continued from Page One*  
varmint attaches to trout, salmon and other sport fish and slowly drains them of vital fluids. When the client's bizarre catch hit the deck on the Campbells' boat, the 10-inch lamprey released its hold and tried to get away, creating panic on the vessel.

"They all jumped back and screamed," said Campbell, who stepped on the lamprey and grabbed it with a pair of pliers before killing it and stuffing it in a plastic bag.

"A lot of people don't even like to touch the fish. They're like, 'Can you hold the fish for me in this picture?'" With a lamprey, man, they wanted to be off the boat," he said.

Following years of mostly

successful efforts to drive down sea lamprey numbers, fishery managers say the population is ticking up in all five of the Great Lakes after control efforts were hampered by travel restrictions in 2020 and 2021. While lamprey numbers were at their lowest level in decades before Covid, the comeback threatens the region's \$7 billion fishing industry, fishery managers say.

"We're very happy that they're not cute like bunnies because it would be much harder to convince people that we need to rid the Great Lakes of them," said Greg McClinchey, legislative affairs and policy director for the Great Lakes Fishery Commission, which was formed in the 1950s to coordinate U.S. and Canadian efforts to combat the sea lamprey. "They are unquestionably the stuff of nightmares."

The creatures have remained largely unchanged for more than 340 million years. They wriggled into Lake Erie some 100 years ago via the



The sea lamprey has a round mouth and notable chompers.

Welland Canal, which bypasses the natural barrier of Niagara Falls. Native to the Atlantic Ocean, they are also found in the Baltic, Adriatic

and Mediterranean seas.

In the ocean, they tend to attach to bigger fish and are more parasites than killers.

In the Great Lakes, they have no natural predators and usually kill the fish they attach to. By the middle of the last century, sea lampreys, which eat up to 40 pounds of fish in their lifetime and whose females lay up to 100,000 eggs, were devastating local fish across the Great Lakes.

Today, teams of specialists fan out to rivers and streams on 10-day excursions in warmer months to kill the lamprey in their larval stage, said Jess Barber, field supervisor of sea lamprey control for

the U.S. Fish and Wildlife Service. During Covid, travel restrictions severely cut back their ability to do that.

Fishery managers are watching lamprey numbers closely and think resuming their regularly scheduled application of a chemical called a lampricide will get the population back under control over the next few years.

"They look like science-fiction creatures. They're nasty," said Steve Hubert, of Chum Bucket Charters in Alpena, Mich., on Lake Huron. He says he pulls a lamprey—sometimes called the vampire of the Great Lakes—into his boat almost every other trip.

"A salmon we caught this morning had a lamprey attached and he had a sucker wound on both sides of his body," Hubert said. To get a decent picture for his client, Hubert said he had to angle the fish so its fin covered up most of the wound, which doesn't affect the taste of the rest of the fish.

James Hall, of James Ad-

diction Charter Fishing in Duluth, Minn., said when a lamprey comes aboard his boat on Lake Superior, he'll let it attach to his arm for a few minutes to impress his customers. "I'll just hold my arm so that it's dangling from it and people just freak. It's pretty funny," he said.

Mark Edstrom, a retired physician from New Auburn, Wis., had a lamprey latch on to his hand after he pulled it off a 28-inch lake trout on a recent trip with Northern Lights Charters for his 70th birthday. Edstrom said he managed to stay calm "mostly out of ignorance maybe" despite a scratchy feeling as the lamprey tried to hold on with its razor-like teeth. He shook his hand to try to get the thing off with no luck, but eventually tugged it off.

Then he picked it up again, to prevent it from getting away through a drain hole at the back of the boat, but more carefully. "I didn't let its mouth get anywhere close to me," he said.

FROM TOP: DOLGA MALISEVA/AGENCE FRANCE PRESSE/GETTY IMAGES; ANTON WAGANOV/REUTERS

HENRY TAYLOR/THE GRAND RAPIDS PRESS/ASSOCIATED PRESS



**WORK & LIFE**  
**RACHEL FEINTZEIG**

**W**hen Vanessa Van Edwards told a group of workers to ask their colleagues about the most exciting thing they did over the weekend, the communication trainer wanted to spark chitchat and collegial bonding.

She didn't expect that one co-worker would be treated to details of a colleague's Saturday-night sexual escapades in response.

Maybe it's our newly casual attitudes after the pandemic, maybe we're more determined to be ourselves at work, but some office conversations now include details of sex lives.

Workers accustomed to posting secrets on Instagram and TikTok, or who just have lower personal filters, are dropping risqué emojis in team Slack channels, asking bosses for advice on condoms and detailing the rules they use for "swinging" with other couples, unprompted in the hallway, according to employees and managers I talked to.

Some say sharing about, say, a polyamorous relationship, is less about sex than defining their identity and being fully themselves—whether others want to hear about it or not.

With more Americans single than in past decades, conversations about dating apps and first nights with new partners are happening in the office, says Justin Garcia, executive director of Indiana University's Kinsey Institute, which studies sexuality. Young people feel especially comfortable sharing, he adds.

"We're all trying to figure out where are the lines?" he says.

They're blurry. At the office, we're sharing our mental-health issues, fertility struggles, politics and salaries. The only intimate thing left is, well, intimacy.

"Should we be talking about this at the workplace?" one manager in her late 30s told me she thought when a conversation in a meeting turned to birth-control methods. Others said the chatter makes them uneasy about whether a dirty joke or explicit anecdote could tip into sexual harassment.

"I would just rather not know," says Anthony Zambataro, a marketing consultant who said he was taken aback by a colleague's talk about their extramarital affair at a prior job.

### Freeing and fun

Van Edwards, the communication trainer and author, recommends



## And Just Like That, Sex Talk Comes to Work

Younger employees are chatting about intimate topics, but not everyone is comfortable with it

### Frank sexual conversations are happening just a few years after #MeToo.

workers respond with, "Wow, this is a lot," or "I'm going to pretend I didn't hear that," when conversations turn too R-rated for comfort. Keep the tone playful and casual, she advises.

Frank sexual conversations at work, just a few years after the #MeToo movement, give many workers whiplash. Some employees counter that view: Listening to the juicy parts of co-workers' lives makes workdays more fun, they say, and helps them feel like flesh-and-blood humans, not corporate robots.

"You feel like you have a friend over and you're having a coffee," one remote sales professional told me of company online and video chats where colleagues trade spicy memes and, on occasion, share how many times they had sex on vacation.

Some admissions can be freeing, says Jasper Prince, a 27-year-old graphic designer, who is based in Oklahoma and uses the pro-

nouns they and them.

Prince has told co-workers and bosses they are polyamorous, which flusters some but has elicited support from others.

"I don't have to think as much about putting on the facade," Prince says, noting that two bosses have been among the most supportive people in their life.

Prince says they try not to share too many details, but they've also seen that talk of sex and relationships just comes up at work sometimes. "It's such a big part of our lives," they say.

### Less sex, more talk

Members of Generation Z, born from 1995 to 2012, are more open to discussing sex, even if they aren't having that much of it, says Jean Twenge, a professor of psychology at San Diego State University and author of the recently released "Generations."

Some 30% of 18- to 25-year-old men and 25% of 18- to 25-year-old women reported they hadn't had sex in the last year, according to recent data analyzed by Twenge. Rewind to when Millennials were

the youngest cohort and about 15% said the same, she says.

Gen Zers are comfortable with evolving language around gender and sexuality, she adds, accepting and using labels such as enby, short for nonbinary, and ace, slang for asexual. Growing up in a world where everyone's always had a smartphone video camera in their pocket, they have few expectations of privacy, Twenge says.

In the workplace, she recommends younger workers pause before opening up. Ask yourself, has the person you're about to share with ever shared anything personal with you?

### Risky business

Fair or not, opening up at work has the potential to earn you a reputation as the office oversharer, or even harm your career.

"We infer things about people's personalities and lives based on what we hear from their relationships," Garcia, of the Kinsey Institute, says.

Cory Werkheiser, who helps run the career-services program at College of Charleston's business

school, says he counsels students to fashion personal and professional sides of themselves.

"You're going to have to be careful that the two don't mix," he tells them.

### Change the topic

During her years in the Army, Roxanne Petraeus heard plenty about sex and relationships from her fellow soldiers and officers, mostly men. A well-timed joke or snarky comment would usually snap them out of, say, discussing the finer points of a woman's anatomy.

"You know what, I'd like to talk about—Ryan Reynolds," the 36-year-old would interject. "It would cause them to realize the absurdity of the situation," she says.

Now the CEO of Ethena, a maker of compliance-training software, Petraeus has been open with colleagues and LinkedIn followers about everything from her miscarriages to potty-training her son. The idea of talking about sex at work makes her worry about sexual harassment, and cringe.

"I might find some Gen Z stuff," she says, "a bridge too far."

### MY RIDE | A.J. BAIME

## A Rally Race Led to A Rare Land Rover

Amy Lerner, a documentary producer and director living in Bergen County, N.J., on her 1997 Land Rover Defender 90 NAS, as told to A.J. Baime.



I have been a car person my whole life. My dad was a collector of antique cars, and I learned to drive in a 1950 Dodge pickup when I was 10. I joke with my husband that the only gift he ever gave me that brought tears to my eyes was a gift certificate to the Skip Barber Racing School. I thought I was going to get into competing on racetracks. Then one day, about 12 years ago, I read a newspaper article that changed my life.

The article was about the Gazelle Rally, or, more officially, the Rallye Aïcha des Gazelles du Maroc. It's an all-women navigational rally across southern Morocco, almost entirely off-road. I knew nothing about off-road rallying. I grew up on Long Island, and drove on the sand at Jones Beach a couple of times as a teenager. But I decided to give it a shot.

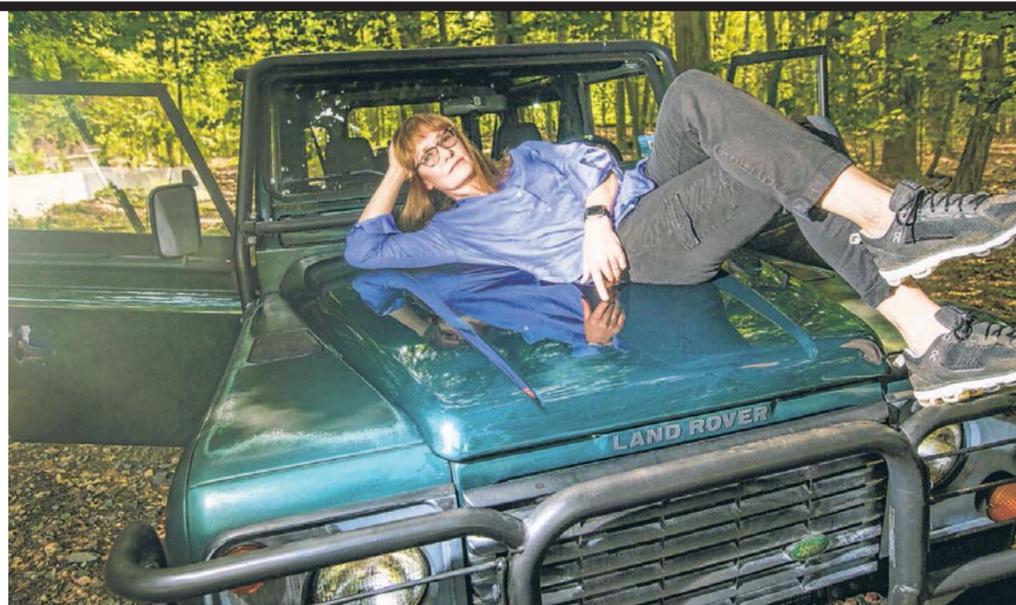
When I got to Morocco, they took all my electronics, then gave me a map, a compass, a ruler and some pencils. Then, all the competitors took off, navigating from checkpoint to checkpoint, over nine days. I had rented a Hummer H3, from a dealer-

ship in Paris, that was supposed to be rally-prepped. But it wasn't. It had mechanical problems along the way. I finished, but I swore that next time I would have my own vehicle so I could control how it was prepped.

When I got back, I did a little research. I was thinking about budget and about capability. I bought a 1997 Land Rover Defender. Once I started driving it, I realized it wasn't exactly everything I thought it would be. It drives like an old vehicle, and reminded me of the 1950 Dodge pickup I learned to drive in as a kid. It had no air conditioning, and no modern bells and whistles.

I thought: This isn't the best vehicle to rally in remote places with no assistance, so I wouldn't be using it for that purpose. But by the time I had this realization, I had fallen in love with this classic Land Rover.

When I bought it, I didn't fully realize how unique it is. It is a North American Spec edition, which means



**Amy Lerner says her 1997 Land Rover Defender 90 NAS feels very British.**

American market since the brand's launch in 1948.]

The Defender was built in Britain and feels very British. And the color is Coniston Green, reminiscent of the classic British racing green. If you're going to have a classic Land Rover, this is the color you want. It was built, first and foremost, to be capable. Say you're a sheep farmer and you have to find out where your sheep went. When you're driving over ruddy, muddy tracks, you don't need comfort. You need to get there and get back.

My Defender wasn't overly expen-

sive. But a few years ago, the market for Defenders exploded. Also, there is the 25-year rule. There is a law in the U.S. that says, if you want to import a foreign car that doesn't meet all American safety and environmental rules, it has to be at least 25 years old. So now you have all these classic Defenders from the 1990s from other countries being imported here. I have had people come up to me who realize that mine is a rare 1997 North American Spec Defender, and they go berserk. It happens more than you would think.

Since my first rally in Morocco, I have rally raced in Europe, Africa, Australia and North America, in my Jeep Rubicon, among other vehicles. I never did bring my Defender. I use it more for tooting around on weekends. It doesn't get put through its paces, but it sure does get appreciated.

## PERSONAL JOURNAL.



**FAMILY  
& TECH**  
**JULIE  
JARGON**

Parents today worry that as their kids embrace money apps, they won't understand the value of a dollar.

It's a stressful possibility. Many of us worry that when our children use money online or in an app, it's not the same lesson as taking \$5 out of their wallets and handing it to someone else. Does money on a screen feel the same as money in your hand?

So far, those embracing these apps have found some of those fears to be overblown. Parents say the apps help their kids keep track of how many knickknacks they buy, while creating ways to teach money skills over time.

Each app has specific parental-oversight tools, so it's on you to stay involved.

Monica Romer's 14-year-old daughter Ryleigh was constantly losing cash, so Romer decided to create an account for her on mobile-payments service Cash App. She can see her daughter's transaction history on the app and Ryleigh can pay for things with a Cash App debit card.

Ryleigh and her sister, 10-year-old Serenity, often walk to their local Wawa store in Jacksonville, Fla., to buy snacks after receiving their allowance. Before she had the app, Ryleigh would wonder why she was broke after just a few days, says her mom.

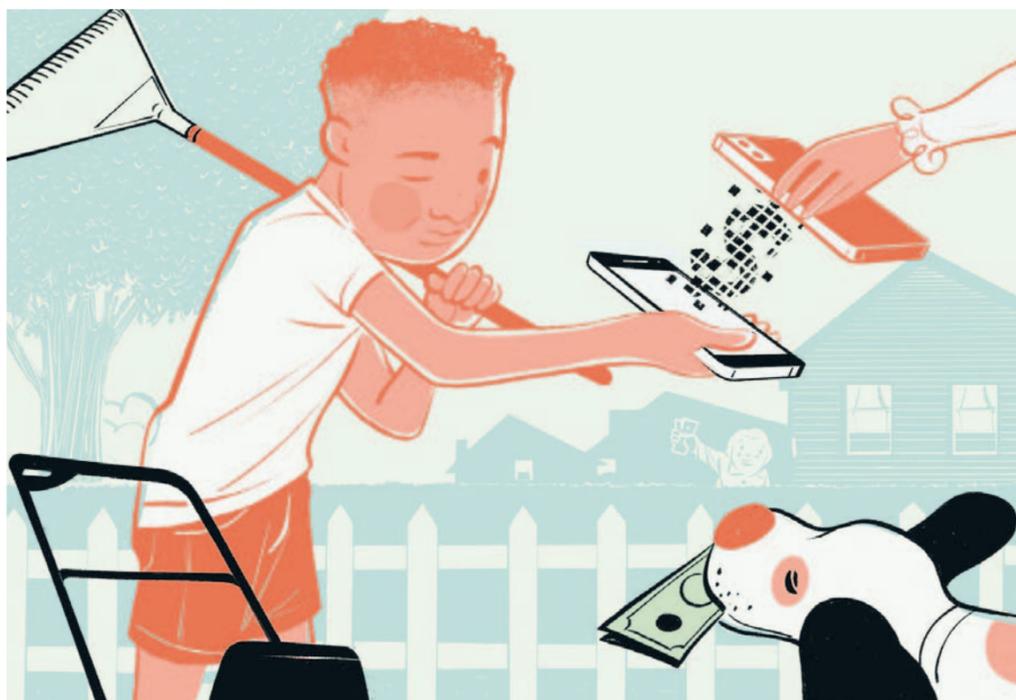
Once they started using Cash App, Romer says she began re-viewing purchases with Ryleigh and asking questions like, "Did you really need to buy this?"

With the app, Ryleigh says, "I can see how much money I'm really spending."

The teenager has another problem with paper money: "I don't like paying with cash because you have to count it when you go to the counter."

### No more birthday checks to deposit

Numerous parents tell me that when their kids receive cash or checks, they ask their parents to deposit them and then transfer



## Can an App Make Kids Smarter About Money?

Children lose cash, forget what they bought when they can't track it

the money to them digitally.

A survey of 1,000 U.S. teens conducted last year for Citizens Financial Group and Junior Achievement found that 57% of teens said their parents give them cash, down from 71% in 2019.

The tedium of being their kids' bankers has led many parents to get other relatives on payment apps. It's not always easy to get all generations to go cashless.

Before Romer knew about Cash App, she helped her mother-in-law sign up for PayPal, so she could send birthday money to the girls. Now, rather than walking her mother-in-law through another app setup, Romer links her own PayPal account to her Cash App to transfer the money. Other relatives have signed up for Cash App.

There's also the benefit of tailoring the app to your child's

needs. Some kids struggle to save money while others misplace it.

In 2021, before Ryleigh had Cash App, she went to a church convention and blew through her spending money, about \$125 in cash. This past winter, she brought a debit card loaded with \$100. She came home with \$30 left over.

"This has helped her rein in her smaller, sillier spending," Romer says. "She's more mindful."

### 'Done in five seconds'

Reviewing spending in apps gives parents teachable moments with their kids about accountability with money.

Jennifer Anderson recently began using Step, a kid-friendly financial app, with her 11-year-old daughter Baylee and 9-year-old son A.J.

"My daughter has a hard time saving," says Anderson, of New Market, Ala. "She'd put money in different wallets and forget where it was."

The Andersons opened a checking account and told their kids that half of their allowance would go to savings and half would go into Step for them to spend via debit cards.

Kids like going cashless because it's easier to buy things with debit cards.

"You just stick the card in and it's done in five seconds," A.J. says.

### Mobile banking apps

Some banks offer youth accounts that can be monitored on mobile apps by parents and include debit cards, including Chase, Bank of America and Capital One. There are

also apps designed specifically to help kids learn money management:

### Step

► **Fees:** There are no customer fees—Step makes money from transactions when you spend. You still might incur some ATM fees outside Step's network.

► **Parental oversight:** Parents or guardians can sponsor minor accounts by creating a separate account from which to transfer money. Parents can view their kids' balance and activity, add money and freeze their debit card.

### Greenlight

► **Fees:** Monthly subscriptions range from \$5 to \$15 for a family with up to five kids.

► **Parental oversight:** Parents can send money, set debit-card spending limits at specific retailers and freeze spending. Parents can create lists of chores in the app and pay children for completing them. Kids can invest money from within the app, with parents approving every trade.

### Cash App

► **Fees:** Cash App, which is owned by Block, offers standard deposits to your bank account and instant deposits to your Cash App debit card. Standard deposits, which take one to three days, are free. Instant deposits are subject to a fee of up to 1.75%.

► **Parental oversight:** If you have a verified Cash App account, you can sponsor an account for anyone age 13 to 17. You can track your teens' activity in the app and disable their access to the debit card. Parents or other adults overseeing a sponsored account must approve children's requests to access stock and bitcoin trading.

### Venmo

► **Fees:** There are no fees for sending people money from your Venmo balance or for receiving payments from other Venmo users. There are out-of-network ATM withdrawal fees, fees for check-cashing and fees for transactions with businesses.

► **Parental oversight:** Parents can lock and unlock the teen debit card, monitor their kids' account balances and receive notifications on their account activity. All teen transactions on the PayPal-owned app are set to private by default; only parents can update the privacy settings.

ILLUSTRATION BY JASON SCHNEIDER



### THE SKY'S THE LIMIT

A tribute to the pioneers of flight. Introduced in 1958, the Air-King honors the pilots of the 1930s and the Rolex Oyster's role in their epic story. Its distinctive black dial has a prominent minutes scale for optimal navigational time readings. Now with a redesigned case featuring a crown guard and a balanced dial for enhanced legibility, it confirms its place among Rolex's Professional models, pushing boundaries and reaching ever higher. **The Air-King.**

#Perpetual



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## Swimsuits With Strings Attached



**OFF BRAND**  
**RORY SATRAN**

If the Willy Wonka candy factory made swimwear, it would look a lot like the array of inventive styles that are popular today. Once limited to two modes—modest, Speedo-type one-pieces and skimpy bikinis—women's swimsuits now include thongs, one-size-fits-all puckered suits, pieces with cutouts in every shape and location, maillots adorned with jewels, macramé and chains, and bondage-worthy shapewear get-ups.

Of the wild swim looks du jour, the style that's the most prevalent—and at times, confounding—is The One With So Many Strings. Look around at the beach or pool (or rave) and you'll see them, these complicated suits with crisscrossing ties and straps at the neck, the midriff, the hips. Fans say they're flattering, playful and expressive. Detractors compare their wearers to trussed pork tenderloin.

"At first the trend may look intimidating, but I think it's fun and it's worth trying because it's definitely forward-thinking," said Caroline Maguire, the fashion director of retailer Shopbop, which offers a seemingly endless supply of stringy suits.

The style has been popularized by celebrities like Emily Ratajkowski (and her string-happy swim line, Inamorata), a profusion of reality-television stars, and haute-sexy designers including Jacquemus, Ottolinger and Christopher Esber. And they take many forms, from bikinis whose ties wrap around again and again to complexly corded one-pieces. Big, established designers like

Balenciaga and Versace make suits with strings and straps that wrap all around; so do more accessible brands like Vitamin A and Bananahot.

Australian line Matteau launched its Wrap Triangle Top at its resort 2020 show, a tasteful take on the trend that's a signature for the brand now. Responding to the style's popularity, Matteau made a one-piece version, and the brand's co-founder Peta Heinsen said that both styles

who said she's gotten more into "sexy" clothing while living part time in Marseille, tried buying a Dilara Findikoglu suit. But Findikoglu's operation was "majorly backed up," she said, so meanwhile she's wearing a more classic Burberry bikini.

Swimwear trends tend to follow what's happening in fashion at large. As swim retailer Everything But Water's creative director Sabra Krock explained, "Swim trends always cascade off of ready-to-wear. It's always a little delayed off of the runway."

So it makes sense that these revealing suits share much in common with fashion's current cutout-crazed club-kid moment.

The profusion of strings may also stem from all the swimwear experimentation being chronicled on TikTok. A few years ago, women started wearing bikini tops upside down, and noodling with the way they tied their strings. Courtney Kardashian jumped on the bandwagon by flipping her bikini top and then crisscrossing the strings at her neck. Everything But Water's Krock says that's

when swim brands "began designing with that type of versatility and convertibility in mind."

Actor Mo'Nique Pasic, who wore a strappy, stringy thong suit from the brand Riot Swim for a recent video promoting her one-woman show, embraces the flexibility of what she calls "cat's cradle" fashion. She likes that strings are customizable and can be tied in a variety of ways depending on the look you want.

"The thing that should be exciting about this trend is that the stupider the better," said Pasic. "Ultimately, it's just a bunch of strings, so there's no getting it wrong."



Matteau's strap-heavy Wrap Triangle Top has become a signature for the Australian brand.

have become bestsellers.

