

What's News

Business & Finance

- ◆ **China's consumer** prices tipped into deflationary territory in July for the first time in two years, as a deepening economic malaise in the world's second-largest economy enters a potentially dangerous new phase. **A1**
- ◆ **The U.S. will prohibit** Americans from investing in some Chinese companies developing advanced semiconductors and quantum computers starting next year, escalating Washington's efforts to prevent Beijing from producing cutting-edge technology for its military. **A4**
- ◆ **China has at least** a 70% dependence on the U.S. and its allies for more than 400 items, ranging from luxury goods to raw materials needed for Chinese industries, a new analysis of trade data found. **A4**
- ◆ **Disney announced** a round of major price increases to its streaming products, raising the cost of the ad-free versions of Disney+ and Hulu by more than 20% each. **A1**
- ◆ **Coach owner Tapestry** is in talks to buy Capri Holdings, parent of fashion brands Michael Kors, Jimmy Choo and Versace, in what would be one of the biggest tie-ups in the industry in recent years. **A1**
- ◆ **Major U.S. stock indexes** edged lower, with the S&P 500, Nasdaq and Dow industrials losing 0.7%, 1.2% and 0.5%, respectively. **B11**
- ◆ **The fight between** the NYSE and Nasdaq to win new stock listings is raging again, in another sign the market for IPOs is perking up. **B1**
- ◆ **Roblox shares** plummeted more than 20% after the videogame company reported a wider net loss as spending continued to exceed sales growth. **B4**

World-Wide

- ◆ **The U.S. and Saudi Arabia** agreed on the broad contours of a deal for Saudi Arabia to recognize Israel in exchange for concessions to the Palestinians, U.S. security guarantees and civilian nuclear help, according to U.S. officials. **A1**
- ◆ **Special counsel** Jack Smith obtained a search warrant earlier this year requiring X, the social-media company formerly known as Twitter, to produce data and records related to Trump's Twitter account, according to a newly unsealed court decision that upheld a fine imposed on the company for its slow response to the warrant. **A5**
- ◆ **Six people were** confirmed dead after wildfires fueled by hurricane winds burned in Maui, destroying much of the popular Hawaiian tourist town of Lahaina. **A3**
- ◆ **Ecuadorian presidential** candidate Fernando Villavicencio was shot dead leaving a campaign rally, less than two weeks before an election in a country racked by a surge in violent crime. **A16**
- ◆ **Pakistan's prime minister** dissolved Parliament, a move that will give the government more time to hold the next election. **A16**
- ◆ **Italy's government is** treading a narrow path as it tries to impose a special tax on bank profits without spooking markets and discouraging foreign investments. **A7**
- ◆ **An American nurse** and her daughter were released by their abductors in Haiti after spending two weeks in captivity. **A4**
- ◆ **Died: Robbie Robertson,** 80, songwriter and lead guitarist of The Band. **A2**

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Even in a War Zone, There's No Place Like Home



WHERE THE HEART IS: Sofii Kaluhina, a 22-year-old freelance artist, returned to Ukraine after relocating to the Netherlands when Russia invaded last year. She said the sense of safety didn't compensate for the life she missed in Kyiv. **A6**

Disney Sets Big Price Boost In Streaming as Users Quit

By **ROBBIE WHELAN**

Disney's era of budget-priced streaming video packages and galloping subscriber growth has come to an end. For the second time in about a year, Disney announced a round of major price increases to its streaming products, raising the cost of the ad-free versions of Disney+ and Hulu by more than 20% each. The company also vowed to crack down on password-sharing, an effort that streaming rival Netflix started in earnest earlier this year.

The moves, along with deep cuts announced early this year, are geared toward achieving profitability for Disney's streaming segment by September 2024. "Our streaming business is still actually very young," Disney Chief Executive Robert Iger told investors during a conference call to discuss the company's latest results. "Because we're new at all of this," he said, Disney still has to figure out how to properly balance pricing, cost savings and money spent on marketing. The price increases and

pledge to address account sharing come as the company said earlier Wednesday that its streaming business lost far less money in the latest quarter than it did in previous periods, but reported that its flagship Disney+ streaming service lost domestic subscribers for the second quarter in a row. The company also raised prices on its Hulu Live television packages and announced the launch of a new bundle known as the Duo Premium, which pairs Disney+ and Hulu without ads for \$19.99 a month. Previously, the com-

pany had offered both services as stand-alone products, or bundled with ESPN+ for the same \$19.99 price. The company plans to raise the price of the bundle including all three services to \$24.99 per month. Wednesday's price increases, which take effect in October, mean that the monthly cost of the ad-free stand-alone version of Disney+ has doubled to \$13.99 from its 2019 introductory price of \$6.99. The price of Disney's ad-free Hulu service will rise to \$17.99 from \$14.99, making it

WeWork's Stock Sinks

Shares of workspace provider WeWork, once valued at \$47 billion, fell further after it shuffled its board, raising questions about whether it can survive turmoil in the office-building market. **B1**



Saudis Move Closer on Accord To Normalize Ties With Israel

By **DION NISSENBAUM**

WASHINGTON—The U.S. and Saudi Arabia have agreed on the broad contours of a deal for Saudi Arabia to recognize Israel in exchange for concessions to the Palestinians, U.S. security guarantees and civilian nuclear help, according to U.S. officials. U.S. officials expressed cautious optimism that, in the next nine to 12 months, they can hammer out the details of what would be the most momentous Middle East peace deal in a generation. But they warned

that they face long odds. The stepped-up efforts come after Saudi Crown Prince Mohammed bin Salman met in Jeddah two weeks ago with Jake Sullivan, President Biden's national security adviser. Negotiators now have moved to discussing specifics, including addressing Saudi requests that the U.S. help them develop a civilian nuclear program and offer iron clad security guarantees. The Saudis are also seeking significant concessions from Israel that would help promote the creation of a Palestinian

state. In return, the U.S. is pressing Saudi Arabia to impose limits on its growing relationship with China. "There's a work plan to explore the elements of what this would be and test the boundaries of what's possible," one senior U.S. official said. The efforts are the outgrowth of a recognition in Washington, Riyadh and Jerusalem that now is the time to try to broker a deal, according to U.S. officials. Biden has tried to winnow the U.S. military presence in the Middle East

Tardy Trains Create Angst In Germany

* * *

Deutsche Bahn tries scent therapy to soothe riders

Germany, the land of meticulous planning and clockwork punctuality, can't seem to make its trains run on time. Last year, a third of all long-distance trains operated by Germany's national railway company Deutsche Bahn ran late, the worst showing in 10 years, deepening an existential crisis in a country where failing to show up on time is verboten. "This is an embarrassment, it is a cultural crisis for the German people," said Andreas Knie, a professor of transport

U.S. Favorite Emerges As 'The Guy' in Niger

Brig. Gen. Barmou, long courted by Washington, is conduit to the junta

NAIROBI—American military commanders were dismayed last month when a clique of top army officers seized power in Niger, the U.S.'s main ally in the fight against Islamist militants in West Africa. What stung perhaps most sharply were televised images of one particular man, Brig. Gen. Moussa Salau Barmou, among the coup plotters. Barmou is a guy the U.S. military has courted for almost 30 years. He is a guy the U.S. sent to Washington, D.C.'s prestigious National Defense University. He is a

INSIDE

JOANNA STERN
Tips for protecting your smartphone battery in the sweltering heat. **A10**

Brides are pushing the envelope with wedding dresses, buying them in multiples. **B2**

Owners Of Coach, Versace Near Deal

Coach owner Tapestry is in talks to buy Capri Holdings, parent of well-known fashion brands Michael Kors, Jimmy Choo and Versace, in a move that could help the new company better compete with the European fashion giants. The deal, which has been under discussion for months, could be announced as soon as Thursday barring any last-minute snags, according to people familiar with the matter. Capri has a market value of \$4 billion; Tapestry's is around \$10 billion. Including a typical premium, a deal could value

U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

U.S. Downgrade Flashes Warning Sign

Fitch Ratings' move to strip the U.S. of its triple-A credit rating last week was widely dismissed as meaningless. After all, Standard & Poor's had done the same back in 2011, and bond yields declined—implying more, not less, appetite for Treasury debt.

This time, though, bond yields rose. That suggests Fitch's action deserves our attention, not because it tells us anything new but because it joins the stack of evidence of how profoundly different, and risky, the nation's fiscal situation is now.

The risk isn't of a debt crisis that locks the U.S. out of the markets, as happened to Greece in 2010 or Mexico in 1994. The risk, rather, is of deficits and interest rates feeding back on each other at growing cost to both economic growth and taxpayers.

Federal budget deficits can't be viewed in isolation. When S&P downgraded the U.S. in 2011, the deficit was equivalent to 8.4% of gross domestic product, close to a post-World War II high. But in the wake of the 2007-09 recession, such deficits were both easy to finance and necessary. Private investment was subdued, unemployment at 9%, underlying inflation below the Federal Reserve's 2% target and interest rates at around zero.

Without federal borrowing, all of that—a combination later labeled “secular stagnation”—would have been worse.

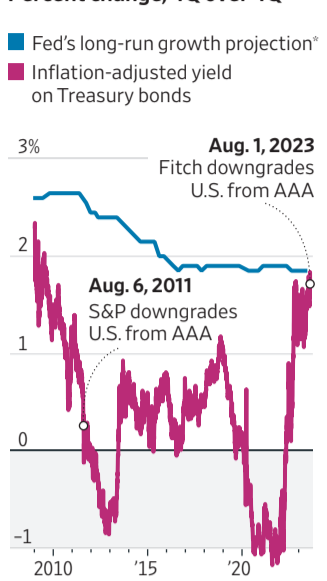
Today's circumstances are the opposite. Private investment is healthy, unemployment near a 53-year low and interest rates above 5% as the Fed combats inflation roughly double its 2% target. No one talks about secular stagnation. This is when spending restrictions and tax increases should be in vogue.

Instead, the Congressional Budget Office on Tuesday upped its estimate of this year's deficit to \$1.7 trillion, or 6.5% of GDP, versus 5.5% last year. In May, President Biden struck a deal with House Republicans that barely alters the trajectory of rising debt.

The variable that best captures the change is the real Treasury yield—what investors expect to earn on a 10-year note after inflation. It was around zero in August 2011, soon to go negative. Today, it's 1.7%, near a high since 2009.

One takeaway is that the global saving glut—the wall of money in search of safe assets that kept yields down a decade ago—is no more. The Fed, which was buying bonds to hold down interest rates back then (“quantitative easing”) is now disposing

Percent change, 4Q over 4Q

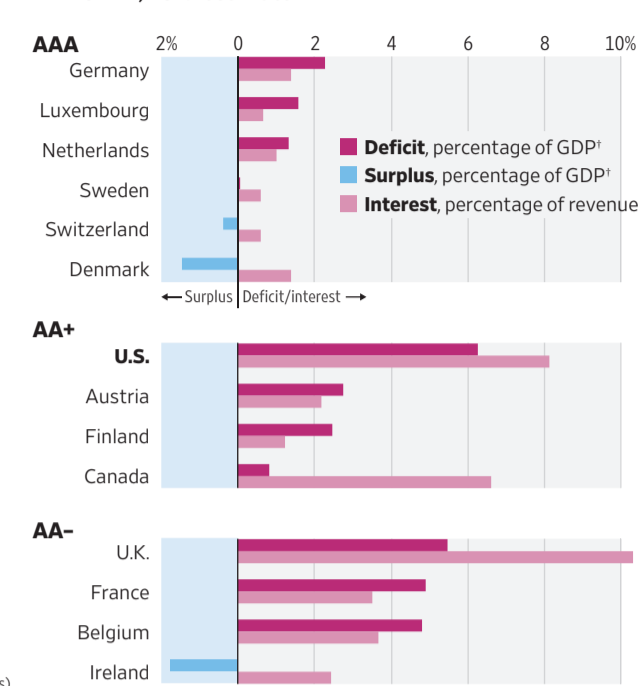


*Median longer-run forecast of Federal Reserve Open Market Committee. †Total government Note: Country list excludes Norway (AAA) whose surplus is 21% of GDP. Sources: Federal Reserve (growth projections, Treasury bonds); Fitch Ratings (ratings of countries)

ing of those bonds (“quantitative tightening”).

Adding central bank transactions and new government borrowing, independent economist Phil Suttle estimates private investors will be asked to absorb government debt worth 7.7% of developed economies' GDP this year and 9.2% next, more than double the 4.3% of 2011. Private borrowers thus face competition from governments for capital, which

Deficits or surpluses and debt interest of countries rated AAA or AA, 2023 estimate



in the long run hurts investment and growth. We got a taste of that last week when yields jumped on news of larger-than-expected quarterly Treasury auctions.

Of course, more than government borrowing is putting upward pressure on bond yields. So is inflation and the perception the Fed will have to keep short-term rates high. But the two are related: Investors may worry that a future government

uses inflation to reduce the real value of its debts, which raises interest rates today.

The second takeaway is that interest rates have gone from a stabilizing to a destabilizing factor for government finances. When the real interest rate is below the rate of future economic growth, the debt tends to fall relative to GDP. In 2011, that gap reached 2.5 percentage points.

Because this made debts

more sustainable, it is one reason governments felt no pressure to reduce them. It was part of the mind-set that led the Biden administration to implement a \$1.9 trillion stimulus in 2021.

Today, with rates higher and future growth lower than in 2011, the gap between real rates and growth is around zero. That makes interest expense a growing source of deficits, climbing from 1.9% of GDP last year to 3.7% in 2033, according to the CBO.

One reason for Fitch's downgrade was the absence of any political will to deal with the main drivers of the deficit: spending programs for older Americans and repeated cuts to tax rates.

Fitch noted how much worse U.S. fiscal metrics are than its peer countries. The U.S. is on track to spend 10% of federal revenue on interest by 2025, versus just 1% for the average triple-A rated country. Why, then, isn't the U.S. rating even lower? Because of the reserve status of the dollar and the size and safety of Treasury debt.

It was hard to get presidents or Congress to worry about the deficit when interest rates were low. Today, a bond market signaling that the world is no longer safe for deficits may be the first step to tackling them.

U.S. WATCH



TAKING OFF: A crane removed a British Airways Concorde from the Intrepid museum in New York City Wednesday for a three-month restoration of the once-super-fast commercial plane.

UTAH FBI Kills Man Who Threatened Biden

The FBI fatally shot a Utah man accused of threatening President Biden as agents tried to serve arrest and search warrants at a home in Provo, hours before the president was set to land in the state.

Federal Bureau of Investigation special agents went to the home Wednesday, the agency said. The man, Craig Robertson, was armed, according to a law-enforcement official.

A felony complaint filed in the U.S. District Court in Utah alleges that in early August, Robertson wrote on social media, “I hear Biden is coming to Utah. Digging out of my old Ghille [sic] suit and cleaning the dust off the M24 sniper rifle.”

Robertson made several social-media posts calling for the assassination of Biden, as well as Vice President Kamala Harris and others, including Manhattan District Attorney Alvin Bragg, the complaint said.

—Talal Ansari

FLORIDA One Ticket Hits \$1.58 Billion Jackpot

A single ticket sold in Florida is good for a \$1.58 billion Mega Millions jackpot.

A Publix grocery store in Neptune Beach sold the winning ticket, according to the Florida Lottery. The winning numbers drawn Tuesday night were 13, 19, 20, 32, 33 and the yellow ball 14.

James F. Davis, secretary of the Florida Lottery, said Wednesday that officials don't yet know who bought the winning ticket.

He noted that the person has 180 days to present the ticket to lottery officials in Tallahassee to receive the winnings.

The \$1.58 billion payout would go to the winner if they opt for an annuity, paid out over 30 years. People usually take the lump-sum option, which for Tuesday's jackpot was an estimated \$783.3 million.

—Associated Press

OBITUARY Robertson, Guitarist And Songwriter, 80

Robbie Robertson, the songwriter and lead guitarist of The Band, has died. He was 80 years old.

Robertson died Wednesday morning in Los Angeles after a long illness, according to a statement from his manager Jared Levine.

The Canadian musician electrified the music scene as part of Bob Dylan's famed 1965 and 1966 tours, and helped shape the sound of the 1970s with The Band, whose rise, influence and fallout were documented in the 2019 film “Once Were Brothers” and Martin Scorsese's 1978 documentary “The Last Waltz.”

“We never saw ourselves as some kind of cutesy pop group,” Robertson told The Wall Street Journal in 2005. “We were always about ‘let's go deeper into the music, let's get subtleties and flavors in there.’ We wanted to be really good at what we did.”

—Joseph Pisani

Disney Lifts Price of Streaming

Continued from Page One more expensive than the most popular ad-free version of Netflix or Warner Bros. Discovery's Max streaming platform.

The cost of the ad-supported versions of Disney+ and Hulu won't change in the U.S., Iger said. “Maintaining access to our content for as broad an audience as possible is top of mind for us,” he said.

The changes come as Disney struggles to pivot from its old model of distributing content in movie theaters, on network and cable television and through the sale of physical media to a streaming-first paradigm.

Since launching Disney+ in late 2019, the company has lost more than \$10 billion in its direct-to-consumer segment, which also includes Hulu and ESPN+. And for much of the past year, Disney's shares have traded below \$100 as investors have grown impatient with media companies such as Disney that have spent heavily to acquire subscribers without giving priority to profit.

On Wednesday, the company reiterated its goal to have the streaming business break even by September 2024, a target the company announced in late 2020, and said that a plan to restore the company's cash dividend, which was eliminated during

the pandemic, by the end of 2023 was on track.

In March, Iger said that in its “zeal to grow global subs,” the company had underpriced its streaming services and hinted that higher prices were coming. After the company in December launched its first-ever ad-supported tier for Disney+ and raised prices on the ad-free version by \$3, the low level of cancellations indicated that there was room to raise prices further without reducing demand, Iger said.

Disney reported that losses in its streaming business narrowed to \$512 million in the third quarter from \$1.06 billion in the year-earlier period.

The improvement is a sign that cost controls put in place by Iger are starting to show a positive effect: Wall Street analysts polled by FactSet had expected a quarterly loss of \$758 million.

Overall, Disney's revenue rose 3.8% to \$22.3 billion, due in part to continued growth at the company's parks business, while operating income remained flat at around \$3.6 billion. Analysts surveyed by FactSet had projected revenue of \$22.5 billion and operating income of \$3.3 billion.

In a statement, Iger said Disney was on track to exceed the goal he laid out in February of cutting \$5.5 billion from content and administrative budgets, and chalked up the results to efforts to restructure the company and improve efficiencies. Since the start of the year, Disney has eliminated thousands of jobs as part of an effort to reduce head count by 7,000.

Iger said Disney's movie studios would be “not just re-

ducing the number of titles we release, but also the cost per title.”

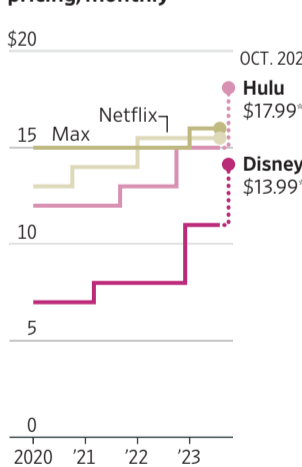
Shares of Disney rose 2.7% in after-hours trading.

The company swung to a loss of \$460 million from \$1.41 billion a year earlier, mostly because of restructuring and impairment charges. Excluding certain items, Disney earned \$1.03 per share outstanding, beating analyst expectations of 97 cents a share.

Disney+ had 146.1 million subscribers globally, 7.4% fewer than the 157.8 million it had in the previous quarter. The decline mostly came from India, where Disney last year lost the rights to stream a popular cricket league that had been a major driver of new sign-ups.

In the U.S. and Canada, Disney+ had 46 million subscribers, down from 46.3 million in the previous quarter. It marked the second time ever that Disney+ lost North Amer-

Streaming-service pricing, monthly

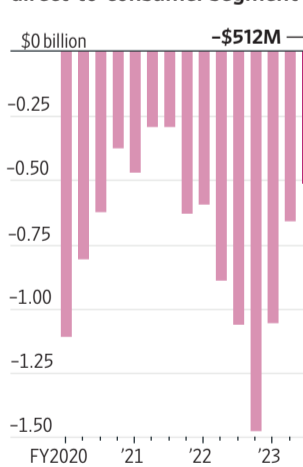


*Beginning Oct. 12. Notes: Prices for the most popular ad-free versions. Max was known as HBO Max until May 2023; Latest fiscal quarter ended July 1. Sources: the companies (prices); Disney (operating losses)

ican subscribers.

The parks business generated \$8.33 billion in revenue, a 13% increase from a year earlier. The company said growth at its international parks offset lower results do-

Operating losses for Disney's direct-to-consumer segment



mestically.

Disney's troubled traditional television business continued its decline. The company's so-called linear TV segment, which includes sports network ESPN, ABC

and cable channels like FX, Freeform and the Disney Channel, saw operating income fall 23% to \$1.89 billion, or about \$100 million less than what analysts expected.

Once a reliable engine of profit for Disney, linear TV has seen its operating income plunge in recent years as more consumers cut the cable cord and switch to streaming video as their primary source of home entertainment.

Iger recently hired Kevin Mayer and Tom Staggs, both former top lieutenants of his, as consultants to advise him on the TV business.

Disney is exploring a menu of options for both ESPN and its other linear networks, which include ABC and cable channels such as Freeform and Disney Channel, people familiar with the matter said. Those options could include selling some networks or bringing on equity partners, or spinning some assets off into a new company.

CORRECTIONS & AMPLIFICATIONS

A photo with a Heard on the Street column in Tuesday's edition about stock picking showed a movie theater owned by AMC Entertainment Holdings Inc. AMC Entertainment is separate from AMC Networks Inc., which was included in the article.

Jon E. Olson is the department chair of petroleum and geosystems engineering at the

University of Texas. A Page One article on Monday about oil companies and their hiring incorrectly said Olson is the department chair of petroleum and geoscience.

Adrienne Griffen is executive director of Maternal Mental Health Leadership Alliance. A Page One article on Friday about mental-health disorders in new mothers incorrectly said she is founder.

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

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U.S. NEWS

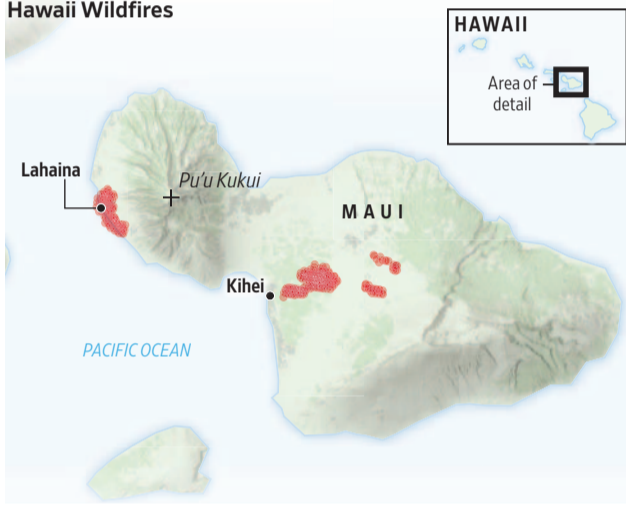


Smoke billowed near Lahaina on the Hawaiian island of Maui on Wednesday as wildfires driven by high winds destroyed a large part of the historic town.

DUSTIN JOHNSON/REUTERS

Wildfires Kill Six, Destroy Historic Hawaiian Town

Hawaii Wildfires

BY ALICIA A. CALDWELL
AND JENNIFER CALFAS

Six people were confirmed dead after wildfires fueled by hurricane winds burned in Maui, destroying much of the popular Hawaiian tourist town of Lahaina.

Maui Mayor Richard Bissen said in a news conference Wednesday that it was too early to know how many homes, businesses or other structures had been destroyed or damaged. He said “many have been burned to the ground,” particularly in the Lahaina area on Maui’s west coast.

Three wildfires caused the damage and were still burning Wednesday afternoon, Bissen said. More than 1,000 acres of the island’s Upcountry, an agricultural inland area that includes Haleakala National Park, had been charred.

Evacuations were ordered in 13 communities and towns, and many roads closed around Maui, while roughly 2,100 people had taken refuge in shelters. State and county authorities urged tourists to stay away from the region or leave Maui if they can.

Bissen said he didn’t know how the six people killed in the fires died or whether they were

local residents or tourists.

Earlier Wednesday, smoke and fire caused people to flee to the ocean, Maui County officials said. The U.S. Coast Guard transported 12 people from the waters off Lahaina to safety.