Some of the oddest and most extreme pieces are by London-based Turkish designer Dilara Findikoglu, who has said, "With my clothes I kind of do witchcraft." Her sexy swimsuits look like dreamcatchers on the body, with customizable ties in strange spots like the upper thigh. The Nancy Swimsuit boasts strings across one side of the belly button and one full sleeve—like an avant-garde gymnastics leotard. Publicist Kaitlin Phillips,

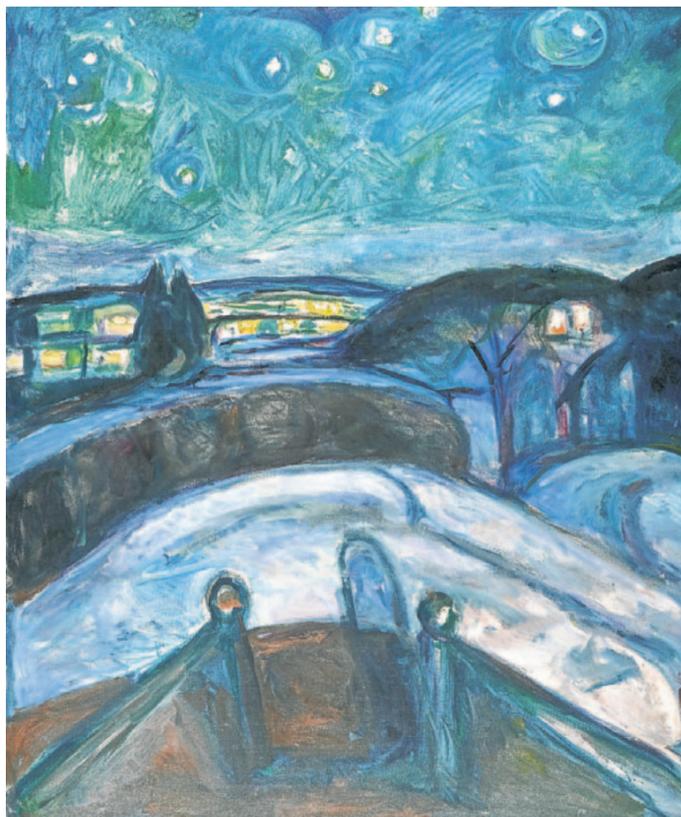
MATTEAU

## ARTS IN REVIEW

ART REVIEW

## Man Screams, Nature Whispers

An exhibition at the Clark Art Institute in the Berkshires reveals Edvard Munch's dedication to Earth's beauty



By JUDITH H. DOBRZYNSKI

**P**oor Edvard Munch (1863-1944). A prolific artist—the Munch Museum in Oslo alone owns 1,200 paintings and thousands more drawings, prints and sculptures—he is known around the world almost entirely for “The Scream,” that haunting image of human angst. First painted in 1893, it has forever linked Munch to expressions of despair, suffering, grief, torment and isolation, all of which figured heavily in Munch’s life story.

“Edvard Munch: Trembling Earth” at the Clark Art Institute attempts to change the subject. Munch revered the splendor and the mystery of nature and believed that humanity, the Earth, the cosmos—everything—were interconnected, ever affecting one another. He embedded these ideas in his landscapes, both pure and with figures, which constitute more than half of his output. “Trembling Earth,” a collaboration of the Clark, the Museum Barberini in Potsdam, Germany, and the Munch Museum, is the first major exhibition to delve into this territory.

In the more than 75 artworks in the show, Munch limns the natural world in intense colors: lush green trees, deep blue skies, rich red earth and radiant white snows. He has many expressive modes, motifs and moods. Calm and wonder are more prevalent here than anxiety and distress, though there’s a little of that, too—as well as plenty of beauty.

On that score, the tranquil, meditative “Summer Night by the Beach” (1902-03) stands out. A white moon, rising just above the horizon in a fading blue sky, cuts a dazzling

white reflection on the blue-and-purple waters below—a strong vertical column at first, dissolving into puddles of white that match rocks on the shore below. Munch used this same reflected moon in prints and other paintings, like “Moonlight” (1895) and “Summer Night’s Dream (The Voice)” (1893), evoking the awe inspired by nature and the emotions it can summon.

“The Sun” (1912) also startles, but for its exuberance. Munch believed in pantheism, identifying God as one with the universe, and he thought that the sun had healing powers. Here his bold brushstrokes form a white-hot sphere that emits rays in shades of blue, yellow, orange and green, bestowing energy and beneficence to the trees and

**Munch believed that all of life was interconnected—and embedded this idea in his landscapes.**

the earth below. In other works portraying the sun (or sunlight), Munch has placed people reaching up toward it, sunbathing, and frolicking on the shore, sometimes in the nude, as in “Bathing Men” (1907-08).

Munch frequently painted woodlands. Sometimes, he anthropomorphized trees, suggesting arms or mouths—maybe a little menace. He used forests as settings for romance, seen in several prints, or adventure. In the imagination-inducing painting titled “The Fairytale Forest” (1927-29), one of many versions of this scene, a group of children approach an opening among the towering trees,

with an adult not far behind. What lies ahead, pleasure or danger, is left unclear. And at a time when increasing modernization, industrialization and tourism were damaging the landscape, Munch highlighted the darkness, stillness and majesty of forests when left undisturbed by man. For example, “The Yellow Log” (1912), an eye-level view of purple-barked conifer trees, focuses on a felled spruce pointing to a bountiful stand of untouched trees in the distance. It’s the cycle of life, death and, one hopes, renewal.

Munch exemplified positive interaction with nature in other works. He esteemed family farms, orchards and gardens, and endorsed the beneficial aspects of small-scale cultivation by making his figures larger than life in “Digging Men With Horse and Cart” (1920) and “The Haymaker” (1917). His approval shines through, too, in “Apple Tree in the Garden” (1932-42), the loveliest of several orchard pictures on view. Dominated by a tree laden with ripe fruit, with his yellow house on a hill beyond, it captures a scene at the beloved 45-acre homestead at Ekely, outside Oslo, that he bought in 1916.

“Trembling Earth” displays many more gems, including three paintings—two from private collections hung alongside one borrowed from the Kimbell Art Museum—depicting women or girls gathered on the bridge to the coastal town of Åsgårdstrand, where Munch loved to paint (especially its beaches). And Munch didn’t neglect Norway’s long winters, seen in marvels like the sunlit “Winter in Kragerø” (1912), which depicts in icy blue tones the snow-covered town where Munch briefly rented a cottage, and “Starry Night” (1922-24), which sketches figures on a

snowy path, under a glowing sky, with a brightly lit town in the background. (The title is apt, as Van Gogh inspired Munch. Elsewhere in these galleries, Munch’s affinities with other artists, from Austrian Gustav Klimt to Canadian Emily Carr and fellow Norwegian Nikolai Astrup, are also unmistakable.)

Curated at the Clark by Jay A. Clarke, who began working on the exhibition before moving to the Art Institute of Chicago in 2018, “Trembling Earth”

Edvard Munch’s ‘Starry Night’ (1922-24), above left, ‘Summer Night’s Dream (The Voice)’ (1893), above, and ‘The Sun’ (1912), bottom

showcases Munch as a multidimensional, wide-ranging artist. And for those who need to see “The Scream,” know that it is here in an 1895 lithograph that very much aligns with his attention to his surroundings; beneath the image, he wrote “I felt the great scream through nature.” Coming full circle (which Munch would have liked), it was that image, too, that

gave the exhibition its title. Munch placed his wailing person in an agitated landscape, or a “trembling earth.”

**Edvard Munch: Trembling Earth**

The Clark Art Institute, through Oct. 15

*Ms. Dobrzynski writes about art for the Journal and other publications.*



## ARTS CALENDAR

## HAPPENINGS FOR THE WEEK OF JULY 3

By WSJ ARTS IN REVIEW STAFF

**H**ere are some of the most important and engaging cultural events this week, curated by the editors of the Arts in Review section.

## Film

## “Joy Ride” (July 7)

Adele Lim, who co-wrote the screenplay for “Crazy Rich Asians” and “Raya and the Last Dragon,” gives directing a test drive with this debut, a road-trip comedy about a quartet of young adults who set out across China to find one of their birth mothers.

## “The Lesson” (July 7)

Television veteran Alice Troughton (“Merlin,” “East-Enders”) makes her feature debut with this thriller about a young writer who lands a tutoring position working for his literary idol but quickly finds himself tied up in the knotty narrative of the author’s life. Daryl McCormack, Richard E. Grant and Julie Delpy star.

## TV

## “Kizazi Moto: Generation Fire” (Disney+, July 5)

Produced by Peter Ramsey (who won an Oscar for “Spider-Man: Into the Spider-Verse”), this collection of 10 short films from emerging animators paints futuristic visions of Africa that draw from the continent’s rich history.

## “The Horror of Dolores Roach” (Prime Video, July 7)

The podcast-to-screen pipeline continues apace (see: “Dirty John,” “Bodega Boys,” “Lore,” etc.). The latest, based on a scripted Gimlet Media series, is a dramedy that sees Justina Machado (“Jane the Virgin”) playing an ex-con who returns to her old Washington Heights neighborhood in New York and struggles—sometimes in a grisly fashion—to reintegrate into society.

his seminal “What’s Going On.”

## Taylor Swift, “Speak Now (Taylor’s Version)” (July 7)

The Summer of Taylor continues with the release of the latest in her series of re-recorded LPs. If swapping friendship bracelets and the prospect of her Eras Tour becoming the first \$1 billion-grossing concert series aren’t enough excitement for Swifties, then the chance to experience favorites like “Enchanted,” “Dear John” and “Long Live” anew will strike yet another high note for fans.

## Exhibitions

## “A Dark, a Light, a Bright: The Designs of Dorothy Liebes” (Cooper-Hewitt, New York, July 7-Feb. 4, 2024)

Even if you don’t know her name, you are likely to have seen one of the many

textiles that weaver Dorothy Liebes designed or inspired. The “Liebes look”—bright, textural, occasionally metallic—was a staple of midcentury interiors and is explored at length in a show that knits together more than 125 works to tell her story.

## Art

## “Waiting for My Love to Find Me: Lorena Torres” (Pablo’s Birthday, New York, July 6-July 28)

Colombian painter Lorena Torres digs deep into local heritage and her own family history to create works populated with bronzed figures and lush plants in joyful, humorous stagings. Her first show with the gallery is a ripe opportunity to discover a promising South American artist.

For additional Arts Calendar listings visit [wsj.com](http://wsj.com). Write to [brian.kelly@wsj.com](mailto:brian.kelly@wsj.com) and [julia.fischer@wsj.com](mailto:julia.fischer@wsj.com).



Taylor Swift performing on March 17

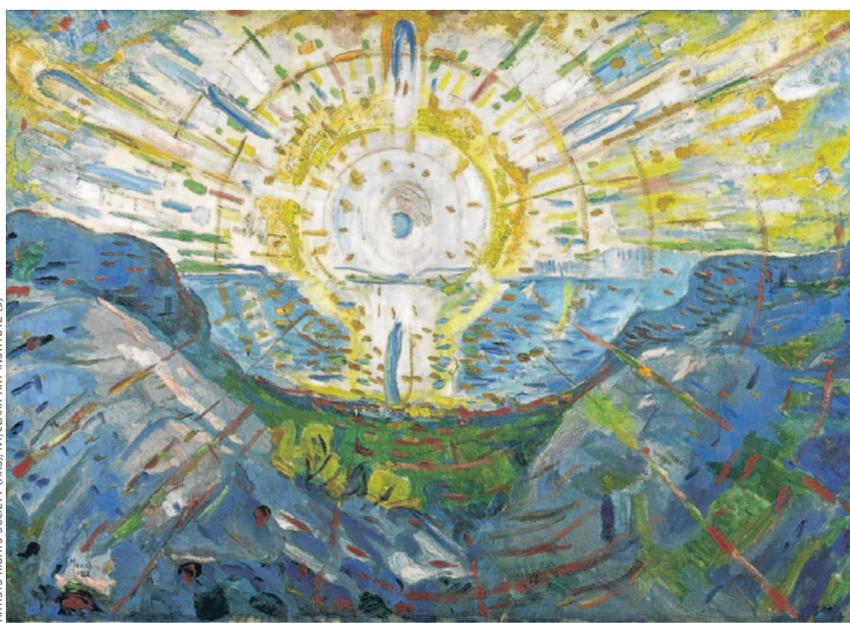
## “The Out-Laws” (Netflix, July 7)

Meeting a significant other’s parents is stressful. Meeting them when they might have just robbed you at gunpoint is more so. That’s the situation when the fiancée (Nina Dobrev) of a mild-mannered banker (Adam Devine) introduces him to his future in-laws (Ellen Barkin, Pierce Brosnan). Tyler Spindel directs this action comedy.

## Music

## Anohni and the Johnsons, “My Back Was a Bridge for You to Cross” (July 7)

The first album from the British-born, New York-based Anohni since 2016, this new record (with her band the Johnsons, comprising a shifting group of collaborators) spans the personal and political in a nod, the singer acknowledges, to Marvin Gaye and



# SPORTS

JASON GAY

## Fritz, Tiafoe Seek Breakthrough

For the first time in more than a decade, two U.S. men are ranked inside the tennis Top 10

Men's tennis at Wimbledon 2023 is a straightforward proposition: Novak Djokovic vs. Everybody. The "Big Three" are no longer. Roger Federer is retired to ambassador icon status, and Rafael Nadal is kaput for the year, rehabbing his injured body in hope for a farewell season in 2024.

All that's left is a 36-year-old Serbian with a record 23 major tournament titles, this year's Australian and French Opens already in his back pocket, currently riding a streak of four straight Wimbledon triumphs.

Easy peasy, no? Knocking at the door is tennis's next generation, and the generation after that, each determined to dethrone the geezers and get to what's next. So far it's been futile. Djokovic is the No. 2 seed at Wimbledon but the far-away favorite, an all-timer capable of psychologically undoing younger opponents before they start trading forehands.

Here's a new wrinkle: For the first time since 2012, there are two Americans in the men's Top 10. Taylor Fritz of California and Maryland's Frances Tiafoe enter Wimbledon as the 9th and 10th seeds.

Last year, Fritz impressively ran to the Wimbledon quarters until getting Nadal'd by Nadal. Tiafoe—a sensation and semifinalist at last year's U.S. Open—is coming off a grass court title in Stuttgart.

These friends, both 25, have fresh confidence, talent and a bit of buzz off the Netflix documentary series "Break Point"—could they possibly carry it deep at Wimbledon?

There hasn't been a U.S. player in the men's final since Andy Roddick in 2009. For a U.S. winner, you've got to go back to—yep—Pete Sampras winning the last of his seven Wimbledons in 2000.

"These two guys are the guys of the moment," says the analyst



Taylor Fritz, left, and Frances Tiafoe, right, are longtime friends and occasional doubles partners.

and three-time Wimbledon winner John McEnroe, who adds Americans Tommy Paul, Sebastian Korda and Ben Shelton to his list of potential U.S. men's party crashers.

"Hopefully one will make a breakthrough and win one," McEnroe says. "That's the step that needs to be taken to really add some more interest to the sport in America."

Fritz has been the highest-ranked U.S. men's player for a while—he briefly cracked into the Top 5 this year, the first since

Roddick to do that. The lanky right-hander believes he's even more comfortable on Wimbledon's manicured grass surface, where the bounces can be low and irregular.

"A lot of it is experience," Fritz says. "It complements my game a lot because my main thing is serving and returning....I might not have as much time to take a swing on my forehand in rallies—I'll shorten up and try to stay low on everything, because the ball comes lower."

Tiafoe may be even better

equipped for grass play, given his ability to charge the net and volley—a rarity in today's baseline-heavy game.

"I really like it," Tiafoe says. "My hands at the net help. My creativity helps, and I'm able to move better on it than most guys."

Like a lot of tennis's up and comers, Tiafoe and Fritz are pitted less against each other than the living history at the top of the game.

Both entered the pro ranks when the Big Three were domi-

nant, and witnessed the mystique up close. Tiafoe was on the court for Federer's final professional match last September at the Laver Cup—he and Jack Sock defeated Federer and Nadal in doubles, an experience he calls "unbelievable."

Tiafoe is his own extraordinary story—the son of a maintenance worker at the Junior Tennis Champions Center in College Park, Md., he's been on a long climb since he spent nights sleeping in a makeshift bedroom with his father and brother at the center's offices.

Fritz, meanwhile, has used his Netflix platform to be candid about the challenges of tennis life, where players are on their own from an early age, and the competition for survival can be ruthless.

Fritz and Tiafoe, who are occasional doubles partners, have been colleagues since their early teens—"I wasn't very good at all, and Frances was very good," says Fritz. He recalls a period when both were hovering around the Top 100, and realized they had to put more into the game.

"We would talk, like, 'Dude what are we doing?'" Fritz recalls. "We need to step it up. So it's great to see where we are at now, and we both have a lot more we want to do."

"Taylor and I get on," Tiafoe says. "I'm happy for how he's doing and it's good to be in the Top 10 with him. Hopefully we keep pushing each other."

As for the doubles, "it doesn't go great," Fritz admits.

"You can tell Taylor that he's a terrible doubles player," Tiafoe says, laughing. "We're a terrible team."

In singles, Fritz holds a 6-1 edge over Tiafoe, but they're chasing the same major hardware. Now in their mid-20s, neither can be considered a phenom anymore; at their age, Federer, Nadal and Djokovic had collected majors by the bushel.

Twenty-year-old Carlos Alcaraz, Wimbledon's No. 1 seed, is already a major winner (U.S. Open 2022). Djokovic, as ever, looms.

Fritz and Tiafoe are together in the Top 10, and it's upbeat news. But tennis never waits. Says McEnroe: "They've got the next couple years to capitalize on this."

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

1	2	3	4	5	6	7	8	9	10	11	12	13
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- 27 Carne \_\_\_\_ (grilled beef)
- 28 Pivots on an axis
- 29 Sign of a contented cat
- 30 Cast a wide net, in a way
- 31 Banks in the Baseball Hall of Fame
- 32 Rental truck company
- 34 Dances to jazz
- 36 Relaxing getaways
- 39 Method
- 40 Set of moral principles
- 41 School founded in 1701
- 42 Crude construction?
- 44 Sacred compositions
- 46 Out of bed
- 47 "Fernando" group
- 48 Vague memory
- 49 Cousin's mother
- 50 Shed tears
- 51 On this spot
- 52 Thought
- 53 Eschewing clutter
- 54 Puts a stop to
- 56 "Succession" network

### PICNIC FOR THE FOURTH | By Mike Shenk

<b>Across</b>	34 Pie choice for the Fourth	58 Hot dog holders	12 Deeply impressed
1 Cause of quaking	35 Historic period	59 Floppy top	13 Where the Ingenuity helicopter flies
5 Lathered up	36 Makes acrimonious	60 Starring role	19 Unscripted line
10 Baby buggy, in Britain	37 Plus	61 Critic's beat	21 Days before holidays
14 Highway division	38 Seasoning for the Fourth	62 Starts the bidding	24 Saloon selections
15 Excessive	41 "That really hurts!"	63 Back muscles	25 Crystal ball users
16 State with caucuses	43 Snarky sort	<b>Down</b>	26 ____ pants (baggy garment)
17 "Othello" has five	44 "The Naked and the Dead" author	1 Imperfection	44 Sacred compositions
18 Grilled entree for the Fourth	45 Surprised cries	2 Apiece	46 Out of bed
20 Poached entree for the Fourth	46 Paper towel unit	3 Opposed to	47 "Fernando" group
22 Title documents	47 Counters with beads	4 Bring back to good condition	48 Vague memory
23 Kitchen appliance	50 Libation for the Fourth	5 Rode the waves	49 Cousin's mother
24 Key near the space bar	55 Salad dressing choice for the Fourth	6 ____ a million	50 Shed tears
25 Didn't hog	57 Idyllic place	7 Does some simple math	51 On this spot
28 Sinking pitch		8 Sign on a door	52 Thought
33 Moves cautiously		9 Longing	53 Eschewing clutter
		10 Chemist's tube	54 Puts a stop to
		11 Tug of war need	56 "Succession" network

**Previous Puzzle's Solution**

D	I	N	E	R	S	I	A	M	J	A	D	E		
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A	S	O	F	L	O	I	N	C	H	I	N	A		

The contest answer is **7-ELEVEN**. As hinted by the clue at 71-Across, the theme answers contain seven instances of the Roman numeral XI, suggesting the contest answer.



Mark Cavendish, who plans to retire at the end of this year, has 34 Tour de France stage wins.

## Cavendish Aims for Tour Record

By Joshua Robinson

*Vitoria-Gasteiz, Spain*  
No matter what happens over the next three weeks, Mark Cavendish plans to retire at the end of this season. At 38 years old, he's won almost everything there is to win in pro cycling and crashed his bike more times than he can count. Whichever way this Tour de France goes, he knows it'll all be over soon.

The only thing that remains to be decided is whether he'll ride off simply as a brilliant cyclist, or as the holder of a seemingly untouchable sports record. Cavendish currently sits on 34 career stage wins at the Tour de France, tied with the man widely regarded as bike racing's greatest of all time, Eddy Merckx. Now, he has one last lap around the country to find No. 35, with his first opportunity coming on Monday's flat stage into Bayonne.

"I just want to keep winning," says Cavendish. "I'd have no problem with Cavendish winning 34 or 35 Tour stages," Merckx said in a 2021 interview with The Wall Street Journal.

The circumstances Caven-

dish landed in this year are slightly different than what he was used to. Back in 2021, he happened to be on the best sprint team (Deceuninck-QuickStep) in cycling.

"If you don't have the right positioning," Cavendish's former teammate Mark Renshaw, who helped him win more than a dozen Tour stages, once told The Journal. "It doesn't matter if you're the strongest or not."

Now, Cavendish is on the Astana Qazaqstan team, which has never focused on sprints. Here, the Dutch rider Cees Bol will serve as Cavendish's leadout man, charged with giving him a wheel to follow in the couple of kilometers before the finish line—the job that Renshaw mastered for years.

"How you play a race depends on what other sprinters are there and you have to make your game plan around that," Cavendish said. "Of course," with Astana Qazaqstan being new to sprinting, it doesn't mean that the resources aren't there to build a sprint team."

The trouble is that the hilliest Tour de France in years only offers six stages that could be potentially settled in a sprint—and each of those flat days will look like

a world championship of sprinting. The field this year includes Tour stage winners Caleb Ewan, Dylan Groenewegen, Fabio Jakobsen, and Jasper Philipsen. Despite having just 13 combined victories to his 34, all of them will be difficult for Cavendish to outmuscle in narrow, chaotic finishes all over France.

"We know that there's a certain amount of road for a certain amount of riders," Cavendish says. "It's about making sure you're in front and in as safe a position as possible."

There is a real possibility that if Cavendish can't claim either of the flat stages on Monday or Tuesday, he'll need to survive three grueling weeks to take his best, final shot on the cobblestones of the Champs-Elysees on July 23. Whether or not he pulls it off, Cavendish says that he's made his peace with the record. No longer the prickly character he was, he only wishes that he had more time to soak in the daily circus of his 14th Tour de France.

"I know I'll regret... not living in the moment, enjoying the thing," Cavendish says. "But I still have a job to do."

## OPINION

## Happy Birthday, America

By Volodymyr Zelensky

*Kyiv, Ukraine*  
America's Founders upended history when they forged a republic based on individual freedom and political pluralism, pledging to live as "free and independent states." It was, and is, the greatest attempt in history to rid mankind of tyranny. They broke with centuries of subservience to create a new type of nation, one where all are equal and live free.

This majestic reality was created on July 4, 1776. On Feb. 24, 2022, we Ukrainians made the same choice. The American people stood with us and, I am sure, will stand with us to the end. Today, as Americans celebrate their freedom and independence, we celebrate with you and envision the day when every inch of Ukraine is free of the cruel tyranny that seeks to extinguish us.

A decade ago the current boss of Russia wrote that "America is not exceptional."

What he did later shows what he really meant. Many tyrants in human history have claimed global influence, but none of them could inspire the rest of the world to strive for the best in human nature. That's why today's Russian tyrants, like all tyrants, are fundamentally weak and their regime will crumble over time. When any

**Ukraine is grateful to the U.S. for providing both support for and an example of liberty.**

tyrant hates America and denies its exceptional role in the struggle for freedom, he recognizes his own inevitable defeat. To Russian tyranny I say the world needs more, not less, American exceptionalism.

When Ukrainians took to the streets in 2014 to oust the Russian-backed dictator, they did so because they desperately wanted to be free—to be

part of the West, governed by the ideals forged during the American Revolution, the idea "that all men are created equal, that they are endowed, by their Creator, with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness."

When Russia fully invaded Ukraine in 2022, it was an attempt not only to bring the Ukrainian people under Vladimir Putin's dictatorial rule, but also to extinguish the ideals that inspire people to be free. Since Ukraine gained independence, Ukrainians have always supported democracy, defended the dignity of every person, and strived to live in a free world together with other European nations.

Russian tyranny sees that it is *not* eternal and *not* sustainable when it looks at Ukraine—free, independent Ukraine; strong, democratic Ukraine leading to true democracy and freedom spreading here on the eastern flank of Europe, and especially to Russia. Ukraine integrated with the North Atlantic

Treaty Organization and the West is a guarantee that freedom will continue to win and peace will triumph.

Russian tyranny is desperately trying to attract other enemies of freedom, in particular the Iranian regime, which tries to threaten free nations all over the world and provides weapons to Russia that kill innocent Ukrainian civilians on a daily basis. If—God forbid—Russia were to succeed in Ukraine, it would further embolden countries like Iran to take up arms against free peoples elsewhere in the world. It would encourage Russia to invade deeper into Europe, bringing it into direct confrontation with NATO.

All such scenarios can be stopped only by the steadfast defense of freedom, those who aspire to freedom, and the alliances created to protect freedom. We Ukrainians and you Americans will never give up on freedom.

*Mr. Zelensky is president of Ukraine.*

BOOKSHELF | By Benjamin Shull

## Descent Into Darkness

The Bathysphere Book

By Brad Fox

*(Astra House, 336 pages, \$29)*

On June 11, 1930, the American naturalist William Beebe descended into the waters off Nonsuch Island in Bermuda. He was seated in the bathysphere, a submersible steel ball equipped with oxygen tanks and small quartz windows, alongside the device's inventor, Otis Barton.

As the bathysphere sank lower, Beebe relayed his scientific observations via telephone cable to Gloria Hollister, a marine biologist on board the surface vessel to which the bathysphere was tethered. Hollister recorded Beebe's impressions of the waters around him as well as of the strange life forms he saw, including, at 1,400 feet, a sharp-toothed, bioluminescent eel that seemed like "a slipped gear in the grind of reality." Beebe, amazed by the sight, had been "thrust briefly into a nightmare of fluorescent tearing and gnashing."

Beebe, Barton and Hollister conducted a series of bathysphere dives off the coast of Nonsuch from 1930 to 1934. These deep-sea sorties, among the first of their kind, provide the starting point for Brad Fox's "The Bathysphere Book," which surveys a pioneer period of ocean exploration—and much else besides. Mr. Fox, a writer based in New York, describes the luminous darkness encountered by Beebe in the bathysphere, and uses the naturalist's experience of the depths to anchor his life story. It's an unorthodox way to structure a book, but in Mr. Fox's sure hands it works wonderfully.

Beebe (1877-1962) recounted his time in the bathysphere in his 1934 book "Half Mile Down." He was born in Brooklyn; a phrenologist convinced him at a young age that he'd never be an intellectual because his head was too small. In 1910 he and his wife, Mary Blair Rice, set off on a world-wide expedition in search of pheasants. Beebe's research and publications had already caught the eye of fellow outdoorsman Theodore Roosevelt, who encouraged his work.

He later went to the Galápagos Islands, where, on Easter 1925, he witnessed volcanic activity. As Mr. Fox writes: "Smoke gushed from a hundred holes and eventually masses of glowing lava broke through the mountain ridges. As the sun disappeared over the horizon the entire sky grew pink, then dimmed into 'fiery gorgeousness.' The clouds above them were the deep, felty scarlet of certain roses."

In his account of Beebe's career, which also included multiple sojourns in Guyana, Mr. Fox riffs in many surprising directions. His report on Beebe's time in the Galápagos, for instance, leads to a profile of the explorer William Dampier, who had visited the islands a century and a half before Charles Darwin arrived in 1835. Dampier would later rescue the marooned Scotsman Alexander Selkirk, the likely inspiration for Daniel Defoe's 1719 novel "Robinson Crusoe," from an uninhabited island off the coast of Chile.

Examining Beebe's encounters with luminous deep-sea creatures, Mr. Fox points to a 16th-century divine named Stephen Batman, who described the glowworm as a beast that "shineth in darkness as a candle, and is foule and darke in full light." Batman believed such glowings were the work of the devil and denounced them in his book "The Doome Warning All Men to Judgment."

In Bermuda, Barton, who had perfected the bathysphere in the late 1920s, insisted he join Beebe down below. Mr. Fox reproduces Hollister's transcriptions of Beebe's vividly phrased impressions. During the June 11, 1930, dive, at 1,050 feet, Beebe's surroundings are "blackier than blackest midnight yet brilliant." During other dives he sees a "six-foot Shark quite near," a "silvery brown Squid," and a "big shrimp shooting out luminous material which looks like a veil." Reading these observations sequentially, studying the accompanying color illustrations, and turning the book's heavy, glossy pages is an immersive aesthetic experience.

On Aug. 15, 1934, Beebe and Barton descended to over 3,000 feet. At 1,800 feet, Beebe notices a "fish with nothing but teeth illumined, mouth 1 inch across, does not close completely." At 2,200: "Have never seen such a dark place, it is the darkest in the world." At 2,800: "Here's a telescope-eyed fish, it's Argyropelecus, and its eyes are very distinct."

Mr. Fox describes the siphonophore, which Beebe encountered frequently on his dives. As the author explains, the siphonophore—which looks like a long, swimming, gelatinous ribbon—is not a single organism but a colony of smaller creatures, "an undersea metropolis whose citizens cooperate closely to keep the bustling society harmoniously alive." The small bodies share a circulatory system but not a central brain. Such strange configurations of life fired Beebe's imagination and led him to ponder the affairs of humans above the surface, the follies of his own species compared to the Atlantis below.

**William Beebe's travels took him all over the world—and a half-mile under the sea in a steel orb.**

The end of the Bermuda expedition in 1934 spelled the effective retirement of the bathysphere. Mr. Fox narrates the remainder of Beebe's life, including the time he spent in the Venezuelan highlands and Trinidad. Beebe's "Half Mile Down," Mr. Fox points out, was dedicated to Madison Grant, who introduced Beebe to Roosevelt and co-founded the New York Zoological Society, which underwrote Beebe's expeditions. Grant was a eugenics advocate and the author of "The Passing of the Great Race" (1916). The president of the American Natural History Museum wrote the book's preface, and it was endorsed by Roosevelt. Hitler called it his "Bible."

Mr. Fox is clear-eyed about Grant and his ilk. They were "not simply men of their time," he says; Beebe's eugenicist friends and sponsors "represented a side in an ongoing debate with a body count." More compelling than Grant's odious race science are Beebe's musings on the ocean depths, which Mr. Fox renders in lyrical and wry prose. Humans have since traveled further, including in 1960, when Don Walsh and Jacques Piccard descended to the bottom of the Mariana Trench, the ocean's deepest point. The filmmaker James Cameron made that journey solo a decade ago.

The fatal implosion of the Titan submersible is a reminder that, for all its beauty, the ocean can be an unforgiving place, one that should be explored with humility. William Beebe held the primordial waters in awe. His reflections from a half-mile down suffuse one of the most fascinating and unusual new books I've read in some time.

*Mr. Shull is a books editor at the Journal.*

## Bruen Transforms the Gun Debate



INSIDE VIEW  
By Andy Kessler

The range had a faint smell of crisped paper. "Stand like you're going to throw a punch. Lean forward. Line up the sights," the instructor told me. "The 'A' in AK-47

doesn't stand for accuracy. OK, let it fly." I was in Las Vegas to meet with Chuck Michel, a leading lawyer for Second Amendment advocacy groups and an old high-school friend. What happens in Vegas . . . is because machine gun ranges can't be found in my home state, California.

I'm not a gun guy—though I've hunted with an Ithaca shotgun and even shot a .357 Magnum—but I respect the Second Amendment right to own a firearm. Still, I'm horrified and saddened by every mass shooting that lights up national headlines. Other shootings are rarely mentioned, like the 29 shot, eight fatally, in Chicago on the last weekend of June. And most other weekends.

Next up was a belt-fed gas-operated M240 Bravo machine gun. "This is what Biden left behind in Afghanistan," the instructor noted. Finally, he handed me a semiautomatic AR-15, often called an "assault weapon." Mr. Michel explained, "Pistols with magazines are also semiautomatic. AR-15s are labeled assault weapons because of scary cosmetic features, a muzzle brake

or flash suppressor or a collapsible stock, even though ARs have similar stopping power as many other firearms." It was very slow shooting compared with the machine guns, though I still don't understand why you would want to own one.

Well, because gun rights are individual rights. In *District of Columbia v. Heller* (2008), the Supreme Court upheld gun ownership for self-defense in the home. *New York State Rifle & Pistol Association v. Bruen* (2022) upheld the right to carry pistols outside the home for self-defense, striking down "may-issue" licensing systems that required a "proper cause" or "special need" to carry firearms.

Now all states must allow open or concealed carry—"shall-issue" licensing. I don't care if you love guns or hate guns; this is the new reality for individual rights. "This was a hard reset," Mr. Michel says. "Gun laws passed pre-*Bruen* are all subject to relitigation. It's legal vs. policy."

It also guarantees full employment for gun-advocacy lawyers. "Since *Bruen*, gun-reform groups, often funded by Bloomberg and Soros, are going state to state to pass laws with restrictions on people, places and gun types," Mr. Michel says. But there is now a *Bruen* test, as written in the ruling, to "assess whether modern firearms regulations are consistent with the Second Amendment's text and historical understanding." Mr. Michel sums the test up: "Was there

anything in existence in 1791 that would indicate the founders would have tolerated these kinds of laws or restrictions?"

As far as restrictions on gun types, you may be thinking there were no magazines or machine guns in 1791. But guns were more advanced than many assume—innovations like Kentucky Long Rifles helped win the Revolutionary War. Mr. Michel says

**The case established a constitutional right to carry pistols in public for self-defense.**

some courts have suggested drawing a line between automatic and semiautomatic. He thinks that restrictions on common-use semiautomatic firearms don't pass the *Bruen* test. We'll see.

*Bruen* does note historic gun restrictions for "sensitive places" like government buildings but it specifically says you can't declare the entire island of Manhattan a sensitive place. I was surprised at Mr. Michel's answer when I asked about the old line "Guns don't kill people, people kill people." He said many gun advocates aren't opposed to mental-health screenings, but other restrictions, such as restraining orders, should allow for individual due process. Gun reformers should exploit this, and even strengthen the FBI's National Instant Criminal

## Russia's Many Spies in Mexico



AMERICAS  
By Mary Anastasia O'Grady

As the dust settles around the Wagner Group revolt in Russia, inquiring minds want to know if Vladimir Putin is better or worse off than before the apparent challenge to his authoritarian rule. The answer matters to the Western Hemisphere, where Nikolai Patrushev, secretary of the Russian security council and one of Mr. Putin's closest confidants, spearheads a shadowy spy network intent on undermining U.S. interests.

It may surprise some Americans to learn that Mexico is an especially high-value target.

The Putin-Patrushev strategy in the Americas is more than a tit-for-tat effort to counteract U.S. support for democracy in Europe. The destabilization of Western-style democracy in the region is central to the pair's shared dream of restoring the global power of Mother Russia.

It's reasonable to assume that Mr. Putin's aspirations for a new empire aren't shared by everyone in the Russian power structure. His costly assault on Ukraine has been a flop, either because he mismanaged it or because he underestimated the enemy—or both. In any case, it doesn't project strength.

If Mr. Putin's star is falling, the colonial outposts built and nurtured by Mr. Patrushev—in

Cuba, Venezuela, Colombia, Nicaragua and, yes, Mexico, among others—could be at risk. Conversely, Putin staying-power implies continued clear sailing for Agent Patrushev.

Messrs. Putin and Patrushev have a relationship dating to the 1970s, when both were KGB agents. From 1999 to 2008 Mr. Patrushev was the director of the Russian intelligence agency known as the FSB—the restructured KGB. He is credited with bringing Mr. Putin to power and has been called the most likely successor if the boss retires.

For now Mr. Patrushev serves as Mr. Putin's top spook, spanning the globe to help put down color revolutions, throw elections and challenge the unipolar multilateral system that has taken root since the collapse of the Soviet Union.

Some of Mr. Patrushev's work in the Americas is public, like his February consultations on security matters in Caracas with Venezuelan strongman Nicolás Maduro. Moscow is a major supplier of military equipment and services to Venezuela. The work of Wagner mercenaries is more behind-the-scenes. They've butted heads with the Russian military over Ukraine, but it's doubtful they go abroad without the help of Russian embassies, where Mr. Patrushev holds considerable sway. In 2019 Wagner was brought into Venezuela as a regime enforcer and to train special forces. People familiar

with the matter say Wagner also has provided security for the Venezuelan oil company.

In March Mr. Patrushev visited Raúl Castro in Cuba. Russia forgave \$32 billion in Cuban debt in 2014 and in the decade since the Castro crime family and its associates have grown closer to Mr. Patrushev. In May Havana announced that it will send troops to train in Belarus to show solidarity with the Ukraine invasion. Last week Cuba and Russia announced they would work toward closer "technical military" cooperation.

**Team Putin is quietly fueling antidemocratic ideology in the region.**

Russia's support for Nicaragua despot Daniel Ortega is also an open secret. Less noticed is Moscow's obsession with quietly fueling antidemocratic ideology elsewhere in the Americas—with little push-back from the U.S.

In 2020 Colombia kicked out two Russian spies who were reportedly working under diplomatic cover at the embassy in Bogotá. Colombia didn't detail their transgressions, but Reuters said local media described their work as mining for "military intelligence and information about the energy industry and mineral commodities." Neither reported to Mr. Patrushev's bureaucracy directly, but both were intelligence agents

under the broader control of Mr. Putin's bestie.

In Colombia's 2018 presidential election Russia allegedly engaged in a disinformation campaign in support of then-candidate Gustavo Petro. In the 2022 presidential election Russia again used disinformation and other dirty tricks to sow distrust in the democratic process and to help Mr. Petro, who won that contest. The U.S.-Colombia partnership of many years has come apart.

Russian intelligence activity in Mexico may be the most dangerous. In March 24, 2022, testimony before the Senate Armed Services Committee, Gen. Glen VanHerck, commander of U.S. Northern Command and North American Aerospace Defense Command, sounded the alarm. "There are actors who are very aggressive and active all across the" Northern Command, he said, "including the Bahamas and Mexico, China and Russia." He noted that "the largest portion" of Russian intelligence personnel "in the world is in Mexico right now" and "they keep an eye very closely on their opportunities to have influence on U.S. opportunities and access."

Earlier this year Mr. Patrushev predicted that Mexico would "sooner or later" recover the land it lost to the U.S. in 1848. I doubt that. But I have no doubt Mr. Patrushev will go to his grave still trying to make it happen.

*Write to O'Grady@wsj.com.*

## OPINION

## REVIEW &amp; OUTLOOK

## LETTERS TO THE EDITOR

## Will Trump Duck the GOP Debates?

Candidate debates have become a fixture of presidential campaigns, and they're especially valuable in primaries. Voters get a chance to see how well candidates perform under pressure, and relative unknowns get rare exposure against the front-runners. The debates helped Barack Obama in 2008 against Hillary Clinton, and they helped Donald Trump in 2016, so it's notable that this time Mr. Trump is threatening not to debate.

Mr. Trump and his advisers are signaling he'll probably duck the first GOP debate, which the Republican National Committee (RNC) has scheduled for Aug. 23 in Milwaukee. Fox News is the media host, and the former President is sore because the network hasn't always carried his rallies live. He took to Truth Social recently to say that Fox wants him to "show up and get them ratings" for the debate.

He claimed Fox wants him to debate while trying to "promote, against all hope" Florida Gov. Ron DeSantis. "Sorry, FoxNews, life doesn't work that way!!!" he wrote.

Mr. Trump's real motivation is probably closer to that offered by an adviser who told NBC News that "he is not going to debate unless he's forced to by changing polling." Mr. Trump is leading in the GOP nomination polls—"by a lot," as he likes to say. He doesn't want to give his opponents a chance to challenge him before a large TV audience. His advisers say Mr. Trump might even hold a rally at the same time as the debate, leaving his competitors to fight among themselves.

Mr. Trump has no obligation to debate, other than showing respect for voters. But our guess is that he knows his polling lead isn't as invinc-

ble as he wants everyone to believe. He's getting 50% or so in most national surveys, and many of them won't abandon him no matter what he says in a debate. But the rest are on board because they know him as the former President or as a response to Democratic criminal indictments they see as partisan.

Millions of those voters might consider someone else who looked impressive in debates, and that's what Mr. Trump wants to avoid. He hopes to coast to the nomination with rallies in which he can attack President Biden and tout his first-term record without anyone pointing out his failures or the risks of a second term. The GOP gave Mr. Trump a chance to debate in 2016, but he wants to deny that chance to his rivals this year.

Unlike 2016, his challengers won't hesitate to challenge Mr. Trump in debates this time. That's true of Mr. DeSantis, who is second in most polls and at age 44 can show a marked contrast in age with the 77-year-old Mr. Trump. Former Vice President Mike Pence will call out Mr. Trump on foreign policy and abortion. Former New Jersey Gov. Chris Christie has emerged as Mr. Trump's most effective critic in New Hampshire town halls.

No one can force Mr. Trump to debate, but the RNC could help if it dropped its rule that every debater must pledge to support the eventual nominee. It's a good idea in theory. But Mr. Trump might use that as an excuse not to debate, and his vow wouldn't mean much in any case. It therefore shouldn't be a bar to other candidates.

If Mr. Trump refuses to debate in the primaries, voters will be entitled to wonder what the former President is afraid of.

**If he refuses, voters will be entitled to wonder what he's afraid of.**

## The Next Supreme Court Landmark

The Supreme Court showed again this year it is willing to police the excesses of the administrative state, and on Friday it teed up another case for next term: a potentially landmark challenge to the Securities and Exchange Commission's internal tribunals.

*SEC v. Jarkesy* began a decade ago as a garden-variety securities fraud enforcement action. The SEC charged hedge-fund founder George Jarkesy and an investment adviser in its administrative court. An administrative law judge (ALJ) ruled against them. The SEC commissioners affirmed the ruling, ordered them to pay a penalty, and barred Mr. Jarkesy from the securities industry.

Mr. Jarkesy argues that a provision in the Dodd-Frank Act allowing the SEC to adjudicate enforcement actions and seek civil penalties in its in-house courts violates his Seventh Amendment right to a trial by jury. Before Dodd-Frank, the SEC had to litigate fraud claims in Article III federal courts where defendants enjoy more procedural rights.

He also says Congress improperly delegated to the SEC unreviewable power to choose whether to bring charges either in its in-house or federal court. The SEC has increasingly chosen the former because it has a home-court advantage. At the time of Mr. Jarkesy's trial in 2014, the agency had won 100% of 200 contested cases compared to 61% in federal courts.

The SEC is part of the executive branch whose powers are defined by Article II of the

Constitution. Mr. Jarkesy claims that the multiple layers of for-cause tenure protections for ALJs violate Article II's imperative that the

President "take care that the laws be faithfully executed." The Supreme Court has interpreted this to mean that Presidents must have power over officers' appointment and removal. All of these features of the SEC's in-house courts violate defendants' due process rights.

The fundamental constitutional problem is that the SEC combines enforcement and judicial power, acting as prosecutor, judge and jury. This constitutional danger was underscored last month by the SEC's disclosure that its enforcement staff had improperly gained access to information intended for commission officials who were adjudicating cases. This included information about Mr. Jarkesy.

The Fifth Circuit Court of Appeals ruled for Mr. Jarkesy on all counts last May. The Justice Department has appealed and contends that the Fifth Circuit ignored Supreme Court precedent. But the rulings it cites don't bear directly on Mr. Jarkesy's claims, which build on the Court's 7-2 *Lucia v. SEC* (2018) decision requiring ALJs to be appointed by SEC commissioners.

The Justices have ruled in several recent cases against administrative agencies for overstepping their authority and violating the separation of powers. This is another opportunity to bolster individual liberty against an oppressive administrative state.

**The Justices will hear a case challenging SEC administrative judges.**

## Calling Hunter Prosecutor David Weiss

House Republicans late last week asked Delaware U.S. Attorney David Weiss to answer questions about his Hunter Biden investigation, and the list of queries is growing. Such as: Did the prosecutor bother to go beyond Hunter's tax issues to look into wider allegations of corruption?

The recent testimony from two IRS whistleblowers suggests the answer is no. We've told you about the whistleblower claims that prosecutors and FBI personnel blocked the IRS team from following up leads that might shine a light on President Biden's involvement with his son's business dealings. Whistleblower Gary Shapley is an IRS supervisory special agent who oversees a team that specializes in international tax fraud. Mr. Shapley says his team was denied access to potentially crucial evidence.

This includes access to a mooted FD-1023 document, which allegedly contains information from a confidential source who was interviewed by the FBI in June 2020. The source says that a Ukrainian oligarch claims to have made bribery payments to Hunter and Joe Biden, and to also possess audio recordings of conversations with the two men, according to Sen. Chuck Grassley.

These claims are hearsay, and the source hasn't been identified. But former Attorney General Bill Barr says a team of Pittsburgh prosecutors determined there was no basis to believe the FD-1023 was "disinformation," and he says it was sent to Mr. Weiss's team to follow up.

Mr. Shapley sat for his whistleblower interview with the House prior to these Barr comments. But in a later affidavit he told Congress that neither he, nor his IRS team, nor FBI agents working with them were provided this document to investigate. If Mr. Shapley's team didn't receive the FD-1023, it means the allegations

were either ignored or never properly investigated. Why?

Mr. Shapley adds that he also wasn't allowed to take part in the briefings that Mr. Weiss's Delaware team received from Pittsburgh prosecutors. Mr. Shapley said in his affidavit that all of this "appears to be another example of prosecutors obstructing the investigative process."

It's certainly in keeping with other examples Mr. Shapley has provided in testimony of prosecutors hiding evidence. The whistleblower says the FBI took possession of Hunter's laptop in December 2019, and he says the bureau assigned an outside "filter" team to screen for attorney-client or other privileged documents—a routine step. Yet Mr. Shapley says that, even after the filter, his team wasn't allowed to see the full laptop contents, which he says is "unprecedented in my experience."

He says his team "only got piecemeal items," and requests to see everything were refused by prosecutors. Mr. Shapley says this withholding of information "happened all the time" during his Hunter probe.

Meanwhile, CBS News reports that Tony Bobulinski, Hunter's former business partner, reached out to Mr. Weiss's office to provide evidence about Biden business dealings. Yet CBS says he never received a call back and wasn't invited to testify in front of the Hunter Biden grand jury. Mr. Bobulinski says he has "first-hand knowledge" of Hunter's foreign business dealings, having "directly dealt with the Biden family, including Joe Biden."

Perhaps Mr. Weiss has an explanation for all of this, though in a Friday letter to House Republicans he said he couldn't provide specific law-enforcement information about the Hunter Biden case. His refusal to contradict the whistleblowers enhances their credibility.

## No More Racial Discrimination in Admissions

Regarding racial discrimination in college admissions ("A Landmark for Racial Equality," Review & Outlook, June 30), there are three options:

1. Racial discrimination is good.
2. Racial discrimination is bad.
3. Racial discrimination is either good or bad, depending on which race is favored and which race is punished.

The U.S. Supreme Court has chosen No. 2. I find it hard to disagree.

HOWARD CHAPMAN  
Fort Wayne, Ind.

We are now directed by the Supreme Court not to use race in college admissions decisions, including for black Americans who historically lack the advantages of well-funded schools in elite neighborhoods. Perhaps suits should also be brought in court to deny the use of legacy admissions, which enable underqualified children of graduates of elite colleges to ride the coattails of their parents.

JEFF SCHOENWALD  
Thousand Oaks, Calif.

To all of the leaders criticizing the court: It is now up to you to fix the real problems in education. Fix the failed school systems. Force out bad administrators and educators. Demand the unions join you in this ef-

fort. Support intact families.

Prove by actions, instead of empty words, that the success of all children really is the goal. Do this and you will no longer have to use race to cover for your failures and inaction, as more of those students will qualify over time for acceptance on merit.

BRUCE STEPHENS  
Murrysville, Pa.

Justice Neil Gorsuch is correct when he writes that racial "classifications rest on incoherent stereotypes." I have an adopted black granddaughter. Should admissions committees give her credit for her skin color and for having biological parents who are descendants of slaves? Or does she lose that credit because she is being raised by parents of English and German ancestry? Perhaps the committees should notice simply that my granddaughter is intelligent and talented.

IRENE EGGERS  
Wheat Ridge, Colo.

As a Harvard alumnus and parent, I am overjoyed that my Asian granddaughter and my Hispanic granddaughter will now have the prospect of equal admissions treatment.

KEITH PAUL BISHOP  
Orange County, Calif.

## What the Israeli Left Would Rather Forget

In "Israel's Anti-Majoritarian Majority" (Politics & Ideas, June 28), William Galston mistakes Israel's loud protesters for a silent majority. His piece, however, points to the real issue: The left has abandoned its prior judicial-reform proposals because the religious right now proposes them.

Mr. Galston acknowledges that a majority of Israelis don't want judicial reform to be abandoned. The reason is clear: Both left and right have pushed for reform of the Israeli Supreme Court for years. The heightened level of protest is detached from how similar the various parties' judicial-reform positions have been.

Mr. Galston rightly notes that the controversy is "due in part to the distinctive features of Israel's institutions," but he fixates on the parliamentary system rather than the "distinctive features" of Israel's court. He worries about the "political independence" of a reformed Israeli court

appointed by politicians. But if, as in Israel, a court's membership were largely controlled by its own members, its rulings weren't bound by a constitution, and it were to have expansive powers to decide who could stand before it, calling it "politically independent" would miss the point. The court would be unhinged from the people over whom it purports to rule.

That is the problem that Israel's left and right have wanted to solve for years. This government intends to solve it—moderately—as it was elected to do. That's democracy, and pointing out that the government has religious Jewish members isn't an argument.

MK SIMCHA ROTHMAN  
Jerusalem

Mr. Rothman is chairman of the Israeli Knesset's Constitution, Law and Justice Committee.

EDWARD WEINHAUS  
Publisher, *AbusiveDiscretion.com*  
Creve Coeur, Mo.

## Build Up the Merchant Marine or Pay the Price

Andrew Michta accurately assesses the importance of rebuilding the U.S. defense-industrial base ("Pivot to the Pacific? That Misses the Point," op-ed, June 24), but he overlooks how our military will move critical equipment, troops, supplies, fuel and armaments to the front. This is the job not of the U.S. Navy but the U.S. Merchant Marine.

Victory in any future global conflict will belong to the nation with

the logistical chops to take the fight abroad. Commercial and government vessels that will transport war-fighting materiel are in short supply, as are the mariners that will command and crew them. China is taking its naval and maritime fleet seriously, investing unprecedented amounts in shipbuilding, port expansion and mariner training.

America's unheralded Merchant Marine is vital to our national defense: Former Defense Secretary James Mattis said the merchant marine is "in every war plan that I review, I guarantee you, because you're going to be the fourth arm of defense." The U.S. is slowly grasping the challenge from an aggressive China, but policy makers should remember that maritime strength isn't only about naval power.