Videos posted online showed flames on both sides of a single lane of fleeing vehicles. Buildings, palm trees and cars were seen engulfed in flames.

Others showed wind-whipped walls of fire and smoke spreading through Lahaina. Devastated areas include Front Street, an eclectic road popular with tourists that is lined with shops, businesses

and historic architecture.

Lt. Gov. Sylvia Luke issued an emergency proclamation Wednesday encouraging the suspension of all nonessential air travel to Maui. Luke, who is serving as acting governor while Gov. Josh Green returns from a trip, activated Hawaii’s National Guard to help with response efforts.

Authorities said they had prepared for the arrival of Hurricane Dora on Tuesday, but not for the wildfires that followed. “We never expected a hurricane which did not touch down on our land would cause this kind of wildfires,” Luke said.

Ohio Vote Signals Warning To GOP on Abortion Rights

BY LAURA KUSISTO
AND AARON ZITNER

Even in red-leaning states, support for abortion rights is again proving to be a potent electoral force.

That was the message of Tuesday’s vote in Ohio, where voters rejected a ballot measure that would have made it harder to add abortion rights to the state’s constitution.

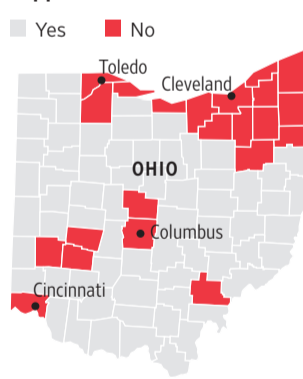
The victory for abortion-rights groups, which follows similar wins in Kansas and Michigan, is likely to encourage abortion-rights advocates to put the issue on ballots in more states next year and beyond. Such moves could boost Democratic turnout as many party leaders are worried about low enthusiasm for re-electing President Biden because of his age and weak job-approval ratings.

Republicans likely will have to continue grappling with how much to respond to their conservative base on the issue given efforts to restrict abortion appear to alienate many moderate and independent voters, particularly in the suburbs.

The Ohio vote Tuesday on the proposal known as Issue 1 didn’t directly touch on the issue of abortion, but it would have put a significant hurdle in front of a separate measure—on the November ballot—to enshrine abortion rights in the state’s constitution. Issue 1 would have raised the threshold to amend the state’s constitution by referendum to 60% support, instead of a simple majority. As of Tuesday afternoon, with 97% of the ballots in, the vote stood at 57% against Issue 1 and 43% in support, according to the Associated Press.

Both antiabortion and abortion rights groups ran millions of dollars of advertising in the state in recent weeks. Republican Ohio Secretary of State Frank LaRose, who supported Issue 1, said it was needed to raise the standards for future amendments, but at a Lincoln Day event in May he said it was “100% about keeping a

Big cities and the populous suburbs nearby voted heavily against Issue 1, while smaller and more rural counties supported the amendment.



radical, pro-abortion amendment out of our constitution.”

Kimberly Inez McGuire, executive director of URGE, an abortion-rights group, said Issue 1 was “a cynical attempt to sabotage the power of the people to secure abortion access and they failed.”

Abortion-rights groups have prevailed in six ballot measures since the overturning of Roe v. Wade last June. But a key question has been whether they can continue winning referendums in conservative and politically mixed states, as well as leverage voter passions about the issue in other political races.

“It’s pretty clear what direction this stuff is going in. I do think it sends a pretty strong incentive for Democrats to get that on the ballot,” especially in the 2024 presidential election, said Susan Burgess, distinguished professor emerita of political science at Ohio University.

Abortion-rights supporters are gathering signatures in Florida to put a measure on the ballot enshrining abortion rights in that state’s constitution in 2024, which would go before voters as GOP Sen. Rick Scott is seeking re-election. A similar effort is under way in Arizona, one of the most competitive presidential swing states and home to one of the year’s marquee Senate races. That measure could also appear

on the November 2024 ballot.

Nationally, Republicans have struggled with how to frame the issue. Republican presidential hopefuls are under pressure from antiabortion groups, an important source of political support, to support a national 15-week ban. So far, leading candidates, including GOP Florida Gov. Ron DeSantis and former President Donald Trump, have avoided committing to a national ban, although some of their rivals have.

In a warning sign for Republicans nationally, the Ohio results signaled that support for abortion rights can drive voter turnout. The defeat of Issue 1, by a landslide 14 percentage points, came as more than three million voters cast ballots. It was a large turnout for a summertime, off-year election.

The results also suggested abortion restrictions draw wide opposition not only in the nation’s populous cities and suburbs but also the exurbs—the communities on the edges of the suburbs that Republicans have relied on to produce big voting margins. Lately, those margins have slipped. The nation’s exurbs swung away from Trump between 2016 and 2020, trimming his 18-point margin from 2016 by 6 percentage points, a Wall Street Journal analysis found after the last presidential election.

In Ohio, outside Columbus, Trump won exurban Delaware County—one of the state’s most populous—by 7 points in 2020; voters there rejected Issue 1 by 16 points. Voters were split about evenly on the measure in Fairfield County, an exurb of Columbus, and Butler County, an exurb of Cincinnati. Trump had won both in 2020 by more than 20 points.

Tuesday’s vote in Ohio was also likely affected by factors other than abortion. Many voters across the spectrum viewed it as an attack on democracy and the citizens’ veto, political scientists said.

Nonetheless, polling in the state shows strong support for abortion rights.



CoverCress is shown at harvest. The onetime weed is being cultivated as a renewable fuel.

COVERCRESS

Biofuels Made From Weeds Show Promise as Industry Demand Grows

BY YUSUF KHAN

Could growing weeds help the planet?

Field pennycress, a plant in the Brassica family related to mustards and cabbages, is usually considered a weed. But one feature made it less of a wallflower: its very high oil content, about 50% higher than that of a soybean.

After close to a decade of controlled breeding and gene splicing, the onetime weed is being cultivated as a source for renewable diesel or sustainable aviation fuel.

Most biofuels in the U.S. come from corn or soybeans. But as demand for green fuels rises, global food shortages are also threatening. That is bringing a push for low-carbon fuels that can be made without using edible grains—and spurring research on crops like field pennycress.

“Today the dominant feedstock oil source for [biofuels] would be soybeans, which creates this dynamic of, ‘Are we going to be using our soybean oil and our soybean meal for the fuel market vs. the food and feed markets?’” says Mike

DeCamp, chief executive of CoverCress, the company that developed field pennycress. The plant, now also dubbed CoverCress, is aimed for cultivation on farms in harvest off-seasons.

CoverCress is one of three nonfood cover crops that have received funding from the U.S. Agriculture Department, where scientists have hoped to find oilseed plants that could potentially produce renewable fuels without competing with food sources. The other two—Nuseed Carinata and a plant called camelina marketed by Global Clean Energy Holdings—are also oilseed crops grown in the winter fallow period.

Major oil companies have gotten on board. In 2022, BP agreed to buy Nuseed Carinata oil to process or sell as a supply of sustainable biofuels. Chemical and pharmaceutical giant Bayer expanded its stake in CoverCress to a 65% ownership share, with the remainder held by Chevron and agricultural trading house Bunge. Exxon Mobil has a multiyear agreement with Global Clean Energy Holdings to purchase

renewable diesel made from camelina.

Carinata, also known as Ethiopian Mustard, isn’t a weed like pennycress but also isn’t edible by humans. The crop, grown between November and May, is being tested by farmers in Alabama, Georgia and Florida, as well as in Argentina. The oilseed is crushed in Europe for use as a biofuel.

The companies behind these crops tout benefits to farmers, but persuading farmers to grow them can be a major hurdle.

“Farmers are very cautious, conservative and skeptical because they have heard a lot of promises that haven’t panned out,” says John Sedbrook, a professor of genetics at Illinois State University who is researching cover crops.

Aviation is among the industries that are pushing demand for biofuels like those produced with cover crops. Sustainable aircraft fuel, or SAF, is still very much in its infancy. Output in 2021 was 100 million liters; for the industry to achieve net zero carbon output by 2050, around 449 billion liters would be needed, according to the Montreal-based International Air Transport Association. In 2022, 450,000 flights used SAF as a fuel source, the IATA estimates—just 1.5% of the flights that took place.

Persuading farmers to grow these crops can be a major hurdle.

U.S. NEWS

Biden Restricts U.S. Investment in China

Order comes amid concern Beijing could use American tech to develop weapons

By ANDREW DUEHREN

The U.S. will prohibit Americans from investing in some Chinese companies developing advanced semiconductors and quantum computers starting next year, escalating Washington's efforts to prevent Beijing from producing cutting-edge technology for its military.

President Biden on Wednesday issued an executive order creating the rules after months of deliberations. The move could unsettle fragile efforts to rekindle diplo-

matic relations with China. Officials in Beijing have railed against U.S. policies restricting access to advanced technology, as tensions between the two superpowers have contributed to slowing U.S. direct investment in China.

Beyond banning new private-equity, venture-capital and joint-venture investments in advanced semiconductors and quantum computers, the executive order will require Americans doing business in China to inform the U.S. government about direct investments in artificial intelligence and other types of semiconductors.

Washington is increasingly concerned that Beijing could use American technology and know-how to develop weapons that could be used against the U.S. in a military conflict. The

Biden administration last year restricted exports of advanced semiconductors and chip-manufacturing equipment to China, and the U.S. has also heightened scrutiny of Chinese investment in American technology companies.

Even ahead of their release, the new capital controls have started to reshape U.S. investor behavior. Venture-capital fund **Sequoia Capital** split off its China business earlier this year after persistent scrutiny in Washington. Other firms have slowed or paused transactions in China as they await the new rules, according to people familiar with their thinking.

The new investment restrictions risk refreezing an attempted thaw in diplomacy between the two superpowers. Biden administration officials

cast the rules as narrowly targeted attempts to protect national security. Still, officials in Beijing say they are aimed at kneecapping China's economic growth and development. Chinese leader Xi Jinping complained to Biden about the export controls on semiconductors last year. China banned its major companies from buying technology from **Micron Technology**, the largest memory-chip maker in the U.S., earlier this year.

A spokesman for the Chinese Embassy in Washington said China was "very disappointed" that the U.S. moved forward with the investment restrictions. "China opposes the U.S.' overuse of national security to politicize and weaponize trade, scientific and technological issues and deliberately making

obstacles to normal economic and trade exchanges and technological cooperation," he said.

Industry reaction Wednesday was muted. Some industry representatives described the action as relatively narrow compared with approaches that lawmakers have considered.

The Semiconductor Industry Association said it looked forward to providing input, adding that "we hope the final rules allow U.S. chip firms to compete on a level playing field and access key global markets, including China." The National Venture Capital Association said it was watching closely "to ensure there are no unintended consequences on investments in U.S. companies."

Rep. Michael McCaul (R., Texas), the chairman of the House Foreign Affairs Commit-

tee, applauded the step but said the administration should apply the rules sooner and to more technology sectors.

"The administration scaling back—at a time where aggressive action is needed more than ever—continues the trend of appeasing industry at the cost of national security," he said.

The rules technically apply to investments in "countries of concern," though the administration has identified only China, as well as Hong Kong and Macau, as meeting that standard. Before enforcing the new rules, the administration will accept feedback on the regulations implementing them.

—John D. McKinnon
contributed to this article.

◆ **Heard on the Street: China firms will step up..... B12**



Shipping containers stacked up at the Port of Oakland this week. U.S. imports fell 1% in June from May to \$313 billion.

Beijing Relies on U.S., Allies for Key Products

By TIMOTHY W. MARTIN

China has at least a 70% dependence on the U.S. and its allies for more than 400 items, ranging from luxury goods to raw materials needed for Chinese industries, a new analysis of trade data has found.

Countries could potentially use those products to counter economic pressure from China, but it would require a collective effort on a scale they haven't previously deployed against the world's second-largest economy, according to an analysis of 2022 global trade data by Victor D. Cha of the Center for Strategic and International Studies, a Washington-based think tank.

China has faced criticism for attempting to use its trade levers for political retaliation against countries, targeting a range of products and industries—from Norwegian salmon and Australian wine to South Korean group tourism.

Beijing denies using trade as a weapon. It has also accused Washington of being the real offender, pointing to the U.S. curbs on tech exports to China as an example.

Countries such as the U.S. and Australia have found themselves in one-on-one trade fights with China. That risk has prompted efforts such as de-risking to friend-shoring that seek to create alternative supply chains that bypass Beijing.

Cha argues that the U.S. and other like-minded countries could collectively weaponize their own trade with China. Doing so would demonstrate a clear and immediate cost to Beijing, he says.

China has at least a 70% dependence on about 412 items imported from the U.S.

and allied countries, at a value of roughly \$47 billion annually, according to the analysis. Beijing lacks ready-made homegrown alternatives for many of the items.

Virtually all of China's imports of silver powder, essential for solar panels, arrive from Japan, the U.S. and South Korea, according to the analysis. Australia, Canada and the U.K. represent about 86% of China's imports of nickel powder and flakes used for batteries and other electrical components. China imports two-thirds of its grain sorghum used for the traditional Chinese alcohol "baijiu."

The analysis in the International Security academic journal uses data from the United Nations Comtrade database, which tracks official global trade statistics.

The data show how potentially potent the U.S. and like-minded partners could be if they acted together to dissuade—or even punish—Chinese economic coercion, said Cha, a former U.S. National Security Council director.

"All of our answers are about playing defense, and none of our answers are about playing a little offense," Cha said. "Two can play this game if you want to."

Countering China has been a growing focus by Washington and its allies. In May, President Biden and the other G-7 leaders issued an unusually pointed communiqué that promised to "counter malign practices" by China and "foster resilience to economic coercion." The G-7, without mentioning China by name, launched an initiative to respond to cases of economic coercion.

Sputtering Trade Fuels Concerns About a Fractured Global Economy

By MARCUS WALKER
AND YUKA HAYASHI

The downturn in world trade, exemplified by slumping Chinese exports and a decline in U.S. imports, mainly reflects a phase of weak global economic growth.

It also raises questions about whether deeper changes are under way, with decades of deepening global economic integration giving way to a new era in which the West and China do more business with their political friends and less with each other.

Geopolitical tensions, heightened by Russia's invasion of Ukraine, are leading to more curbs in the U.S. and Europe on doing business with China. The sheer scale and complexity of global trade and investment links, however, mean any process of disentangling the world economy into blocks of like-minded countries is likely to be gradual and incomplete.

Global trade is currently weak mostly because demand for goods is weak, economists say. Higher interest rates in the U.S., Europe and other economies battling with inflation have led to a broad global slowdown.

In addition, consumers who spent heavily on goods during and after the Covid-19 pandemic are now spending more of their disposable income on services, which—with exceptions such as tourism—are more likely to be locally produced. Manufacturing-heavy economies in Asia are feeling the fallout.

Trade in services is livelier than shipments of goods, thanks not least to the rebound in international travel and tourism, which is expected to recover this year to nearly its prepandemic level.

Inflation itself is also weighing on trade. Food and energy prices remain higher than before Russia launched its full-scale invasion of Ukraine in early 2022, cutting into people's disposable income around the world, even though prices on commodities such as grain and natural gas have fallen from their peaks last year.

"The main story is probably related to the global slowdown

in manufacturing, after the big surge in manufacturing that followed the pandemic," said Lorenzo Codogno, chief economist at LC Macro Advisors and a visiting professor at the London School of Economics. "Fragmentation, de-globalization, de-risking will play a bigger role in the coming years and could be very significant. But I'm skeptical that it can happen overnight," Codogno said.

Resilient U.S. consumer demand, helped by strong wage growth, has been a bright spot for the world economy. But the Federal Reserve's interest-rate increases are weighing on business investment, including spending on capital goods.

Trade data is beginning to reflect that. In the first half of this year, overall U.S. imports declined 4% from a year earlier, while exports grew 2.6%, the Commerce Department said Tuesday. Imports fell 1% in June from May to \$313 billion, the lowest level since December 2021.

The International Monetary Fund expects growth in global trade to slow to 2% this year from 5.2% last year. The World Bank and the World Trade Organization both forecast trade will grow by just 1.7% this year.

Even a partial recovery in 2024 is predicted to fall well short of trade's average yearly growth of 4.9% during the two decades before the pandemic.

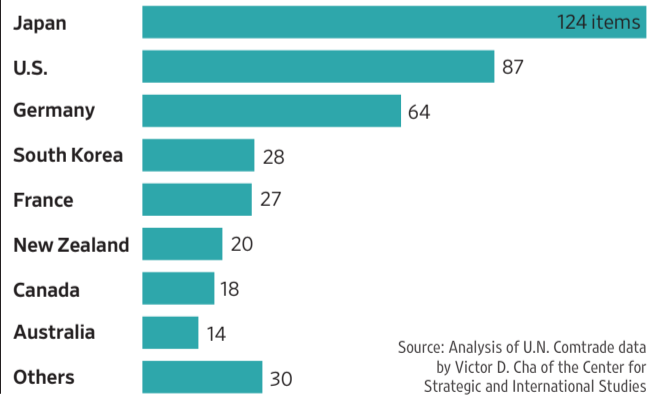
Economists at the IMF and other multilateral organizations mainly blame sluggish overall growth, especially in advanced economies. But they have also expressed concern about the long-term effect of geopolitical rivalries on global trade, with possible emergence of a trading bloc surrounding China and Russia an additional around the U.S. and its allies.

"We see the increase in trade restrictions that have been imposed by countries on one another," IMF chief economist Pierre-Olivier Gourinchas said in late July, pointing to a spread of tariffs and restrictive regulations. "There is an impact in terms of direct investment also and that is quite important."

—Jason Douglas
contributed to this article.

2%
IMF's estimated growth in global trade this year, down from 5.2% last year.

China relies on the U.S. and allied countries for 70% or more of more than 400 imports



American Nurse, Daughter Released by Abductors in Haiti

By JOSÉ DE CÓRDOBA

An American nurse and her young daughter were released by their abductors in Haiti on Wednesday after spending nearly two weeks in captivity, victims of rising kidnappings and killings in the Western Hemisphere's poorest country.

El Roi Haiti, which runs a school for some 400 children near the capital Port-au-Prince, said Alix Dorsainvil, the wife of the organization's director, and their daughter, were kidnapped on July 27.

"There is still much to process and to heal from in this situation," El Roi Haiti said. The organization said their release brought "gratitude and extreme joy." No other details were disclosed, including whether a ran-

som had been paid.

El Roi Haiti asked that no attempts be made to contact Dorsainvil or her family.

Haiti has been caught in a spiral of social turmoil and criminal gang violence since the assassination two years ago of the country's President Jovenel Moïse. Moïse was killed, and his wife wounded, when more than 20 former Colombian soldiers stormed the presidential compound in July 2021.

The investigation into the assassination has stalled in Haiti, where more than 40 people were initially detained. U.S. prosecutors have made progress in Miami, where one person has pleaded guilty to the killing and 10 others face charges in federal court.

Kidnappings and killings

rose sharply after the assassination as powerful gangs, many with links to corrupt politicians and businessmen, fought for control of Port-au-Prince.

In a report this week, Uni-

cef recorded almost 300 cases of kidnappings of women and children in the country so far this year, about the same number as in all of 2022 and three times as many as in 2021.



Alix Dorsainvil, pictured with her husband, Sandro Dorsainvil, was kidnapped last month.

"The growing trend in kidnappings and abductions is extremely worrisome," said Garry Conille, Unicef's regional director for Latin America and the Caribbean.

The deterioration of Haiti's security and economy has put some 5.2 million people, including three million children, about half the country's population at risk, Unicef said.

Dorsainvil, who is originally from New Hampshire, had been working as a school nurse at El Roi Haiti since 2020 and had married the organization's director in 2021, the school said. She first started coming to Haiti in the aftermath of the 2010 earthquake, which is estimated to have killed more than 200,000 people.

Last month, on the same

day that Dorsainvil was kidnapped, the U.S. Embassy ordered the departure of all nonemergency personnel.

The Center for Analysis and Research in Human Rights, a Haitian organization that tracks kidnappings, says there have been 539 kidnappings in the country since January, including at least 51 of foreigners.

Last year, Haiti's Prime Minister Ariel Henry asked the United Nations and the international community to send a security force to help the outgunned and outmanned Haitian police tame the country's violent gangs.

The U.S. and Canada have been unwilling to head such a mission, but last month the government of Kenya said it would be willing to do so.

U.S. NEWS

Trump's Fiery Rhetoric Is Testing His Lawyers

By ALEX LEARY

Donald Trump's campaign strategy is increasingly colliding with the legal one, sapping his time and financial resources as he pursues the twin goals of winning another term in the White House and staying out of prison.

The former president says he is so politically energized by the three criminal indictments he faces that he claims he needs one more to ensure his election—a wish he could receive in the coming days from a Georgia grand jury over his efforts to overturn the 2020 election.

But Trump's inflammatory attacks on prosecutors and judges are in direct conflict with his lawyers' efforts to win him multiple acquittals.

The campaign is developing plans for Trump to reach voters with social media and other ways if he ends up stuck in court during the height of the 2024 election, people familiar with the effort said. He

could do Facebook live or YouTube appearances in the evenings, hold tele-town halls and push more prerecorded policy videos. Trump's team is also banking on his continuing to dominate news coverage, no matter the venue.

Senior Trump advisers are mapping out court obligations and possible trial dates, the people said, expressing confidence a dual schedule can be managed. Still, Trump has begun to acknowledge the problem.

Senior advisers map out court obligations and possible trial dates.

"I'm winning by a lot," he said this week in New Hampshire, while complaining the legal peril is "forcing me to spend time and money away from the campaign trail."

In a sarcastic voice, Trump added: "I'm sorry, I won't be able to go to Iowa today...because I'm sitting in a courtroom on bulls—." The crowd roared, chanting the profanity.

In the same speech, Trump attacked prosecutors and judges presiding over his

cases, just as he has repeatedly online, and said that he would keep talking about it publicly—"They're not taking away my First Amendment"—illustrating the challenge facing his lawyers.

Managing Trump's dual aims is "an enormous problem," said former Trump White House lawyer Ty Cobb. "So he'll have difficulties, and he may have to actually miss some campaign events. But whose fault is that? A defendant's comfort and convenience go out the window when he is charged with serious crimes."

Prosecutors in New York have charged Trump in connection to a hush-money payment made to a porn star in the final stretch of the 2016 election. Trump has been charged federally with improperly retaining classified documents at his Mar-a-Lago resort in Florida and obstructing efforts to retrieve them. Last week Trump was indicted in connection with his effort to undo the 2020 election results. A fourth indictment is expected soon in Georgia for election interference.

Trump has denied wrongdoing in all those cases and



Donald Trump's team is banking on his continuing to dominate news coverage.

accused state and federal prosecutors of pursuing him to undermine his bid to return to the White House—often using inflammatory language. In New Hampshire on Tuesday, for example, he called Georgia state prosecutor Fani Willis, a "young racist in Atlanta."

John Lauro, a newer addition to Trump's legal team, on Sunday had to backtrack from Trump saying he would immediately seek a recusal from the Washington-based U.S. District Court judge overseeing the latest federal case.

Trump said they would be "immediately asking for recusal" and have "very power-

ful grounds" to do so. Hours later, Lauro said on a podcast with a Florida defense attorney: "We haven't made a final decision on that issue at all...I think as lawyers we have to be very careful of those issues and handle them with the utmost delicacy."

Lauro also seemed resigned to a client who may ignore his advice.

"I think it's a little bit different than our standard case where we would pull our hair out if a client commented on a prosecutor or a judge," Lauro said on the podcast.

Lauro said the situation forces a "very difficult inter-

section between your role as a lawyer for a client and your role as a lawyer for a client who's a candidate for president."

Politically the cases have strengthened Trump's hold on the GOP, polling shows, and many Republicans expect him to be the party's 2024 nominee. The legal issues will be a bigger problem in a general election because of their potential to turn off moderate Republicans and independents. And he has already shelled out tens of millions of dollars for lawyers that could have gone toward his campaign efforts.

Smith Got Search Warrant for Ex-President's Twitter Account

By JAN WOLFE

WASHINGTON—Special counsel Jack Smith obtained a search warrant earlier this year requiring X, the social-media company formerly known as Twitter, to produce data and records related to Donald Trump's Twitter account, according to a newly unsealed court decision that upheld a fine imposed on the company for its slow response to the warrant.

In a 3-0 decision made public Wednesday, the D.C. Circuit Court of Appeals affirmed a lower-court decision that held the social-media company in contempt of court and imposed a \$350,000 fine on it.