SETH CROPSEY  
President, *Yorktown Institute*  
Washington

## No Defense for How Trump Stored, Shared Documents

I don't question Michael Bekesha's legal credentials, but in his letter to the editor "Why Trump Had a Right to the Documents" (June 28), he seems to miss the point of the documents in question. It really is as simple as former Attorney General William Barr puts it: There is a difference between personal documents, such as notes, and those very sensitive documents "prepared by government agencies for the purpose of government action."

Whether these were "agency documents" or not isn't central. More important is that the former president willfully ignored subpoenas to return the documents; had top-secret and confidential documents he shouldn't have had in places that were assessable by the general public; and shared the documents with others who didn't have clearance, as we know from a recording, thus jeopardizing the security of our country and military personnel around the world. These actions should outweigh any thought that it was technically acceptable for Mr. Trump to hold on to some documents.

LOU VIGLIOTTI  
Naples, Fla.

## Playing a Gentleman's Game

In "The Primitive Appeal of Golf" (op-ed, June 28), Mark Naida notes that golf, unlike other sports, involves playing in a "beautifully manicured place" and "working with the land to achieve a goal." My experience with golf is different. It involves frequent, unpredictable experiences with water.

NICK SPEAR  
Phoenix

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## Pepper ... And Salt

THE WALL STREET JOURNAL



"I think I prefer the chatbot's stories."



## OPINION

## Is Your Company's DEI Program Lawful?

By Michael Toth

The U.S. Supreme Court last week held racial preferences unlawful in college admissions. But executives of U.S. corporations should read *Students for Fair Admissions v. Harvard* closely, because it will likely end up applying to them. Many companies have pushed racial preferences and quotas under the guise of “diversity, equity and inclusion” policies that run contrary to the justices’ warning against choosing “winners and losers based on the color of their skin.”

The Constitution protects individuals only from government actions. But *Fair Admissions* applied the 14th Amendment’s Equal Protection Clause to Harvard and other private universities by way of Title VI. That section of the Civil Rights Act of 1964 prohibits discrimination “on the ground of race, color, or national origin” by “any program or activity receiving Federal financial assistance.”

### The Supreme Court’s ruling against affirmative action has implications beyond the ivory tower.

Title VII of the 1964 act, as Justice Neil Gorsuch notes in his concurring opinion, applies the same antidiscrimination principles to private businesses with more than 15 employees. They are liable for damages if they discriminate on the basis of “race, color, religion, sex, or national origin.”

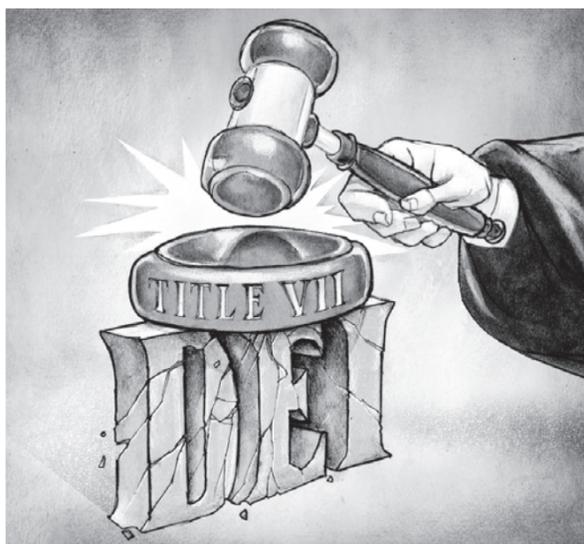
The majority opinion in *Fair Admissions* doesn’t mention Title VII, and there is precedent affirming the

use of race as a factor in hiring. In *Steelworkers v. Weber* (1979), the court interpreted Title VII to permit what Justice William Brennan called “an affirmative action plan voluntarily adopted by private parties to eliminate traditional patterns of racial segregation.”

Yet it is difficult to imagine *Steelworkers* coming out the same way in today’s court. *Steelworkers* included a lengthy dissent from Justice William Rehnquist, who called the majority’s reasoning “Orwellian”: “The Court eludes clear statutory language, ‘uncontradicted’ legislative history, and uniform precedent in concluding that employers are, after all, permitted to consider race in making employment decisions.”

John Roberts, who clerked for Rehnquist in 1980-81 and succeeded him as chief justice in 2005, wrote the majority opinion in *Fair Admissions*. Chief Justice Roberts has long carried Rehnquist’s antidiscrimination torch in opinions lamenting the “sordid business” of “divvying us up by race” and urging: “The way to stop discrimination on the basis of race is to stop discriminating on the basis of race.” But unlike Rehnquist, his successor is joined on the court by five justices committed to adhering to the text of law. It is likely they will carefully scrutinize racial preferences under Title VII.

To avoid liability, companies should closely examine their DEI policies. Many companies publish



racial “balancing” turns the principle of equal protection on its head. Even in earlier cases upholding colleges’ use of racial preferences, the justices expressed their serious reservations about racial quotas, which is why Harvard and UNC went to such lengths to deny using them.

Employers should take into account *Fair Admissions*’ formulation of the “twin commands” of equal protection: “that race may never be used as a ‘negative’ and that it may not operate as a stereotype.” The former command calls into serious question the use of race as a “plus factor” in hiring and promotion. As in college admissions, employment decisions are zero-sum: Giving a leg up to some job applicants on account of race or sex but not others “necessarily advantages the former group at the expense of the latter,” according to *Fair Admissions*.

The latter command calls for a searching analysis of the genuine goals of workplace diversity. *Fair Admissions* rejected the broad and amorphous justifications for racial preferences advanced by Harvard and UNC, such as that these policies broaden knowledge, foster innovation and enhance empathy. Companies that base their DEI policies on similar grounds should either scrap their policies or reformulate them in a way that is, in the words of the majority opinion, “sufficiently coherent for purposes of strict scrutiny.”

demographic targets of their future workforce and leadership ranks. The manufacturing giant 3M announces on its website that its aim is to “double the representation of underrepresented groups from entry-level through management in our U.S. workforce.” In 2021, United Airlines launched a plan “to train 5,000 new pilots by 2030, at least half of them women and people of color.” McDonald’s has tied executive compensation to reaching specific percentages of women and minorities in senior positions.

However well-intentioned, these goals stand out against the backdrop of *Fair Admissions*. The majority opinion criticizes Harvard and the University of North Carolina for trying to conceal what many companies flaunt: the use of numerical benchmarks and specified percentage goals based on race. As Chief Justice Roberts explains, “outright

## What Biden’s ‘Invest in America’ Tour Leaves Out



LIFE SCIENCE  
By Allysia Finley

President Biden last week kicked off the second leg of his “Investing in America” tour to showcase what his administration has created. Here’s an idea for his challenges: a country-wide tour highlighting the plants, jobs and investment Mr. Biden’s administration has destroyed. Below is a list of possible stops.

• **Lordstown, Ohio.** The five-year-old electric-truck startup Lordstown Motors filed for Chapter 11 bankruptcy on June 27. The Trump administration in 2020 brokered a deal for the company to take over a closed General Motors plant. Even though Lordstown’s prototype truck caught fire during testing early in 2021, the Biden administration’s promise of endless electric-vehicle subsidies lured investors to sink hundreds of millions of dollars into the troubled manufacturer. By late February, it had made only 31 vehicles, most of which had to be recalled owing to defects.

Lordstown is far from the only

electric-vehicle startup that’s figuratively combusting. Nikola warned earlier this year it was running on fumes. Its founder last autumn was convicted of defrauding investors by overhyping its technology. Now the electric-truck maker is beseeching investors to allow it to issue more shares, which would allow the company to raise more capital.

Rivian, which went public in November 2021 at a more than \$100 billion valuation, has recalled about half of the 29,000 electric vehicles it has delivered because of various defects. Its valuation has plunged to \$15.7 billion, and the company is laying off workers to conserve cash.

The Biden green-subsidy rush encouraged investors to plow money into these startups with little manufacturing experience. Now, investors and workers are getting burned.

• **Belvidere, Ill.** Citing increased costs of producing electric vehicles, Chrysler’s parent, Stellantis, announced in December it is closing its Jeep Cherokee plant here that had employed some 1,350 workers. In April Stellantis offered buyouts to 33,500 American workers. “The cost of electrification cannot be passed on to the customer,” its North American

chief operating officer said.

Ford last week said it plans to lay off at least 1,000 employees despite receiving a \$9.2 billion loan from the Energy Department to build three battery plants. Major automakers are losing tens of thousands of dollars on each electric vehicle they sell, even though they’re about 25% more expensive on average than gasoline-powered cars. Raising electric-vehicle prices even more would make them harder to sell.

### His policies have destroyed many good jobs while ensuring that industries need welfare to survive.

The sad irony is that workers will have to pay for the government-mandated electric-vehicle transition. The United Auto Workers’ studies estimate the shift could cost 35,000 union jobs. More will surely be lost at U.S. plants owned by nonunionized foreign manufacturers.

• **Madison, Iowa.** Siemens Gamesa

Renewable Energy announced this spring that thanks to Inflation Reduction Act subsidies, it would resume wind production at Iowa and Kansas plants it had shut down last summer. Hold the champagne.

Siemens and its top competitors, Vestas and GE Renewable Energy, are bleeding cash. Siemens lost nearly \$1 billion on wind energy last year, slightly better than Vestas (\$1.7 billion) and GE Renewable Energy (\$2.2 billion). Wind components are breaking down sooner and more often than expected, requiring expensive repairs.

About 15% to 30% of components in Siemens’ onshore wind fleet could need to be fixed, which could cost up to \$1.7 billion. Blame new wind-turbines, whose giant blades are more powerful and more prone to defects. Like electric-vehicle startups, wind manufacturers rushed to capitalize on subsidies and neglected product quality.

• **Murdo, S.D.** On his first day in office, Mr. Biden revoked a critical cross-border permit for TC Energy’s Keystone XL pipeline, which aimed to deliver 830,000 barrels of crude oil a day from Alberta through South Dakota and Montana to the Gulf

Coast. The pipeline was already under construction and projected to furnish some 11,000 jobs—no government subsidies required.

It also would have been a boon to small towns like Murdo, where substations had been built to power oil pumps. Thanks to the president, that opportunity, along with TC Energy’s \$8 billion planned investment, has gone up in smoke.

• **Duluth, Minn.** The administration this month revoked a permit for a copper-and-nickel mine in Minnesota’s Iron Range—the latest in a series of critical mineral projects it has either blocked or delayed. As a result, the minerals needed to power Mr. Biden’s green-energy transition will come from overseas, which is also where investment and jobs will go.

Private innovation often eliminates jobs and businesses in the process of generating new and more-productive ones. The president’s policies do the opposite. They destroy businesses that provide good-paying jobs and products consumers want while creating unproductive industries that can’t survive without government welfare.

That’s Bidenomics in a nutshell.

## Biden and the OECD’s Taxation Without Representation

By David M. Schizer

The Declaration of Independence complained that Britain was “imposing Taxes on us without our Consent,” and Americans rallied around the idea of “no taxation without representation.” They wanted to be taxed by officials they elected, not by a faraway government that wasn’t accountable to them.

The Biden administration has lost sight of this tradition, empowering another unaccountable entity from across the ocean—a Paris-based nongovernmental organization called the Organization for Economic Cooperation and Development—to dictate aspects of U.S. tax law. Treasury Secretary Janet Yellen has worked with the OECD to forge an agreement known as “Pillar 2,” which requires all countries to tax large multinational corporations at a rate of at least 15%. More than 130 countries joined this agreement in October 2021. When it starts

to take effect in 2024, Pillar 2 is supposed to prevent a “race to the bottom,” in which countries compete for investment by cutting corporate taxes.

Congress has pushed back, however, refusing to enact a Pillar 2 minimum tax. (Congress actually did enact a 15% minimum tax, but it doesn’t satisfy the OECD’s criteria.)

While the Pillar 2 framework purports to be voluntary—allowing countries to decide whether to adopt its minimum tax—there is a steep price for saying no. If a country hasn’t enacted this tax by the end of this year, other countries can step in to collect (and keep) this tax starting next year.

If a U.S. multinational—say, Apple—uses legal tax-planning strategies to reduce its effective tax rate below 15% on its U.S. income, Pillar 2 authorizes other countries such as France or Germany to make up the difference by collecting extra tax

from Apple. Through this “top-up” tax, other countries collect and keep the tax that Congress has chosen not to collect.

So under Pillar 2, the tax burden on U.S. multinationals will be set not by Congress but by other countries under the auspices of the OECD. This isn’t the way taxes are supposed to be imposed. Under our Constitution, only Congress has “the power to lay and collect taxes”—not the president and certainly not an NGO.

If you think the global minimum tax is a good idea, consider if it’s really a good idea to establish a precedent for the executive branch to pressure and circumvent Congress through such a deal with an international organization. In effect, the Pillar 2 agreement says that if Congress won’t increase U.S. taxes, other countries can step in to do it. This tactic could be used by either political party. If President Biden loses the 2024 election, a Republican

administration could use it to undercut legislation the Biden administration holds dear: the hundreds of billions of dollars in clean-energy tax credits enacted last summer.

Imagine that a U.S. multinational has already used other tax-planning strategies to reduce its effective tax rate to 15%. If an energy credit brings

### Congress refused to enact the Pillar 2 agreement that requires all countries to tax large corporations.

its tax bill on U.S. income below 15%, will the multinational become subject to a top-up tax? Can France or Germany take back whatever tax savings these energy credits offer? If the answer is yes, the energy credit would no longer provide a tax benefit, and

thus it wouldn’t motivate a company with an effective tax rate close to 15% to invest in clean energy.

Let’s say the next president doesn’t like these energy tax credits and asks Congress to repeal them, but Congress says no. Faced with opposition from Congress, the new president could turn to the OECD and ask it to undermine these credits with the top-up tax. Like the Biden administration, the next president could get a result that Congress won’t enact.

At least some OECD members would be happy to oblige, if only because they don’t like these credits. Germany, France, South Korea and Japan have all complained that some of these tax breaks are available only if the relevant technology is made in the U.S. While the OECD gave the administration good news earlier this year—confirming that some of these energy credits won’t trigger a top-up tax—the OECD hasn’t made a judgment about other credits. In principle, the OECD also might find ways to modify the guidance it already has given, especially if the next administration wants these changes.

The better course is to respect Congress’s constitutional role, even when it refuses to enact policies the administration wants. When this happens, the right response is to make the case to voters in the next election and replace the members of Congress. This approach—taxation with representation—is the way American democracy is supposed to work.

*Mr. Schizer is dean emeritus of Columbia Law School and author of “How to Save the World in Six (Not So Easy) Steps: Bringing Out the Best in Nonprofits.”*

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## Notable & Quotable: Harvard

Jay Caspian Kang writing for the *New Yorker*, June 30:

In [Justice Sonia] Sotomayor’s telling, Asian Americans who are concerned about being racially stereotyped should attend “diverse” universities, where they can help dispel people’s misconceptions by simply existing and getting along with their peers. She then goes on to argue that race-conscious admissions allow Asian American applicants “who would be less likely to be admitted without a comprehensive understanding of their

background” to “explain the value of their unique background heritage, and perspective” and allow colleges to “consider the vast differences within [that] community.” It’s hard not to read this as a premise for Asian American teenagers to essentially dance for acceptance, or to try to distinguish themselves from other Asian Americans by explaining to the good people at the Harvard admissions office why, say, a Vietnamese applicant is more valuable to the Ivy League cultural texture than just another Chinese one.

WORLD NEWS

# Tourists Overwhelm European Hot Spots

Italy, Spain, Greece see an influx and not everyone is happy; 'it's too much'

By ERIC SYLVERS

MONTEROSSO AL MARE, Italy—A worker shouts in Italian, English and French, directing throngs of tourists through the small train station. Wild gesticulations, a fluorescent yellow vest and a booming voice help her stand out on the packed platform.

Swarms of people holding backpacks and water bottles squeeze past each other, some heading for a departing train, others for the exit and a stunning view of the sea and cliffs that have made the villages of Italy's Cinque Terre a global tourist draw.

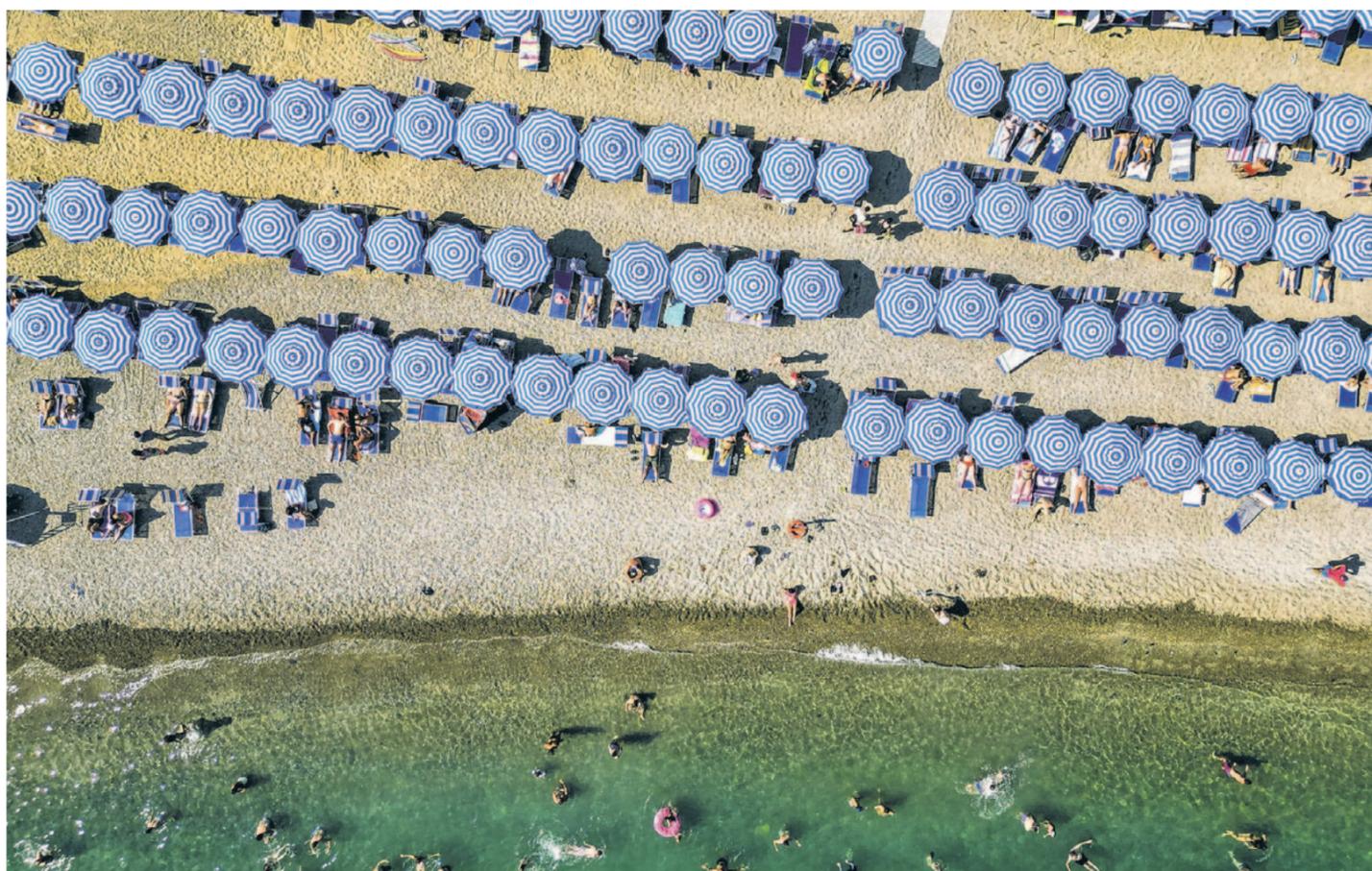
Outside the station, lines form at food shops. Signs say all the umbrellas and reclining chairs are occupied at the pay-only beach on Monterosso's waterfront. Narrow alleyways are crammed with tourists eating gelato or sipping bubble tea.

"Tourism is necessary, it's almost all we have here, but it's too much," said Angela Costa, a longtime Cinque Terre resident.

Italy's tourist season started with a record number of visitors over Easter. In the Cinque Terre, the congestion was so bad that local officials made the area's famous hiking trails one-way on the busiest days. The situation repeated itself over several weekends in May and June.

"Easter was crazy, and now it's ramping up again," said David Cefaliello, who works in a cafe in Corniglia, another of the five Cinque Terre villages. "We aren't at pre-Covid levels yet, but I suspect that will change in a few weeks."

Millions of Europeans and Americans are engaging in so-called revenge tourism, making up for lost travel time during the pandemic-affected years of 2020-22. Millions of Chinese tourists are expected



The beach in Monterosso, one of the five villages that comprise Italy's Cinque Terre, where locals are contending with a deluge of tourists.

FRANCESCA VOLDI FOR THE WALL STREET JOURNAL

to visit Europe this summer and fall after the elimination of China's travel restrictions.

Italy is likely to surpass the record number of tourists and overnight stays set in 2019, before Covid struck, according to market research firm Demoskopika. Arrivals in the period from June to September are expected to be 3.7% higher than the same period in 2019 and 30% more than a decade ago. Italy's Tourism Ministry has also said it expects a record year, as have Spanish and Greek officials.

All those visitors are giving a welcome boost to Southern Europe's economies, which depend heavily on tourism. In Italy, more than 10% of the economy is linked to travel and

tourism, compared with 15% in Spain and 19% in Greece, according to the World Travel and Tourism Council. In France and the U.S., the level is around 9%.

But locals are increasingly asking how much the Cinque Terre, Barcelona and Athens can take. Discontent is also rising in some places, spurring local efforts to rein in the tourist hordes.

In Portofino, a small upscale village on the Italian Riviera popular with the international jet set, police are fining people who block foot traffic to take selfies.

In 2024, Venice plans to introduce an entry fee to the city on the busiest days of the year, according to the mayor's office.

In Barcelona, locals hang signs saying "tourists are terrorists," while in Athens, residents complain about how the spread of Airbnb rentals for tourists is driving up rents and displacing Greeks from the city center.

In May, about 10,000 short-term rental properties were available in Athens, almost a quarter more than in May 2018, according to market-research firm AirDNA. Demand for short-term rentals in Greece increased 62% in May compared with the same month last year, the firm said.

The crowds are spreading far beyond the Mediterranean. On the coast of Normandy in northern France, authorities have turned people away from

Mont Saint-Michel, the tidal island topped with an abbey. The Louvre museum in Paris has put a daily limit on the number of visitors.

Luxury hotels in Europe are enjoying the boom, but many are looking for new ways to keep their high-paying clients happy despite the masses of tourists.

"We are always looking for something we can offer that will avoid the crowds, like hiking trails that are less well known, a private boat trip to Capri or a wine-tasting tour," said Pietro Monti, head of marketing at the five-star Hotel Mediterraneo near the Amalfi coast, where rooms cost an average of about \$1,200 a night. "But when it's

the high season, especially a record year like this, some crowding is inevitable."

Juli Eger, who was sipping wine and eating focaccia on a recent morning in Monterosso, while ignoring the crowds around her, finds her own workarounds.

"We were just in Venice and if you walk around very early in the morning, you only have to share the city with people taking engagement photos," said Eger, who is traveling with her mother, husband and teenage son. "If you make Venice your first stop you'll be jet-lagged, so getting up at 5.30 in the morning won't even be a problem."

—Allison Pohle and Stacy Meichtry contributed to this article.

## Mineral-Rich Nations Want Piece of EV Pie

Across the developing world, mineral-rich nations say they are moving to end the era of extract and export.

By Jon Emont in Singapore, Juan Forero in Bogotá, Colombia, and Alexandra Wexler in Johannesburg

Countries with vast deposits of the ingredients essential to making electric vehicles are digging in and trying to take a bigger share of the expected EV boom.

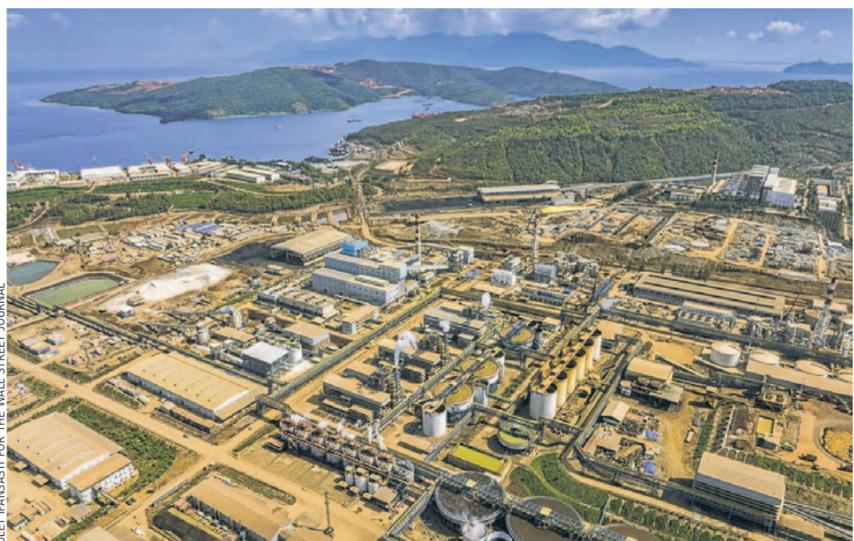
In parts of Latin America, Africa and Southeast Asia, governments are restricting the export of raw minerals, demanding that miners build processing plants locally and looking to tighten control over foreign-operated mines. The steps are sometimes described as resource nationalism, and their increasing popularity is reshaping supply chains that underpin the shift toward cleaner forms of energy.