"The district court followed the appropriate procedures before finding Twitter in contempt of court—including giving Twitter an opportunity to be heard and a chance to purge its contempt to avoid sanctions," Judge Florence Pan

wrote for the court.

X didn't immediately respond to a request for comment beyond an auto reply from its media email contact. Trump posted on his social-media website, Truth Social: "Just found out that Crooked Joe Biden's DOJ secretly attacked my Twitter account, making it a point not to let me know about this major 'hit' on my civil rights."

Smith is the special counsel appointed by Attorney General

Merrick Garland to investigate Trump's effort to undo his election defeat, as well as his handling of classified documents. Smith has brought criminal charges against Trump in Florida and Washington, D.C. The former president has pleaded not guilty in both cases.

According to the D.C. Circuit decision, Smith's office in January applied for, and obtained, a search warrant that directed Twitter to produce data and

records related to the '@realDonaldTrump' Twitter account. The decision didn't say what kind of data and records the warrant sought.

The government also got a nondisclosure order that prohibited X from notifying anyone about the existence or contents of the warrant, including Trump. X challenged that order in court, saying the restrictions violated the company's First Amendment rights.

The clash began after bil-

lionaire Elon Musk completed his acquisition of the social-media company then known as Twitter. In early 2021, under its previous management, the platform suspended Trump permanently, citing the risk of incitement of violence after the Jan. 6 Capitol riot. Musk reinstated Trump's account late last year, but the former president hasn't resumed posting on the platform.

—Alexa Corse contributed to this article.



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WORLD NEWS

Some Ukraine Refugees Can't Stay Away

Familiarity of home outweighs insecurity of life in a war zone, returnees maintain

By ANASTASIIA MALENKO

When Russian forces bore down on her hometown last year, Yaryna Yahodkina took her two young children and—along with millions of other Ukrainians—fled abroad, leaving her husband to fight.

Now the family is back together in Ukraine, living under curfew just 60 miles west of the city of Bakhmut, the site of the longest and bloodiest battle of the war.

“Missiles can fly to any town, so we are just hoping it won't be ours,” Yahodkina said.

The 29-year-old faces a dilemma as the conflict with Russia drags on: safety in a foreign land or the familiarity of home even if it has become a war zone.

Around eight million people escaped Ukraine when full-scale war broke out in February 2022, an exodus many hoped would be brief. As the conflict eats into its second year and Ukraine pushes back against Russian advances, around 6.2 million Ukrainians remain abroad, according to the United Nations, a figure that suggests around 1.8 million have returned to their home country.

A survey conducted by the U.N.'s International Organization for Migration in May and June estimated about a million Ukrainians who were abroad had returned to their place of origin to pay a visit or stay. Another 353,000 returned from abroad but remained displaced within Ukraine. The surveyed returnees from abroad overwhelmingly cited family reunification as the reason.

Their arrival has bolstered Ukraine's economy and morale and is critical for the country's long-term prospects.

“Without people coming back, we will not have a

strong economy,” Ukrainian President Volodymyr Zelensky said in June.

The Ministry of Economy said Ukraine's projected gross domestic product drops by 0.5% for every 100,000 Ukrainians living abroad. Ukraine's GDP shrank by a third in 2022, ministry data show.

The pull of family, financial security and social and job satisfaction is winning out over safety, the main factor that pushed Ukrainians to leave, returnees and those working with them said.

At the outbreak of the conflict, Yahodkina went to Poland, where she and her children stayed with a host family in a small village. Without a car or driver's license, she couldn't travel to find a job.

After her husband was injured in battle, she returned to Dobropillia, a town with a pre-war population of some 28,000 inhabitants, in eastern Ukraine to take care of him in May. There is limited water supply, early curfew and “constant missiles overhead,” she said, but “I am among my people who fully support and understand me.”

The wave of Ukrainians going home mostly consists of those who haven't managed to secure stable employment and housing abroad, said Kseniia Gashchak, who works with Ukrainian refugees in Berlin.

Attractive job opportunities are central to the Ministry of Economy's strategy to rebuild its workforce, even as the war has caused openings to dwindle. In the first half of this year, Ukraine had 172,000 vacancies, down from nearly 235,000 registered during the same period in 2022 by the State Employment Service.

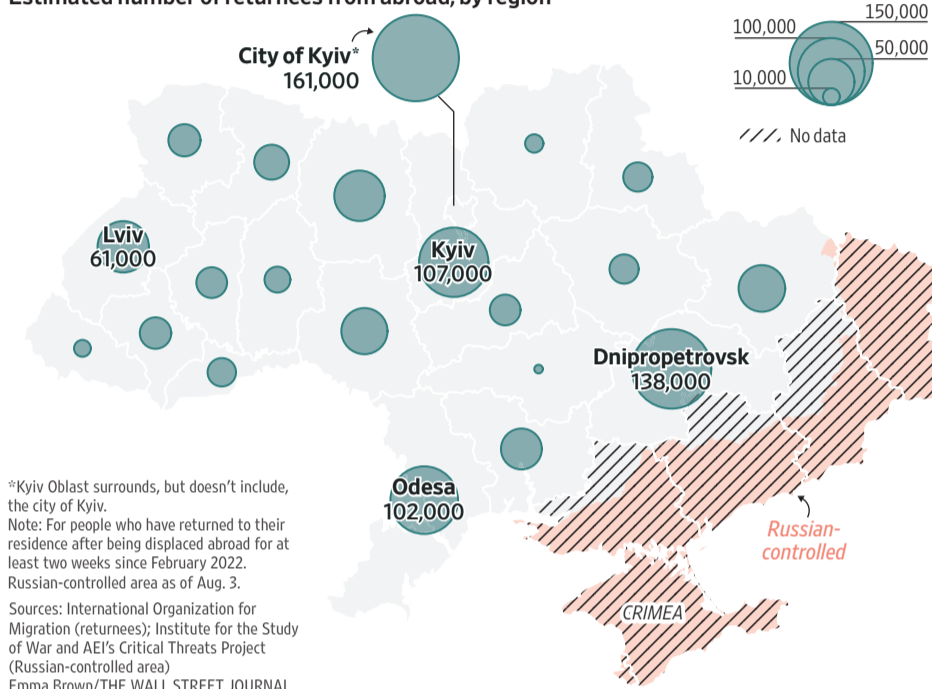
Government programs provide grants for businesses to stimulate job creation. These are designed to achieve the broader ministry goal of attracting 4.5 million people to the labor market in the next 10 years.

Life in Ukraine is more affordable than living overseas,



Yaryna Yahodkina and her children rejoined her husband in Dobropillia in eastern Ukraine.

Estimated number of returnees from abroad, by region



returnees say, especially for the many who remained on a Ukrainian salary while working remotely.

“A thing that calmed me down after I returned to Ukraine is that I can provide a

life for myself here,” said Sofiia Zubova, 22, who hails from the central city of Kryviy Rih, where Russia launched a deadly missile strike on residential buildings in late July.

Working for a Ukrainian

company while in the Czech Republic didn't allow Zubova to earn enough to live independently from her host family. “I felt like a teenager with a bit more pocket money,” she said. Now, when she is scared

by explosions, she sleeps in the hallway and said the fear is less acute at home.

Some Ukrainians began returning in late spring last year, before Russia's winter campaign against the country's power grid took hold and paused re-entry plans.

As the conflict has stabilized along the front lines, more have headed home, leaving life as refugees behind.

Sofiia Kaluhina, 22, had been living in the Netherlands in old office space converted into free housing for Ukrainian refugees.

“We had to put wallpaper over the glass walls but the gaps would remain, and you could hear everything,” said Kaluhina, a freelance artist.

She found companions among curators and painters but missed running into friends in her favorite bar in the Ukrainian capital. “Kyiv had places where I could go and feel at home. In the Netherlands, I could not find anything similar,” she said. The sense of safety didn't compensate for the life she missed in Ukraine, Kaluhina said.

For some, returning home has involved adjustment. Olena Bychkova, 35, faced financial challenges without the guard rails she had as a refugee such as free housing with hosts and government financial support. She also lost the income from leasing her Ukrainian apartment while abroad. Bychkova has taken a job as a fundraiser for a Ukraine-based nongovernmental organization, which she said makes better use of her university education than the position at a gas-station cafe in Lithuania where she worked after fleeing the war.

“I had to start everything from scratch. I did not know the language in the country at all, it was difficult,” she said.

Her 6-year-old daughter, Janelle, seems more at ease in Ukraine. “She sings when she is happy,” Bychkova said, “And here she sings every day.”

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WORLD NEWS

Italy Treads Fine Line Over Windfall Bank Tax

BY ERIC SYLVERS
AND PATRICIA KOWSMANN

Italy's government is navigating a narrow path as it tries to impose a special tax on bank profits without spooking markets and discouraging foreign investments.

The surprise move, in which Prime Minister Giorgia Meloni's populist-leaning administration aims to take some of the profits banks have reaped since interest rates began rising last year, sent bank shares plunging on Tuesday. They recouped some on Wednesday after the government capped the amount banks would have to pay. Some analysts estimated the cap cut in half the amount banks could be taxed.

Behind Italy's decision to levy the one-time tax lie domestic politics and finances. The proceeds from the move are to be used to lower the

monthly payments of homeowners with variable-rate mortgages and to fund tax cuts. Real-estate group Tecnocasa estimates that almost 75% of Italian mortgages taken out in the first half of the year have a fixed rate, limiting the impact of the potential mortgage relief.

The tax gives Meloni and her deputy Matteo Salvini, the government's most vocal supporter of the special bank tax, ammunition to try to increase their appeal to lower-income voters who stand to benefit from the measures. The government has come under criticism from opposition politicians and labor unions for its decision in May to scrap a program that doled out payments to lower-income people.

While Meloni doesn't have to face a national election for four years, next year's elections for the European Parliament would be an important test of her popularity two

years into her term as Italy's first female leader. While opinion polls show her far ahead, Italian voters can be fickle and have often quickly turned on politicians who were popular while in opposition and then stumbled when they gained power.

The European election will be key also for Salvini, who appeared to be positioned to become prime minister a few years ago but has since seen his popularity plunge. While he has embraced the role as Meloni's junior partner, he has been angling for issues that he can latch on to try to boost his poll numbers.

Economists warn that while windfall taxes such as the one Italy is planning can quickly inject money into the state's pocket, in the long run they can erode investor confidence and lead to higher borrowing costs for consumers and businesses.

"The damage far exceeds the short-term benefit of some extra cash," said Lorenzo Codogno, founder of consulting firm LC Macro Advisors and a former official at the Italian Treasury. "But decisions are driven more by the

The government proposal could weigh on future elections.

Fashion Companies Near Deal

Continued from page A1
Capri in the high single-digit billions.

The U.S. companies have been scooping up fashion brands in a bid to take on LVMH and Gucci parent Kering, but are still dwarfed by the European giants, which have been striking deals of their own. Kering last month said it was purchasing a stake in Valentino, bringing another large fashion label under its tent. Kering had tried last year to acquire Tom Ford, but the French company lost out in a heated auction to cosmetics giant Estée Lauder, which paid more than \$2 billion for the high-end fashion label.

LVMH in 2021 completed a blockbuster deal to buy luxury jewelry retailer Tiffany, bolstering the French company's diverse stable of high-end brands.

Capri had been set to report its fiscal first-quarter earnings on Tuesday before pushing them back to Thursday without providing a reason.

Capri's market value has dropped steeply from a peak of \$20 billion in early 2014 as it has struggled with oversatura-



GENE J. PISARSKI/ASSOCIATED PRESS
Michael Kors is a Capri brand.

tion of its Michael Kors brand and acquisitions that have delivered mixed results. London-based Capri's U.S.-traded shares are down about 40% this year after the company warned of disappointing sales.

The company was founded more than two decades ago by fashion designer Michael Kors, with the backing of two investors who had previously turned Tommy Hilfinger into a household name. In 2011, the company, then known as Michael Kors Holdings, went public.

Under Chief Executive John Idol, Capri grew rapidly by practicing a version of luxury populism. Rather than restricting access to its goods to maintain an aura of exclusivity, it made them widely available through its own stores, independent boutiques and department stores, while also launching lower-price lines.

—Suzanne Kapner
contributed to this article.

Deflation in China Fuels Global Risk

Continued from Page One
prices, so-called core inflation rose to 0.8% in July, the highest level since January, from 0.4% in June.

The danger is that if the expectation of falling prices becomes entrenched, it could further sap demand, exacerbate debt burdens and even lock the economy into a trap that will be hard to escape using the stimulus measures Chinese policy makers have traditionally turned to.

Deflation is particularly risky for countries with high debt burdens such as China, because it will add to debt-servicing costs for borrowers and likely prompt them to spend and invest less.

China's total debt reached nearly three times the size of its gross domestic product in 2022, higher than that in the U.S., according to the Bank for International Settlements.

"The reality looks increasingly grim," said Eswar Prasad, a Cornell University economist who once headed the International Monetary Fund's China division. "The government's approach of downplaying the risks of defla-



Prime Minister Giorgia Meloni's populist government aims to cut mortgage payments and taxes.

tion and stalling growth could backfire and make it even harder to pull the economy out of its downward spiral."

For now, policy makers are dismissing suggestions that deflation is here to stay.

China's predicament stands in contrast to those of the U.S. and other Western countries, where soaring inflation prompted central banks, including the Federal Reserve, to raise interest rates.

Falling prices in China might help ease inflationary pressure elsewhere, as Chinese exports become cheaper. They also pose a risk: a flood of low-price Chinese-made goods could hurt foreign competitors and lead to job losses in developed countries.

For China, the absence of inflation reflects an imbalance in the economy characterized by ample supply and dormant domestic demand, which economists said partly reflects Beijing's paltry social security support for households.

Wang Lei, who works at a videogaming company in Beijing, said his and his wife's overall expenditures have fallen compared with last year's. Seeing colleagues and friends get laid off spooked him into reinvesting in unnecessary expenditures, apart from renovating an apartment that he purchased two years ago.

"It's better to save more and be cautious now," said 40-year-old Wang. "The economic outlook is not certain."

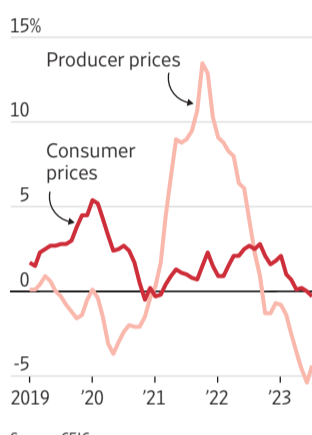
China's central bank has trimmed interest rates several times this year, but fiscal and monetary policy makers haven't launched any larger-scale stimulus measures, in part because of constraints such as elevated debt levels.

Prices charged at the factory gate, which have been contracting on a year-over-year basis since last October, fell 4.4% in July from a year earlier, narrowing from June's 5.4% decline, according to data published on Wednesday.

But it was the consumer-price reading, which has remained positive even as producer prices turned negative, that marked the bigger shift.

After flatlining in June, last month's 0.3% decrease in consumer prices represents the first negative number since

China prices, change from a year earlier



February 2021, when the reading was thrown off by year-over-year comparisons to the early days of the pandemic.

July's negative consumer inflation result was mainly driven by a drop in food prices from a year earlier, when food prices were pushed up by extreme weather conditions, a spokeswoman for China's statistics bureau said. Prices of pork plunged 26% in July from a year earlier. Vegetable prices also fell last month.

Even so, consumer inflation isn't likely to pick up much this year, economists said, as households continue to feel Covid-19 uncertainty, regulatory uncertainty and concern about the health of the property market.

Unlike many countries in the West, where government cash handouts to consumers during the pandemic fueled a spending boom on physical goods such as furniture and personal electronics, Beijing so far has offered no such direct support to its households.

On top of that, a renewed downturn in the housing market has curbed Chinese consumers' appetite for consumption, since many households have treated apartment units as their main store of wealth, said Wei Yao, chief China economist at Société Générale.

"The problem is there's no obvious driver to power recovery at the moment," she said.

—Grace Zhu
and Xiao Xiao in Beijing
contributed to this article.

Path Set For Saudi, Israeli Ties

Continued from Page One
and build a regional security alliance capable of countering threats from Iran with limited U.S. backing.

While U.S. officials said that Biden has yet to decide what price he is willing to pay, Biden's focus on the deal is a reflection of his view that the U.S. has to remain a central player in the Middle East to contain Iran, isolate Russia for its war in Ukraine and thwart efforts by China to supplant Washington's interests in the region.

National Security Council spokesman John Kirby said that negotiators still had a long way to go. "There is no agreed-to set of negotiations, there's no agreed-to framework to codify the normalization or any of the other security considerations that we and our friends have in the region," he said.

In exchange for U.S. concessions to Saudi Arabia, the Biden administration is seeking assurances from Saudi Arabia that it will distance itself—economically and militarily—from China, U.S. officials said.

The officials said the U.S. could seek assurances from Saudi Arabia that it won't allow China to build military bases in the kingdom. Negotiators could also seek



SAUDI PRESS AGENCY/AGENCE FRANCE PRESSE/GETTY IMAGES
Crown Prince Mohammed bin Salman met two weeks ago with the U.S. national security adviser in a bid to accelerate talks.

limitations on Saudi Arabia using technology developed by China's Huawei and assurances that Riyadh will use U.S. dollars, not Chinese currency, to price oil sales, they said. The U.S. also is expected to look for ways to end the feud over oil prices driven by Saudi Arabia's repeated production cuts.

U.S. officials said that Mohammed is serious about trying to broker a deal. But the crown prince has told aides that he isn't ready to establish full diplomatic relations with Israel similar to those between Israel and the United Arab Emirates, according to Saudi officials. The crown prince told his advisers that he was in no rush, especially with the current hard-line coalition government in Israel that opposes creation of an independent Palestinian state, they said.

Brian Katulis, vice president of policy at the Middle East In-

stitute in Washington, compared the effort to mountain climbers trying to scale several Mount Everests in succession.

"It's such a dangerous landscape," he said. "There are four or five things they need to do to make sure they don't go into thin air and go off the mountain. To me, it seems highly improbable in the short run, but who knows?"

One hurdle facing negotiators is what concessions Israel will have to make to Palestinians. U.S. and Saudi officials said that Israel will have to make a significant offer that advances efforts to create an independent Palestinian state.

Israeli leaders play down the importance of the Palestinian issue in the talks. Prime Minister Benjamin Netanyahu of Israel said earlier this week that the issue comes up in negotiations "a lot less than you think." The issue remains one of

the least developed points in talks, according to people briefed on the discussions.

Israeli national security adviser Tzachi Hanegbi said negotiators have yet to float specific ideas with Israeli leaders.

Saudi officials have dwindling patience for uncompromising and divided Palestinian leaders with limited popular support. But as home to two of Islam's most important holy sites, Saudi Arabia is looking to secure a meaningful concession from Israel to fend off criticism from rivals in Iran and Turkey looking to accuse the kingdom of quashing Palestinian dreams of an independent state. The Palestinian issue remains important for activists in Saudi Arabia and around the world.

Netanyahu has made it clear that he is willing to make only modest concessions to the Palestinians, and even those could face opposition from his hard-line coalition partners who want to annex Israeli-occupied Palestinian land in the West Bank. Israeli officials also worry that U.S. support for a Saudi civilian nuclear program could pave the way for Riyadh to develop nuclear weapons.

Details of a deal are also expected to face scrutiny in Congress. U.S. lawmakers are already raising concerns about the prospect of the U.S. offering Saudi Arabia treaty-bound assurances that the U.S. would come to the kingdom's defense if it is attacked.

—Summer Said in Dubai and
Dov Lieber in Tel Aviv
contributed to this article.

NOTICE OF PUBLIC SALE OF COLLATERAL

On the 29th day of September, 2023, commencing at 10 a.m. prevailing Eastern Time, in front of the New York County Supreme Court, located at 60 Centre Street, New York, New York, PFP Holding Company VI, LLC ("Secured Party") shall cause the following property to be sold by public auction to the highest qualified bidder: 100% of the membership interests in Hertz Cleveland 600 Superior, LLC, a Delaware limited liability company, which is the owner of certain real property and personal property, including that certain real property, and improvements thereon, located at 600 Superior Avenue, Cleveland, Ohio 44114. The membership interests are being offered as a single lot on an "as-is, where-is" basis, with no express or implied warranties, representations, statements or conditions of any kind made by the Secured Party or any person acting for or on behalf of the Secured Party, without any recourse whatsoever to the Secured Party or any other person acting for or on behalf of the Secured Party.

Secured Party reserves the right to reject all bids and terminate or adjourn the sale to another time or place, or to effectuate a private sale instead of a public sale, without further publication, and further reserves the right to bid for the collateral at the sale and to credit bid by applying some or all of its secured debt to the purchase price.

Interested parties who would like additional information concerning the items to be sold at the sale and the terms and conditions of the sale, including the eligibility requirements to be a qualified bidder, should contact Jonathan P. Cuticelli at 203-561-8737 or Jcuticelli@hilcoglobal.com.

FROM PAGE ONE

Germany
Agonizes
Over Trains

Continued from Page One
policy at the Berlin Social Science Center. “We love to brag about how we are the best, we are the most efficient, but the late Deutsche Bahn, and our failing football team, are proof that we aren’t making great things anymore,” apparently referring to the fact that both the German men’s and women’s soccer teams failed to advance in the most recent World Cups.

A Deutsche Bahn spokesperson blamed the delays on rising traffic, aging infrastructure and construction projects. “We expressly regret this,” he said.

The delays are forcing Germans, who learn from a young

age that “*pünktlichkeit* (punctuality) is the politeness of kings,” to make ever-more-complex travel plans. Stefan Bonauer, a 34-year-old teacher who lives in a suburb an hour outside of Munich, now wakes at 4 a.m. to ensure that he can make the 90-minute trip to the city in time for his 8 a.m. class. On his days off, he prefers to take his motorcycle to meet friends in the city. “I just can’t trust the train,” he said.

DB, as the company is often called, is scrambling to soothe the nerves of its seething riders. It experimented with calming scents in its coaches, a move that prompted the German tabloid Bild to accuse it of “scent doping.” The state is pouring in €45 billion, or \$49.28 billion, to upgrade the tracks.

And in a rare act of German corporate self-flagellation, the train company has started trolling itself on the social-media platform X, formerly known as Twitter.

In June, T.C. Boyle, an American novelist, skewered Deutsche Bahn on Twitter for their tardy trains during a trip to Germany. “We’re doing all we can to give you enough time to write,” DB shot back.

Onboard announcements provide some comic relief for raging passengers. “The train driver has not yet arrived because of another delayed train. Unfortunately, we are currently blocking the track for his train. We are curious ourselves how this will be resolved,” admitted one announcement, which was featured on a segment in a German comedy show.

In neighboring Switzerland, where trains still run like a proverbial Swiss clock, officials are now proposing banning the serially late Deutsche Bahn, for fear that German delays are tarnishing Switzerland’s own record of timekeeping.

Swiss passengers have also had enough of the unreliable Deutsche Bahn, which manages some cross-border routes

in the alpine country.

“I prefer to take a Swiss train than a German one, because I know that Deutsche Bahn ends up making everyone late,” said Cyril Flaig, a student who commutes between Zurich and St. Gallen, Swiss cities that are connected by a DB-run route.

The train fiasco is the latest national embarrassment for a country that for years basked in its reputation as a ruthlessly efficient European powerhouse blessed with an unparalleled manufacturing base. Today its economy is sputtering from its dependence on Russian gas and weak demand for its exports.

Venting about Germany’s transport travails has become the national zeitgeist. A popular meme features an upside-down DB logo, with a small train now appearing as a screaming rider.

“My most German habit is getting upset about the Deutsche Bahn,” says one per-

son’s dating app profile.

The *Sturm und Drang* has been long in the making.

In 1994, five years after the fall of the Berlin Wall, Deutsche Bahn was born to unify the train lines of capitalist West Germany and communist East Germany. But DB’s management later turned to nonrail activities, such as a logistics business, and expanding abroad while neglecting rail investments at home, according to a March report from the German federal auditor.

The government, which owns 100% of DB’s shares, also failed to keep things on track. Last year, the federal government spent a quarter as much per person on rail improvements as Switzerland, according to data from Allianz pro Schiene, a pro-rail advocacy group.

Germany’s highly congested rail network, which is one of the world’s densest, has seen usage grow by 50% since DB’s creation in 1994,

while its total length of track has shrunk by 14%, according to Allianz pro Schiene. A recently introduced €49 universal ticket is leading to a further spike in passengers. Staff shortages, strikes, and even the small doors that passengers need to cram into to board add to the waits.

On July 19, Vera Meinert, a 29-year old consultant from Munich, was returning home from a hiking holiday in Switzerland when her DB train was forced to stop its trip due to a blockage on the tracks. She and hundreds of other passengers raced to pile into one of three nearby buses.

The slowest runners in the crowd would have to languish in over 90-degree heat until the buses returned.

After her packed bus took her to another train, she arrived two hours later than expected in Munich, she said, noting, “That’s how I knew it, vacation’s over, I’m back in Germany.”

America’s
Man in
Niger

Continued from Page One
messy regional war that would plunge one of the poorest parts of the world deeper into crisis.

Barmou sat down in Niamey, Niger’s capital, for two hours on Monday with Victoria Nuland, the acting U.S. deputy secretary of state. The talks have so far proved frustrating. But Nuland, knowing Barmou’s long affinity for the U.S., urged him to broker a deal that would allow Niger and its longtime Western allies to get back to fighting al Qaeda, Islamic State and Boko Haram militants and stop the country from becoming another African outpost for Russia and its paramilitary Wagner Group.

“A lot of us who like him are sort of hoping he can help guide this thing to a soft landing,” said retired Air Force Maj. Gen. Mark Hicks, who headed American special-operations forces in Africa from 2017 to 2019 and considers Barmou a close personal friend.

And yet the fact remains that there is no more vivid symbol of the dashed hopes of the U.S. counterterrorism campaign in western Africa than Brig. Gen. Barmou, a man vital to U.S. strategy until their interests diverged.

Sahel strategy

The Sahel is a semiarid band just south of the Sahara where jihadists have killed thousands in recent years, turning it into one of the world’s biggest battlefields in the 20-plus year battle against Islamist extremists. The heart of U.S. military approach is to dispatch American commandos to train local special forces to lead the campaign. Barmou, whose troops comprise Niger’s finest fighting force, was a linchpin of that approach.

“The loss of a stronghold in Niger, if that’s the consequence of the coup, would be a setback for U.S. strategic interests in the region,” said Hicks. Niger “was the island of stability in the sea of jihadist unrest.”

Over the past two years, military coups in Mali, Burkina Faso and now Niger have cast doubt on whether the U.S. can help Sahelian countries defend themselves against Islamist insurgencies, while keeping Moscow from taking advantage of the instability.

Neighboring countries, led by regional powerhouse Nigeria, have threatened to send troops to Niger to rescue ousted President Mohamed Bazoum, who is still held prisoner in Niamey, and return him to power. Military juntas in Burkina Faso and Mali, which has hired Kremlin-linked Wagner mercenaries in a failed attempt to suppress its own militant threat, have pledged support for Niger’s new military regime.

The standoff raises the possibility that the Sahel could be consumed by a new regional war and the existing Islamist insurgency.

Until the junta promoted him to chief of defense staff, Barmou commanded Niger’s special forces. His men worked shoulder-to-shoulder with American Green Berets up until the moment of the July 26 uprising against Bazoum, just over two years after he took

office. Like Barmou, Bazoum was a U.S. favorite and the Biden administration immediately demanded he be returned to power.

The U.S. has spent some \$500 million building up Niger’s defense forces, including at a \$110 million, American-built drone base in the town of Agadez, and stations some 1,100 American troops in the country. U.S. commandos share outposts with Barmou’s troops in the towns of Oualam, where they fight local al Qaeda and Islamic State franchises, and Diffa, where combat operations focus on Boko Haram militants who conduct attacks around Lake Chad.

Funds at risk

In the wake of the military revolt, the U.S. has suspended its training of Nigerien forces and cut some other military assistance to Niger. Should the State Department formally declare the uprising a coup, American law would require further reductions in military aid. The U.S. has vowed to continue food and other humanitarian assistance to Niger.

Barmou is well aware the coup could cost him critical combat support—no more joint training, tactical advice from U.S. Green Berets or American drones sending real-time surveillance.

“If that is the price to pay for our sovereignty, then let it be,” Barmou wrote to The Wall Street Journal a few days after the coup. He didn’t respond to further questions for this article.

American officials are trying to figure out whether Barmou has decided he and his fellow generals are the best hope for stabilizing Niger, or if he’s willing to help negotiate a path back to civilian rule.

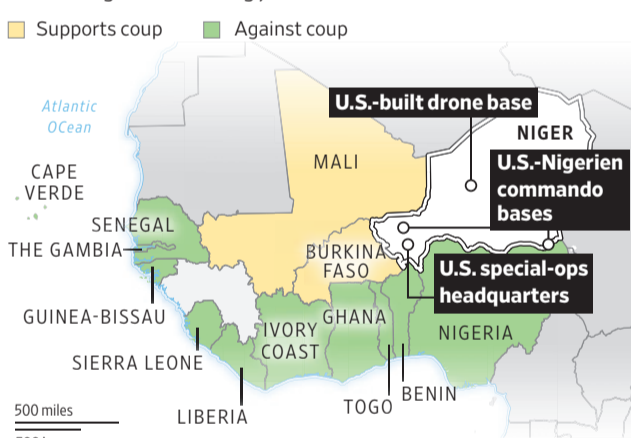
Nuland, the deputy secretary of state, described this week’s talks with Barmou in Niamey as “extremely frank and at times quite difficult”—diplomat-speak for heated and unsuccessful.

“They are quite firm in their view on how they want to proceed, and it does not comport with the constitution of Niger,” Nuland told reporters after the meeting. During her talks with Barmou, Nuland played on his long ties to U.S. Special Forces, reminding him that Niger risks losing American military assistance unless democratic order is restored.



Brig. Gen. Moussa Salaou Barmou, left, at a June meeting to discuss antiterrorism policy.

Eleven West African countries, led by Nigeria, have said they might send troops to Niger to reverse last month’s coup and restore President Mohamed Bazoum to office. Two military-run countries—Burkina Faso and Mali—have backed Niger’s new ruling junta.



Other West African security officials say Washington’s success in getting Barmou on their side will be pivotal. One senior army officer from the region said American diplomatic efforts remain the best hope for an outcome “without any bloodshed.”

“The U.S.A. will have to choose—stay in Niger or leave the place to Wagner,” the officer said.

The military has been the center of Barmou’s life since he was 12 years old, when, inspired by a neighbor, he left Ni-

ger for military school in Ivory Coast. He then moved on to a military academy in Cameroon.

Barmou’s father, a civil servant after Niger’s independence from France in 1960, discouraged his son from joining the army, hoping instead that he’d carry on with his studies.

But the younger Barmou was determined and joined up in 1989. The U.S. military pegged him early as a rising star and took steps to draw him into the American orbit.

In 1994, he attended an

English-language course at Lackland Air Force Base in San Antonio. Now he’s so fluent in English, French and Hausa—a language spoken from Nigeria to Sudan—that one U.S. officer said at international conferences the general sometimes seemed to lose track of which one he was speaking.

The U.S. government sent Barmou to a series of courses at what was then called Fort Benning, Ga., training him to lead infantry attacks and parachute from airplanes. Among other interactions, he attended courses at the Joint Special Operations University, adjacent to U.S. Special Operations Command headquarters in Tampa.

As early as the 1990s, Niger recognized the threat from Islamist extremists, who at the time were pouring out of Algeria in search of sanctuary in Niger, Barmou recalled.

“While some other countries denied the fact that they had a terrorism issue, and some were still trying to negotiate with the terrorists, in Niger we decided we aren’t going to let this happen,” Barmou said in an interview in November.

In 2004, Barmou assumed command of Niger’s first special-forces company, trained by American commandos. He left

the position three years later, moved to Washington, D.C., and earned a master’s in strategic security studies from National Defense University, on a campus where the Potomac and Anacostia rivers meet.

Back in West Africa, militant groups affiliated with al Qaeda and, later, Islamic State began to gain ground both through brutality and nimble exploitation of existing village grievances, such as disputes over land rights between herders and farmers. In some cases, al Qaeda fighters solidified their positions by marrying local women.

First the militants swarmed Mali, and by 2017 they were conducting attacks in Burkina Faso and Niger. That year, four U.S. and five Nigerien soldiers were killed in an Islamic State ambush in the village of Tongo Tongo. American Green Beret teams have largely advised Barmou’s troops from positions out of harm’s way.

The U.S. considers Niger’s special forces to be among West Africa’s best, and, after military leaders in Mali and Burkina Faso kicked out Western troops, Washington looked to Niger as a firebreak against violent extremists. The U.S. was especially relieved that Niger showed no inclination to hire Wagner mercenaries.

‘Solid partnership’

“Since the very beginning, we’ve had this solid partnership with the U.S.,” Barmou said in November. “They’re very important for us.” Less than six weeks before Nigerien troops blockaded President Bazoum in his residence, the U.S. military posted a photo of Barmou smiling and embracing the commander of U.S. Army Special Operations Command, Lt. Gen. Jonathan Braga, at a Niamey air base shared by Nigerien and American troops. The visit’s aim was to discuss antiterrorism policy and tactics, according to an accompanying tweet.

At times, those professional alliances merged into personal friendships. Barmou once brought a cooked goat to a safe house in Niamey for a dinner with Hicks, then the American special-operations commander, and U.S. Embassy personnel.

That wasn’t the case with France, Niger’s former colonial power, and in meetings with U.S. counterparts, Barmou freely aired anti-French sentiments. In 2021, he hosted a New Year’s Eve party at his Niamey home, inviting U.S. and British but not French officers, according to a U.S. officer. The officer said Barmou resented France’s practice of conducting its own operations against militant groups without consulting Nigerien commanders.

Despite the slow start to talks between the U.S. and the junta, Barmou’s American friends hope he has the political wiggle room and personal inclination to lobby for a solution that keeps Niger on Washington’s side.

Nuland, however, left this week’s meeting with Barmou without so much as a promise of further talks. The junta declined to allow her to visit Bazoum, the imprisoned elected president, or Gen. Omar Tchiani, who in a matter of hours had gone from commander of Bazoum’s presidential guard to Bazoum’s self-appointed replacement.

“So we were left to have to depend on Mr. Barmou to make clear, again, what is at stake,” Nuland said.



Thousands demonstrated in front of the French embassy in Niamey during a rally in support of the military coup.



ON THE CLOCK
CALLUM BORCHERS

When NFL quarterback Justin Herbert and NBA star Jaylen Brown signed contracts this summer worth \$262.5 million and \$304 million, respectively, they struck the richest deals in their leagues' histories. They're also outearning their bosses by millions a year.

Professional athletes often command higher salaries than their coaches, since it's harder to find people to execute plays than diagram them. And individual contributors can earn more than managers in a lot of fields, from finance and tech to sales and media.

The sticking point is how bosses and their charges deal with those imbalances.

There are two keys to a functional working relationship when a subordinate makes more money than their manager, people in both camps tell me: The boss must possess the humility to accept the situation and the confidence to project authority. And the highly paid employee can't be a diva.

Richard Reice, a labor attorney and chief people officer of a restaurant group, says fat paychecks can lead to entitlement and make a highly paid employee practically unmanageable.

"Some refuse to do basic things, like attend meetings, just because they think they're silly," he says.

When leadership doesn't pay

It's hard to quantify how frequently rank-and-file workers make more than their bosses, but Reice says he has observed a shift from his dual perches in employment law and human resources.

Many companies are scrapping the old notion that bigger titles should automatically mean bigger bucks. Instead of promoting star employees into management, where administrative duties can siphon time from their true talents, more businesses are keeping top performers in individual-contributor roles—and paying them like bosses.

Leadership, in these situations, is considered like any other skill, and not necessarily one that is worth more money.

We're more likely to notice now when someone outearns the boss. The pandemic-era rise of distributed teams was accompanied by cost-of-living adjustments, which meant a manager based in an inexpensive town might earn



When Your Employees Make More Than You

Power dynamics get complicated with paycheck imbalances

less than direct reports living in pricier cities.

Pay-transparency laws have given some bosses the jarring experience of seeing less-senior posi-

tions at their companies posted on job boards with advertised salaries that exceed their own. Market demand can explain some discrepancies; in other cases, racial, age or gender biases could be to blame.

Keep your ego in check

Nikki Barua, who runs the women's leadership program Beyond Barriers, says her clients in managerial positions sometimes feel underpaid relative to subordinates and are unsure whether discrimination is a factor. Bosses need to recognize there are often valid reasons behind pay, she says, and advises managers to pay more attention to what their fellow bosses make.

"The star performer is not the right comparison," she says.

Nikki Barua advises managers to pay more attention to what their fellow bosses make.

Barua says that in previous roles at technology and consulting firms, her knack for bringing in business sometimes led to incentives that pushed her pay over her managers'. She kept her ego in check by viewing her skill as a blessing, remembering that others might be equally good at different jobs that the labor market rewards less generously.

Now, as an entrepreneur trying to conserve cash, she has sometimes paid herself less than her employees. She admits at times it was hard not to resent those making more than her, feeling that she'd be able to draw a salary if only they would work harder.

Founders often draw modest salaries, or none at all, in companies' early days, says Jeff Busgang, general partner in the Boston office of startup investor Flybridge Capital Partners.

"Naturally, if they own a big

chunk of equity, it makes it all more palatable," he says.

Plus, owners' status is seldom in doubt, regardless of pay. Berkshire Hathaway CEO Warren Buffett, who acquired a controlling stake in the company in 1965, has for several decades taken an annual salary of \$100,000. His total compensation last year was \$401,589, while two vice chairmen earned more than \$19 million apiece. Buffett, the world's sixth-richest person with a net worth of \$122 billion, according to the Bloomberg Billionaires Index, derives most of his income from investments.

Bosses who earn less

Ellen Taaffe, who sits on the compensation committees of several companies, including AARP Services, says corporate boards often set pay by studying the going rates for similar roles in other organizations. Boards can ease potential tension by giving junior executives lower base salaries and enabling them to surpass more senior leaders only through bonuses for exceeding expectations. Usually the people with the loftiest titles make the most money, but not always, notes Taaffe, who teaches at Northwestern University's Kellogg School of Management.

For instance, the chief scientific officer of a biotech company—whose research might be the crux of the business's success or failure—could be paid more than the CEO. George Yancopoulos, the chief scientific officer of Regeneron Pharmaceuticals, has received almost \$435 million in total compensation since 2012, according to securities filings, making him the company's highest-paid employee over that span.

At some universities, the highest-paid employee isn't the president; it's the football coach or the person who manages the endowment. The \$2.2 million pay package awarded to Yale University President Peter Salovey last fiscal year was one-third of what the chief investment officer earned, according to tax filings.

Leaders who successfully handle higher-paid employees find satisfaction in helping others shine, Taaffe says.

Warren Cereghino, a retired TV news director in California, says he kept pride at bay by reminding himself that viewers tuned in to watch his station's anchors, who earned more than he did as their boss. He says the on-air talent didn't abuse their sway.

Still, being privy to their contracts, he knew that some had negotiated a measure of editorial control in addition to large salaries. If there was a disagreement, he wouldn't necessarily win.

"Even though my name was on the door of the news director's office, there was a limit to my power," he says.

—Theo Francis contributed to this article.



MY RIDE | BY A.J. BAIME

An Iconic Jaguar That Found a Home

William Baker of Beverly Hills, Calif., a real-estate agent specializing in historic homes and the architecture director of the global real-estate firm The Agency, on his 1966 Jaguar E-Type 4.2, as told to A.J. Baime.

Two years ago, out of the blue, a couple friends who work for a car auction site called me. They said, "Hey, we know of this Jaguar E-Type. If you're looking for a great car and a highly unusual story, you should see it."

They sent me a link. I looked at the pictures. I placed a bid. Then, my phone mysteriously locked up. I called my friends and said, "Look, I don't know what's going on. I think

I placed a bid." Turns out, I won the auction.

I had immediate buyer's remorse. What did I know about a Jaguar E-Type? I had never even sat in one. I didn't have a good mechanic for it. But my friends said, "You're not going to believe the story about this car. It's located in La Jolla [just outside San Diego]. It's been owned by the same family for 50 years."

This car had been seized by the DEA in a drug bust, and later purchased in New Jersey in 1972. The new owner drove it from 1972 to 1977, then put it in storage. When he died, his son wanted to honor him by getting the car out on the road while keeping it original, cosmetically. He had put tens of thou-



sands of dollars into the car. And now, he was selling it.

What is the E-Type? Built in Britain, it was an icon of the '60s and '70s. [Jaguar built this model from 1961 to 1974.] Enzo Ferrari [founder of the eponymous Italian car company] had reportedly called it the most beautiful car in the world. An E-Type was the third automobile placed in the permanent collection of the Museum of Modern Art in New York. This particular one had gray paint—a color I love on cars because

William Baker with his 1966 Jaguar E-Type, which he says has original parts—including the rubber on the wiper blades.

it really shows off the architectural lines.

I called the car's owner (the son of the man who had bought it in 1972) and we talked. Then, a friend and I drove to see the car. When we pulled up in La Jolla, there it was. I met the guy. At the kitchen table, his 70-something-year-old mother was sitting with a pile of paperwork, including the \$2,300 bill of sale from 1972. The more we talked, the more second thoughts I was having.

I said, "This car is amazing." And it was. Cosmetically, it was original down to the rubber on the wiper blades. "This car needs to stay in your family," I said. "I can't buy this car."

The mom said, "My son talked to you and he got a good feeling. When we learned that you are a real-estate agent that specializes in historic homes, we thought you would be a good caretaker for this car." I said, "You know what? I will

take great care of it." And I have ever since.

Soon after I bought this car, I had a crazy idea. I went online and submitted an application for The Quail, one of the more prestigious car events in the world. The Jaguar was accepted, so a year ago this August, it was prominently displayed between a Mercedes Gullwing and a helicopter with a custom interior inspired by a rare Bentley motorcar.

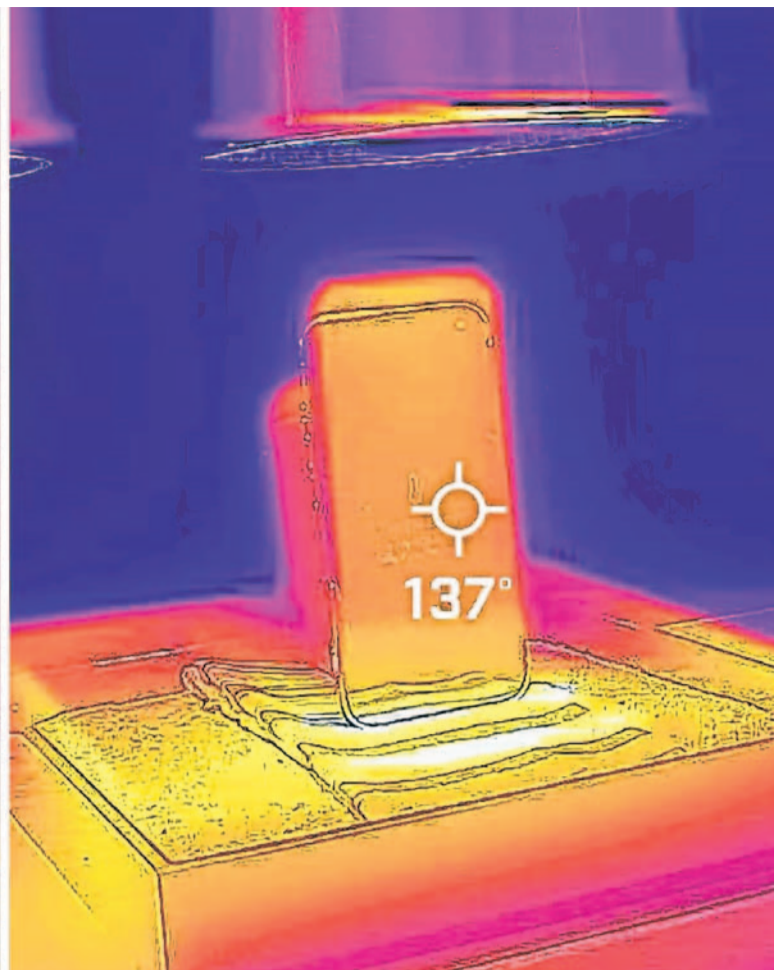
The E-Type is a very analog driving experience. No air conditioning. No power steering. The 4.2-liter inline six-cylinder engine is robust. In the '60s, Jaguar claimed the E-Type could hit 150 mph; I have not driven it that quickly. I take it through Malibu Canyon, and I use it to organize tours for other car owners to see historic homes in the area.

I tell my clients that the perfect house will find you. And I'm finding it is the same way with collectible cars.



CARLOS ARAMILLO FOR THE WALL STREET JOURNAL (2)

PERSONAL JOURNAL.



◀ An iPhone was put under a food heat lamp and its temperature checked with a thermal camera.

I saw that heat-regulating software in action. Under my lamp, the phones actually slowed down their rate of charging. Using a phone while you're charging can also make it overheat faster. Sometimes when I use my iPhone 14 Pro while it's plugged in—in a perfectly cool bedroom—the device tells me that “charging will resume when iPhone returns to normal temperature.” An Apple spokesman said this feature was put in place to prevent accelerated battery aging.

So, what can I do?

Simple: You become a shut-in, maintain a perfect 70 degrees in your home and always charge slowly. What, not doable? Life happens—and so does heat. Here are some more practical ideas:

► **Thermal bag:** If you're going to the beach or pool, store your phone in a thermal bag. But not just any thermal bag. One I bought on Amazon hit 320 degrees under the heat lamp and started smoking. (The company that made it didn't respond to my requests for comment.) The \$30 Phoozy Apollo pouch, on the other hand, hit around 105 degrees and kept the phone cool.

► **Phone fan:** The downside of a bag is that you can't use your phone. Hence the phone fan, like the \$60 Razer Phone Cooler Chroma that attaches to the back of your device. Even after 15 minutes under the heat lamp, the iPhone with its fan-backpack was still cool—with no sign of a temperature warning. The downside?

The fan itself needs some of that battery juice. Plus, you're now that person with a fan on your phone. If you're in a car, you could crank up the AC.

► **Remove cases:** I mean, do you go to the beach wrapped in rubber and leather? Certain types of cases can trap heat during charging, Apple says. I did try a specially ventilated case under the heat lamp but...it melted.

► **Limit fast-charging:** I'd like to tell you not to charge fast, especially in the hot weather, but the phone is going to limit that for you anyway.

Both Apple and Samsung use software to balance fast-charging with battery longevity. And realistically, most of us will likely choose fast-charging over spending our lives babying our batteries. Still, if you want to play it safe, Samsung lets you turn off fast-charging in its battery settings. With an iPhone, you'd have to go back to using the tiny charging cube.

Stay cool, phones. Stay cool.

Watch a Video



Scan this code to watch Joanna Stern's video on how to protect smartphone batteries in the heat.

High Temperatures Can Kill Your Smartphone's Battery

In sweltering weather, here are some tips on how to protect batteries in an iPhone or Galaxy S



PERSONAL TECHNOLOGY
JOANNA STERN

This just in: iPhone and Android phone temperatures are soaring into the triple digits in some regions, causing nonstop heat-warning pop-ups and irreversible battery damage. With scorching weather and everyone looking to fast-charge their devices, global smartphone warming shows no sign of abatement. Back to you, Joanna.

Thanks, Chuck.

Sure, it's frustrating to get an alert that your phone is too hot to use after it has been baking in a car cup holder or lounging at the pool. But the longer-term impact is worse: It can damage your battery, and your phone won't hold a charge as long.

Heat is enemy No. 1 for batteries, say every phone maker and battery expert I've spoken to. It isn't just high summer temps that cause heat damage. Fast-charging and processor-intensive tasks such as recording video can make your phone feel hot. If your phone starts overheating, it will tell you and limit some functions.

But how hot is too hot? At what temp are you likely to get the alert that your phone needs to chill? Is there anything you can do to pre-

vent a phone from getting too hot?

There was only one way to get answers: a buffet food lamp, of course. It stood in for the summer sun as I heated up an iPhone 13 Pro and Samsung Galaxy S23 Ultra numerous times. I also tested some heat-prevention methods, including a phone fan. (Yes, that's a thing.)

What did I find out? Recording video while in the sun turns your phone into a hot plate, some thermal bags will melt like a grilled cheese, and a whole lot more.

What does heat do to batteries anyway?

I'll spare you the chemistry class, but there are complicated reactions that occur in a lithium-ion battery. As you increase the temperature, the speed of that chemical reaction also increases. That can cause the battery to drain faster and impact the battery's capacity.