Indonesia banned the export of unprocessed nickel, pushing foreign companies to build billion-dollar facilities in the country that are turning ore into higher-value materials for EV batteries. Zimbabwe is trying to do the same with lithium. Leftist leaders in Chile and Mexico are seeking greater state control over their countries' lithium reserves.

Electric vehicles require six times the mineral inputs of conventional cars, according to the International Energy Agency. The IEA estimated in a 2021 report that mineral demand for use in EVs and battery storage could grow 30 times by 2040.

For developing nations where these resources are dug out of the ground, the clean-energy transition is a big opportunity to juice their economies, said Carole Nakhle, chief executive of Crystal Energy, a London-based energy-consulting firm.

"This will be their bread and butter for years to come," she said. "They will be hanging on to that sector quite closely, and they will want to



A nickel-processing complex in Indonesia, a significant player in the EV supply chain.

squeeze revenues."

State actions aimed at that goal bring risks for the transition, potentially deterring investment in new mines needed to keep up supply, said Nakhle. They could also raise the cost of critical materials, increase regulatory burdens for companies and lead to shortages in the future, other economists say.

"It's got to be an all-around negative factor for the energy transition," said Simon Evenett, a professor of international trade and economic development at the University of St. Gallen in Switzerland. Interventionist policies will increase the challenge of sourcing EV minerals, he said.

Others point out that governments everywhere—in rich and developing nations alike—are stepping in to make the most of the shift away from carbon energy.

"If the advanced economies are going to do it, why wouldn't we expect developing and middle-income countries to do so as well?" said Cullen Hendrix, a senior fellow at the Peterson Institute for International Economics in Washington, D.C.

Ore-rich countries are also looking to move up the value chain instead of simply providing the primary inputs or commodities, Hendrix said.

Indonesia, a Southeast Asian mineral powerhouse, infuriated trade partners with its 2020 ban on the export of raw nickel, but it worked. Companies from across Asia and the U.S. are pouring investments into building nickel-processing plants in the country, making Indonesia a significant player in the EV supply chain.

Buoyed by that success, Jakarta in June banned the export of another substance needed for EV batteries: bauxite. Officials say they want smelters to go up across the country. It is too early to tell if that will happen, but for now, the lack of a sufficient number of such facilities is forcing miners to curtail production, mining experts say.

The policies have caused friction. The European Union in 2021 brought Indonesia before a tribunal at the World Trade Organization, alleging that its nickel-export ban violates trade norms and distorts the price of ore. Indonesia argued that the policy supports local industrialization. It lost the case and has filed an appeal while maintaining the ban.

The country is also more vigorously enforcing laws requiring foreign miners to divest. At recent parliamentary hearings, lawmakers cited high demand for nickel and asked

that Brazil's Vale, which controls nickel reserves through its Indonesian entity, be made to reduce its stake so that a majority of the company is in Indonesian hands. Vale said it plans to do so.

Other countries are taking similar steps. Mexico banned private lithium mining concessions last year. In February, President Andrés Manuel López Obrador nationalized lithium deposits and handed responsibility for developing them to the country's energy ministry.

In April, Chile's leftist president, Gabriel Boric, unveiled a strategy that would give the state greater control over lithium. The nation is the leading producer in the so-called Lithium Triangle, where it joins with Bolivia and Argentina, a swath of remote desert and highlands that holds 53% of the world's lithium resources.

The policy, which needs congressional approval, requires any private company, foreign or local, that wants to exploit lithium to join with the state.

In sub-Saharan Africa, governments are working to reap greater financial returns from their mineral wealth. Guinea, a major bauxite producer in West Africa, last year imposed a minimum export price and urged companies to build local refineries.

## WORLDWATCH

SYRIA

### Israel Strikes In Homs Area

Israel carried out airstrikes on areas near the central Syrian city of Homs early Sunday, causing material damage but no casualties, the Syrian military said.

A Syrian anti-aircraft missile exploded over Israeli territory, the Israeli military said, prompting another round of strikes.

Syrian state media quoted an unnamed military official as saying the air defenses shot down some of the missiles fired by Israeli warplanes flying over neighboring Lebanon.

Israeli authorities didn't comment on the airstrike on Homs. But the military said one of the Syrian air defense missiles exploded over Israeli territory without causing any damage. Israeli police said the rocket's remains landed in the southern Israeli city of Rahat.

In response to the rocket, Israeli jets struck the air defense battery from where the anti-aircraft rocket was launched. The military said it also struck other targets, without elaborating.

Israel, which has vowed to stop Iranian entrenchment next door, has carried out hundreds of strikes on targets in government-controlled parts of neighboring Syria in recent years, but it rarely acknowledges them.

—Associated Press

THAILAND

### Ailing Elephant Is Repatriated

An ailing elephant that Thailand had presented to Sri Lanka more than two decades ago returned to his native land for medical treatment Sunday following allegations that the animal was badly abused while living at a Buddhist temple.

The male elephant, known in Sri Lanka as Muthu Raja, or Pearly King, and in Thailand as Sak Surin, or Mighty Surin, was flown from the South Asian island nation's capital to Chiang Mai province in northern Thailand on a Russian Ilyushin IL-76 cargo plane.

Thai Environment Minister Varawat Silpa-archa was at the airport and said the elephant landed in perfect condition. He said earlier that Thailand spent at least 19 million baht (\$540,000) for the animal's repatriation.

The elephant was sent to Sri Lanka in 2001 when he was around 10 years old as a gift from the Thai royal family. A Sri Lanka-based animal rights group alleged in 2020 that the animal was in bad health due to years of hard labor and abuse.

Sri Lankan Prime Minister Dinesh Gunawardena told members of Parliament last month that while visiting Thailand in May he had expressed his regret to his Thai counterpart over what had happened to the elephant.

—Associated Press



Sak Surin the elephant gets a drink from a veterinarian after being flown home to Thailand from Sri Lanka.

NAREEAT CHAYCHIN/ASSOCIATED PRESS

## Investors Spurn Dividend Stocks

Shares suffer worst first-half results relative to other types since 2009

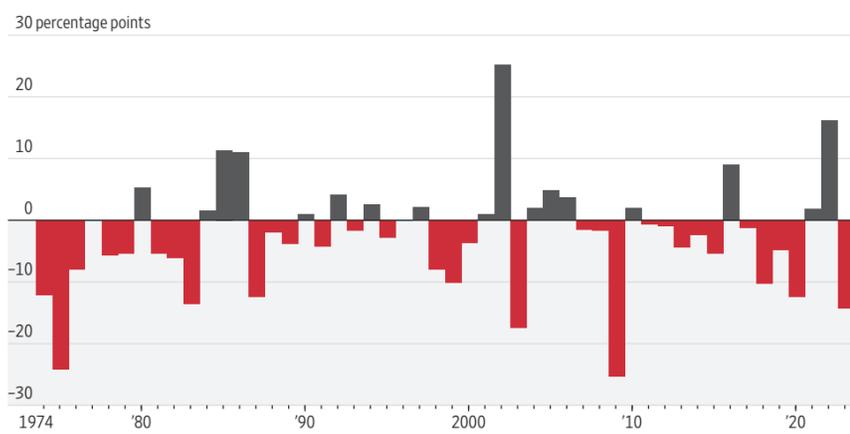
By HARDIKA SINGH

Shares of companies boasting chunky dividends were among the stock market's most popular trades last year. But the strategy of giving them preference has fizzled out.

During 2022's bear market, dividend-paying stocks were embraced by investors looking for a steady stream of cash. Those investors now see greater promise in growth-focused tech stocks that don't typically pay dividends while betting a boom in artificial intelligence will deliver bigger profits down the road.

The stocks in the S&P 500 that don't pay a dividend have collectively gained about 18% in 2023, according to Ned Davis Research, outpacing a roughly 4% advance by income-generating companies. That is the worst first-half performance for dividend payers relative to non-

Performance of dividend-paying stocks in the S&P 500 minus the nondividend-paying stocks through the first half of each year\*



\*Equal-weighted, arithmetic index  
Source: S&P Capital IQ Compustat, Refinitiv and Ned Davis Research

payers since 2009. About 400 of the companies in the index pay a dividend.

At the start of 2023, many investors and strategists expected to see a repeat of last year when worries about the Federal Reserve's aggressive interest-rate increases sent tech and other growth stocks sharply lower.

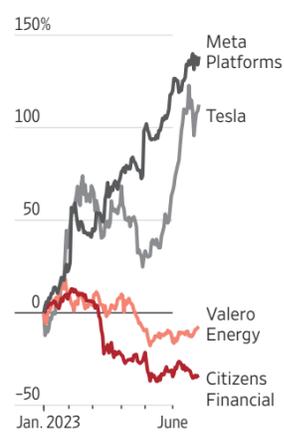
Instead, those shares have resumed their steady ascent on investors' hopes that AI represents a new era for computing.

The Nasdaq Composite ended the first half up 32%, while the S&P 500 rose 16%. At the top of the leaderboard were growth stocks such as Facebook parent **Meta Plat-**

**forms** and **Tesla**, which each more than doubled, and retail titan **Amazon.com**, which added 55%.

Despite those blockbuster gains, the market outlook for the rest of the year is still murky. The Fed has maintained that it plans to keep raising interest rates. Investors and analysts widely agree that

Share-price performance, year to date



the economy is slowing. And the market's rally has been relatively narrow, led by megacap tech stocks.

In the coming holiday-shortened trading week, investors will look to the June jobs report on Friday and the May trade deficit on Wednesday to forecast the market's trajectory. *Please turn to page B9*

## Recent Deals Fail To Spark Market For IPOs

By CORRIE DRIEBUSCH

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

Thrift-store operator **Savers Value Village** priced its IPO above expectations, and its stock rose 27% on its first day of trading Thursday. Two other offerings didn't go as well, with reinsurer **Fidelis Insurance Holdings** and **Kodiak Gas Services** both pricing their offerings below their targeted ranges and experiencing drops on their first day of trading.

It isn't the blockbuster showing some had hoped for coming off of the soaring success of Mediterranean restaurant chain **Cava Group** in mid-June.

"We're in an IPO market that's not fully open yet. We're in rebuilding mode," said Douglas Adams, global co-head of equity capital markets at Citigroup. "Rebuilding modes generally aren't a straight line."

There are reasons to be upbeat. The tech-heavy Nasdaq Composite Index, which often is viewed as a proxy for IPOs, is up roughly 30% this year. Stock-market volatility is down. In one of the hottest stock-market debuts in recent memory, Cava's shares nearly doubled on its first day of trading, with the performance reminding many bankers and advisers of the boom days of 2020 and 2021.

In the next big test of the health of the market, beauty-and-technology company **Oddity** plans to launch its IPO as early as July, according to people familiar with the offering. British chip designer Arm is aiming for a September debut. Grocery-delivery company **Instacart** and marketing-automation platform **Klaviyo** are waiting in the wings, too.

Yet the picture is still murky.

Even with a recent burst of offerings, 2023 remains a slow year for IPOs, as increases in inflation and interest rates weigh on demand for new shares. Traditional IPOs in the U.S., which don't include special-purpose acquisition companies, had raised roughly \$9 billion through Friday. That exceeds last year but still *Please turn to page B9*

## Drought Divides Farming Winners and Losers

By PATRICK THOMAS

The most widespread drought in a decade is dividing the U.S. farm sector into winners and losers.

With more than half of U.S. corn and soybean acreage facing drought conditions, some farmers are calculating whether insurance payments will cover the cost of the crops they have sown this year.

As of June 27, 65% of the Midwest was in a moderate drought or worse, the broadest such area in a decade, according to the U.S. Drought Monitor. The U.S. Department of Agriculture said 70% of the country's corn production area and 63% of soybeans were affected by drought. The five-year average for U.S. corn in drought before this year is 18%, according to federal data, and 15% for soybeans.

In Coal Valley, Ill., where Megan Dwyer's family raises corn, soybeans and beef cattle on 700 acres, the fate of the farm's year depends on how much rain falls over the next few weeks.

"With the drought, we might not even have a crop to sell this year," said Dwyer, a fourth-generation farmer, at The Wall Street Journal's Global Food Forum event in late June.



Some livestock producers and meat companies are bracing for higher prices for feed.

Around one-third of winter wheat grown in the U.S. is expected to be abandoned, according to federal data, because the poor quality isn't worth the cost to harvest this year. That would represent the highest rate of abandonment since 1917.

Some livestock producers and meat companies are bracing for higher feed bills that could follow a smaller-than-expected harvest.

Farmers whose fields remain green, however, are set to pad their incomes. Farmers outside of drought territory could get another year of solid income just as corn prices were on the decline, said Scott Irwin, an agricultural economist at the University of Illinois Urbana-Champaign.

"My grandmother always told me to pray for drought in Illinois," said Irwin, who comes from a family of Iowa

farmers.

Higher prices for crops also improve prospects for global crop shippers such as Cargill, **Archer Daniels Midland** and **Bunge** as concerns over supplies prompt grain buyers to make advance purchases.

ADM is estimated to earn more than \$3.7 billion in profit in its 2023 fiscal year, while Bunge is expected to make \$1.8 billion for the year, according to FactSet. ADM

and Bunge had no comment.

"We don't see weather volatility getting any better," said Bunge Chief Financial Officer John Neppi at a May investor conference. "When you have a global platform like we do and you have all the origin-destination combinations that we can put together, that really bodes well for a business like ours."

Wheat futures were up about 10% in June. Corn and soybean futures, which had traded higher as drought spread, have fallen in recent days as traders responded to wetter forecasts in the Midwest and expanded corn acres detailed in a USDA report.

How the weather ultimately impacts farmers' harvests this fall could hinge on the next few weeks, analysts and farmers said.

Farmers' drought math can have mixed implications for companies such as **Corteva**, **Bayer**, **Deere** and **CNH Industrial**, which sell farmers seeds, pesticides and machinery.

While higher crop prices can mean more money for farmers to invest in their next growing season, analysts said, if the drought decimates too much U.S. farmland and farm income, farm suppliers will suffer as growers transition to *Please turn to page B2*

## Crypto Miners Seek A New Life in AI Boom

By TOM DOTAN AND BERBER JIN

The boom in demand for high-end chips powering the rise of artificial intelligence has given new life to some of the survivors of the last tech-hype cycle: cryptocurrency miners.

During the crypto upsurge, Satoshi Spain sold and leased out hundreds of souped-up computers—known as mining rigs—equipped with powerful graphics chips. Then, as many of them sat idle starting last year because of the decline of mining currencies, the Spanish company began helping its customers retool the machines for AI.

Today, Satoshi Spain's machines are handling AI workloads for startups, universities and individual developers in Europe.

"You can still make money from your mining rig," Satoshi Spain founder Alejandro Ibáñez de Pedro said. "It's mining 2.0."

Satoshi Spain is one of many reformed—and opportunistic—companies connected to the cryptocurrency business that have turned their attention to the AI boom, for which one of the most crucial assets is ac-

cess to the graphics chips, known as graphics processing units, or GPUs.

Originally popularized by gamers who needed powerful graphics processing on computers, the chips are well suited for the intensive calculations needed to create new units of cryptocurrency. They are also good for the computational workloads needed to train and run AI systems that generate sophisticated text and images.

The demand for such processors has skyrocketed with the viral success of ChatGPT, a chatbot powered by generative AI and able to respond to questions in humanlike ways. The resulting shortage has sparked a competition to capture computing power and find workarounds.

Two years ago, when cryptocurrency prices were surging, miners scrambled to build and buy hardware fitted with GPUs to mint digital coins. The collapse in prices and changes in the mechanics of a top cryptocurrency left many machines switched off, creating an untapped resource.

Startups and miners are re-booting them to handle AI *Please turn to page B2*

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## Zaslav's Hollywood Script: Fail Fast, Learn, Move On

By JOE FLINT

**Warner Bros. Discovery** Chief Executive David Zaslav recently stood alongside Steven Spielberg and professed his love for one of his company's gems: Turner Classic Movies, a cable network that shows vintage films like "Casablanca" and "Citizen Kane" round the clock.

"I watch Turner Classic Movies all the time," Zaslav said on stage at Hollywood's TCL Chinese IMAX theater during the network's annual film festival in April.

Behind the scenes, however, Zaslav often stressed to Kathleen Finch, the executive in charge of the company's entertainment cable networks, that TCM's staff was too big and that much of its operations needed to be centralized with the company's other cable networks, according to people familiar with the matter.

Last week, Finch brought the hammer down on TCM, terminating its entire leadership team and about half of its 40-plus staff members, despite warnings by TCM executives that doing so might not go over



The TCM about-face shows David Zaslav's management style.

well with the network's influential fan base, some of the people said. The move also put an end to the network's post-movie show, a fan favorite.

When news of the cuts did indeed cause an uproar among movie buffs and Hollywood royalty, Warner Bros. Discovery went into damage-control mode: It assured viewers that the changes would be barely noticeable, and Zaslav persuaded Spielberg and fellow directors Martin Scorsese and Paul Thomas Anderson to sign

on as advisers to the network. Then on Wednesday, the company announced that TCM programming chief Charlie Tabesh was no longer being laid off. The post-movie show is also coming back.

The public about-face was the latest illustration of the management style championed by Zaslav at the helm of Warner Bros. Discovery, which resembles Silicon Valley's mantra of "move fast and break things."

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## BUSINESS & FINANCE

# Twitter Limits Posts to Read

By TIM HIGGINS

Twitter began limiting how many posts users can read on its platform, an unusual move that came as owner Elon Musk says he is fighting companies trying to use its data for developing artificial-intelligence programs.

Musk on Saturday detailed the temporary changes, which involved limiting unverified accounts to reading 600 posts a day while verified accounts—those paying a monthly subscription—can read 6,000 posts daily. He later announced several increases to the number of allowed posts. “To address extreme levels of data scraping & system manipulation, we’ve applied the following temporary limits,” Musk tweeted.

Before his tweet, thousands of users complained of problems with the site early Saturday, according to Downtetector, which tracks website outages. Some users said they were getting error messages that said “rate limit exceeded.”

The move to block Twitter users from reading on the platform flows from an intensifying fight by Twitter to curb AI companies trying to scrape the site for data presumably used to help train



Twitter's headquarters in San Francisco.

their models free of charge.

The success of OpenAI's virtual chatbot ChatGPT, including Microsoft's large investment to get early access to the generative AI technology, ignited interest from startups and investors looking to accelerate their development in the space. That fueled tensions with social-media companies with large amounts of data that can help train those systems.

“Almost every company doing AI, from startups to some of the biggest corporations on Earth, was scraping vast amounts of data,” Musk tweeted Friday. “It is rather galling to have to bring large

numbers of servers online on an emergency basis just to facilitate some AI startup's outrageous valuation.”

Twitter users late this past week began noticing new efforts by the company to make such activities harder by requiring web users to be logged into the site to view website posts.

“Temporary emergency measure. We were getting data pillaged so much that it was degrading service for normal users!” Musk said Friday of the move. He later added, “Several hundred organizations (maybe more) were scraping Twitter data extremely aggressively, to the

point where it was affecting the real user experience.”

Social-media platforms can be a rich trove for the large language models that power AI chatbots because they contain enormous volumes of the types of verbal exchanges those systems are trying to learn. Other social-media platforms instituted new policies to deal with the rise of data-hungry AI companies.

Reddit has been facing blowback over its decision to start charging some third-party developers to obtain its data. “Reddit needs to be a self-sustaining business, and to do that, we can no longer subsidize commercial entities that require large-scale data use,” Steve Huffman, chief executive, said last month in a post on the platform.

Since taking control of Twitter in late October, Musk has been aggressively trying to better control how the company's user data is used and monetized. Those efforts have included clamping down on use of Twitter's application programming interface, or API, that lets third parties analyze some of Twitter's data and build tools with it.

Twitter has increased the price for access to the API as Musk seeks to boost revenue.

## Zaslav Shows Hard Line

Continued from page B1

People familiar with Zaslav's thinking said such an approach is necessary given the extent of Warner Bros. Discovery's challenges: The company, home of Warner Bros. and cable channels including HBO, CNN, TNT, Food Network and HGTV, is dealing with a heavy debt load and a rapidly changing media landscape—which calls for aggressive, decisive moves, they said.

Ari Emanuel, chief executive of Endeavor, the sports-and-entertainment firm that also houses the powerful WME talent agency, said Zaslav is doing what he has to do. “That's not an evil guy, that's a businessman trying to keep the lights on,” he said.

Since he took the helm of the company in April last year after Discovery's merger with AT&T's WarnerMedia was completed, Zaslav has taken a series of steps that were deeply unpopular with staff and the creative community.

The steps included laying off thousands of employees; pulling the plug on streaming venture CNN+ barely a month after previous management launched it; abruptly taking television shows off its streaming service and killing movies in development to save money and take tax write-offs.

Company officials counter that the content that was removed wasn't performing well, and projects that were killed weren't creatively sound.

“He may be doing it in a way that upsets people, but Hollywood and the media industry broadly hasn't come to the realization that they are in secular decline,” media analyst Rich Greenfield, of LightShed Partners, said. Hollywood, he added, “doesn't like change.”

Many of Zaslav's moves have since been adopted by rivals including Walt Disney and Paramount Global, both of which have culled content from their streaming platforms.



Striking Writers Guild of America members rally. Right, the hiring of ex-CNN head Chris Licht is considered a misstep.

Warner Bros. Discovery's recent decision to risk gutting TCM—although the network had a relatively small staff and generated profit margins of 70%—also shows the deep cost-cutting considerations facing all cable networks, as cord-cutting continues to spread and more consumers embrace streaming platforms.

“We have had to restructure multiple businesses since our merger,” Zaslav said in a statement. Plenty of progress has been made, he said: The company is generating appreciable free cash flow, and Max, its streaming service that made its debut in May, will be profitable in the U.S. in 2023—one year ahead of schedule.

“Along the way, yes, we've had to make some tough decisions that will set us up for the future,” Zaslav said. “But it's necessary.”

These decisions, along with his large pay packages—valued at \$39.3 million last year, and \$246 million in 2021—have attracted plenty of critics, who see Zaslav as a poster boy for Hollywood hubris. His face adorns many of the picket signs of striking writers.

In late May, he was booed by students chanting “pay your writers” while giving a commencement speech at Boston University, his alma mater, just weeks after Hollywood writers had gone on strike. A few days



later, he drew criticism for co-hosting a lavish party during the Cannes Film Festival just as another round of layoffs at Warner Bros. Discovery was looming.

The latest layoffs, which included TCM, came as a shock to staff, given that Zaslav had proclaimed months earlier that the company had turned the corner on its cost-cutting and restructuring efforts. That contributed to further sinking morale, employees said.

Driving the layoffs is Zaslav's promise last fall to Wall Street to find \$4 billion in cost savings. The company has shaved \$9 billion off the \$56.3 billion in debt it was saddled with when Discovery combined with WarnerMedia. Warner Bros.

Discovery expects to bring its net leverage ratio—net debt divided by the last 12 months of adjusted earnings before interest, taxes, depreciation and amortization—to under 4 by year-end, down from 4.6 when the merger was completed.

Zaslav is also moving aggressively to better monetize Warner Bros. content through deals with third parties such as Walt Disney-controlled Hulu

and Amazon Prime. The company is in talks to sell older HBO shows to Netflix.

The company scored a few victories recently, including the launch of Max, a service that combines most of the company's streaming offerings, and the runaway success of “Hogwarts Legacy,” a videogame inspired by the Harry Potter universe that crossed the \$1 billion revenue mark.

Some successes have come with gaffes. When Max was launched, descriptions of movies and shows on the service lumped directors and writers into a single category called “creators.” That led to a rebuke from directors and striking writers, prompting the company to apologize and vow to fix the problem.

Another major misstep was Zaslav's decision last year to appoint Chris Licht as the head of CNN. Licht was fired June 7 after a tenure of barely a year that was marked by a series of blunders. That prompted some inside the network to question the wisdom of Zaslav's pick given that Licht, who had primarily worked as a producer before, had no experience running a news organization.

## Crypto Miners Pivot to AI

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workloads. Some companies are reprogramming and repurposing their machines while others are pulling the GPUs out of dormant machines and reselling them for use in AI computers.

The mechanics of mining cryptocurrencies are different from training or running AI models. Mining uses GPUs to solve an increasingly complicated arithmetic problem. Training AI involves easier calculations—but the high volume of data required to generate language or images requires many identical chips working in concert and a lot of memory.

While it isn't always easy or cheap to convert them, the refurbished mining rigs can be more affordable and accessible than the AI infrastructure offered by the top cloud companies. They are often used by startups and universities that are having trouble getting AI computing power elsewhere. AI companies typically rely on cloud giants such as Microsoft and Amazon.com to provide computing infrastructure, but the cloud titans are sometimes near full capacity or less interested in smaller orders.

The intensive requirements to train this software—and the surge in user interest—have left even the biggest players strapped. Sam Altman, the chief executive of the AI startup behind ChatGPT, OpenAI, recently said demand for his company's products has far exceeded its ability to handle it.

For companies looking for options, a change in how one cryptocurrency is mined created a huge supply of used chips. Tens of millions of GPUs became available after the Ethereum network—home to the second-biggest crypto, behind bitcoin—removed the need for these chips by ending the practice of mining for new

coins and the intensive computation it required.

Around 20% of the freed-up chips can be repurposed to train AI models, said Vipul Ved Prakash, the CEO of alternative cloud provider Together.

“You're seeing more of the crypto-mining world look at participating in AI,” Prakash said. “That trend has started to mature.”

Together is using former crypto miners for GPUs and other hardware to build virtual server farms. It has leased thousands of GPUs to help power Together's cloud service for AI developers. In May, it raised \$20 million in seed funding.

Demi Guo, the founder of an AI applications startup called Mellis AI, couldn't get the data processing pricing or capacity she needed at the leading cloud providers so she is using repurposed hardware available through Together's cloud.

“It's cheaper than places that have very mature infrastructure,” she said.

Saurabh Vij has built an AI business around chips formerly used for mining. His startup, Monster, has access to more than 30,000 chips—most of them once used for mining—that its customers can lease.

He has made hundreds of deals with Ethereum miners as they tried to find new ways to make money from their expensive equipment. Graphics chips are among the most expensive parts in their machines and can cost tens of thousands of dollars.

“People started panicking” about what to do with their mining gear, Vij said.

Most miners don't realize how much investment they need to make in machines for them to handle AI workloads, said Mark D'Aria, an entrepreneur who buys components such as GPUs from mining rigs and resells them. A device with lower-level graphics cards needs as much as \$5,000 in extra components to give it the computing muscle to do AI tasks, he said.

Without that, it is like “trying to move mountains with Honda Civics,” D'Aria said.

## Drought Divides Farm Fates

Continued from page B1

cheaper generic seed purchases or put off equipment purchases.

Corteva said its success depends on farmers succeeding, and droughts can impact their productivity. The company is

developing more drought-tolerant corn, a spokesman said. Bayer, Deere and CNH had no comment.

Dry conditions bring new pests and diseases that require additional farm chemical purchases. Joe Sinclair, president of the farm retailer Quality Ag Services in Iowa, said insecticides sales will be on the rise this year as the dry weather brings pests like two-spotted spider mites into farmers' fields.

Higher grain costs from drought make it more expensive to feed cattle, hogs and

chickens.

Many hog farmers are struggling to make a profit, and cattle ranchers have been shrinking their herds over the past year as their feed bills go up.

Dairy producers will need to decide whether to shrink their operations or eat the higher feed costs until the market moves back in their favor, said industry officials. Ethanol producers paying higher prices for corn could be faced with the decision of whether to keep their plants running at lower profit mar-

gins or to cut production, executives and analysts said.

For farmers with drought-withered fields, crop insurance can help growers come close to break-even and defend against bankruptcy, said Matt Bennett, an Illinois farmer and co-founder of brokerage and consulting firm AgMarket.Net. But farmers will still struggle to cover costs for fertilizer, fuel, seeds and other expenses.

“This was the most expensive crop ever put into the ground by a U.S. producer,” Bennett said.



Cryptocurrency mining rigs can be retrofitted to support AI.

## BUSINESS NEWS

# United Wrestles With Disruptions

Airline vows to make changes to prevent future cancellations, delays

BY ALISON SIDER

**United Airlines** plans to make changes, including flying less at its Newark, N.J., hub, to avoid a repeat of the nearly weeklong stretch of disruption that snarled travel ahead of the busy Fourth of July holiday, Chief Executive Scott Kirby told employees on Saturday.

Rolling storms curtailed departures and led to gridlock at Newark that rippled across United's network this past week, leaving crews and planes out of place and resulting in thousands of flight cancellations.

"Airlines can plan for things like hurricanes, sub-zero temperatures and snowstorms, but United has never seen an extended limited operating environment like the one we saw this past week at Newark," Kirby wrote in a memo to employees.

The airline is working with the Port Authority of New York and New Jersey to get more gates to avoid backups on the airport's taxiways, and with the Federal Aviation Administration to better balance departures and arrivals at the airport, he said. But United will have to change or reduce its schedule to give itself more buffer, especially during thunderstorm season, he added.

"While we work to control the things that are within our control, we also must do an even better job of planning against the things that are outside our control so we can be in a position to recover more quickly," Kirby wrote.

United also is reaching out to customers who were caught up in the havoc, offering awards of 30,000 frequent flier miles to those who were delayed overnight or who didn't get to their destination on United.

Several airlines were affected by severe storms that walloped New York, but United scrubbed more flights than rivals and took longer to bounce back. United's operation returned to near normal on Saturday—with roughly 2% of flights canceled, according to Anuvu, a flight data provider.

More stormy skies Sunday contributed to an uptick in



Rolling storms curtailed departures and led to gridlock at Newark that rippled across United's network this past week.

problems. United had canceled about 6% of flights Sunday as of late afternoon, as it faced potential bad weather at hubs in Chicago, Newark, Denver, and Washington, D.C., according to Anuvu.

Kirby sought to explain in greater detail why United was particularly hard hit and why the carrier struggled to recover. He had separately apologized on Friday for bypassing the disruption at Newark on Wednesday by taking a private flight to Denver from Teterboro Airport in New Jersey. Kirby said the decision was insensitive to stranded customers and overwhelmed employees and he regrets it.

United's tough week was a setback for an airline that had largely avoided the sorts of snafus that plagued rivals in the last two years, as air travel demand has roared back from the Covid-19 pandemic.

While cancellations and delays rippled beyond the East Coast throughout last week, United's disruption was smaller and more contained than a meltdown late last year that overtook **Southwest Airlines** and resulted in over 16,700 canceled flights. United scrubbed more than 3,000 flights over the past week, according to FlightAware, a tally that

doesn't include some regional flights.

In his letter to employees, Kirby reiterated claims he made earlier last week that United had taken the brunt of air-traffic control staffing challenges.

The pandemic stalled air-traffic controller training, and the FAA has acknowledged that a key facility that guides planes near the major New York airports is particularly understaffed. Airlines including United had reduced the number of flights they planned this summer at those airports at the FAA's request in hopes of heading off problems.

Transportation Secretary Pete Buttigieg had pushed back after Kirby wrote to employees Monday that "the FAA frankly failed us." Buttigieg said that air-traffic control staffing didn't play a major role in the week's travel snarls, and noted that United's struggles were more significant than what other carriers experienced.

Kirby wrote Saturday that

he had "incredibly thoughtful and constructive" conversations with the FAA and Buttigieg. A Transportation Department spokesman confirmed the two spoke but declined to comment further.

The recent problems started with rolling severe thunderstorms that provoked regulators to severely restrict flight operations at Newark Liberty International Airport. The total number of planes that could take off was reduced by 60% to 75% for six to eight hours for several days, Kirby said—something airlines "simply aren't designed" to be able to handle, he said.

Kirby isn't the only airline executive to say that those kinds of limits were unexpected. **JetBlue Airways** President Joanna Geraghty said last week that air-traffic control imposed lengthier and deeper restrictions than it had anticipated, which made it difficult for the airline to plan cancellations in advance.

Jim DeYoung, a consultant who was previously vice presi-

dent of operations control at United, said it is rare to see such significant limitations for such a long duration. But United could have mitigated some of the impact by reacting more quickly.

"You always have to have a Plan B," he said.

Kirby said the problem was compounded by the closure of routes through Canada. In the past, United has relied on the Canadian routes to get planes where they needed to go when thunderstorms made it impossible for planes to fly west from Newark. NAV Canada, which provides air-traffic control services for Canada, said Saturday that most of the delays in Eastern Canada over the past week were weather-related.

Kirby said United also needs to improve its crew technology so that flight attendants and pilots can receive new flight assignments automatically during disruptions, rather than spending hours on hold trying to get through to schedulers. Unions said last week that the airline's crew scheduling department was understaffed and couldn't keep up with the pace of flight changes—something they said slowed the airline's recovery.

**United scrubbed more flights than rivals due to storms that hit New York.**

## Christmas Tree Shops To Liquidate All Stores

BY AKIKO MATSUDA

Discount home-goods retailer **Christmas Tree Shops** is headed for liquidation after defaulting on a loan that funds its bankruptcy.

The 82-store chain filed for bankruptcy in May with plans to close a small number of underperforming stores and to exit chapter 11 by August. The plan was to restructure the company's finances while keeping its ownership intact.

The retailer took out a \$45 million bankruptcy loan, including roughly \$20 million in fresh capital, from its lenders. But the creditors terminated the loan after the company defaulted on the terms because of worsening revenues and liquidity, according to a notice filed with the U.S. Bankruptcy Court in Wilmington, Del., late Thursday.

The company and its stakeholders reached an agreement last week to liquidate the remaining roughly 70 stores unless a buyer emerges within the next week or so, according to the filing.

"Unfortunately, circumstances have resulted in the plan really not being able to go forward because quite simply, the debtor doesn't have the time nor the money to go forward with the plan," said Harold Murphy, a lawyer for the retailer, at a Thursday court hearing. The retailer will no longer present a plan to exit bankruptcy, said Murphy.

Troubles started about a month ago when the retailer's sales in the formerly performing stores started to decline because it was unable to replenish store shelves fast enough, Murphy said. Customers ended up buying fewer items as a result, he added.

Middleboro, Mass.-based Christmas Tree Shops was among a dozen retailers that filed for bankruptcy in the first half of this year.

Its owners, Marc and Pam Salkovitz, acquired the chain from Bed Bath & Beyond in 2020. Retail earnings have fallen since earlier this year as consumers cut spending on discretionary items to cover rising costs for essentials such as food and housing because of inflation.

# Tyson Foods Drops 'No Antibiotics Ever' Chicken Label

BY PATRICK THOMAS

**Tyson Foods** is reintroducing certain antibiotics to its chicken supply chain, and will drop its "no antibiotics ever" tagline from Tyson-branded chicken products.

The move will involve drugs that aren't important to human health and will apply to all fresh, frozen and ready-made products under the Tyson brand, the Arkansas-based meat company said in a statement to The Wall Street Journal. The measure will take effect by the end of the calendar year.

The antibiotics that Tyson plans to add to some of its chickens' diets are known as ionophores, people familiar with the matter said. Ionophores are used to control a disease in poultry called coccidiosis, and aren't considered by the World Health Organization to be medically important for treating human illnesses. The move will require Tyson to remove the "No Antibiotics Ever" label from the affected products, they said.

Tyson, which processes about one-fifth of all U.S. chicken, several years ago became the largest poultry processor to forgo the use of all antibiotics in its company-branded nuggets, wings and breasts.

A Tyson spokesman said the new change continues its responsible approach and was made with the best interest of people and animals in mind. "We base our decisions on sound science and an evolving understanding of the best practices impacting our customers, consumers and the animals in our care," he said.

Antibiotics for decades have been used throughout the meat industry to treat ill-



Tyson, the largest U.S. meat seller, processes about one-fifth of all U.S. chicken.

nesses, prevent disease outbreaks among chicken, hogs and cattle, and help them gain weight faster. Consumer groups, some fast-food chains and public-health officials have argued that the use of antibiotics hastens the development of bacteria resistant to antibiotics, threatening to make crucial treatments less effective in treating human illnesses. Pressure has grown on meat companies to scrap them.

The Food and Drug Administration encourages limited antibiotic use in meat production, but an agency spokeswoman said it is more concerned about antibiotics used for human health. Antibiotics such as ionophores represent

a significantly lower risk of developing drug-resistant bacteria that threaten human health, and can be needed to treat sick animals, the spokeswoman said.

Sales of antimicrobial products, which include antibiotics, to chicken producers raising the birds for food were down about 70% since 2016, according to a 2022 report from the FDA. In 2021, nearly 70% of U.S. chicken was marketed to consumers as being produced with no antibiotics, according to the Agriculture Department.

In 2017, Tyson, the largest U.S. meat seller by sales, pledged that all chicken processed to make its branded

breasts, wings and nuggets commonly found in red bags at grocery stores would be raised without using antibiotics, including those used just for animals.

Part of chicken companies' shift away from antibiotics was a bet that consumers would pay a premium for meat produced without the drugs, poultry industry officials have said.

Tyson executives said in 2017 that no-antibiotics-ever chicken can sell for 20% more than conventional versions, but also costs more to produce. Tyson has said it uses probiotics, beneficial bacteria that can help immune systems, essential oils and other

plant-based products to keep its chickens healthy rather than antibiotics.

**Perdue Farms**, another major U.S. chicken processor, said all its chicken is raised without using antibiotics. Birds that fall ill, typically less than 1% of its production, are treated with antibiotics and sold without a no-antibiotics label, the company said. **Pilgrim's Pride**, the second-largest supplier, has said about a quarter of its chicken is produced with no antibiotics.

Using antibiotics not important to humans for treating sick birds is a positive for animal welfare, said Michael Hansen, senior staff scientist for Consumer Reports.

Reintroducing certain antibiotics could save Tyson money, especially if consumers are showing less willingness to spend more on products raised without antibiotics, according to poultry industry consultants. It could also help improve health in its farmers' flocks.

Running a no-antibiotics-ever program is especially costly for poultry processors such as Tyson that produce larger birds, whose meat goes into nuggets and tenders, according to industry officials. Smaller chickens meant for fast-food companies' chicken sandwiches tend to be easier to raise without antibiotics, because of their shorter lifespans. About 10% of Tyson's chicken business revenue comes from smaller chickens, according to a 2021 investor day presentation.

"Companies are trying to figure out, are we still going to be in the antibiotic-free market or not," said Tom Tabler, a poultry specialist at the University of Tennessee. "They aren't getting a return on their investment if they can't sell it for the extra money it costs to produce antibiotic-free chicken."

Poultry companies are struggling this year with oversupply. Wholesale chicken prices have fallen, prompting companies to look for ways to cut costs and produce birds more efficiently. Earlier this year, Tyson closed two of its older chicken plants, it said.

Coccidiosis, the poultry disease targeted by ionophores, can be fatal to the birds and causes diarrhea, weight loss and an overall decrease in

poultry production, said Tom Elam, president of agricultural consulting firm FarmEcon. Ionophores aren't used for rapid weight gain like other livestock antibiotics.

If a bird is infected with coccidiosis, the resulting diarrhea can cause chickens to churn through more feed without adding weight, said Elam.

Ionophores are considered antibiotics in the U.S. but not in other parts of the world, such as Europe, where they are classified as anticoccidials, according to a 2019 report from Mississippi State University. This allows no-antibiotics-ever programs overseas to use ionophores, putting U.S. poultry operations at a disadvantage, the report said.

**A spokesman said the change continues its responsible approach.**

# Money Manager Warns About AI and Markets

GMO co-founder says the tech trend won't keep stock bubble from bursting

By ERIC WALLERSTEIN

The 2022 bear market appeared to be the crash that Jeremy Grantham had long predicted. This year's rally cut his victory lap short.

Grantham, the co-founder of the Boston money manager **Grantham Mayo Van Otterloo**, has been warning of signs of froth in the stock market since at least 2015. He cautioned that the Federal Reserve's overstimulative policy would send markets to "bubbleland."

Some of the air came out of markets last year when the Fed began raising interest rates, sapping the appeal of the technology shares that powered their ascent for more than a decade.

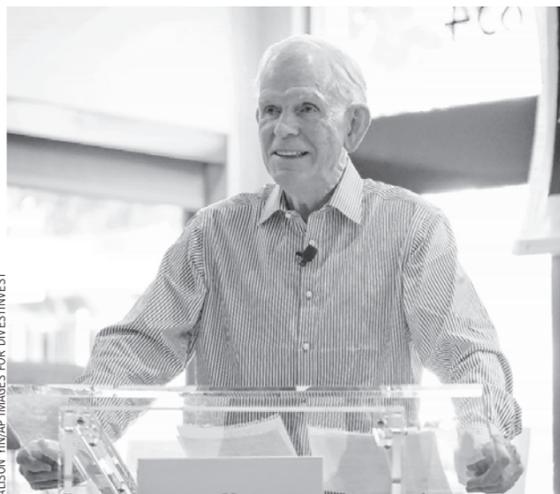
Entering 2023, most investors and economists expected more of the same. Instead, tech stocks charged higher out of the gate, first on hopes that the central bank would pivot to cutting rates and later on bets that a boom in artificial intelligence would change the world.

The Nasdaq Composite ended the first half up 32%, its best start to a year since 1983. The S&P 500 advanced 16%.

Grantham and GMO are doing what they have done many times before: doubling down on contrarian wagers while maintaining that markets are poised for a fall. They are betting big on deep-value stocks, those that trade at bargain prices relative to their fundamentals, and they see opportunities in bonds backed by commercial real estate.

Grantham made a name for himself calling market bubbles. He predicted the dot-com and housing-market busts of 2000 and 2008.

His warnings have grown louder and louder over the years—to the point at which he



ALISON WINAP/IMAGES FOR INVESTMENT  
Jeremy Grantham's firm doubles down on contrarian bets.

characterizes the current market environment as the final act of the fourth U.S. superbubble of the past century. (The others being in 1929 ahead of the Great Depression, the tech bubble in the late 1990s and the U.S. housing market in 2006).

"We had a very complicated but fairly standard-looking superbubble, losing air in the traditional way, right up to this recent rally," said Grantham, now GMO's long-term strategist. "We're trying to unravel one bubble, and we've got a completely different one that has jumped up on a fairly narrow front."

The speculative fervor around AI has helped shares of **Nvidia**, the maker of the advanced graphics chips required for AI, nearly triple in 2023. **Microsoft**, which unveiled a \$10 billion investment in **OpenAI's** ChatGPT, surged 42% to a record high. Other big tech stocks soared as well, including **Meta Platforms**, which more than doubled.

That enthusiasm is strong enough to propel the stock market over the next couple of quarters, Grantham says, but it won't prevent the bubble from bursting, GMO predicts that, after that happens, value will set the market's trajectory again.

Value stocks have badly trailed their growth-oriented peers for years. The Russell 1000 Value index gained 252% over the past 15 years including payouts, whereas the growth index has soared 518%, according to Dow Jones Market Data.

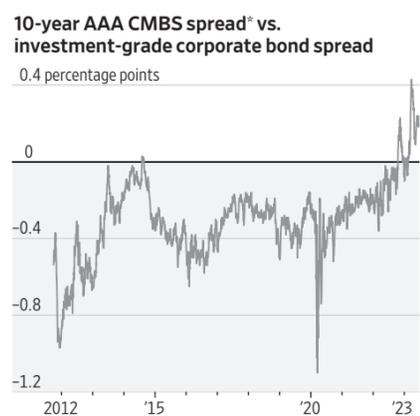
GMO's partners acknowledge their commitment to long-term investing and financial theory often goes against the grain, making the firm more of an outlier on Wall Street. The tech sector's domination in the years following the 2008 financial crisis forced many other value-stock adherents to wave a white flag.

GMO's flagship Benchmark-Free Allocation Fund is up 4.5% this year, trailing the broader market. Since its 2003 inception, the fund's annualized total return is 6.3%, compared with 9.9% for the S&P 500, according to FactSet data going back to Aug. 25, 2003.

The firm suffered several periods when lagging performance led clients to pull their capital. It manages \$58 billion, less than half the \$124 billion of about a



\*Option-adjusted spread over Treasuries. Data through June 23



Sources: FactSet (total return); GMO, JPMorgan data query, Bloomberg (spread)

decade ago.

The firm's partners say the core tenet of its investing approach is to identify market mispricings—and then bet an asset's price will eventually match its underlying worth. It invests based on expected returns over a seven-year period, the length it estimates to be the average market cycle.

"We, and our clients, don't make it to the long term if we lose too much in the short term," said Ben Inker, GMO's co-head of asset allocation, who has headed up a number of the firm's strategies since graduating from Yale University in 1992.

**The firm's partners say its core tenet is to identify market mispricings.**

That approach helped protect its investors against market volatility. The flagship fund's largest drawdown in the past decade was 23%, suffered in the first quarter of 2020, according to Dow Jones Market Data. The S&P 500 shed 34% over the same period.

A drawback is that market cycles can drag on much longer than expected. That has been the case, with few interruptions, since the 2008 crisis. Ballooning valuations in growth stocks—in which rapid scaling is given priority over current profitability—

have been a blow to a shop that calls itself a valuation-sensitive active manager.

"There is this weird problem with the investment industry: Most of the reasons why people invest are long-term in nature," said Inker. "Retirement, pension plans, university endowments—they have very long-term goals. Yet, so many investment decisions are made in the short term."

About 20% of GMO's flagship asset-allocation fund is invested in its equity-dislocation strategy, which was launched in October 2020 during the pandemic tech rally. The strategy bets against, or shorts, the most expensive growth stocks while buying deep-value shares.

With the most expensive stocks trading at some of the priciest levels in decades, it is a "wonderful, generational opportunity to make money" on a reversion, according to Inker. Current valuations indicate value stocks should outperform growth by 50% in the coming years, he said.

GMO has stuck true to its knitting in launching new funds, too. The U.S. Opportunistic Value Fund favors the most attractive companies within the cheapest fifth of the top 1,000 U.S. stocks. Meta Platforms became the fund's largest position last year after suffering a sharp drop in its share price.

Although GMO trimmed its

holdings during the stock's recent rally, large companies muddling through a rough patch are common in its portfolio. **Intel**, **Exxon Mobil** and banks such as **JPMorgan Chase** and **Bank of America** occupy sizable positions in the fund.

At the end of May, GMO converted a second fund to capture the same strategy overseas: the International Opportunistic Value Fund. The flagship asset-allocation fund has more than 5% of its portfolio staked in each of the value strategies.

GMO's contrarian style extends to fixed income whereby it is buying mortgage bonds backed by commercial real estate. GMO's Joe Auth said the dislocations in that market present an opportunity for investors to prove their mettle.

With office buildings suffering from vacancies in the work-from-home era, higher rates battered bondholders. Now, a pullback from banks could crimp lending, adding further stress.

One place GMO has placed its wagers: the **Bellagio Resort & Casino**. GMO owns three debt tranches backed by the Las Vegas property.

"For so long, fixed-income investors complained there was nothing to do," said Auth, GMO's head of developed fixed income. "Everything was priced to the moon when rates were near zero."

# Taylor Swift Offers Lessons In Management

By ANNE STEELE

Pop star Taylor Swift is one of the world's most influential business leaders.

She outmaneuvered music executives vying to control her song rights, sparred with technology giants and sold record numbers of albums. She secured her fans' loyalty by speaking directly to them online before it was a marketing strategy.

When sales to her current concert tour caused a Ticketmaster meltdown, a bipartisan Senate committee discussed whether the live-events industry needed an overhaul. Swift's "Eras Tour" is forecast to be the biggest concert tour of all time.

While other artists like Rihanna parlayed their success to launch other businesses, Swift largely kept her empire within the confines of music.

Here are some management takeaways gleaned from Swift's stumbles and successes, based on interviews with people who worked with and around her. Swift, through a spokeswoman, declined to comment.

## Keep your inner circle small

While many performers in the music industry hand business operations to outsiders, Swift remains actively involved. She keeps her employee base small and her business close with a handful of confidants that include her parents, according to people familiar with Swift's operations. She generally eschews outside managers, agents and lawyers who would take cuts of her business. Her company, **13 Management**, operates out of her private jet's hangar in Nashville, Tenn.

## Do the spade work

At age 11, Swift went door to door asking Nashville re-

cord labels to listen to her CDs of karaoke songs. When that didn't draw interest, Swift picked up a guitar, practicing for hours every day. She also started writing songs. Two years later, her original songs helped her secure a development deal with RCA Records.

## Seize the moment

Before releasing an album, new country-music acts typically make a grueling journey across the U.S. to play for some 200 radio stations whose ratings contribute to industry charts, hoping to get airtime for their first singles. If the song gains momentum, it moves to heavy rotation and climbs the charts, prompting the label to put out the rest of the album.

The process can be demoralizing, and many artists don't handle it well, said Rick Barker, who took Swift on the first leg of her 2006 radio tour ahead of her debut album and later became her manager.

Driving to a meeting with K-FROG Radio in Riverside, Calif., Swift sat in the back of his SUV strumming through her first single, "Tim McGraw." Barker recalled being warned by the station not to ask the busy program directors to put her on the air. When Swift, playing in the station's studio, got to the line in "Tim McGraw" that includes the lyric "someday you'll turn your radio on," she glanced over at Barker and sang "someday you'll turn K-FROG on," he said. The gimmick worked. The station immediately wanted to put her on the radio.

## Mobilize your audience

Swift was early to fostering her fan base online—first on Myspace, then Tumblr before Instagram and TikTok. The platforms allowed her to serve her music to fans faster than radio.

"When she saw people



Taylor Swift's 'Eras Tour' is forecast to become the biggest concert tour of all time.

hanging out on Myspace she looked at it like a venue," Barker said. "She was playing for thousands of fans every night."

During a commercial break at K-FROG, Swift alerted fans on Myspace that she would be on the radio. The station's phone lines flooded with calls thanking them for playing her song for the first time.

"She went from no expectations to going on the radio," said Barker, who afterward called label headquarters with some advice. "Walk in, introduce her, then sit down and shut up—let her do the rest."

Swift's pioneering use of social media is now considered key to artists' relationships with consumers. "The way she uses technology to create an authentic connection with her fans has in many ways defined the modern music industry," said Lucian Grainge, chief executive of Universal Music Group, her label and publisher.