You can think of battery capacity like a gas tank in your car, said Michael Pecht, a mechanical-engineering professor at the University of Maryland. (An ironic analogy given that batteries are starting to replace gas tanks.)

Your phone's gas tank shrinks over time, he told me, and heat is a big reason. In his research, he has seen some batteries lose a fifth of their capacity while sitting in hot storage (around 122 degrees Fahrenheit) for a year.

You can check your own smartphone's battery capacity. On an iPhone, go to Settings > Battery >

Battery Health & Charging, and you'll see its maximum capacity. Anything below 80% means it isn't good. Samsung's Galaxy S23 doesn't give a percentage but tells you if your battery's health is normal. Go to Settings > Battery and device care > Diagnostics > Phone diagnostics > Battery status.

How hot is too hot?

Both Apple and Samsung say 95 degrees Fahrenheit is the highest ambient temperature your phone should be in. Extended use at that temperature or higher can permanently damage the battery.

But your phone has to be even hotter to get the need-to-cool-down notification, my testing shows.

In my heat lamp tests, the iPhone's alert appeared when the phone screen hit 137 degrees Fahrenheit. (I measured the temperatures with a FLIR thermal camera and an infrared thermometer.) Samsung's alert came up when the phone hit 128 degrees. Both phones cooked under the lamp for about seven minutes.

Those alerts popped up a couple of minutes faster, however, when I put the phones under the lamp and simultaneously recorded video on them.



▲ A fan attached to your phone can keep it cool. But the fan itself needs some of the battery juice.

What about fast-charging?

Pecht and my longtime, go-to battery expert, Isidor Buchmann, publisher of the Battery University education website, told me fast-charging a phone generates heat and can degrade batteries over time. While smartphone makers do a lot to control those temperatures with smart software, opting to fast charge can impact a phone battery's longevity.

On a Cruise, Keep the Crowds From Ruining Your Vacation

By JACOB PASSY

Charleston, S.C.

I booked a Bahamas cruise because I had a hunch it would be crowded.

It's not that I love hordes of partying tourists and long lines for a chair on the lido deck. I wanted to see firsthand what it's like on a popular sailing and to figure out strategies for coping with the crowds at sea.

Demand is high for cruises this summer, in a comeback from pandemic shutdowns. Because cruises can be a rare travel bargain today, many sailings are sold out or, in some cases, oversold. Thankfully, the passengers on Carnival Sunshine were almost always in good spirits despite our close quarters. **Lesson learned:** Finding elbow room on a cruise is doable, even on a smaller, sold-out sailing, but it takes careful planning and effort.

Plenty of passengers

I went on the cruise with my father, booking one of the last staterooms before the ship's mid-July departure

from Charleston, S.C. The cruise itself cost nearly \$1,900—not including additional expenses like gratuities or shore excursions. Carnival wasn't aware that I was sailing until after the trip, and The Wall Street Journal paid for it.

The Sunshine's target capacity is 3,002 guests, which is based on an expectation that every stateroom will hold two people. Since many rooms can hold up to four occupants, the Sunshine's maximum capacity is 4,220 guests, a Carnival spokesman says.

Our sailing was “essentially sold out,” the spokesman notes, with nearly 3,900 travelers aboard.

Shorter cruises like my four-day voyage are likelier to sell out, since they involve taking fewer days off, says Colleen McDaniel, editor in chief of travel website Cruise Critic. The Sunshine also represents the rare cruise sailing out of Charleston, so it's popular with locals who can drive to the port.

Lesson learned: For a better chance of breathing room, book a longer cruise, or one that leaves from a port many travelers fly to, like Puerto Rico, McDaniel says.

Mealtime mania

Check-in and security were a breeze, a testament to Carnival's timed-entry system. Then my dad and I went to grab a bite after boarding, and we encountered dozens of hungry people just like us.



With cruise packages like this, only certain restaurants and menu items are included in the price. And not all places are open at all times, meaning that the eateries included in the packages can fill up fast.

My dad and I boarded the Sunshine and found ourselves in a queue of ravenous people at Guy's Burger Joint, named after celebrity chef Guy Fieri. The line was brisk. The real trouble was finding a table. Nearly every table in the main dining area on the lido deck, also home to the ship's buffet, was full.

The main dining room, where meals are served by waiters, also attracted large numbers of vacationers. Often we had to wait a while to be seated. On the cruise's elegant night—basically no swimsuits or flip-flops—we waited nearly a half hour after checking in.

Lesson learned: To save money and time, take your meals at off-peak times.

Pool party

A ship's size and layout make a big difference when it comes to finding a spot to sunbathe near the pool. In the mornings, my fellow passengers snapped up the lounge chairs near the main pool and the adults-only Serenity pool by about 10 a.m.

The same was true during evening movie screenings by the pool. We got chairs when people wandered off for lunch or to get out of the afternoon sun.

Lesson learned: Look for moments of transition, like just before lunch or dinner, to grab a lounge chair. Busy yourself with other activities, like hitting the ship's gym, when the crowds are sunbathing.

Quiet corner

By design, cruise ships are packed with activities and spaces that provide travelers with alternatives. Too many bingo players for my liking? I ventured over to the casino. Comedy club at capacity? I checked out the piano bar.

Another bar I stopped in on the first day became my refuge throughout the cruise. Positioned past a bank of elevators, it never drew a crowd.

Lesson learned: Check out a map of the ship early to find tucked-away spots that might provide peace and quiet.

Unexpected souvenir

I returned home with more than good memories and a hankering for another adventure at sea. Two days after my trip, I tested positive for Covid-19 for the first time.

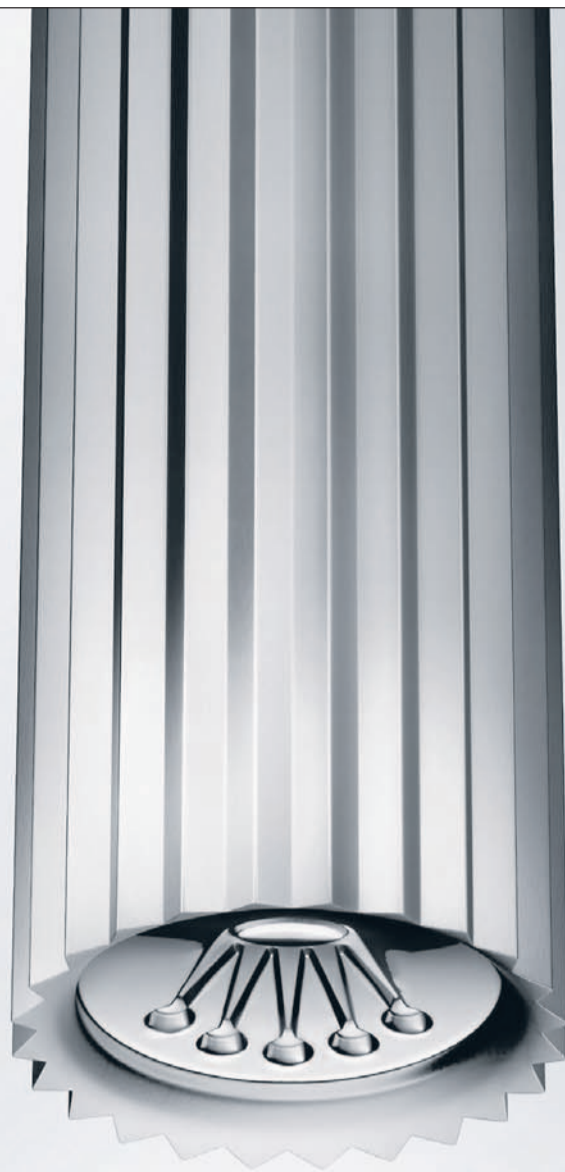
While I can't say for certain that I contracted the illness on the ship, I wasn't alone.

Other passengers later shared in a Facebook group dedicated to my cruise that they also tested positive for Covid.

The Carnival spokesman says that a review with the ship's medical team found no positive guest cases during the cruise.

“We know that some people will hold us to a higher standard and we will continue to operate to promote public health and confidence in our commitment to the health and safety of our guests, crew and the destinations we visit,” he says.

Lesson learned: Covid is still out there. Prepare accordingly.



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ARTS IN REVIEW

ART REVIEW

David Smith's Rhythms of Abstraction

An exhibition explores the sculptor's interest in the performing arts



David Smith's 'Cello Player' (1946), left, and 'Euterpe and Terpsichore' (1946), above

from the 1940s, with some works by Dehner.

It's a very narrow slice of this brilliant artist's achievement, with terrific works and problematic ones. The elegantly installed show is informative, with some rarely seen inclusions. It confirms Smith's connection to the region and reminds us that while he thought of himself as a sculptor, he never stopped drawing or painting. But many included works attempt to embody free association in literal, Surrealist-inflected ways, not always convincingly. A 1944 painting and some 1946 drawings conflate a cello, an insect and a human body without real transformation. Happily, the steel sculpture "Cello Player" (1946), a generous, inventive, open cage of rods and angled planes alluding only obliquely to the nominal subject, is infinitely more compelling.

In 1946, Smith fused a harpsichord and performer in works on paper that verge on the grotesque (but have splendid color). He pursued the idea in both two and three dimensions in multiple versions of "Terpsichore and Euterpe," a blocky abstracted piano awkwardly bracketed by a blocky abstracted pianist and a blocky abstracted dancer. He evidently was pleased with the 1947 bronze iteration of the motif, with a green patina, since he allowed a close friend, a dedicated collector, to acquire it, but a more ambigu-

ous "Euterpe and Terpsichore" (1946), in burnished bronze, succeeds better. That ambiguity is decisive in "Egyptian Landscape" (1951); its swelling bronze forms, cradled by painted steel "drawing," provoke infinite associations—including, if we choose, with dance or music—without limiting them to preconceptions.

The best of the dance sculptures are specific without seeming literal. The intimate bronze "At the Bar" (1941)—it should be "barre"—turns the downward plunge of an arabesque penché into taut calligraphy. The aggressively frontal "Boaz Dancing School" (1945) seems straightforward, with its tipped floor plane, a small dancer at the back, a larger one in the middle and an oversized seated figure in the foreground, but proves spatially complex. The relative sizes of the trio exaggerate the sense of distance, but logic is challenged by the figure farthest away being the most naturalistic, while the closest is the most abstract.

Dehner is represented by early paintings of the farm and two works from the Hyde's collection, a weblike colored etching and a pierced bronze "screen," both made after she and Smith separated. They bear witness to her accomplishment and the aesthetic sophistication that led Smith to write "I owe my direction to you."

At the Hyde, Smith's tall, slender sculptures "Sentinel V" (1959), stainless steel, and "Lunar Arcs on One Leg" (1956-62), steel painted yellow, suggest the persistence of ideas stated in the 1940s, but a broader view of the mature Smith is offered by five leggy, personable sculptures at the Empire State Plaza, in Albany—or would be, if they were not lined up against the light in a glass-walled corner of an office tower there. Made in 1963 at Bolton Landing with obsolete tools and other elements from the abandoned Italian steel factory where he built the works memorably installed in the Roman amphitheater of Spoleto, for the 1962 Festival of the Two Worlds, the delicately poised, resolutely abstract constructions are as dancer-like as anything in Glens Falls.

Songs of the Horizon: David Smith, Music, and Dance
The Hyde Collection, through Sept. 17

Ms. Wilkin is an independent curator and critic.

By KAREN WILKIN

Glens Falls, N.Y.

In the spring of 1940, the sculptor David Smith and his wife, the artist Dorothy Dehner, moved permanently to the former fox farm in Bolton Landing, N.Y., that they had acquired as a summer home in 1929. Previously part of New York City's small community of vanguard artists, they now lived above Lake George where, as summer residents, they had formed a circle of friends that included artists, art enthusiasts and the curators of the Hyde Collection in nearby Glens Falls, as well as members of the Skidmore College art faculty in Saratoga Springs.

Smith spent most of 1942 and 1943 in Schenectady, welding armor plate onto locomotives and waiting apprehensively to be drafted. Rejected by the Army in 1944—sinus problems—he returned to intense sculpture-making at Bolton Landing and a lively postwar cultural life. An acclaimed cellist who lived in the area and a visiting distinguished

harpsichordist gave concerts. There was a chamber music group. The modern dancer Franziska Boas held classes there.

Smith had some earlier knowledge of modern dance through Dehner's study of the discipline and had seen Martha Graham perform in New York. His notebooks contain pages of drawings of musical instruments, composers' names, and a note about Aaron Copland's book "What to Listen for in Music." At Bolton Landing, his knowledge of dance and music was enhanced by watching Boas's classes and by a close friendship with a young neighbor, a Yale-educated musician.

Now, as part of the Hyde Collection's 60th anniversary celebrations, the exhibition "Songs of the Horizon: David Smith, Music, and Dance" focuses on Smith's responses to these opportunities. Organized by Jennifer Field, executive director of the Estate of Da-

'Egyptian Landscape' (1951) by David Smith, who was part of a vibrant artistic community in upstate New York

vid Smith, the exhibition assembles 31 two- and three-dimensional works from private and public collections—a sampling of Smith's sculptures and drawings related to the theme, mainly



MUSIC REVIEW

One Man's Trove Of Lively Sounds

By BARRY MAZOR

People who know the name Mack McCormick have most often heard about him as the relentless, secretive researcher who, through the 1970s, pursued the life story of the esteemed but biographically mysterious Mississippi bluesman Robert Johnson. He found documents, photos and the testimony of Johnson's family and friends, then kept what he'd written about it under wraps for so long that the blues world wondered if they'd ever see it. Suffering from both poverty and a variety of mental illnesses, McCormick (1930-2015) became so obsessive about keeping his copious findings private that he added redherring misinformation to his writings to throw off anyone who might encounter and try to exploit them.

His riveting prose on his search for Johnson, carefully edited, was released earlier this year when the Smithsonian published a version of his book "Biography of a Phantom." But that was hardly McCormick's only area of obsessive pursuit and artifact hoarding. A fascinating collection of 66 of the field recordings he captured in Texas and nearby locations has just been released as a 3-CD boxed set, "Playing for the Man at the Door: Field Recordings From the Collection of Mack McCormick

1958-1971," which includes a lavish and informative 128-page book spelling out who the largely unknown artists he found were and McCormick's recording adventures that led to the tracks. (A 6-LP version will follow next month.) The set reveals much about what the obsessive self-made folklorist was hunting for, and lets loose hours of exciting, previously unheard music.

His hundreds of field recordings of a wide variety of vernacular roots music, along with massive collections of everything from regional recipes to location photos, were stored in an untapped archive he called "the Monster." As his daughter, Susannah Nix, reveals in the set's book, he never even went back and listened to what he'd collected, let alone shared it. Some of it is now being shared—and it's as different from the conventional as he was.

More traditional folklorists habitually ignored or even suppressed music they came across that wasn't in keeping with their special genre interest, artists who weren't sufficiently "isolated" from popular culture, and performances of songs that had been commercially available,



The recordings span blues, boogie woogie, country and zydeco.

however compelling. McCormick proves more accepting and inclusive, having recorded whatever he found lively and fresh—much to the benefit of this collection's listeners.

It explores well beyond the confines of rural Texas blues, and the folk and roots-rock scenes' predilection for single, sorrowful men with guitars. There's Creole zydeco pio-

Mack McCormick; a new boxed set collects 66 of his field recordings.

neer Dudley Alexander pumping through a whirling bilingual "St. James Infirmary" in a Houston club; a fellow who called himself "Bongo Joe" hammering Caribbean-style steel drums near the docks in Galveston while shouting hilarious slogans nominating himself for president; and black cowboy James Tisdome, who provides a danceable solo version of "Salty Dog Rag," apparently picked up and twisted from the hit record by country star Red Foley. "Hop" Wilson cries the B.B. King-popularized "3 O'Clock Blues" while playing stinging,

country-like lap steel guitar—a true rarity. The variety continues with medicine-show pitches and even faster-talking auctioneers' shouts.

The outright blues recordings include a welcome, relatively rare extension from guitar into piano blues. A performer known as "The Grey Ghost" for popping in and out of towns as if by magic plays remarkably lowdown piano while singing "One Room Country Shack," and E.B. Busby plays "Swanee River Boogie" in the classic, hard-pounding boogie-woogie style.

Likely to get particular attention in the set are McCormick's revelatory early catches of three blues men who became widely recognized

names in the years that followed. Sharecropper-turned-songster Mance Lipscomb is heard doing his brave talking and singing report on a notoriously cruel plantation boss of the previous era, "Tom Moore's Farm"; "Lightnin'" Hopkins is found as he's evolving his material from the R&B he'd recorded earlier to the live, improvised story songs that would make him a model for countless singer-songwriters, on "World's in a Tangle." ("You can read between the words," he suggests.) Both were soon recording with McCormick's buddy Chris Strachwitz on his new Arhoolie label. A third, always stunning singer, CeDell Davis, is heard younger and more powerful on "Darlin' (You Know I Love You)," 30 years before he became a 1990s blues star on Fat Possum records.

The great majority of the artists assembled here are black men, and the book—in commentary by producers Jeff Place and John W. Troutman, scholar-songster Dom Flemons, and the Smithsonian's Mark Puryear—does a good job describing and extrapolating on male African-American musicians' lives in the region at the time. But McCormick recorded virtually no women, so they are regrettably and quite noticeably absent here.

That may well be another artifact of his personal demons. Yet, despite his troubles, when this "man at the door" came calling, he charmed a broad range of gifted, utterly unsung music-makers into performing. Now we get to hear what they played for McCormick—and to learn more about who he was.

Mr. Mazor reviews country and roots music for the Journal.

SPORTS

PGA Tour Chief Admits Mistakes

Jay Monahan took responsibility for the rollout of the preliminary deal with LIV Golf's backers

By Andrew Beaton

Memphis, Tenn. PGA Tour commissioner Jay Monahan admitted to making mistakes in how he rolled out the Tour's surprise deal with rival LIV Golf's Saudi backers in June, but defended the controversial agreement in his first public remarks since returning from a medical leave shortly after the pact's announcement.

Monahan also said the leave was prompted by "anxiety" that presented "physical and mental-health issues and challenges" that worsened due to the pressures of the agreement and the strong public reaction to it. Stepping away at such a critical moment was difficult, he said, but his medical condition was "dangerous."

"For people who deal with anxiety, it builds over time," Monahan said. "And it was particularly acute that day."

Monahan returned to public view in a small meeting with reporters in the clubhouse at TPC Southwind, the site of the first event in the FedEx Cup Playoffs this week.

He had been absent since shortly after he unveiled the Tour's shocking plans to create a joint venture with Saudi Arabia's Public Investment Fund, the backers of LIV Golf and the PGA Tour's sworn enemy for the preceding year. The preliminary agreement, which has yet to be finalized, ended a protracted legal battle between the two warring golf bodies, even as it drew sharp criticism and questions from PGA Tour players and politicians.

Monahan said he has spent recent weeks communicating with players to explain the deal and why the Tour is stronger than ever after ending its fight with LIV.

"That conflict posed an existential risk," Monahan said.

Monahan said the rollout of the agreement on June 6 was "ineffective" and that he regretted not telling players about it beforehand. He repeated multiple times that he would have to regain the trust of Tour golfers, who have said the



PGA Tour commissioner Jay Monahan said the rollout of the LIV agreement was 'ineffective.'

same.

"I acknowledge my role in the ineffective rollout," Monahan said. "Over my two-and-a-half years as deputy commissioner, my six-and-a-half years as commissioner of the PGA Tour, I feel like I have gained the trust of the players. I understand this is a setback."

The Tour has scrambled in recent weeks to address those concerns from players, who publicly expressed consternation about the deal and how they had no input into it. Among the various moves, superstar Tiger Woods was recently added to the PGA Tour's Policy Board as part of an overhaul that shifts more control to the players. Colin Neville, a partner at Raine Group, has also entered the negotiations to represent the players' interests.

Monahan's remarks came a few weeks after he returned to work and a couple months after the deal that left whiplash across professional golf. The terms of the framework agreement call for the PGA Tour and Europe's DP World Tour



to combine their commercial golf assets in a new, for-profit company that will have the backing of PIF, which committed billions of dollars to LIV.

But the final terms of any arrangement are still to come. Like the Tour officials who testified in a contentious Senate hearing while he was on leave, Monahan sought to downplay the actual significance of what they had actually agreed to, beyond the former enemies dropping their bitter and risky litigation against each other.

"We had an agreement to explore an agreement," Monahan

said.

Monahan is set to serve as the chief executive of the new company and the Tour will have board control while PIF governor Yasir Al-Rumayyan will be its chairman. Little else has been decided.

Monahan on Wednesday said that he was hopeful the sides would be able to reach a final agreement and the talks between the parties are ongoing. He also conceded that the outcome may not be guaranteed.

"If we're not successful, I guess we'll cross that bridge when we come to it," he said.

Yet the ability for these former adversaries to come to terms isn't the only roadblock a potential deal faces. The PGA Tour, among other golf bodies, was already being investigated by the Justice Department for potential anticompetitive behavior—and that was before it announced a plan to join forces with its chief competitor.

Monahan, in June, didn't do himself any favors when he said the deal took a "competitor off the board." He said Wednesday that Tour representatives were in communication with the Justice Department as the focus of the investigation now shifts to the deal.

There are other thorny questions that still have to be figured out. It isn't yet clear how players who bolted to LIV, and were subsequently banned by the PGA Tour for violating their contracts, may be reintegrated into the Tour. Whether LIV will exist at all in the future isn't even guaranteed. There's also the issue of whether the golfers who remained on the Tour will be compensated for their loyalty and what that mechanism could ultimately look like.

In the meantime, golfers who stuck with the PGA Tour haven't been shy about their dissatisfaction over the deal and how it was handled. Those players, many of whom turned away large sums of money from the Saudis when they balked at LIV's advances, have questioned why they were left in the dark about the negotiations and expressed doubts about the Tour's leadership—namely Monahan.

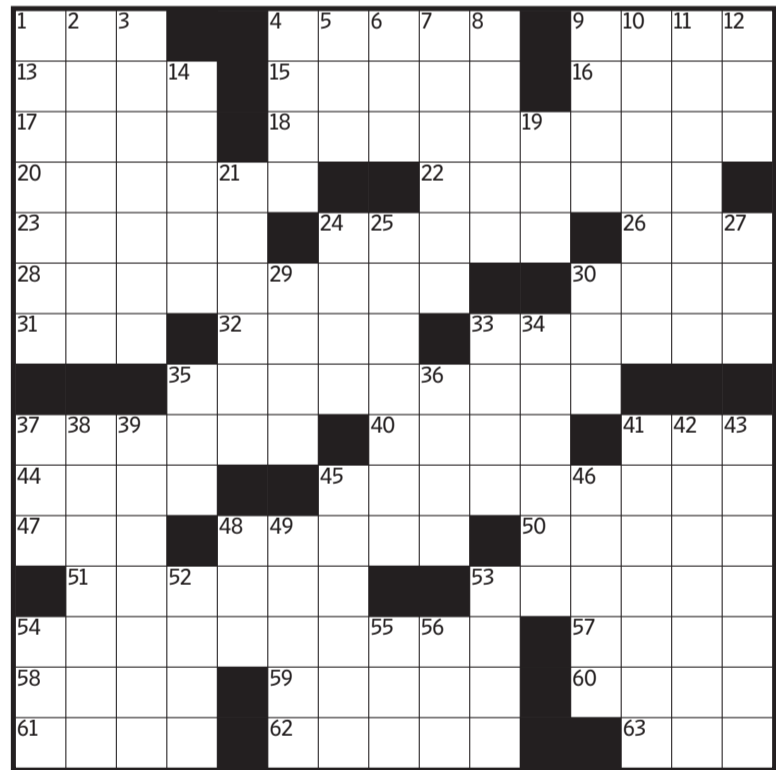
World No. 1 Scottie Scheffler, who attended a players meeting with Monahan here on Tuesday evening, said he was happy to see Monahan back and in good health but also indicated players are still waiting for more information.

"You have the framework agreement, which nobody is entirely sure what that means, and then you've got whatever they're working towards," Scheffler said Wednesday. "We still don't really have a great idea as to what is going on right now."

Monahan said that despite missteps, his performance should ultimately be measured based on the results and productivity of the Tour, which will be determined when the Saudi deal is completed by the end of this year.

"I am entirely determined to get this right," Monahan said.