## Keep personal ties

Executives, radio programmers and other business associates describe Swift's acute memory for details about their spouses and children. They say they still have her handwritten thank-you cards. Some close to Swift's camp said she

or a member of her team would jot down notes to help remember people, and Swift would review them before they met again.

"With Taylor she knows where you left off on your last conversation," said Tom Poleman, iHeartMedia's chief programming officer. "To be doing that at such a young age was remarkable—to be in the business of building a relationship not only with her listeners but with her business partners."

## Stay fresh

A key part of Swift's lasting power as a cultural force—she has referred to herself as a "geriatric popstar"—is her success at reinventing herself, music executives say.

"None of the records are the same, the shows are never the same," said Rod Essig, Swift's agent in early years. "People keep interested."

## Know your leverage

As sales surged weeks after the 2014 release of "1989," Swift pulled her entire catalog from Spotify. She battled with the streaming giant ahead of her album's release, requesting that Spotify only make "1989" available to its paying subscribers, not on its free, ad-supported tier.

"Valuable things should be paid for," she wrote in an op-ed for The Wall Street Journal. "It's my opinion that music should not be free, and my prediction is that individual artists and their labels will someday decide what an album's price point is."

To rectify the relationship, Spotify Chief Executive Daniel Ek said he flew to Nashville many times to speak with Swift's label about why streaming mattered. It wasn't until three years later, ahead of the release of her "Reputation" album, that she agreed to return her catalog to Spotify—which didn't make concessions or change its payments to artists. By then, "1989" moved 10 million copies worldwide, as keeping her music off the service spurred more sales.

"I don't think there was anything Spotify did to convince Taylor. She is fiercely independent and makes many of her calls herself," said Ek. "She realized there was a huge audience on Spotify."

Still, Swift held her "Reputation" album from streaming until three weeks after it was released, helping her maximize sales of the more lucrative digital and physical copies. It made its debut at No. 1 on the Billboard 200 album

chart, selling 41% more copies than the other 199 albums combined.

## Break precedents

In 2018, Swift signed a deal with Universal that gave her ownership of any music she records. Her first six albums remained with the independent label Big Machine, then were sold twice. Swift, having tried and failed to buy the rights to that music, called the sale "my worst case scenario" and pledged to rerecord her catalog as versions she would own.

No other artist has rerecorded to the same extent and with the same success. Swift adds previously unreleased songs that didn't make the cut on the original albums, encouraging fans to buy the new versions.

She keeps fans involved, explaining why ownership matters. Streaming services and radio stations have replaced the old versions with the rerecords on playlists, and promoted them as new releases. Rerecorded versions of her "Fearless" and "Red" albums are outstreaming their original counterparts at a ratio of 3 to 1, according to a Journal analysis. Her next rerecorded album, "Speak Now (Taylor's Version)," is expected July 7.

BUSINESS & FINANCE

# Home Building Lifts Lumber Producers

Boise Cascade, Weyerhaeuser and others logged strong stock gains in June

By RYAN DEZEMBER

Their stocks aren't quite as hot as home builders', but **Weyerhaeuser**, **Boise Cascade** and others that own sawmills and make wood panels have been big winners lately thanks to the recovery in residential

construction.

Housing starts rose in May to a seasonally adjusted annual rate of about 1.6 million, the Census Bureau said last month. That is 22% more than in April and the most since the Federal Reserve began raising interest rates early last year to cool the overheating property market and squelch inflation. It also means builders are going to need a lot more wood.

Wood-products firms were among the leaders of the pandemic stock rally, banking

windfall profits when stuck-at-home Americans remodeled all at once and lumber prices shot to the moon. The stocks slumped when wood prices fell back to earth and higher interest rates slowed the housing market last year, but their star has risen anew with investors.

Shares of sawmill owners **Interfor** and **West Fraser Timber** along with Boise Cascade and **Louisiana-Pacific**, which specialize in engineered wood products, each rose more than 25% in June. **Canfor** and **Weyerhaeuser** last month added 24% and 17%, respectively, compared with a 6.5% gain in the S&P 500 stock index.

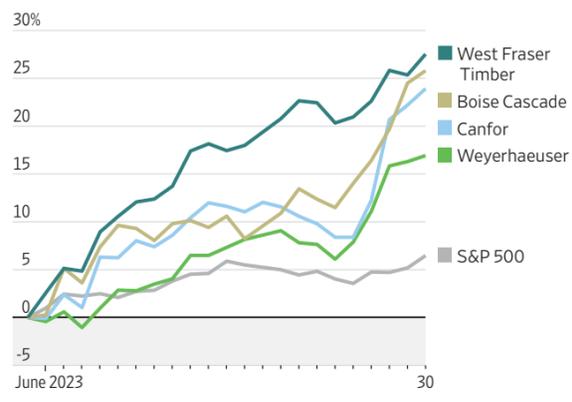
The sawyers have the pandemic's ultralow interest rates to thank for the jolt. Millions of Americans are locked into mortgage rates below 4% and face much higher borrowing costs if they move. The average rate on a 30-year mortgage was recently at 6.71%, according to mortgage finance giant Freddie Mac. That is down from more than 7% last autumn but more than twice the rate two summers ago when

U.S. housing starts\*



\*Seasonally adjusted annual rate

Share-price and index performance



Sources: U.S. Census Bureau via St. Louis Fed (housing starts); FactSet (performance)



Weyerhaeuser is among the companies that saw a boost.

lumber prices surged and droves of homeowners were refinancing their mortgages—often taking cash out in the process to pay for renovations.

The scarcity of existing homes for sale means new construction is the main option for many house hunters these days. Big home builders like **PulteGroup** and **KB Home** are ramping up construction of spec homes.

Prices for two-by-fours and sheet products, such as oriented strand board used for floors and roofs, have perked up. Lumber futures have risen 15% since April, to \$531 per thousand board feet.

Pricing service Random Lengths said its framing lumber composite price, which tracks on-the-spot sales, ended last week at \$438, up from

\$389 in late May. Panel prices crept higher last week as well.

In the near term, wood prices are more likely to rise than fall, said Ketan Mamtora, a BMO Capital Markets analyst. He noted forest fires disrupting production in Canada, flagging European imports and delayed effects from recent mill closures in British Columbia, where producers need relatively high prices to operate profitably.

Raymond James last Wednesday added Weyerhaeuser to its list of top buys. The firm's analysts estimate that Weyerhaeuser's shares are trading at about 25% less than the value of the company's assets.

"Our math suggests that investors can currently purchase the largest U.S. timberland

portfolio at a healthy discount to private valuations, and get Weyerhaeuser's industry leading, low-cost wood-products manufacturing platform for free," they wrote in a note to clients.

Truist analyst Michael Roxland upgraded Boise Cascade and Louisiana-Pacific, both makers of engineered wood products, to "buy" ratings Wednesday, citing their greater exposure to single-family home construction than commodity lumber producers, which sell into a variety of markets.

Watch a Video

Scan this code for a video on why fixer-upper homes are so unpopular now.

# Canada's Ports on the Pacific Coast Hit With Dockworkers Strike

By PAUL VIEIRA

OTTAWA—Over 7,000 workers at ports on Canada's Pacific Coast went on strike Saturday, sparking worries from businesses and analysts about the potential impact in both Canada and the U.S.

The International Longshore and Warehouse Union Canada had issued a 72-hour strike warning earlier in the week after failing to secure a new contract through negotiations that formally started in March. The strike covers workers who load and unload

cargo from vessels, and affects operations at two of Canada's busiest ports: Vancouver and Prince Rupert, both in British Columbia. Combined, the Vancouver and Prince Rupert ports handle about \$270 billion in trade annually.

Rob Ashton, president of the Canadian union, said negotiators had worked all day Friday to reach a settlement with the BC Maritime Employers Association, with the help of federally appointed mediators. The effort came up short, although negotiations are continuing.

The union "has not taken this decision lightly, but for the future of our workforce we had to take this step," Ashton said in a message on the union's Facebook page. The strike started Saturday, which happens to be a national holiday to celebrate the country's birthday.

The major issues at the negotiating table are wages, as the union is looking for increases that offset inflation. The union is also looking for limits on outsourcing and automation.

The BC Maritime Employ-

ers Association said Saturday its negotiators made proposals in good faith, and have "made repeated efforts to be flexible and find compromise on key priorities. Regrettably, the parties have yet to be successful in reaching a settlement."

The association added it is committed to a fair deal that ensures Canada's Pacific Coast ports remain competitive and affordable.

In recent weeks, about 22,000 dockworkers at U.S. ports on the West Coast negotiated a new six-year deal, which included a 32% pay in-

crease through 2028. They also will get a one-time "hero bonus" for working through the pandemic.

The deal was struck after sporadic labor disruptions at ports in Los Angeles, Long Beach, Oakland and Seattle delayed cargo.

U.S. shipping industry officials are now turning their focus to East Coast and Gulf Coast ports, where efforts to get talks on a fast track are hitting speed bumps.

Canadian business groups have warned that a strike at the West Coast ports could

have reverberations across the country and continent. "A shutdown at the ports would fuel inflation, increase costs for Canadian families and businesses and inflict serious damage on the Canadian economy," said Robin Guy, vice president at the Canadian Chamber of Commerce.

Everstream Analytics, which collects data on the logistics sector, said weekly arrivals of cargo vessels at Vancouver's port had started to decline in anticipation of a strike, dropping from 83 in March to 67 in June.

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Alex Hussey

# I AM A VETERAN AND THIS IS MY VICTORY.

**“My victory is removing ‘can’t’ from my vocabulary.”** Alex was hit by an IED in Afghanistan. He lost both legs, his left hand and has a traumatic brain injury. With support from DAV, Alex is taking on mountains. DAV helps veterans of all generations get the benefits they’ve earned—helping more than a million veterans each year. Support more victories for veterans.® **Go to [DAV.org](https://www.dav.org).**

**DAV**<sup>®</sup>  
KEEPING OUR PROMISE TO  
AMERICA'S VETERANS

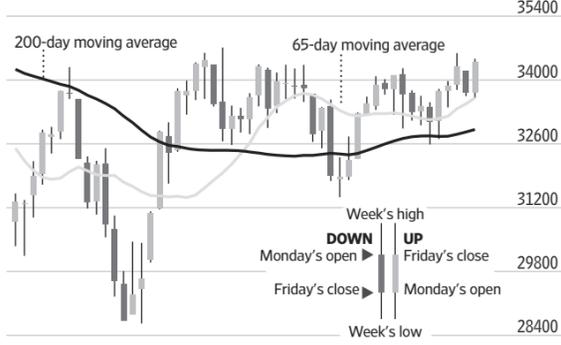


# MARKETS DIGEST

## Dow Jones Industrial Average

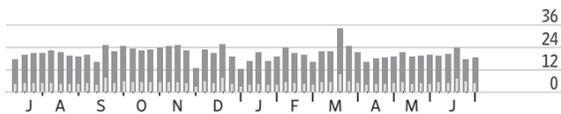
**34407.60** ▲680.17, or 2.02% last week  
 Trailing P/E ratio 22.35 17.79  
 P/E estimate \* 18.19 16.13  
 Dividend yield 2.15 2.25  
 All-time high 36799.65, 01/04/22

Current divisor 0.15172752595384



Bars measure the point change from Monday's open

## 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

## S&P 500 Index

**4450.38** ▲102.05, or 2.35% last week  
 Trailing P/E ratio \* 19.61 20.62  
 P/E estimate \* 19.80 16.69  
 Dividend yield \* 1.57 1.71  
 All-time high 4796.56, 01/03/22



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## 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)
7/3	6/26	Opti-Harvest Agriculture technology business providing advanced equipment and precision agriculture software and solution	OPHV Nq	1.9	4.15/4.15	WestPark Capital

### 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 2	April 3, '23	Inspire Technology	ISPR	7.00	21.0	30.3	90 days

### IPO Scorecard

Performance of IPOs, most-recent listed first

Company	SYMBOL	Friday's close (\$)	% Chg From Offer price	Company	SYMBOL	Friday's close (\$)	% Chg From Offer price
Intensity Thera	INTS	5.96	19.2	Atmus Filtration Tech	ATMU	21.96	12.6
Fidelis Insurance	FIHL	13.65	-2.5	Inflection Point Acquisition II	IPXU	10.12	1.2
Kodiak Gas Svcs	KGS	16.24	1.5	CaliberCos	CWD	1.92	-52.0
Savers Value Village	SVV	23.70	31.7	Strong Global Entertainment	SGE	2.97	-25.8
Bukit Jalil Global Acquisition 1	BUJAU	10.19	1.9	Acelryn	SLRN	20.90	16.1
GEN Restaurant Grp	GENK	16.99	41.6	Alkemy Investments Acquisition	ALCYU	10.21	2.1
Azitra	AZTR	3.64	-27.2	Kenvue	KVUE	26.42	20.1
BranchOut Food	BOF	3.25	-45.8	Golden Star Acquisition	GODNU	10.41	4.1
CAVA Grp	CAVA	40.95	86.1	Interactive Strength	TRNR	2.79	-65.1
ESH Acquisition	ESHU	10.14	1.4	Ares Acquisition II	AAS	10.43	4.3

## Major U.S. Stock-Market Indexes

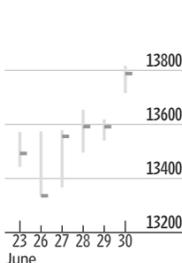
	High	Low	Close	Net chg	% chg	Low	52-Week Close (●)	High	% chg	YTD	3-yr. ann.
<b>Dow Jones</b>											
Industrial Average	34467.35	33610.32	<b>34407.60</b>	680.17	2.02	28725.51	●	34589.77	10.6	3.8	10.1
Transportation Avg	15581.13	14681.23	<b>15529.77</b>	841.90	5.73	11999.40	●	15640.7	16.9	16.0	19.2
Utility Average	912.80	888.09	<b>906.66</b>	4.20	0.47	838.99	●	1061.77	-8.7	-6.3	5.7
Total Stock Market	44492.41	43146.71	<b>44411.47</b>	1106.66	2.56	36056.21	●	44411.47	15.7	15.3	12.0
Barron's 400	984.76	947.34	<b>980.20</b>	36.25	3.84	825.73	●	1023.2	12.8	6.5	13.6
<b>Nasdaq Stock Market</b>											
Nasdaq Composite	13816.68	13334.42	<b>13787.92</b>	295.41	2.19	10213.29	●	13787.92	23.9	31.7	11.1
Nasdaq-100	15213.75	14687.02	<b>15179.21</b>	287.73	1.93	10679.34	●	15185.48	31.0	38.8	14.3
<b>S&amp;P</b>											
500 Index	4458.48	4328.08	<b>4450.38</b>	102.05	2.35	3577.03	●	4450.38	16.3	15.9	12.8
MidCap 400	2632.54	2514.94	<b>2622.34</b>	107.40	4.27	2203.53	●	2726.61	14.2	7.9	13.7
SmallCap 600	1225.18	1166.65	<b>1216.35</b>	50.03	4.29	1064.45	●	1315.82	6.8	5.1	13.5
<b>Other Indexes</b>											
Russell 2000	1898.40	1819.80	<b>1888.73</b>	67.10	3.68	1655.88	●	2021.35	9.3	7.2	9.4
NYSE Composite	15908.71	15469.35	<b>15875.91</b>	406.57	2.63	13472.18	●	16122.58	8.5	4.6	10.1
Value Line	574.35	551.32	<b>572.50</b>	21.18	3.84	491.56	●	606.49	7.9	6.7	9.0
NYSE Arca Biotech	5381.12	5165.94	<b>5225.24</b>	-155.88	-2.90	4390.11	●	5644.5	10.1	-1.1	-3.0
NYSE Arca Pharma	874.68	854.46	<b>873.94</b>	0.99	0.11	737.84	●	892.45	3.9	0.7	10.9
KBW Bank	80.84	77.64	<b>80.21</b>	2.61	3.37	71.96	●	115.55	-21.8	-20.5	2.5
PHLX <sup>®</sup> Gold/Silver	120.40	115.24	<b>120.03</b>	1.72	1.45	91.40	●	144.37	5.2	-0.7	-2.4
PHLX <sup>®</sup> Oil Service	79.78	74.62	<b>79.08</b>	4.563	6.12	56.08	●	93.94	19.7	-5.7	33.3
PHLX <sup>®</sup> Semiconductor	3685.76	3515.51	<b>3673.06</b>	166.35	4.74	2162.32	●	3739.75	49.4	45.1	22.5
Cboe Volatility	14.71	12.96	<b>13.59</b>	0.15	1.12	12.91	●	33.63	-49.1	-37.3	-23.6

<sup>®</sup>Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

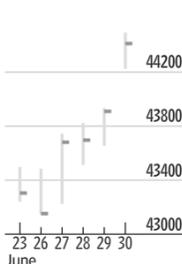
## Nasdaq Composite

▲ 295.41, or 2.19% last week



## DJ US TSM

▲ 1106.66, or 2.56% last week



## International Stock Indexes

Region/Country	Index	Close	Latest Week % chg	Low	52-Week Range Close	High	YTD % chg
<b>World</b>							
	MSCI ACWI	682.84	1.95	550.37	●	685.26	12.8
	MSCI ACWI ex-USA	302.90	1.23	244.35	●	309.78	7.7
	MSCI World	2966.72	2.22	2367.69	●	2966.72	14.0
	MSCI Emerging Markets	989.48	-0.25	842.76	●	1052.46	3.5
<b>Americas</b>							
	MSCI AC Americas	1686.03	2.40	1363.36	●	1686.03	15.7
Canada	S&P/TSX Comp	20155.29	3.80	18206.28	●	20767.38	4.0
Latin Amer.	MSCI EM Latin America	2440.05	-0.66	1912.59	●	2506.18	14.6
Brazil	BOVESPA	118087.00	-0.75	96120.85	●	120420.26	7.6
Chile	S&P IPSA	3270.37	1.89	3021.53	●	3546.47	3.1
Mexico	S&P/BMV IPC	53526.10	0.35	44626.80	●	55534.68	10.4
<b>EMEA</b>							
	STOXX Europe 600	461.93	1.94	382.89	●	469.00	8.7
	STOXX Europe 50	4003.92	1.48	3310.09	●	4079.60	9.6
Eurozone	Euro STOXX	461.35	2.83	359.45	●	465.19	12.5
	Euro STOXX 50	4399.09	2.98	3279.04	●	4408.59	16.0
Austria	ATX	3154.91	3.23	2647.43	●	3557.01	0.9
Belgium	Bel-20	3543.18	0.56	3313.82	●	3954.16	-4.3
France	CAC 40	7400.06	3.30	5676.87	●	7577.00	14.3
Germany	DAX	16147.90	2.01	11975.55	●	16357.63	16.0
Greece	Athex Composite	1278.61	0.78	779.20	●	1278.61	37.5
Israel	Tel Aviv	1749.22	-2.15	1707.57	●	2067.23	-2.7
Italy	FTSE MIB	28230.83	3.75	20353	●	28231	19.1
Netherlands	AEX	773.94	2.29	630.58	●	773.94	12.3
Norway	Oslo Bors All-Share	1385.19	1.37	1247.07	●	1476.42	1.7
Portugal	PSI 20	5920.31	0.88	5190.28	●	6269.69	3.4
South Africa	FTSE/JSE All-Share	76027.83	2.18	63263.94	●	80791.36	4.1
Spain	IBEX 35	9593.00	3.53	7261.1	●	9593.0	16.6
Sweden	OMX Stockholm	847.69	2.73	690.07	●	886.59	8.4
Switzerland	Swiss Market	11280.29	0.53	10072.62	●	11595.25	5.1
U.K.	FTSE 100	7531.53	0.93	6826.15	●	8014.31	1.1
<b>Asia-Pacific</b>							
Australia	MSCI AC Asia Pacific	163.25	0.19	134.3	●	170.5	4.8
	S&P/ASX 200	7203.30	1.47	6456.9	●	7558.1	2.3
China	Shanghai Composite	3202.06	0.13	2893.48	●	3405.43	3.7
Hong Kong	Hang Seng	18916.43	0.14	14687.02	●	22688.90	-4.4
India	S&P BSE Sensex	64718.56	2.76	52907.93	●	64718.56	6.4
Japan	NIKKEI 225	33189.04	1.24	25176.86	●	33706.08	27.2
Malaysia	FTSE Bursa Malaysia KLCI	1376.68	-1.02	1373.36	●	1518.78	-7.9
Singapore	Straits Times	3205.91	0.45	2969.95	●	3394.21	-1.4
South Korea	KOSPI	2564.28	-0.23	2155.49	●	2641.16	14.7
Taiwan	TAIEX	16915.54	-1.67	12666.12	●	17334.98	19.6

Source: FactSet; Dow Jones Market Data

## Commodities and Currencies

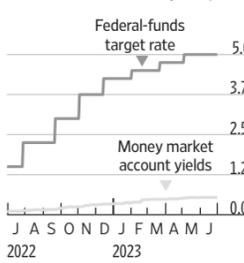
	Close	Last Week Net chg	% Chg	YTD % chg
DJ Commodity	954.12	-6.49	-0.68	-9.02
Refinitiv/CC CRB Index	261.99	-1.00	-0.38	-5.67
Crude oil, \$ per barrel	70.64	1.48	2.14	-11.99
Natural gas, \$/MMBtu	2.798	-0.045	-1.58	-37.47
Gold, \$ per troy oz.	1921.10	0.10	0.01	5.57
U.S. Dollar Index	102.92	0.02	0.02	-0.58
WSJ Dollar Index	97.47	0.19	0.20	0.95
Euro, per dollar	0.9163	-0.0016	-0.17	-1.93
Yen, per dollar	144.32	0.59	0.41	10.07
U.K. pound, in dollars	1.27	-0.0014	-0.11	4.98
DJ Commodity	930.59	●	1113.32	-12.58
Refinitiv/CC CRB Index	253.85	●	301.75	-10.22
Crude oil, \$ per barrel	66.74	●	108.43	-34.85
Natural gas, \$/MMBtu	1.991	●	9.680	-51.17
Gold, \$ per troy oz.	1623.30	●	2048.00	6.79
U.S. Dollar Index	101.01	●	114.10	-2.11
WSJ Dollar Index	94.37	●	105.14	-0.30
Euro, per dollar	0.9038	●	1.0422	-4.47
Yen, per dollar	127.86	●	150.15	6.73
U.K. pound, in dollars	1.07	●	1.28	4.98

**Go to WSJMarkets.com for free access to real-time market data.**

## Consumer Rates and Returns to Investor

### U.S. consumer rates

A consumer rate against its benchmark over the past year



Interest rate	Yield/Rate (%) Last (●) Week ago	52-Week Range (%) Low 0 2 4 6 8 High	3-yr chg (pct pts)
<b>Federal-funds rate target</b>	5.00-5.25	5.00-5.25	

# CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-end funds 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, June 30, 2023

Fund (SYM)	NAV	Close/	Disc/	Prem	Ti	Ret
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### General Equity Funds

Adams Diversified Eq Inc	ADX	19.99	16.81	-15.9	15.9	
Central Secs	CET	44.18	36.51	-17.4	10.3	
CohenStrsCEOppFnd	FOF	10.78	10.74	-0.4	7.4	
EVTVAAdvDivIncm	EVV	NA	22.75	NA	8.8	
GabelliDiv&Incr Tr	GAB	NA	21.13	NA	0.9	
Gabelli Equity Tr	GAB	NA	5.80	NA	5.1	
GeneralAmer	GAM	50.48	41.72	-17.4	20.4	
JHancockTaxAdvDiv	HTD	21.23	20.40	-3.9	-5.7	
Liberty All-Star Growth	USA	6.42	6.47	+0.8	11.6	
Liberty All-Star Growth	USA	5.68	5.41	-4.8	-1.0	
Royce Micro-Cap Tr	RMT	9.99	8.75	-12.4	14.1	
Royce Value Trust	RVT	15.70	13.80	-12.1	4.8	
Source Capital	SOR	42.81	38.32	-10.5	6.3	
Sprott Focus Trust	FUND	8.50	7.95	-6.5	9.8	
SRH Total Return	STEW	16.39	13.28	-19.0	14.4	
Tri-Continental	TY	31.13	27.42	-11.9	10.7	