The WSJ Daily Crossword | Edited by Mike Shenk



- 29 Julia Roberts's role in "Ocean's Eleven"
- 30 Satisfied
- 33 Outdoor abodes
- 34 Like broken promises
- 35 Pen output
- 36 Bar choices
- 37 Site of some courts
- 38 Pike
- 39 Order in the court
- 41 How trainers may train horses
- 42 Distant clouds
- 43 Unexpected guests, and what you'll have to do to make sense of the starred answers

GUEST APPEARANCES | By Mike Shenk

- | | | | |
|---|--|--------------------------------------|------------------------|
| Across | 28 *Typographic dot | 53 Intensify | 7 Portfolio listing |
| 1 Peter, Paul and Mary: Abbr. | 30 Haleakala National Park location | 54 *Game with colored circles | 8 "I don't see it" |
| 4 Series that had nine cast members nominated for Emmys in 1989 | 31 Plant, of a sort | 57 French Sudan, now | 9 Suffers consequences |
| 9 Cuban currency | 32 Monopoly card | 58 League division | 10 Do incredibly well |
| 13 FEMA shelter sights | 33 Verdi's "Un di felice, eterea," per esempio | 59 ___ cum laude | 11 Like some hits |
| 15 Mayo group | 35 *Memo stamp | 60 Checker procedure | 12 Count start |
| 16 Impulse relay | 37 Research aids | 61 Supporting words | 14 Motionless |
| 17 Med. sch. subject | 40 Pen output | 62 Gives off | 19 Fire |
| 18 *Be conservative, perhaps | 41 "Your point being?" | 63 Snaky shape | 21 May neglect to |
| 20 Rods' spot | 44 White's counterpart | Down | 24 Place |
| 22 No longer readable, perhaps | 45 *Source of quality time for Tabby | 1 Egyptian amulets | 25 Data from TV, e.g. |
| 23 "Easy on Me" singer | 47 Bad, in Bordeaux | 2 Hit the weights | 27 Book flap bit |
| 24 Approach midnight | 48 Incites | 3 Majestic | |
| 26 High return category | 50 He sang "Beauty and the Beast" with Celine | 4 Venetian Republic currency | |
| | 51 Netflix category | 5 NPR's Shapiro | |
| | | 6 Vietnam Veterans Memorial designer | |

Previous Puzzle's Solution

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Referees Can Finally Be Heard At the Women's World Cup

By Roshan Fernandez

A REFEREE'S CREDIBILITY means everything—to players and fans. At the Women's World Cup, the refs for the first time are being required to explain themselves.

Officials wearing mics are announcing major decisions to the crowd, and viewers watching on television, a first at any World Cup. Referee announcements are only required after on-field replay reviews.

Referees who talk to the crowd have been a fixture in the National Football League and National Basketball Association for years. But they have been mostly absent from soccer, where on-field decisions can sometimes be puzzling—and fans concoct spiraling conspiracy theories about a particular referee's biases against their team.

"Everything that can be done to increase transparency is important," said Joe Machnik, a former referee and current Fox Sports rules analyst. It's a sign of progress in a sport where, decades ago, referees wouldn't even indicate how much game-time remained.

FIFA tried the referee announcement process at the Men's Under-20 World Cup and the Men's Club World Cup earlier this year ahead of its implementation this summer. Now on a global stage, referee announcements are advancing fans' understanding—not just of decisions, but of the game as a whole.

"I'm like 'Wow, this is what we needed,'" said Stefan Ameyaw Mills, a fan who lives in Accra, Ghana. "In the NFL, in basketball, normally the referees...will have to come and explain to the audience why they gave the foul. In [soccer], we [were] missing that."

During Panama's group stage clash with Jamaica, for instance, it was hard to tell whether an incident in the final minutes was a

handball; whether it occurred inside the 18-yard box (which would have resulted in a penalty); or outside the box (which would have led to a free kick).

After a Video Assistant Referee review, referee Kateryna Monzul clarified through her microphone: The incident wasn't a handball, so Panama wouldn't get a penalty or free kick.

"This was a really good beginning," Machnik said. "At least the people know what's going on."



Referee Melissa Borjas stops play during a recent match.

The announcements can also inject drama. In England's Round of 16 game, referee Melissa Borjas emphatically declared that a yellow card issued to the Lioness's Lauren James for stepping on an opponent was canceled—and replaced by a red card.

The process hasn't been perfect. South Korean referee Oh Hyeon-jeong announced the wrong VAR decision during the Spain-Zambia match before circling back to correct herself. Other explanations have largely adhered to the bare minimum: the decision, the reason for it, and the number of the player who committed the infraction.

That, in part, is because some officials at the Women's World Cup speak English as a second language. With officials from 29

different countries at this tournament, communication beforehand could take place in other languages before the final decision is translated to English and announced.

"To switch over to English is really difficult," former referee Mark Geiger said, referencing the nervousness some referees who speak English as a second language might feel. "It adds a level of stress to a very stressful situation already for the referee."

Understanding why calls were made can reduce tensions in stadiums and at home, former referee Mark Clattenburg said. Moving forward, that can also be expanded to include instances where VAR isn't involved, he says.

"If there's a point in the game to explain your decision, I'm all for that," said Clattenburg, who's also a rules analyst for Fox Sports.

A spokesperson for the International Football Association Board, which oversees the laws of the game, said the process is currently amid a 12-month trial. After discussing the results, it will decide whether referees can make announcements at future FIFA tournaments, or in domestic leagues.

—Joshua Robinson and Rachel Bachman contributed to this article.

FROM TOP: RICHARD HEATHCOTE/GETTY IMAGES; PAUL CHILDS/ACTION IMAGES/REUTERS

OPINION

The Musk vs. Zuck Cage Fight



WONDER LAND
By Daniel Henninger

As if the prospect of a rematch between Donald Trump and Joe Biden weren't enough, we now have the possibility of an actual cage fight between Elon Musk and Mark Zuckerberg. There must be a sign-up sheet somewhere for participating in America's race to the bottom.

How many times of late have you heard people say, "Classy," meaning what they were witnessing was the opposite? We yearn for better in our politicians and public figures, and we keep getting worse.

The unwanted Biden-Trump rematch appears inexorable, as Democratic and Republican primary voters alike seem locked in to a march off the cliff. No doubt there's a great Thelma-and-Louise adrenaline rush in holding hands for the moments before your political descent cracks into reality.

Two of America's most prominent CEOs may roll on the ground fighting. Classy.

The Musk-Zuckerberg cage match appears to be on hold after Mr. Musk said he may need surgery on his neck or upper back. Still, you have to wrap your head around the notion that what they are talking about, naturally via social-media posts, would be literally a fight inside a cage between two of the most prominent chief executive officers of our time.



Mark Zuckerberg and Elon Musk.

The possibility of a Musk-Zuckerberg fight emerged in June in a social-media exchange between the two men that resembled Robert De Niro's crazed taxi driver, Travis Bickle, having a conversation with himself in a mirror: "You talkin' to me?" After Mr. Zuckerberg suggested his company, Meta, might create a competitor to Mr. Musk's social-media company, Twitter, (since rebranded as X), Mr. Musk posted, "I'm up for a cage match if he is." Before decorum died, there are probably 10 things a CEO could have replied to this. Instead, Mr. Zuckerberg posted on his Instagram network, "Send Me Location."

A competition between these two magnates to capture the space for social-media conversations is productive entertainment. Seeing Mr. Musk's troubles with Twitter, Mr. Zuckerberg brought forth Threads, which was followed by the Muskian counterattack of marketing Twitter as X. But the two mega-billionaires seem to have so much time on their hands that they have to fill it with ventures out of the Roman Colosseum. The cage fight, should it happen, would

be produced by Dana White, head of the Ultimate Fighting Championship, which has a partnership with Meta.

In the weeks since, we have learned that Mr. Zuckerberg, at 5-foot-7 and 155 pounds, has become a blue belt in Brazilian jiu-jitsu. Mr. Musk, at 6-foot-2 and indeterminate weight, purports to have little interest in working out but posted on X that he has trained in "no rules streetfighting." His former girlfriend, the Canadian singer Grimes, says Mr. Musk is "very strong." She also says, "I would prefer that it didn't happen."

One may snort that this fight will never take place. Some of us think Trump-Biden won't happen, but it has begun to look inevitable. Whatever we are drinking in the water of American culture these days makes it possible to think we will see Messrs. Musk and Zuckerberg in a cage trying to beat each other into submission.

No matter one's views of such long-ago U.S. "robber barons" as Andrew Carnegie or John D. Rockefeller, whose steel and oil industries were the tech giants of their day, it is hard to imagine them stoop-

ing to a cage fight. Today, it is the easiest thing imaginable.

Parents spend endless hours figuring out ways to keep their children away from the screens of social media because they don't want their kids to turn into idiots. But it turns out the people running the companies are idiots.

Mr. Zuckerberg has spent hours testifying before Congress that he is a serious person whose companies pose no threat to the psychological formation of the nation's young people. Yet here are Mr. Zuckerberg and Mr. Musk willing to use the standing they have achieved in the U.S. business community to turn themselves into clickbait. Even Mr. Musk's mother, Maye, has tweeted, "Don't encourage this match!" But who in the social-media age wants to listen to his mother? "Mommy, why won't you let me watch Mark Zuckerberg beat up Elon Musk?"

The UFC's Mr. White says "it will be the biggest fight in the history of combat sports." Memories are short these days. This won't be the Thrilla in Manila between Muhammad Ali and Joe Frazier. It won't even rise to the Battle of the Sexes tennis match between Billie Jean King and Bobby Riggs. Assuming they don't fake the fight, it will be an embarrassing display of two prominent grown men in shorts rolling on the floor pawing at each other's flesh. Classy.

What these two have achieved would normally be enough to fill several lifetimes, but they are proving the ultimate goal in American life today is to turn oneself into a public spectacle. Musk, Zuckerberg, Trump, Biden—the dumbing down of America is just about complete.

Write henninger@wsj.com.

BOOKSHELF | By Bill Heavey

The Enemy Of the Good

The Perfection Trap

By Thomas Curran
(Scribner, 279 pages, \$28)

There comes a moment in every job interview when the applicant will be asked to name his or her greatest weakness. "Well, I'd have to say it's my perfectionism" is the smart answer, a humblebrag that is pretty short on humility. These days—as Thomas Curran writes in "The Perfection Trap: Embracing the Power of Good Enough"—this "weakness" is a strength. It assures a prospective employer of your commitment to the highest standards, "counted in hours of relentless striving, untold personal sacrifices, and heaps of self-imposed pressure."

Perfectionism was not always held in such high regard; it was once the stuff of horror. Nathaniel Hawthorne's 1843 cautionary tale "The Birth-Mark" tells of a scientist who becomes fixated with his beautiful wife's single blemish—a birthmark. She internalizes his revulsion and wants to remove the defect "at whatever risk." The scientist at last concocts a remedy and his wife gulps it down. Fine, except it kills her. The lesson? Perfection is a form of madness, one best avoided.

Mr. Curran, an associate professor of psychology at the London School of Economics, writes that perfectionism "seems to be the defining characteristic of our time." Our rise-and-grind work lives are animated by the notion that "if you're slacking, slowing down or, worse, taking a moment to simply think about what all the relentless grinding is even for, then you're going to be left behind."

I expected "The Perfection Trap" to attack the self-defeating behavior of perfectionists—the author counts himself as one—with a predictable hodgepodge of mindfulness, leavened with a little cognitive behavioral therapy and maybe a phone app thrown in for good measure. Instead, Mr. Curran has produced a manifesto damning our economic system for creating and maintaining a warped set of values that drive perfectionism, values we have internalized without examination. There's no easy fix, he warns. The task calls for the kind of deep introspection that is both hard and unpopular; we must confront "our most basic assumptions about what's 'great' and 'good' in modern society."

The case of Lance Armstrong exemplifies the dynamic. The cyclist admitted to doping his way to seven Tour de France victories, but wasn't sorry for it—it was simply, in his mind, leveling the playing field. "The culture was what it was," he told Oprah Winfrey. "We were all grown men, we all made our choices." But step back for a moment, Mr. Curran tells us, and see how Mr. Armstrong is attempting to normalize irrational and shocking behavior. The arms race that he willingly took part in risked every cyclist's health but didn't make any single rider more likely to succeed. It paid off for Mr. Armstrong, but not everyone was so lucky, costing some cyclists their health, others their lives.

"The same destructive arms race is playing out in wider culture right now," Mr. Curran writes. We subjugate our own well-being to that of the economy, which "needs to grow far more than we need to feel content. Perfectionism is just the collateral damage." Mr. Curran is explicit. To him, healthy perfectionism—a hedge used by those of us seeking to exclude ourselves from his critique—is an oxymoron.

Our economy rests on some shaky assumptions. The basic idea, the author tells us, is that an ever-increasing supply of goods and services drives economic growth. More supply means more demand. More demand means more profits. More profits means more jobs. The whirligig must keep spinning.

Perfectionism seems to be the defining characteristic of our time. It wasn't always held in such high regard.

Advertising and social media stoke demand by reminding us at every opportunity how lacking we are. The cure is to buy more stuff—new cars, bigger houses, better gadgets, trendier clothes, more expensive cosmetics. I've always had a vague sense of these forces, but I've never seen this theory laid out so succinctly. As the author writes, "once you see the deficit model by which advertising works, you can't then unsee it."

The lifeblood of social media and advertising is unhappiness. Every day, some two billion of us—a quarter of the earth's population—log in to Facebook or Instagram and measure the ways our lives are lacking compared to the photoshopped images of impossibly well-turned-out people living their fabulous lives. "Isn't this what Instagram is mostly about?" an Instagram employee asked rhetorically in a leaked memo. "The (very photogenic) life of the top 0.1%?" It is. And children pay an especially high price when they feel like they're falling short. "We make body image issues worse for one in three teen girls," according to a slide from a leaked Facebook presentation.

Even more disturbing was a leaked chart indicating that 6% of teens in the U.S. and 13% of teens in Britain said "spending time on Instagram was one reason why they felt like they wanted to kill themselves." The company has no incentive to remedy this. "Facebook (now Meta)," which owns Instagram, "has increased its advertising revenues exponentially since 2009, to almost \$115 billion today," Mr. Curran reminds us. It didn't do that by telling us we're fine the way we are. "Their algorithms can even pinpoint moments when young people 'need a confidence boost.'"

"The Perfection Trap" is a strange and imperfect book. It's not every day that someone in his early 30s who has worked as a sports psychologist takes on the entire global economy. The charts in it are abysmal, like PowerPoint slides that escaped an institutional bureaucracy. The author's injunction to accept yourself in all your unique and imperfect glory is too pat. Perfectionism is too deeply embodied in our lives. And apart from political action, he offers no clear path forward. But maybe those things aren't his job. As an explanation of how the destructive illusion of perfectionism arises and as a critique of the economy that creates it, this is an important book. One day, Mr. Curran hopes, we may rediscover the truth of the old Italian saying: "Enough is plenty."

Mr. Heavey is a writer in Bethesda, Md.

Trump Plays Hamlet Ahead of the Debate

By Karl Rove

To debate, or not to debate, that is the question. Donald Trump is asking, like the prince of Denmark, "Whether 'tis nobler in the mind to suffer / The slings and arrows of outrageous fortune" by declining to attend the Aug. 23 GOP presidential primary debate in Milwaukee or to show up to "take arms against a sea of troubles / And by opposing end them."

At an Alabama GOP fundraiser last Saturday, Mr. Trump seemed inclined to skip Milwaukee. While assuring the crowd "I love to debate," he added: "But you know sometimes you don't want to be a fool. You want a smart president," implying it would be clever to duck the event. After all, he claimed, the Republican primary "is closed out, nobody has even a chance."

There are reasonable arguments as to why Mr. Trump is better off not attending the debate. For starters, he's way ahead (38 points according to RealClearPolitics). Going to Milwaukee gives his competitors an opportunity to pummel him before a national television audience of Republican voters. Why risk the aura of inevitability he's pushing?

As the central player in the 2024 presidential drama, Mr. Trump draws far more attention than any other Republican or Democratic can-

didate. Why give other GOP hopefuls more exposure by arguing with them? They need caucus-goers and primary voters to know them better. Mr. Trump's problem is the opposite. He risks being overexposed.

Then there's the specter of even greater legal troubles. Once he starts talking, he's prone to spinning out of control. A verbal excess could provide more fodder for the prosecution in his coming trials.

On the other hand, Mr. Trump's failure to show up could be taken poorly. It could look like a sign of weakness (he wasn't willing to defend himself) or overconfidence (he's taking voters for granted). Voters could also see it as a petty snub to Fox News, whose executives he describes as a "group of MAGA hating Globalist RINOs" who are "aiding & abetting the destruction of America." (I am a Fox News contributor.)

With Mr. Trump absent, his opponents would have an easier time turning the conversation away from the former president's grievances and fabrications and toward the issues Republicans really care about. There are a lot of GOP voters still kicking tires. Though a July 27 New York Times/Siena Poll found 54% of Republicans support Mr. Trump now, only 52% of his supporters say they are committed—which comes to roughly 28% of the GOP elec-

torate. That's more than any other candidate but hardly a majority.

Primary voters still scoping the field are more likely to see someone they prefer to the former president if he isn't there to drag the debate back to his claims that the 2020 election was stolen, which he failed to prove in court. Instead, they'll get a view of

Will he show up? He's being coy, and there are reasons not to, but my bet is that he does.

younger leaders, free of multiple indictments, arguing that they can beat President Biden, confront America's challenges and serve two terms to boot.

In Mr. Trump's absence, his GOP competitors might be emboldened to make their attacks tougher and specific, and thereby more effective. The thrice-indicted former president will miss his chance to counterpunch, which is often more effective in politics than throwing the first hit. And he's good at it. But if he's punching back on Truth Social, the delay between the first hit on TV and his response on social media will work to his disadvantage. It'll be easier to belittle and dismiss him if he decides to go AWOL.

No one but Mr. Trump

himself is likely to offer a full-throated defense of his position on the classified document or Jan. 6 indictment, which could cause his vulnerabilities to grow. An Aug. 3 Reuters/Ipsos poll should alarm Team Trump. It found 45% of Republicans wouldn't vote for Mr. Trump if he's "convicted of a felony crime by a jury." Only 35% would vote for him, while 20% are undecided. The debate could see candidates the GOP finds more attractive making arguments against Mr. Trump on these points. If he misses Milwaukee, he'll forgo an important chance to reinforce his case to the growing number of Republicans who are with him but becoming skeptical.

So what will Mr. Trump decide? Mr. Trump's hints that he might not debate could be part of a plan to shock the public and upstage his opponents by suddenly joining. Or he and his team may have firmly decided he has more to lose than gain.

If I were a betting man, I'd say Mr. Trump shows up. He simply must be the center of attention. But no one knows now, probably including Mr. Trump. He may decide at the literal last hour.

Mr. Rove helped organize the political-action committee *American Crossroads* and is author of "The Triumph of William McKinley" (Simon & Schuster, 2015).

My 'Sweater Theory' in Practice

By Mike Kerrigan

A class I took in law school discussed the efficient-market hypothesis, which holds that an asset's current share price reflects all available information. After patiently listening to students' discussion of the various forms of the hypothesis, our guest lecturer delivered an unforgettable line.

He was chief financial officer of a public company and had a German accent. He dryly said he appreciated the exchange among young legal minds, but after decades in finance to him it amounted to saying, "We know it works in practice, now let's see how it holds up in theory." He became my front-runner for funniest German economist.

As I've grown older, I've re-

alized my hypothesis-discussing professor was right. It's educational and joyful when a trusted authority confirms the theory behind a good you've long practiced.

This has happened to me twice in recent years, both as a father trying to raise good

G.K. Chesterton and C.S. Lewis both beat me to the idea.

children and as a Christian trying to get to heaven. When any of my admittedly fortunate kids has voiced an opinion to the effect of "everything would be perfect if only X," they invariably confront their dad's "sweater theory" of life.

The sweater theory reminds that life is an all-or-nothing proposition, an inestimable gift with no "if onlys." Like pulling on the loose thread of a sweater, a seemingly innocent endeavor risks entirely unraveling the pull-over, leaving things not slightly better but dreadfully worse.

Imagine my joy to learn that in "Orthodoxy," G.K. Chesterton's apologetical masterpiece, he warned the following: "Do not free a camel from the burden of his hump; you may be freeing him from being a camel." There was my sweater theory pithily stated.

I've embraced theory later supporting practice on my own spiritual journey. "Fake it till you make it" is motivation I draw on frequently when I know the good I'm supposed

OPINION

REVIEW & OUTLOOK

Punishing Banks for Regulatory Failure

Silicon Valley Bank failed owing to rising interest rates and lapses by regulators, not a shortage of capital. Yet regulators are using the spring banking panic to justify cumbersome new capital rules that could make the financial system more vulnerable.

Regulators want to saddle midsize banks with new capital rules.

The Federal Reserve, the Federal Deposit Insurance Corp. and the Office of the Comptroller of the Currency recently proposed a 1,087-page rule that would raise capital requirements on average by 16% for midsize and large banks. Strong capital levels help protect taxpayers, and we favor them when they are clear and simple. But as Fed Chair Jerome Powell noted in a statement, the potential costs of boosting capital requirements at the current moment could exceed the benefits.

Some 30 banks with more than \$100 billion in assets would be covered by the proposed standards, which effectively nullify Congress's 2018 bipartisan banking reform that liberated midsize banks from too-big-to-fail rules. That's the clear political intent of the rule. Flagstar Bank would have to comply with the same capital requirements under the rule as JPMorgan even though it's 1/25th the size.

Banks would have to hold more capital to account for their "operational" risks such as regulatory penalties, lawsuits and cyber-attacks. The capital charge would be based on a proxy for a bank's size and past losses from operational problems. Regulators could thus dun banks twice—first with a fine and then by requiring them to hold more capital for future penalties.

The proposal would also impose higher capital requirements for risks from trading, which would be standardized across banks. Banks would have to hold more capital if they engage in activities that regulators deem riskier. That sounds sensible.

But as Mr. Powell explained in a statement, it could spur large banks to reduce market-making activities, "threatening a decline in liquidity in critical markets and a movement of some of these activities into the shadow banking sector." Regulators no doubt will then try to expand their purview over hedge funds, private equity and other nonbanks that fill the market gap, as they did during the Obama years.

The rule's risk-weighting regime for trading would also encourage herd behavior and increase regulatory arbitrage. That's what happened before the 2008 financial panic as banks loaded up on mortgage-backed securities because they were deemed risk-free by regulators. You know how that turned out.

Banks already must comply with numerous overlapping capital regimes, and the Fed proposal would add another at a time of great economic uncertainty. After Moody's downgraded the credit rating of 10 midsize banks this week and placed six under review, bank bonds took a beating. Tougher capital rules will cause banks to reduce "risk-weighted assets" and lending if raising new capital is too expensive.

Another is that the rules divert bank managers' attention from actual risk-management, which is what appears to have happened at Silicon Valley Bank. Fed Vice Chair for Supervision Michael Barr's report on SVB noted that bank managers and supervisors spent "considerable effort seeking to understand the rules and when they apply."

Yet none of the three banks that failed would have been required to hold more capital under the proposed rules. While the capital charges for trading would hit investment banks hardest, it's hard to predict exactly how the convoluted rule would affect credit and markets.

To underline the potential for unintended consequences, Republican FDIC Board Member Jonathan McKernan gave the example of a bank that incurs a large regulatory penalty for a consumer compliance problems. As a result, the bank would be subject to lower capital requirements for some residential real-estate and retail exposures.

One certainty is that higher compliance and capital costs will disproportionately burden midsize banks. This will make them less competitive with the giants and increase their incentive to merge to get bigger. But Fed regulators won't let them merge as long as Treasury Secretary, er, Sen. Elizabeth Warren is looking over their shoulders.

The more regulators try to punish big banks, the more they punish their competitors—and Americans who will ultimately pay for blunderbuss regulation one way or another.

Pennsylvania's Big Union Payback

Unions have been collecting big raises from Democratic Governors, and the latest score is in Pennsylvania. On Monday the American Federation of State, County and Municipal Employees (Afs sme) signed a new contract that includes a 20.25% wage increase over the four years.

The union notes that the new contract "includes a 0.5 percent increase in employee healthcare contributions," but "the employer will contribute 28 percent more." Try getting that from your boss. The contract also includes "increased meal allowances, expanded vacation buyback, improved overtime policy, improved health and safety measures, and more."

That's a tidy return on Afs sme's \$1.26 billion investment in Gov. Josh Shapiro's 2022 campaign. In 2023-2024, the increase over the prior union contract will cost Pennsylvania taxpayers \$83.7 million. After four years of raises, the state budget will have to account for an additional \$724 million in costs. That doesn't include the long-term cost of larger pension payments that are based on salaries.

This is how it works when public employee unions sit on both sides of the negotiating table. Other bills will also come due: The Service Employees International Union contributed \$1.5 million to Mr. Shapiro's campaign. The Pennsylvania State Education Association and the National Education Association chipped in \$1.2 million, according to the Pennsylvania Department of State. What will they get?

Since 2007, Pennsylvania government unions have spent \$190 million on politics through their political action committees and the 2021-2022 cycle broke records, according to numbers tracked by the Commonwealth Foundation. In the 2021-2022 cycle, 99.6% of public union's PAC contributions to candidates for statewide office went to Democrats.

Pennsylvania's unions have been losing members by the thousands since the Supreme Court's 2018 *Janus* decision required workers to opt in for membership. But as long as their cash helps get Democrats elected, they will keep writing the terms of their own collective-bargaining agreements.

Ohio Is Another GOP Abortion Warning

The ballot question in Ohio on Tuesday said nothing about abortion, but it was a proxy battle, and everyone knew it. The side arguing for abortion rights won by 14 points in a state President Trump carried three years ago by eight points. Ohio joins Kansas, Michigan and Wisconsin as warnings to Republicans about abortion politics.

The measure Ohioans rejected, called Issue 1, would have raised the threshold for amending the state's constitution to 60% of voters. It's hardly a crazy idea in principle. The founders were wary of direct democracy, and sometimes it runs off the policy rails. Yet Issue 1 was rejected, 57% to 43%.

The context is what's coming on the ballot this November: an amendment to put abortion rights in the Ohio constitution. That now can pass with a simple majority. "Every individual has a right to make and carry out one's own reproductive decisions," the amendment says. If approved, the state couldn't unduly "burden" this right. "Abortion may be prohibited after fetal viability," except if a physician believes it's necessary "to protect the pregnant patient's life or health."

That would be an abortion right more extreme than what prevailed under *Roe v. Wade*. Ohio has a law generally requiring parental consent for a minor seeking an abortion. Does this "burden" the reproductive rights of an "individual"? Would the "health" exception for late-term abortions be elastic enough to include an assessment of the mother's mental, financial or familial health? Such complications are an example of why the people delegate lawmaking to elected representatives.

Perhaps debate on these questions will give Ohioans pause, but they echo criticisms that

Democrats keep winning referendums, by a lot, even in red states.

bounced off Michigan's abortion amendment, which passed 57% to 43% last year. That was months after Kansans decided to keep abortion in their state constitution, 59% to 41%. A similar dynamic in Wisconsin helped Democrats flip a state Supreme Court seat in April, 55% to 44%.

Antiabortion organizations are fooling themselves if they think this won't continue, or indulge the excuse that they lost in Ohio merely because they were outspent. The latter won't change. On Tuesday a group called Arizona for Abortion Access filed paperwork for an amendment there. Democrats see this as a route to the policy they want, but they also intend to use abortion referendums to juice turnout in 2024 and help candidates up and down the ballot.

Republicans spent half a century working to overturn *Roe*, yet they weren't prepared for the democratic policy debate when that finally happened in *Dobbs* last year. Now they're seeing abortion regimes as loose as *Roe*, or potentially looser, imposed by voters even in conservative states. This political liability will persist until the GOP finds an abortion message that most voters can accept.

One happy camper Wednesday was Ohio Democratic Sen. Sherrod Brown, who's facing a tough re-election campaign in 2024. He has new evidence that he can capitalize on turnout driven by abortion. But note Mr. Brown's revealing statement Tuesday night that Ohioans had kept democracy "in the hands of voters."

That's exactly what Justice Samuel Alito's opinion in *Dobbs* did, empowering voters, when Democrats wanted abortion policy to be set by unelected judges. Mr. Brown won't admit it, but Justice Alito's constitutional honesty could help save his Senate seat.

LETTERS TO THE EDITOR

Ramaswamy Clarifies His Comments on 9/11

Last week, shortly after a podcaster asked me if 9/11 was an "inside job or exactly as the government tells us," I said that I don't believe everything the government has told us about that day. For this I was promptly lambasted by a bipartisan chorus, including a "deeply offended" former Vice President Mike Pence and an indignant Sen. Chris Murphy (D., Conn.). These pages mocked me and expressed shock: "Did the presidential candidate really say that about 9/11?" ("Ramaswamy Dives Into Swamp Land," Review & Outlook, Aug. 3).

Here are the facts: The FBI quietly declassified documents in 2021 that definitively reveal the government lied to the public about Saudi Arabia's involvement in 9/11.

Omar al-Bayoumi, a 42-year-old so-called "graduate student," housed and extensively supported the first two al Qaeda hijackers after they landed in Los Angeles in January 2000. Mr. Bayoumi claimed to have met the two terrorists entirely by chance at the

airport. This strained credulity, but both the 9/11 Commission and the FBI fully backed Mr. Bayoumi's account.

More than 20 years later, the FBI changed its story. In documents declassified last year, the bureau affirmed that Mr. Bayoumi was an agent of the Saudi intelligence service.

This is part of a pervasive pattern of government dishonesty—about celebrity soldier Pat Tillman's death in Afghanistan, the origin of Covid-19, knowledge about UAPs, Hunter Biden's dealings and so on—with a complicit media that accepts the prevailing narrative without question.

The reason the people don't trust the government is that the government doesn't trust the people with the truth. And yes, a Republican candidate for U.S. president really just said that.

VIVEK RAMASWAMY
Columbus, Ohio

Mr. Ramaswamy is a candidate for the 2024 Republican presidential nomination.

U.S. Gun Laws From 1791 Are Not Fit for 2023

The Supreme Court's *Bruen* decision limiting efforts to control gun violence to measures in place in 1791 ("Why America's Gun Laws Are in Chaos," Page One, Aug. 2) is as illogical as saying that freedom of the press applies only to documents written with quill pens and printed on hand-fed presses. Shouldn't regulation of guns begin with an understanding of how they are used today?

In the tug between common good and individual rights, the Constitution lists four objectives—"establish Justice, insure domestic Tranquility, provide for the common defense, promote the general welfare"—before "the blessing of liberty" as the reason for the Constitution itself. Somewhere in there the justices ought to be able to find room for sensible regulations regarding the ownership and use of modern weapons.

JACK H. MORRIS
Belmont, N.C.

I am generally supportive of the logic underlying many of the recent Supreme Court decisions, but here there is a fascinating logical inconsistency. If the only limitations that can be placed on the right are those that existed in 1791 or 1868, then isn't it also true that the only "arms" to which a "right" was granted are those that existed in 1791 or 1868?

JOHN B. SIVERTSEN
Alpharetta, Ga.

I wonder how many readers are as troubled as I am by the absurd appli-

cation of historical standards of gun regulation to modern guns that fire so much more rapidly. I have no problem with liberal gun-carry laws if we are talking about a 1790 weapon that could fire four rounds a minute.

CURTIS KROCK
Champaign, Ill.

The antigun crowd invariably brings up the single-shot muskets used at the time the nation was founded, and indicates that they want all later guns regulated as the government sees fit. By that standard, you may be safe in your private papers written on foolscap with a quill, but all your electronic records are freely available to any loony with subpoena power.

We would be better off addressing why many young people have no respect for life and live without accountability. This is at the root of many of our problems, and it wasn't caused by conservative judges.

TERRY FITZGERALD
Boise, Idaho

For those opposed to Second Amendment rights, there is a process to change the Constitution. The Second Amendment wasn't even a part of the original document. It was added by amendment and, like Prohibition, it can be removed by a new amendment. All opponents have to do is get enough support from the American people for such a change.

DAVE PALMER
Rockville, Md.

Some Decisions Aren't for the Courts to Make

In "Ben-Gurion on Judicial Reform" (Politics & Ideas, Aug. 2), William Galston quotes Israeli Prime Minister David Ben-Gurion's 1949 statement that it was impossible to "delegate authority to the court to decide whether the laws are kosher or not kosher." Ben-Gurion explained his position at greater length in a 1954 essay.

"There are religious Jews," he wrote, "who believe sincerely that the day will come when God will purify the hearts of the people and every

Jew will . . . be God-fearing like them." And "there are secular Jews who are certain that time will achieve what the intellect has not and . . . everyone will be like them." But, he concluded, there is "no objective Supreme Court to decide between them, nor would either accept its judgment even if there were such a court."

Ben-Gurion argued that both sides had to "build together the nation and the state, without one imposing its opinions on the other," relying instead on mutual respect and compromises crafted by their elected representatives. It might help all sides in Israel to recall that today.

RICK RICHMAN
Scholar, American Jewish University
Los Angeles

Pick One of Them to Prosecute

Both Donald Trump and Hunter Biden can be at fault ("Trump's Jan. 6 Trial: We Owe It to History" by Peggy Noonan, Declarations, Aug. 5), but if you could deem only one of them guilty, which would you choose? Former President Trump, for essentially trying to subvert 247 years of U.S. democracy, or the younger Mr. Biden, for influence peddling? For me, that is like comparing apples to bananas.

MARK ARNOLD
Grantham, N.H.

Why Snowden Is in Russia

Your editorial "Ramaswamy Dives Into Swamp Land" (Aug. 3) about 9/11 conspiracy theories and other "political exotica" explains that Edward Snowden "fled for sanctuary to that transparent and honest society known as Vladimir Putin's Russia." Mr. Snowden left Hong Kong aiming for asylum in Ecuador, with Moscow as an intermediate stop. But the U.S. government revoked his passport, trapping him in Moscow. Then-Vice President Biden even contacted the president of Ecuador to ask that asylum for Mr. Snowden be denied.

KEITH DANISH
Leonia, N.J.

College Without Government

A reader asks, "Can you point to a university . . . that isn't entangled with and benefiting from the federal bureaucracy?" (Letters, Aug. 4). How about Hillsdale College? It doesn't take government money or allow its students to do so; it decided the entanglement isn't worth it. I understand that visitors who ask about the racial composition of the student body are told they are free to walk around campus counting, but Hillsdale doesn't keep that statistic. How liberating.

ROGER LEEMIS
Southfield, Mich.

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Pepper ... And Salt

THE WALL STREET JOURNAL



"You could have told me you were a decoy."

OPINION

Hall of Fame Tips for Presidential Candidates

By Merrie Spaeth

When the National Football League inducted a new class of Hall of Famers on Aug. 5, one thing was conspicuously missing: bad speeches. For years the ceremony had been known for them. Winners droned on with a laundry list of thank-yous, reminiscing with obscure anecdotes and humorless jokes. This year, speeches were short, scripted and sincere. Inductee Joe Thomas, a former Cleveland Browns offensive tackle, was

Retired NFL stars follow these three simple rules: Keep it short, be relatable, and rehearse.

quoted as saying: “Anyone who doesn’t use a speech coach in this situation is an idiot.” From his lips to the ears of senior executives, politicians and maybe even presidential candidates.

Many 2024 hopefuls are violating President Reagan’s 11th Commandment. It wasn’t “Don’t speak ill of other Republicans” but rather “Thou shall not bore other people.” While

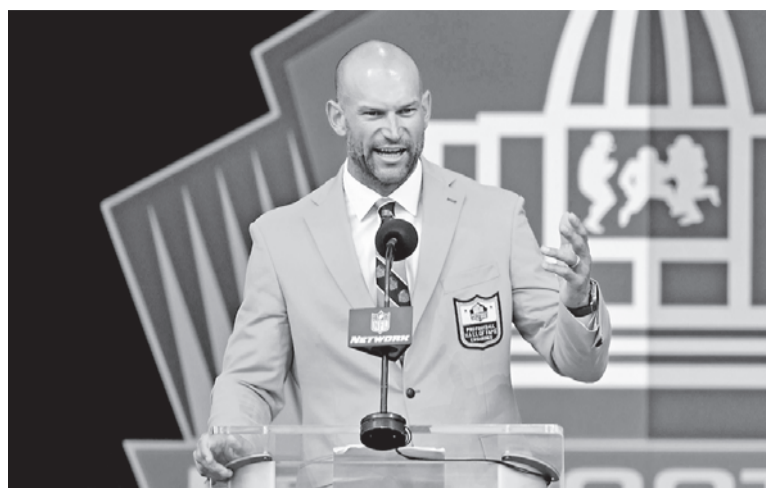
Donald Trump continues to excite with news-cycle busting indictments and quips, the rest of the field would do well to follow a different game plan. With the first GOP primary debate two weeks away, now is a good time to review some of the most common mistakes executives make and how to improve.

First, speeches should be governed by the time available, not the material to be covered or the information to be transmitted. This is the spoken manifestation of the oft-quoted Peter Principle about people rising to their level of incompetence. Presentations expand to or just beyond the time scheduled. Should they be scripted? Yes and no. They should be rehearsed. I frequently hear, “I’m too busy,” or “I already know it.” To that, I remind clients that my old boss—Ronald Reagan—rehearsed. If he could find time . . .

Good staff support helps speakers rehearse efficiently: testing out the beginning, the main headlines, any tricky or hard-to-absorb chart, any props and the end. Even 10 minutes of verbalizing these sections pays off.

Oh, and speaking of beginnings, then-Vice President George H.W. Bush would frequently start with, “Before I begin.” To that I would say: “Sir, you just began.”

Effective speeches include lots of



Offensive tackle Joe Thomas is inducted into the NFL Hall of Fame.

they should get out of their “pity city,” and Disney CEO Bob Iger telling striking writers and actors that they were being “not realistic” while standing in front of an idyllic Idaho backdrop.

As mentioned, props are one of the best ways to enliven a speech and reinforce a point. Reagan’s favorite were letters. He’d pull one from a breast pocket and read it. Stories are great—crisp and relatable—as is self-deprecating humor. In 2021, former Las Vegas Raiders coach Tom Flores commented that he’d be brief because he was 84 and needed to go to bed by 9 o’clock.

What to tell the increasingly frustrated and desperate candidates for presidents? Again, while Mr. Trump sucks the attention and air out of the race, it’s probably best to listen to a very successful previous inhabitant of the White House, Franklin D. Roosevelt, who said, “Be sincere, be brief, be seated.” My father used to say, “It’s better to be lucky than smart. The trick is knowing the difference.” No one is going to be elected for being smart. Focus on how you’ll improve the lives of Americans, and hope to be lucky.

Ms. Spaeth, a Dallas communications consultant, was President Reagan’s director of media relations, 1983-85.

Stablecoins Can Keep the Dollar the World’s Reserve Currency

By Brian P. Brooks And Charles W. Calomiris

Stablecoins, blockchain-based assets backed by bank deposits and Treasury securities, are at the heart of a dollar-based revolution happening throughout the developing world. Their price is supposed to stay steady, often at \$1. Think of them as digital versions of prepaid cards with the potential to be important tools of American soft power in a world where the role of the dollar is in question.

Stablecoins aren’t merely a more efficient means of electronic payments. With some economists and policy makers worrying about “de-dollarization”—the eclipse of the U.S. dollar the world’s reserve currency—stablecoins could bolster the postwar arrangement in which the dollar’s dominance helped foster global trade and the biggest reduction in global poverty ever. But that can happen only if Congress implements a sound and stable regulatory framework.

That is why House Financial Services Committee Chairman Patrick McHenry’s bill to regulate stablecoins is vital. It would establish federal and state oversight for stablecoin issuers, impose qualifications for reserve assets, and implement rules on redemptions and public disclosure. It’s hard to argue with these

seemingly bipartisan goals, and Mr. McHenry (R., N.C.) has collaborated on the bill with Rep. Maxine Waters (D., Calif.) for more than a year. Yet at last week’s vote on the measure, Ms. Waters and most of her Democratic colleagues pulled their support, with no clear reason for the sudden change of heart. Did they suddenly decide stablecoins aren’t important?

Any tool that could boost the U.S. dollar should be considered. Dollars as a share of reserves held by foreign central banks have fallen in the past generation. In 2000 dollars represented almost 73% of global central bank reserves; today the share is around 59%. Though much international trade and many commodity transactions are still settled in dollars, this year large countries including Brazil and Argentina entered bilateral agreements with China to use the yuan and their local currencies for trade settlement.

Rumors abound that a summit next month including Brazil, Russia, India, China and South Africa will consider creating a new currency arrangement. While leaders of the so-called Brics countries deny an impending currency union, Anil Sooklal, South Africa’s ambassador-at-large for Asia and Brics, said “the days of a dollar-centric world” are “over” and Brics nations intend to settle trades in their local currencies

in the near future. This year, Saudi Finance Minister Mohammed al-Jadaan said Riyadh is open to settling oil trades in currencies other than dollars—once an unthinkable idea.

U.S. policy hasn’t boosted global confidence in the dollar. The asset freeze on dollar holdings in Russia’s central bank imposed after Russia invaded Ukraine, while understandable politically, shocked investors and central bankers, who realized for the first time that the dollar may not be the safe store of value it once was.

Blockchain-based assets could be to finance what Voice of America has been to U.S. diplomacy.

A de-dollarized world would damage the U.S. The dollar’s reserve status reduces U.S. borrowing costs, which is crucial in an era when government borrowing and spending are at a record high and still climbing. Reserve status also insulates the U.S. government, banks and the general public from foreign-exchange risk. All things being equal, reserve status also allows American consumers to buy foreign goods more cheaply, since foreign producers would rather have

dollars than other currencies.

The nationalist and anticolonialist impulses behind de-dollarization in the developing world aren’t likely to help citizens of those countries. Argentina’s decision to price trade deals with China in yuan and pesos may reflect Argentina’s national pride, but the country’s 114% annual inflation rate means that workers there will still see their purchasing power quickly decline. And that’s nothing compared with Zimbabwe’s 175% rate or Venezuela’s 400%. At the end of last year, 17 countries had inflation rates above 20%, and 57 had rates above 10%.

This is where stablecoins come in. Faced with the dismal prospect of saving their wages in local currency stored in local bank accounts, more citizens of high-inflation countries are opting to use dollar-backed stablecoins as a synthetic savings account. Dozens of startups offer stablecoin savings and payment options in Latin America and Africa—often in countries whose leaders are vocally and visibly moving away from the dollar.

Dollar-backed stablecoins have market capitalizations in the hundreds of billions of dollars, and they support transaction volumes many multiples of that amount. These offerings are attractive to ordinary people in those countries because they don’t require an account

at a local bank, only an internet connection. In addition, many stablecoins pay interest and have no minimum-balance fees and low or no transaction fees. Most important, they free people from tyrannical developing-world monetary policy and allow them to store the value of their hard work in relatively stable dollar form.

Stablecoins could be to finance what Voice of America has been to diplomacy. They can communicate U.S. monetary policy directly to the people living in other countries, when American efforts to engage other governments aren’t succeeding. If stablecoins flourish, citizens of other countries will increase the demand for dollars independent of (and perhaps contrary to) their governments’ political decisions. But for stablecoins to succeed, U.S. politicians need to agree that re-dollarizing the global economy is important.

The McHenry bill is a good place to start.

Mr. Brooks is a partner at Valor Capital Group. He served as acting U.S. Comptroller of the Currency, 2020-21, and was chief legal officer of Coinbase, 2018-20. Mr. Calomiris is dean of economics, politics and history at the University of Austin. He served as chief economist of the Office of the Comptroller of the Currency, 2020-21.

To Get Ukraine Air Support Quickly, Try the Boneyard

By Benjamin Jensen

While the West works out how to transfer F-16s to Ukraine by the end of the year and train its pilots, there’s a way America can get Ukrainian air power stocked now: a boneyard air force. For decades the U.S. has kept retired airframes—a mix of jets, turboprop aircraft and helicopters—at the ready to either be brought back into service or used for parts. This inventory offers a simple way to give Ukraine the means to defend itself in the near term without escalating the conflict.

The Ukrainian counteroffensive urgently needs air support. Russia uses its current control of the skies to interdict Ukrainian forces already struggling to fight through trenches, minefields and obstacles covered by artillery. Against all odds, Ukraine still conducts air sorties, but to preserve its materiel and pilots, they often have to be limited in scope.

The West has largely held back modern aircraft for fear that supplying Kyiv could lead to escalation. Washington approved sending F-16s only in May and has yet to begin training Ukrainian pilots in their

use. But there’s a quicker, simpler way to challenge Russia in the air and support Ukrainian ground attacks against fortified positions.

This military challenge is tailor-made for a boneyard air force made up of out-of-use U.S. aircraft. America has on hand the mix of electronic attack and ground-interdiction aircraft Ukraine needs to support its counteroffensive. For example, the U.S. boneyard has 36 EA-6B prowler aircraft that specialize in jamming radars and communication systems. These systems were retired over the past decade and can be used to suppress enemy air defenses.

The same mission could also be performed by cheaper unmanned and optionally manned aircraft to save money and protect Ukrainian pilots. There are more than 50 MQ-1Bs predators and 40 C-12 Hurons, a multirole turboprop aircraft, that can collect intelligence as well as jam enemy radars. This combination would make it difficult for Russian radar to find Ukrainian aircraft sent to attack ground formations.

With aerial intelligence and jamming capabilities, Ukraine could launch ground attack missions in support of its combined arms bri-

gades on the front. These missions could use a mix of specialty aircraft also found in the boneyard, such as the A-10 thunderbolt and recently decommissioned attack helicopters.

There are more than 100 decommissioned A-10s ready to go and 281 in service that the U.S. Air Force has requested Congress retire. These could move on to the boneyard themselves by the end of this fiscal year. While A-10s couldn’t survive a contested air environment on their own, combining them with specialty radar-jamming aircraft like the EA-6B would change the equation.

The boneyard also has more than 140 AH-1 attack helicopter variants and 70 UH-1 utility helicopter variants, many of which are brand new, owing to the recent Marine Corps modernization. Combined with the MQ-1 drone variants currently sitting idle, the Ukrainians could replicate proven manned-unmanned teaming tactics used by the U.S. Army. Drones and attack helicopters could hunt Russian tanks and artillery together along the front line, using long-range sensors and jamming to increase their survivability.

Artificial intelligence could pro-

tect Ukrainian pilots, too, by turning many of these manned systems into unmanned aircraft operated from the ground. It would take relatively simple artificial intelligence, the efficacy of which the U.S. Army has already proved. Coupled with Ukraine’s army of small swarming drones, these optionally manned systems could create a high-low

Perfectly good aircraft are sitting idle in U.S. deserts, when they could be aiding Kyiv’s counteroffensive.

mix, in which less expensive aircraft alongside a few extremely capable machines have the effect of a much larger force. A mix of unmanned systems like the MQ-1 drones and converted aircraft would use jamming and long-range missile strikes at higher altitudes, while swarming drones and remotely piloted helicopters would create chaos along the front line.

Even the threat of A-10 sorties and attack helicopters would create opportunities for more Ukrainian

surface-to-air attacks against Russian jets. Each Russian jet that has to patrol closer to the front line to hunt for Ukrainian airframes risks taking a Ukrainian surface-to-air missile. Each additional surface-to-air missile platform Russia pushes forward to shoot down Ukraine’s boneyard air forces becomes another target for long-range strike assets like Himars and ground-launched small-diameter bombs.

With F-16s already headed to Ukraine, it seems unlikely that sending these aircraft could escalate the conflict. Moreover, these combinations of boneyard aircraft would provide the Biden administration ways to limit the risk that the war blows up beyond Ukrainian borders. Washington could start by sending helicopters and unmanned systems and ensure control stations in Ukraine are loaded with geofencing to keep aircraft outside Russia and Belarus.

These systems have ranges comparable to weapons already transferred to Ukraine but provide flexibility to local military leaders to create new formations around the emerging Ukrainian way of war. If that shows results and doesn’t lead to escalation, the administration could start the transfer of ground-attack aircraft like the A-10.

Regardless of the package, the boneyard airframes are much cheaper to send than new aircraft. Washington and its partners would still need to train Ukrainian pilots and advise on creative combinations of air assets, but these costs would be manageable and in line with our current efforts. Even if the Ukrainians only use half the aircraft and cannibalize the rest for parts, it’d be a significant combat multiplier. Letting the machines gather dust in the U.S. does no one any good.

Mr. Jensen is a senior fellow at the International Security Program of the Center for Strategic and International Studies.