### Specialized Equity Funds

abrdn Gbl Prem Prop	AWP	4.18	3.92	-6.2	-11.2	
Adams Natural Resources	PEO	24.81	20.82	-16.1	13.9	
ASA Gold & Prec Met Ltd	ASA	17.51	14.87	-15.1	-0.2	
BR Enh C&I	CI	19.18	18.51	-3.5	16.8	
BlackRock Energy & Res	BGR	13.66	12.04	-11.9	15.8	
BlackRock Energy Div	BOJ	8.83	8.34	-5.5	5.1	
BlackRock Enh Gbl Div	BDE	11.59	10.07	-13.1	9.6	
BlackRock Enh Intl Div	BCY	6.24	5.44	-12.8	15.3	
BlackRock ESG Cap All T	ECAT	17.99	15.66	-13.0	18.9	
BlackRock Hlth Sol Tem	BMEZ	19.05	16.42	-13.8	8.9	
BlackRock Hlth Sciences	BME	42.83	40.64	-5.1	0.3	
BlackRock Innov&Gro Tem	BIGZ	9.38	7.85	-16.3	7.0	
BlackRock Res & Comm	BCX	10.61	9.07	-14.5	7.6	
BlackRock Sol&Tech	BSTZ	21.50	18.11	-15.8	2.5	
BlackRock Sol&Tech Trust	BST	34.14	34.44	+0.9	14.0	
BlackRock Vtl Intf & Pwr	BVI	22.97	22.04	-4.0	9.5	
CLEARBRIDGE ENGY MDSOP	BMO	NA	29.86	NA	32.5	
CLEARBRIDGE GEM&MDSMTR	CEM	NA	31.73	NA	29.5	
ClearBridge MLP & Midstm	CR	NA	34.67	NA	27.2	
Gabelli Multifund	GA	NA	34.73	NA	29.5	
ChnStrnfr	QTF	23.34	23.62	+1.2	-1.1	
Cohen&SteersQual	ROI	12.32	11.60	-8.1	-8.3	
Cohen&SteersReal Est and	RLTY	15.99	13.78	-13.8	-7.5	
Cohen&SteersTotRet	RFI	11.72	11.42	-2.6	-6.4	
Cohen&SteersREITPrefInc	RNP	19.98	18.99	-5.0	-1.0	
Columbia Sel Pm Tech Gr	STK	27.72	30.66	+10.6	37.2	
DNP Select Income	DNP	8.37	10.48	+25.2	4.4	
Duff&PhelpsKlnfnc Fd	DPG	NA	9.73	NA	22.6	
EtnVncEqtyIncl	EOI	NA	16.94	NA	20.4	
EtnVncEqtyIncoll	EOS	NA	17.89	NA	17.9	
EVRS&MnDvsEqInc	ETJ	NA	8.22	NA	6.5	
EtnVncTxMgdBuyWrOpp	ETB	NA	13.89	NA	-3.1	
EtnVncTxMgdBuyWrOpp	ETV	NA	12.78	NA	2.7	
EvTxMnDvsEqInc	ETX	NA	14.48	NA	17.5	
EtnVncTxMgdGblB	ETW	NA	8.22	NA	6.7	
EVTxMnDvsEqInc	EXG	NA	7.92	NA	10.2	
Ecofin S&S Impact Term	TEAF	NA	12.48	NA	-2.3	
First Trust Energy Inc F	FEN	15.32	13.93	-9.1	-6.2	
First Tr Enhanced Eq	FFA	NA	17.53	NA	16.0	
First Tr Energy Infra F	FFI	17.03	14.70	-13.7	6.5	
First Tr MLP Ener&In	FIF	9.14	7.71	-15.6	7.5	
Gabelli Healthcare	GRX	NA	9.96	NA	-3.6	
Gab Utility	GUT	NA	6.78	NA	12.6	
GAMCO Gld Gold&NatRes	GGN	NA	3.74	NA	16.5	
JH Fin Hlth Optpyts	BTO	24.40	26.82	+9.9	-21.2	
Neuberger Binn MLP & E	NML	7.79	6.88	-11.7	21.6	

## Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by Refinitiv on June 30, and year-to-date stock performance of the company

**CEO:** chief financial officer of more than 10% of a security class **CB:** chairman **CO:** chief executive officer **CFO:** chief financial officer **CO:** chief operating officer **D:** director **DO:** director and beneficial owner **GC:** general counsel **H:** officer, director and beneficial owner **I:** indirect transaction filed through a trust, insider spouse, minor child or other **O:** officer **OD:** officer and director **P:** president **UT:** unknown **VP:** vice president Excludes pure options transactions

## Biggest weekly individual trades

Date(s)	Company	Symbol	Insider	Title	No. of shrs in trans (000s)	Price range (\$)	\$ Value in transaction (000s)	Close (\$)	Ytd (%)
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## Buyers

June 21	Azitra	AZTR	A. Fletcher	BI	2,297	4.90-5.00	11,318	3.64	n.a.
June 21			L. Kreis	BI	2,297	4.90-5.00	11,318		
June 27	Madison Square Garden Entertainment	MSGE	T. Dolan	DO	323	31.00	10,000	33.62	n.a.
June 23	Diamedica Therapeutics	DMAC	N. Von Koch	BI	1,471	3.40	5,000	4.32	173.4
June 23			R. Guffre	D	65	3.91	254		
June 23	Axon Enterprise	AXON	H. Partout	D	25	190.90-191.45	4,777	195.12	17.6
June 28	Royalty Pharma	RPRX	P. Legorreta	CEO	130	29.51	3,837	30.74	-22.2
June 22-23	Asana	ASAN	D. Moskovitz	CEO	160	22.49-22.56	3,604	22.04	60.1
June 27	Adicet Bio	ACET	C. Gordon	DOI	875	2.09	1,829	2.43	-72.8
June 29	ONEOK	OKE	P. Norton	CEO	25	60.96	1,500	61.72	-6.1
June 28			B. Derksen	D	5	59.59	292		
June 23	Nuvectis Pharma	NVCT	C. Mosseri Marlo	B	73	17.43	1,275	15.97	112.9
June 26			C. Mosseri Marlo	B	17	16.46	276		
June 26	IGM Biosciences	IGMS	M. Behrens	DI	113	8.00	900	9.23	-45.7
June 21	Comtech Telecommunications	CMTL	M. Quinlan	DI	100	8.89	889	9.14	-24.7
June 22-23	MiMedx Group	MDXG	J. Capper	CEO	100	6.33-6.50	640	6.61	137.8
June 1-2	Southwest Gas Holdings	SWX	C. Icahn	BI	10	57.99	560	63.65	2.9
June 23	Motorcar Parts of America	MPAA	D. Trussler	D	50	7.00	350	7.74	-34.7

## Sellers

June 26-28	Walmart	WMT	S. Walton	DOI	2,640	154.71-155.66	409,664	157.18	10.9
June 26-28			A. Walton	BI	2,640	154.71-155.66	409,664		
June 26-28			J. Walton	BI	2,640	154.71-155.66	409,664		
June 29			S. Walton	DOI	2,149	153.89-154.27	330,919		
June 29			A. Walton	BI	2,149	153.89-154.27	330,919		
June 29			J. Walton	BI	2,149	153.89-154.27	330,919		
June 23			S. Walton	DOI	1,184	155.52-156.22	184,079		
June 23			A. Walton	BI	1,184	155.52-156.22	184,079		
June 23			J. Walton	BI	1,184	155.52-156.22	184,079		
June 23	Oracle	ORCL	L. Ellison	CT	1,750	118.64-119.37	207,881	119.09	45.7
June 23			M. Boskin	D	90	118.83	10,694		
June 15	Toast	TOST	R. Bennett	DI	2,980	23.03	68,635	22.57	25.2
June 27	Airbnb	ABNB	J. Gebbia	DOI	517	123.82-126.04	64,401	128.16	49.9
June 27	Copart	CPRT	W. Johnson	CB	660	89.07	58,786	91.21	49.8
June 22	Deere & Co	DE	J. May	CEO	53	414.83-418.21	22,036	405.19	-5.5
June 27	Best Buy	BBY	R. Schulze	BI	250	82.88-82.98	20,725	81.95	2.2
June 27	C3.ai	AI	E. Abbo	CT	458	32.96	15,082	36.43	225.6
June 22-23	DoorDash	DASH	A. Fang	D	134	71.96-73.37	9,715	76.42	56.5

\*Half the transactions were indirect \*\*Two day transaction p - Pink Sheets

## Buying and selling by sector

Sector	Buying	Selling	Sector	Buying	Selling
Basic Industries	146,197	4,372,171	Finance	779,027	10,723,844
Capital Goods	4,802,788	44,377,875	Health care	14,897,960	25,570,781
Consumer durables	376,739	22,791,243	Public Utilities	828,069	726,728
Consumer non-durables	0	9,705,218	Technology	1,124,210	214,097,595
Consumer services	10,573,740	59,832,907	Transportation	0	8,295,744
Energy	1,792,007	2,828,757			

Fund (SYM)	NAV	Close/	Disc/	Prem	Ti	Ret
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### Loan Participation Funds

Westn Asst IG Def Opp Tr	IGI	NA	16.32	NA	4.8	
Apollo Senior Floating	AFT	NA	12.91	NA	10.1	
BR Debt Struct	DSU	10.72	9.79	-8.7	9.1	
BR F/R Inc Str	FRA	13.14	12.21	-7.1	8.5	
BlackRock Floating Rte Inc	BGT	12.74	11.66	-8.5	8.7	
Blackstone Sr FlRt Tr	BSL	14.35	12.82	-10.7	8.8	
Blackstone Strat Cr	BGB	12.39	10.93	-11.8	9.1	
Eagle Point Credit	ECU	NA	10.16	NA	24.0	
EtnVncFltRtelnc	EFT	NA	11.68	NA	9.3	
EV SenFlRt Tr	EFR	NA	11.75	NA	9.4	
FT/Sr FltR Rte Inc 2	FCT	11.11	9.90	-10.9	9.2	
Highland Oppy & Income	HFA	13.46	9.03	-32.9	10.4	
InvDYCrOpp:AX	VTA	11.02	NA	NA	NA	
InvSnrInc Tr	VVR	4.09	3.85	-5.9	14.0	
Neuven Credit Strat Inc	JQC	5.82	5.05	-13.2	10.9	
Neuven FloatRateIncl Fd	JFR	9.12	7.89	-13.5	10.8	
Neuven Senior Income	JSL	5.30	4.58	-13.6	11.0	

### High Yield Bond Funds

AllianceBernGblHlcm	AWF	10.61	9.96	-6.1	9.1	
Allspring Income Oppy	EAD	7.11	6.45	-9.3	10.5	
Barings Gbl SD HY Bd	BGH	14.67	13.04	-11.1	9.96	
BR Corporate HY	HYT	9.39	8.92	-5.0	10.9	
BlackRock Ltd Dur Inc	BLW	13.64	12.88	-5.6	9.3	
Brookfield Real Asst Inc	RA	14.83	16.76	+13.0	14.7	
CrSuishHighYld DHY	NA	1.89	NA	NA	NA	
DoubleLine Inc Sol	DSL	11.79	11.91	+1.0	13.2	
DoubleLine Yld Opps	DLY	15.53	14.53	-4.0	10.0	
First Tr Hlnc Lng/Shrt	FDL	12.55	11.44	-8.8	11.3	
First Trust HY Oppz27	FTHY	15.51	13.72	-11.5	11.4	
Franklin Univ FT	7.49	6.73	-10.1	7.6		
KKR Income Opportunities	KIO	NA	11.61	NA	11.7	

MARKETS

# Dividend Stocks Spurned

Continued from page B1

“Economic growth has been positive but low, so investors have piled into a few companies that they think can deliver the growth,” said Ed Clissold, chief U.S. strategist at Ned Davis Research. “People aren’t buying AI stocks because they’re excited about their dividend.”

The sharp declines in regional-bank stocks, along with a pullback in the energy stocks that led markets in 2022, are partly to blame for the recent underperformance of dividend-paying stocks. Shares of **Zions Bancorp** have declined 44% this year on a total-return basis, which accounts for dividends and capital appreciation, while **Comerica** and **Citizens Financial Group** have dropped 35% and 32%, respectively.

**Occidental Petroleum’s** shares have declined 6.1%, while **Exxon Mobil** has dropped 1.2% and **Valero Energy** has slumped 6%.

Another reason for the shift in sentiment: Dividend-paying companies are competing for investors’ attention with rising yields on ultrasafe government bonds for the first time since the 2008 financial crisis. The extra yield that investors are rewarded with for owning stocks isn’t worth the added chance that a company could endure a business slump in a potential recession.

Investors have pulled money on a net basis from U.S. mutual and exchange-traded funds that buy dividend-paying stocks for seven of the past nine weeks, LSEG Lipper data show.

In all this year, those funds have posted net outflows of about \$4 billion, compared with last year’s record inflows of almost \$70 billion.

“This year has been ultralarge tech and everything else,” said Mark Hackett, chief of investment research at Nationwide. “The first half of this

# Leveraged-Loan Logjam Eases

Banks have cut their risky-debt exposure by more than half since May 2022

BY LAURA COOPER AND ALEXANDER SAEEDY

Banks have sold off tens of billions of leveraged-buyout debt that was gumming up their lending operations, raising hopes that a critical business on Wall Street is returning to normal.

Typically, banks provide relatively high-risk loans to help finance private-equity buyouts and then unload the debt to investors. When interest rates shot up last year, investors grew skittish about buying billions of dollars of debt backing deals like Elon Musk’s \$44 billion purchase of Twitter. Banks wound up parking about \$80 billion of the debt on their balance sheets instead of selling at a steep loss, crimping their ability to make new loans and eating into their profits.

But the logjam is finally clearing. Banks have cut their “hung” debt exposure by more than half since May 2022 to \$35 billion, according to research from Morgan Stanley prepared for The Wall Street Journal.

Banks managed to move some \$15 billion of loans and bonds backing the purchase of software company Citrix Systems, \$6.6 billion of debt for the buyout of TV-ratings company Nielsen Holdings and \$3.4 billion of leveraged loans for the purchase of automotive-retail-technology company CDK.

Although they likely won’t be able to bring the hung-deal balance down to zero soon, bankers say it is easier to make new loans now than it was last year.

Nine banks recently committed more than \$4 billion in financing for **Apollo’s** \$8.1 billion purchase of chemicals company Univar. Banks also agreed to put their balance



Last year, banks led by Morgan Stanley decided to hold on to Twitter’s debt to avoid selling it at a loss.

sheets to work to help finance the purchases of events-software company Cvent and experience-management software provider Qualtrics.

“Today, what remains of the hung exposures is really having at most de minimis impact on the rest of the market,” said Richard Zogheb, head of debt capital markets at Citigroup.

Banks found an unexpected source of funds to help them deal with the backlog in the growing private-credit industry. The private-credit arms of buyout firms **Pemira**, **KKR** and **Apollo** and stand-alone credit players such as **HPS** were among those that purchased debt off banks’ balance sheets, often at a discount, people familiar with the matter said.

The news isn’t all good for

banks. A slow deal market and competition from private-credit firms, which are also financing more big-ticket buyouts, is making it harder for banks to be the lender of choice to many private-equity firms.

Such firms, which buy companies using hefty helpings of debt and then sell them off later, are increasingly viewing private-credit funds and Wall Street investment banks as interchangeable, sometimes pitting them against each other when lining up deal financing.

KKR recently chose a private-credit option for its \$1.8 billion proposed purchase of pump-and-valve maker Circor International. It had lined up both a private and a bank option to finance the deal, according to people familiar with the matter.

A chunk of the remaining hung debt is around \$13 billion of borrowings backing the **Twitter** takeover. (The rest is debt that has yet to be sold for the purchases of auto-parts company Tenneco and broadband provider Brightspeed—both by Apollo, among others, according to Morgan Stanley.)

Last year, banks led by Morgan Stanley decided to hold on to Twitter’s debt to avoid selling it at a loss to bond and loan fund managers.

The banks, which also include **Bank of America**, **Barclays** and **Mitsubishi UFJ Financial Group**, might be stuck holding Twitter’s debt for some time.

Although Musk has said that Twitter should be close to cash flow break-even by the end of the second quarter, the

company has struggled with an exodus of advertisers since the outspoken entrepreneur took over.

The company’s revenue was down 40% year over year this winter, the Journal previously reported, and Musk has previously warned that the social-media company was close to bankruptcy.

If Twitter’s financial performance improves this year, banks might consider splitting up and selling some of the debt pile as soon as Labor Day, according to people familiar with the situation. But several large loan managers say they wouldn’t want to invest in Twitter’s debt until next year at the earliest—assuming the company has had several quarters of positive cash-flow generation and revenue growth.

## Investors now see greater promise in growth-focused tech stocks.

year has been a ‘get me into the large tech names at any price.’”

Hackett recommends that investors buy shares of companies with strong balance sheets and cash-flow generation.

A few flashy tech stocks pay dividends. **Nvidia**, the graphics-chips maker at the forefront of the AI boom, carries a 0.04% dividend yield. Its shares have nearly tripled this year. **Apple**, which has climbed about 50% to new highs, has a 0.5% yield, while chip maker **Broadcom’s** yield is 2.2%.

The tide could shift again. Dividend-paying stocks tend to outperform when entering an economic slowdown, Ned Davis Research data show.

Worries still abound that the Fed’s interest-rate increases will eventually tip the economy into a recession. In that scenario, defensive companies, with their hefty dividends, could outperform again. That is because consumers typically give priority to spending on utility bills, household goods and medical expenses ahead of discretionary items during a downturn.

“We’re going to continue to use those products—we’re going to continue to buy toilet paper,” said Vivian Hairston, director of portfolio management at Huntington Private Bank. “On the healthcare side, if we have medicine, we’re going to continue to buy that.”

Hairston said she has added to her exposure to consumer staples and healthcare stocks in some strategies.

Others say tech stocks are especially vulnerable in the event of a recession because many of them are trading at such elevated levels.

Nvidia trades at 47.2 times its expected earnings over the next 12 months, while Meta and Tesla are trading at 21.1 times and 62.7 times earnings, respectively. The S&P 500’s multiple is 19.



Reinsurer Fidelis priced below its targeted range.

## Deals Fail To Ignite IPOs

Continued from page B1

pales in comparison with the \$87 billion and \$24 billion raised at the same point in 2021 and 2020, respectively.

Despite broader stock indexes’ gains, shares of companies that went public in recent years are still struggling, casting a shadow on the IPO market.

Class of 2020 IPOs are down an average of 34% from their listing prices, according

to Dealogic. The class of 2021 has fallen 46%, while last year’s are off 49%. Gains this year have been led by a handful of big companies.

There is also the overhang of uncertainty in business spending and the direction of the overall economy, executives, bankers and others say. It is hard to forecast revenue in the coming months or year, and the last thing newly public companies want to do is miss their first public earnings results.

“There’s plenty of money out there, plenty of companies that can go, but you only get one chance to do it right,” said David DiPietro, head of private equity at T. Rowe Price.

## THE TICKER | MARKET EVENTS COMING THIS WEEK

Monday	Factory orders	billions of cubic feet
U.S. stock market closes early at 1 p.m. ET, and the bond market closes early at 2 p.m.	April, previous up 0.4%	up 76
	May, expected up 0.7%	
		<b>Initial jobless claims</b>
		Previous 239,000
		Expected 246,000
		<b>Int’l trade deficit</b>
		April, prev. \$74.55 bil.
		May, exp. \$69.40 bil.
		<b>Unemployment rate</b>
		May, previous 3.7%
		June, expected 3.6%
Tuesday	Construction spending	
U.S. markets are closed for July Fourth holiday	April, previous up 1.2%	
	May, expected up 0.5%	
Wednesday	ISM mfg. index	
	May, previous 46.9	
	June, expected 47.3	
Thursday	EIA status report	
	Previous change in stocks in millions of barrels	
	Crude oil down 9.6	
	Gasoline up 0.6	
	Distillates up 0.1	
Friday	EIA report: natural gas	
	Previous change in stocks in	
	billions of cubic feet	
	up 0.4%	
	up 0.7%	
	up 3.0%	
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# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

## Hong Kong's Crypto Hail Mary Is Risky

The city is jumping into the gap left by the U.S.—despite a very different attitude in mainland China

Hong Kong's embrace of cryptocurrencies could draw more business and talent to the city. But the industry comes with baggage—and some China-specific risks.

The Chinese semiautonomous city is rolling out the welcome mat for the crypto industry, in a departure from the U.S. Regulators introduced a new licensing regime for crypto exchanges. That will enable them to serve individual investors, though small investors would be able to trade only bigger cryptocurrencies such as bitcoin. Hong Kong's first exchange-traded funds backed by crypto futures were launched in December.

The city is no stranger to crypto.

FTX was founded in Hong Kong. But a clearer regulatory framework will attract many crypto companies—especially when U.S. regulators are cracking down. The Securities and Exchange Commission sued **Binance** and **Coinbase**—the two largest crypto exchanges—claiming they operated illegal exchanges. They denied the charges.

But it is curious that Hong Kong is warming to crypto while the industry remains in the deep freeze in mainland China. Beijing declared cryptocurrency-related transactions illegal in 2021, including through overseas exchanges providing services to Chinese residents online. Some may

hope Hong Kong's enthusiasm portends a thaw up north—but that is a long shot given concerns in Beijing about crypto's role in capital outflows and obsession with surveillance and data sovereignty.

Hong Kong's pivot to cryptocurrency comes as it is contending with the fallout of nearly three years of stringent pandemic restrictions, a draconian national-security law and a slowing Chinese economy.

Singapore has been gaining in asset management at Hong Kong's expense. Hong Kong leads in terms of assets under management, but the gap has been narrowing: AUM in Singapore grew 16% in 2021 versus 2% for Hong Kong.

Hong Kong's stock market has been sluggish in 2023 as investors become less enthusiastic about Chinese stocks because of geopolitical concerns and China's slowdown. Many Chinese companies are opting to list in Shanghai and Shenzhen. The value of new listings in Hong Kong last year was the lowest since 2012, according to Dealogic data.

A more friendly regulatory regime could therefore give the city's finance business a much-needed boost. But as crypto collapses such as those of FTX and the crypto hedge fund Three Arrows Capital illustrated, the industry is permeated with all sorts of unsavory dealings, too—from

money laundering to fraud. That could potentially backfire for Hong Kong if local banking institutions were to get tied up, for example, in cases of interest to U.S. or other foreign regulators.

Striking a balance between protecting investors and attracting business will be hard, given the murky nature of the industry. And success could even end up as a problem as well, if Beijing concludes that a crypto-friendly Hong Kong undermines its ability to monitor capital flows in the Greater China region. Hong Kong has had a rough several years. Whether crypto is really a solution remains to be seen.

—Jacky Wong

## Big Banks Stay Cautious as Stress Doesn't End With a Test

Banks endured the stress tests pretty well. But they seem to be anticipating bigger headaches to come.

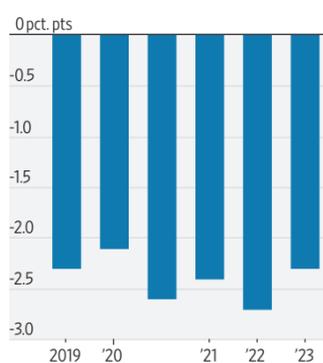
The results of the Federal Reserve's annual checkup of the country's big banks, unveiled last week, were a bit anticlimactic, especially coming against the backdrop of a recent banking crisis: Nobody failed. But passing and failing are beside the point. The results of the test were a prelude to the announcements, made late Friday, by banks of their expected new minimum capital requirements—and, in turn, how much they plan to pay out to shareholders in dividends and buybacks.

All but one of the six biggest banks saw their required stress capital buffers drop from last year's test. Yet there wasn't a wave of expanded buybacks among the banks that announced their plans. That is often what banks aim to do with excess capital, and one might especially expect this with banks' shares trading at depressed levels.

Some touted their flexibility to consider future buybacks or complete existing plans. All five of the big six that made announcements did raise their dividend, even **Citi-group**, whose stress-capital buffer requirement rose over last year. But only **Morgan Stanley** made any kind of definitive share-repurchase move, to reauthorize a multiyear \$20 billion program. Outside of the big six, trust banks **Bank of New York Mellon** and **State Street** raised dividends. But none of the other large banks that announced plans on Friday—**Capital One Financial**, **Charles Schwab**, **Citizens Financial Group**, **Truist Financial** or **U.S. Bancorp**—raised dividends or announced new buybacks.

Washington likely has more stresses in store for banks when it comes to capital requirements. The Fed is poised to increase capital requirements by an average of roughly 20% at larger banks. That alone is a good reason to preserve capital, as

Aggregate maximum decline in stressed common equity tier 1 capital ratios in the Federal Reserve stress test



Note: These refer to the Fed's severely adverse scenario. Source: Federal Reserve

banks wait out the process to see how exactly their requirements will change, or how else they can mitigate the increase.

“Buybacks generally stayed in the backseat,” wrote analysts at Autonomous Research on Friday. They characterized the overall dividend increases as “modest.” The analysts cited “pending new capital rules” and “ongoing uncertainty around rates” among the considerations for banks.

Higher-for-longer interest rates are a much more present issue than the shocks envisioned by the stress test, like a 10% unemployment rate. Contrary to what investors have been worried about in the wake of the collapses of Silicon Valley Bank and First Republic, which were hit by fixed-rate assets whose value plunged as rates rose, this year's stress test assumed a sharp drop in rates.

That generated capital for the biggest banks in the test, because they must include paper losses and gains on parts of their securities portfolios in their capital levels. “The smaller decline in this year's

aggregate post-stress capital ratio is mostly due to the path of interest rates in the scenario,” the Fed wrote in the stress-test results. If rates stay high, banks will need to be mindful of how that affects their capital levels—particularly any regional banks that don't currently include unrealized losses in capital levels, but might in the future.

Shareholders may wish banks were buying up more of their own stock. But the silver lining of being conservative on buybacks is that it may avoid expensive or panic-inducing capital raises in the future. And if banks are being cautious with their payouts, they may be able to deploy more capital with clients. That could help tamp down market volatility, especially for bonds, and help banks boost Wall Street revenue at a time when lending revenue is being squeezed by higher deposit costs. That is a much more immediate thing to be stressed about.

—Telis Demos

# Everyone should be welcome at the table.

We're on a mission when to provide a billion meals by 2030. Because over 30 million Americans don't know where their next meal is coming from. It could be anyone, even your neighbors. Let's break the cycle of hunger, together.



[NourishingNeighbors.com](https://NourishingNeighbors.com)

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