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Notable & Quotable: AOC

From “AOC Is Just a Regular Old Democrat Now” by Freddie deBoer for *New York magazine*, July 25:

Typically, when I criticize Ocasio-Cortez, when the response is not to argue that she has actually acted deftly as a politician, much less that she’s demonstrated any consistency between her statements and her actions. Instead, I’m constantly told that the problem lies in expecting anything from her at all. Hey, she’s just one congresswoman! She’s hemmed in by her party and an undemocratic system! She’s constrained by capitalism! Again and

again, I’ve been told that asking Ocasio-Cortez for minimal ideological consistency or, even worse, results, is simply to ask too much.

But this defense immediately suggests a rather damning question: If AOC never had a chance to do anything . . . what have we been celebrating her for? Why has she been subject to such immense, embarrassing hagiography? And if the response to every complaint about a lack of results is to say that we should never have expected anything in the first place, what was the point of nominating her instead of Joe Crowley . . . ?

WORLD NEWS

Ecuador Candidate Assassinated

Presidential hopeful said he got threats for denouncing gangs, corruption

By RYAN DUBÉ AND JUAN FORERO

Ecuadorean presidential candidate Fernando Villavicencio was shot dead on Wednesday, less than two weeks before an election in a country racked by a surge in violent crime, said President Guillermo Lasso.

Villavicencio, a 59-year-old former journalist and congressman, was killed after leaving a campaign event at a school in the capital, Quito.

“Outraged and dismayed by the assassination of presidential candidate Fernando Villavicencio,” Lasso wrote on X, the site formerly known as Twitter. “In his memory and for his fight, I assure you that this crime will not stay unpunished.”

A suspect in the killing died of wounds after he was arrested, the attorney general’s office said.

A video posted online shows people diving to the ground moments after Villavicencio gets into a car and a barrage of gunshots goes off. Another video posted by Villavicencio’s friend, the journalist Christian Zurita, showed people screaming and huddling on the floor of the school.

“They killed my friend,” Zurita tweeted shortly after posting the video.

Villavicencio was a sharp



People dived for cover after gunshots rang out Wednesday at the end of a campaign rally in Quito where presidential candidate Fernando Villavicencio, right, spoke. Villavicencio was killed.

critic of corruption and the drug gangs that have recently unleashed bloodshed across what had once been a relatively peaceful country. He recently said that he received threats from a local gang, known as the Choneros. It has ties to Mexico’s Sinaloa drug cartel, which security experts say ensures cocaine shipments from Colombia pass through Ecuador before heading north toward the U.S.

“This confirms that our campaign proposal would gravely affect these criminal structures,” Villavicencio had said, referring to recent threats. “I’m not afraid.”

In another speech in which he addressed the economy, Villavicencio said that “to talk

about investments requires dismantling the criminal structures.”

Ecuadoreans are scheduled to vote on Aug. 20 for a new president after Lasso called new elections to avoid being impeached by Congress. Political analysts say that Villavicencio was one of the candidates with a chance to finish second in the first-round vote. Polls show that no one is likely to receive enough votes to win the presidency outright in the first round. That scenario would require a second-round runoff between the top two candidates.

The killing of Villavicencio led to an outpouring of condolences.

“As an Ecuadorean, I deeply

lament the assassination of Fernando Villavicencio at the hands of criminals,” said another presidential candidate, Jan Topic, in a video posted online. “Today more than ever an iron fist is needed.”

As a journalist, Villavicencio led numerous investigations and wrote books about government corruption, especially during the administration of former President Rafael Correa, who was convicted in 2020 of corruption in absentia.

Villavicencio was later elected to Congress and led the oversight committee, where he investigated graft. He was a sharp critic of Chinese loans to Ecuador, including for large hydroelectric projects.



“Ecuador was harmed,” he told The Wall Street Journal during an interview last year at his congressional office.

Once one of Latin America’s safest countries, Ecuador has become one of its most dangerous. Police and security experts say record cocaine production in neighboring Colombia and violence among Ecuadorean drug gangs propped up by Mexican and Albanian cartels has sparked a wave of violence.

Homicides have quadrupled since 2019, reaching a record 4,800 last year and driving a surge in migration, mainly to the U.S., according to the Interior Ministry. Violence has increased significantly since 2020, mostly hitting the coastal city of Guayaquil, as gangs fight for control of cocaine-trafficking routes to maritime ports. Police and residents say that assassins gun down prosecutors and police, hang bodies from bridges and recruit children.

Pakistan Dissolves Parliament

By SAEED SHAH

ISLAMABAD—Pakistan’s prime minister dissolved Parliament, a move that will give the government more time to hold the next election.

The country has been rocked by political and economic instability. This month, opposition leader Imran Khan was imprisoned and banned from running for office for five years. Thousands of his supporters have been detained in recent months, while the media and human-rights groups have also come under pressure.

Wednesday’s move was expected because Parliament is at the end of its five-year term. By doing it three days earlier than the term was due to end, Prime Minister Shehbaz Sharif gave the caretaker administration that will now run Pakistan an extra month in office under the country’s constitution.

Khan was elected in 2018 for a five-year term. He was ousted less than four years into that term, through a vote of no-confidence in Parliament. For the rest of the remaining 16 months of the parliamentary term, Sharif was prime minister.

“The last 16 months were the hardest exam I have faced in my life,” Sharif told Parliament.

Sharif inherited an economy heading into crisis, which worsened after he broke with a bailout deal from the International Monetary Fund. The IMF had demanded tough economic measures that were unpopular with voters. Some economic stability has been regained since the country re-entered the IMF program in June.

The treatment of Khan and his party has raised questions over how fair any election will be. Khan was convicted in a corruption case on Aug. 5 and sentenced to three years in jail. He has protested his prosecution, saying the case and dozens of others registered against him are meant to take him out of politics.

Khan was ousted as prime minister after he fell out with the country’s powerful military.

Tech Firms Face New Data Rules In India

By NEWLEY PURNELL AND TRIPTI LAHRI

India’s Parliament on Wednesday passed a data-protection bill the government says is needed to regulate big tech firms and protect citizens, but that rights groups say gives New Delhi too much power.

The bill, called the Digital Personal Data Protection Act, says firms must get consent from users before collecting their personal data and says they must use it for the stated purposes. It allows the government to limit the transfer of data outside India and penalizes firms for breaking the rules.

“The data of all citizens will be protected in a very proper way,” said Ashwini Vaishnav, India’s minister of electronics and information technology, adding that the law would bring about “a fundamental behavior change in all organizations that collect and use the personal data of citizens.”

Rights groups, however, argue the legislation gives the government excessive power. It doesn’t create an independent regulator and allows the government to exempt itself from the bill’s obligations, according to digital-rights group Access Now. One provision adds to the government’s ability to block online information, while another partly dilutes a transparency law enabling citizens to get information from public authorities.

The Editors Guild, a press association, expressed concern over what it called a “widening of censorship powers” in the bill.

Vaishnav said data-privacy laws globally, including Europe’s landmark data law, include exemptions for the government on a range of grounds.

Brazil’s Amazon Oil Plan Meets Resistance

By SAMANTHA PEARSON AND LUCIANA MAGALHAES

SÃO PAULO—Brazilian President Luiz Inácio Lula da Silva has positioned himself as a global leader in the fight against climate change, pledging at a summit of South American leaders this week to fight deforestation as part of “a new Amazonian dream.”

There is a significant contradiction, environmentalists say.

Da Silva also backs plans by state-controlled oil company Petrobras to open up the Amazon to oil exploration to position Brazil as one of the world’s biggest oil producers.

As other countries have tried to transition from fossil fuels, Brazil, which has 15 billion barrels of proven reserves and an economy reliant on fossil fuels, has in recent years tapped oil

the Atlantic, passing Kuwait to become the world’s ninth-biggest producer, according to the Energy Institute’s Statistical Review of World Energy.

By opening up new fields in the Amazon and elsewhere, the government says it hopes to make a country that is the largest producer in Latin America the world’s fourth-biggest in the next decade. Of the 30 biggest global oil and gas projects approved last year or expected to get the green light this year, Brazil is home to five, ranking only below Saudi Arabia and Qatar, according to Rystad Energy, a Norwegian consulting firm.

In a country that characterizes itself as a leader in the fight against deforestation, Brazil’s energy ambitions raise questions about its role in heading off global warming.

Like other developing countries, Brazil is struggling both with international demands to protect the world’s biggest rainforest and the needs of its own people, who want economic development and prosperity.

The two-day summit of the countries that share the Amazon came to an end Wednesday in the Brazilian city of Belém without any agreement over deforestation targets. Participants also failed to reach a consensus on oil exploration, while Colombian President Gustavo Petro, whose government has stopped issuing new oil-exploration licenses, has called for

a moratorium in the Amazon. Brazilian officials say the country’s future prosperity is tied to oil and gas production.

“Brazilians have the right to see the country reach its potential,” Energy Minister Alexandre Silveira said on Monday before the summit. He argued that Petrobras should be allowed to prospect for oil in Brazil’s Equatorial Margin, which includes the mouth of the Amazon River.

The Equatorial Margin could contain 30 billion barrels of crude and oil equivalent, matching about 70% of total U.S. reserves, the Brazilian government estimates.

The country faces demands to protect the world’s biggest rainforest.

WORLDWATCH



MEMORIAL SERVICE: People prayed in Nagasaki, Japan, at 11:02 a.m. on Wednesday, the exact time the U.S. dropped an atomic bomb on the city in 1945.

NORWAY Dam Partly Bursts In Heavy Flooding

A dam in southern Norway partially burst after days of heavy rain that triggered landslides and flooding in the mountainous region and forced downstream communities to evacuate, officials said.

The Braskereidfoss hydroelectric power plant on the Glåma, Norway’s longest and most voluminous river, was under water and out of operation.

At least 1,000 people live close to the river in the area, and authorities said that all had been evacuated before the dam began to fail.

—Associated Press

TUNISIA Capsized Boat Kills 41 Migrants in Sea

Forty-one people are believed dead after a boat carrying migrants capsized off Tunisia in rough seas, the Italian Red Cross and rescue groups reported, citing four survivors who were rescued and brought to land on Wednesday.

The survivors reported having left Sfax, Tunisia, on a metal boat with a total of 45 people on Aug. 3. About six hours into their voyage, a huge wave overturned the vessel, RAI state television reported.

—Associated Press

FRANCE Vacation-Home Fire Leaves 11 Dead

A fire that raged through a vacation home for adults with disabilities in eastern France on Wednesday left 11 people dead, an official said.

Nathalie Kielwasser, deputy prosecutor for Colmar, said 11 people who were sleeping on the upper floor and in a mezzanine area of the private accommodation in the town of Wintzenheim were trapped by the fire, while five escaped.

Twelve people who were staying on the ground floor were able to evacuate, she said.

—Associated Press

BRAZIL Ex-Police Official Held Over Election

Police said they arrested the former director of Brazil’s Federal Highway Police and conducted several raids on Wednesday as part of a probe into possible political interference in last year’s presidential elections.

A federal police official in Brasília confirmed that Silvinei Vasques, was arrested in Santa Catarina state.

Allegations surfaced after the Oct. 30 election that highway police had interfered in support of the right-wing former president, Jair Bolsonaro.

—Associated Press

GERMANY Citizen Arrested On Spying Charge

A German citizen was arrested at his home in the western city of Koblenz on Wednesday on allegations he tried to spy for Russia, authorities said.

The federal prosecutor said he works for the military, in the army’s office for equipment, information technology and in-service support.

Starting in May, the man began approaching the Russian Consulate in the western city of Bonn and the Russian Embassy in Berlin and offered to cooperate with them.

—Associated Press

Bezos' Blue Origin Methodically Plots Rocket Launch for Next Year

By MICAH MAIDENBERG

Near an empty Florida beach, Jeff Bezos' space company built a launchpad designed to withstand the flames and roar of powerful rocket engines at liftoff. There is hardly a scratch on it.

Many in the space industry view Bezos' Blue Origin as a counterbalance to Elon Musk-led SpaceX, which has become virtually a monopoly in the rocket-launch market.

They also wonder why Blue Origin isn't further along. The company hasn't yet made it to orbit but is starting to close in on such a mission, producing huge metal sections and components for its fleet of New Glenn orbital rockets in a cavernous factory near the launchpad.

The company, based outside of Seattle, has spread its bets over several businesses, including an engine division and a suborbital space-tour-

ism unit. Along the way, it has built a backlog of orders that stands close to \$10 billion. It has almost 11,000 employees, some working on projects aimed at fostering long-term exploration efforts, such as making solar cells out of moon rocks and dust.

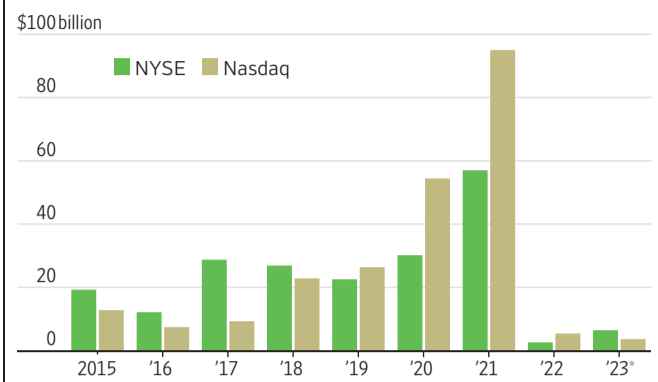
Launching New Glenn from the rugged-but-unused pad on Cape Canaveral stands out as a hurdle Blue Origin must show it can surmount. Customers have signed up to fly

on the vehicle, and Bezos' far-reaching goals for space require transport to low-Earth orbit and beyond. The company plans to launch the first New Glenn mission next year—provided the vehicle meets its exacting standards.

"I think everybody wants New Glenn to fly at the earliest time possible. Everybody does," Bob Smith, chief executive at Blue Origin, said in an interview. "We're not going to

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Traditional IPOs raised, by exchange



NYSE, Nasdaq Battle to Sign New Listings

Tech-heavy market wins Instacart, Arm, while Big Board snags Birkenstock

By CORRIE DRIEBUSCH AND LAURA COOPER

The fight between the New York Stock Exchange and Nasdaq to win new stock listings is raging again, in another sign the market for initial public offerings is perking up after a long slumber.

The Nasdaq recently won grocery-delivery company Instacart's listing, set to take place before year-end, according to people familiar with the matter. The exchange also successfully wooed Arm, the big chip designer. NYSE snagged the listings of marketing-automation platform Klaviyo and

trendy German shoe manufacturer Birkenstock.

Exchanges make money each time a stock they host changes hands, but trading volumes are unpredictable. Listing fees, by contrast, are stable, and can add up to as much as a half-million dollars a year per company. Winning big listings confers coveted bragging rights.

Nasdaq and NYSE compete for all big IPOs, using inducements such as expensive marketing and advertising packages, fancy coming-out parties and opening- and closing-bell ringing privileges. To woo Arm, likely to be the biggest IPO of the year, Nasdaq promised the British company a package valued at \$50 million, according to people familiar with the matter.

The IPO market has been in

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Some Brides Say Yes to the \$100,000 Dresses



WHY SETTLE FOR JUST ONE? No longer satisfied with a single wedding gown, the search for the perfect dress can involve picking at least three options. Budgets vary for what some call bridal wardrobes, with some reaching \$100,000. B2

AI Opens New Ways for Hackers to Do Harm

By ROBERT McMILLAN

ChatGPT's ability to respond quickly and effectively to simple commands has attracted more than 100 million users, and a few hackers along the way.

Johann Rehberger, a security researcher, is one of them.

Using plain English, he recently coaxed OpenAI's chatbot to do something bad: read his email, summarize it and post that information to the internet. In the hands of a criminal, this technique could have been used to steal sensitive data from someone's email inbox, Rehberger said.

ChatGPT "lowers the barrier to entry for all sorts of attacks," Rehberger said. "Because you don't really need to be able to write code. You don't have to have that deep knowledge of computer science or hacking."

The attack wouldn't have affected most ChatGPT accounts.

It worked because Rehberger was using a beta-test feature of ChatGPT that gave it access to apps such as Slack, Gmail and others.

"We appreciate the proactive disclosure of the findings, and have implemented a fix to block these attacks in ChatGPT," an OpenAI spokeswoman

said in an email. "We're grateful to the community for providing us with critical feedback we can use to make our models safer."

Rehberger's technique, called prompt injection, is one of a new class of cyberattacks that are increasingly important

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Feuding Hedge Fund Founders Pressed to Make Peace

By GREGORY ZUCKERMAN AND JULIET CHUNG

John Overdeck, co-founder of the hedge fund Two Sigma, has feuded for years with the \$60 billion firm's other co-founder, David Siegel. The pair are so much at odds that the firm disclosed in a securities filing that they are unable to make basic management decisions.

But now another rift might further complicate things: Overdeck's wife has filed for divorce.

For decades, Overdeck and Siegel have had an operating agreement that provides that they own roughly equal stakes, hold the only two votes and invest equally in Two Sigma's funds.

Early last year, Overdeck's wife, Laura Overdeck, initiated divorce proceedings, citing "irreconcilable differences," according to court documents. The dissolution of the 20-year marriage could force Overdeck to pay a multibillion-dollar settlement. The couple don't have a prenuptial agreement, according to someone close to the matter, so they are currently negotiating a divorce settlement. Forbes currently estimates Overdeck is worth nearly \$7 billion.

Overdeck's equity in Two Sigma likely makes up the largest portion of his assets, and he is eager to maintain roughly equal ownership and voting rights with Siegel, according to someone close to Overdeck. At the same time, Siegel places a higher value on the firm than Overdeck does, the person said, a new potential reason for conflict.

The pending divorce has accelerated deliberations between the executives about the firm's future, but no resolution has been reached, said people close to the matter. In recent years, Overdeck has in-

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Banks Struggle to Report Uninsured Deposits Correctly

By JONATHAN WEIL

It seems like an easy question for a bank to answer: How much of its deposits are covered by federal deposit insurance and how much are uninsured? Turns out this is hard stuff for some banks.

A case in point: Provident Bank. On Feb. 14, the Jersey City, N.J.-based lender said its uninsured deposits were \$5 billion as of Dec. 31. On June 13, it slashed that number to \$3.1 billion, or 29% of total deposits.

There's more. On July 14, Provident raised the number to \$4.9 billion. Then, on July 28, Provident raised it to \$5.3 billion, or 50% of total depos-

its. A spokesman for Provident, a unit of Provident Financial Services, declined to comment.

Provident also restated its first-quarter uninsured-deposits number—twice. Originally, Provident said it was \$2.8 billion as of March 31. Then on July 14, it boosted that to \$4.5 billion. Then on July 28, it restated again, bumping it to \$5 billion.

What gives? Before this year, having a high percentage of uninsured deposits wasn't widely seen as a big problem. Then Silicon Valley Bank began to teeter in March. About 88% of its deposits were uninsured at year-end, which is

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The office provider is vulnerable to a weakening market because of its massive rent bills.

WeWork Adds Bankruptcy Pros To Board After Directors Resign

WeWork shuffled its board after the resignation of three directors who disagreed with its governance and strategy, replacing them with corporate

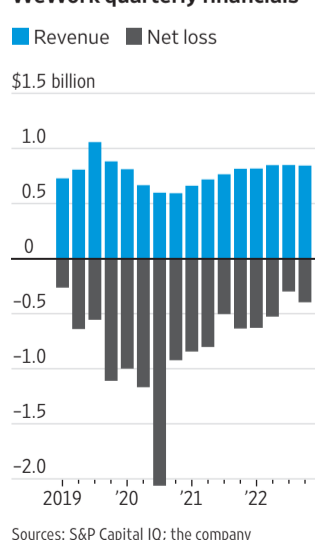
By Alexander Gladstone, Akiko Matsuda and Konrad Putzier

bankruptcy experts as it cast doubt on its ability to survive turmoil in the office-building market.

The flexible workspace provider, once valued at \$47 billion but now a penny stock, said Tuesday that board members Daniel Hurwitz, Vivek Ranadivé and Véronique Laury resigned last week because of "a material disagreement regarding board governance and the company's strategic and tactical direction."

To succeed them, WeWork appointed to its board four new independent directors, all of whom have prior experience steering businesses through complex corporate defaults and

WeWork quarterly financials



bankruptcies.

The company's stock plunged after WeWork disclosed the board shuffle on Tuesday and said that due to weaker-than-expected demand and higher member churn, it has substantial doubt about its ability to

continue as a going concern.

WeWork shares continued falling on Wednesday, settling at 13 cents, down 99% since their public listing in 2021. A WeWork representative declined to comment. Hurwitz, Ranadivé, and Laury didn't respond to requests for comment.

While the going-concern warning doesn't mean WeWork will restructure its debt or go bankrupt, it illustrates the severity of challenges facing the business, once among the world's most valuable startups with backing from SoftBank and other venture investors.

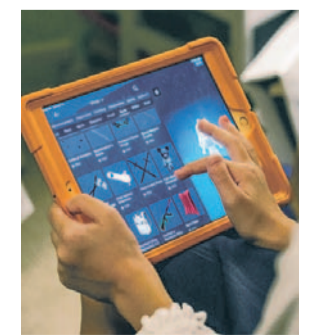
WeWork is vulnerable to a weakening office market because of its massive rent bills for leasing office space. The company typically leases its offices under long-term deals and effectively sublets desks to companies short-term. By locking itself into leases, WeWork has to pay rent whether or not it can fill desks—a recipe for big losses when demand for of-

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Brookfield Sees Best Opportunities In Over a Decade

BY LUIS GARCIA

Brookfield Asset Management sees the best opportunities in more than a decade to buy commercial property at a discount, as strong fundraising for real estate and its other investment strategies helped lift its fee-related earnings in the second quarter.

"We're in an environment with higher interest rates, higher inflation and tightening lender requirements, all of which create uncertainty and pockets of stress in real-estate markets," Chief Executive Bruce Flatt said Wednesday during a call with analysts to discuss the firm's results. The current market, he added, "will lead to the best environment we've seen since 2009 to execute on our longstanding investment strategy for real estate."

Flatt added that rising interest rates are putting some prized properties in distress, creating bargain-hunting opportunities for the firm.

But Brookfield hasn't been immune to slumping commercial-property values and related investment challenges.

The firm's Brookfield DTLA Fund Office Trust Investor, which owns six office buildings and a retail center in Los Angeles, faced a risk of foreclosure on five of the properties and two of its mortgages were in default, The Wall Street Journal reported in May.

"There is real estate that doesn't have good fundamentals," Flatt said on the call, citing "bad retail" and traditional office buildings in certain cities, without naming them. "But 80% of it does have good fundamentals. The situation today is [that], given the increase in interest rates, if people were ill-prepared or unlucky with financing structures, that is where the opportunity is going to come."

The Toronto-based infrastructure investment specialist majority owned by Brookfield Corp. consolidated its results to include the portion held by its parent. Shares of the asset manager began trading separately in December and rose 1.6% Wednesday to \$33.50 in New York after the firm posted its results.

The firm ended the second quarter with \$850 billion in as-

sets under management, up 13% from about \$750 billion a year ago. Its strategies range from infrastructure and real estate to renewable energy, and include \$141 billion in private equity and \$197 billion in credit investments.

Brookfield said it expects to raise a record of roughly \$150 billion this year, including \$50 billion from an insurance acquisition, despite a challenging fundraising market.

During the just-ended quarter, Brookfield said it collected \$17 billion for its funds, including \$3.4 billion for its fifth flagship infrastructure vehicle. The firm said it had amassed \$27 billion for the pool by the end of June, making it the largest infrastructure fund it has raised so far.

The firm's separately traded reinsurance unit last month agreed to buy American Equity Investment Life Holding in a deal that valued the business at \$4.3 billion, snaring one of the last independent sellers of fixed annuities, The Wall Street Journal reported. The investment by Brookfield, which already owned 20% of American Equity, mirrors moves by other

large fund sponsors, such as Apollo Global Management, that have scooped up insurance and annuity businesses to increase their investible assets.

"We are set to benefit in several meaningful ways" from the acquisition of American Equity by the reinsurance unit, Connor Teskey, the firm's president, said about the deal on the call. He added that Brookfield expects to manage \$50 billion in American Equity assets, putting the firm on track to reach a \$225 billion target for insurance capital by 2027.

Brookfield's capital inflows helped lift its fee-related earnings by 6.2% to \$548 million, or 34 cents a share, in the quarter from \$516 million in the year-earlier period. Distributable earnings, or cash that can be returned to investors, rose 3.1% to \$527 million, or 32 cents a share. But Brookfield's net income fell 30% to \$580 million, or 28 cents a share, from \$834 million, or 41 cents a share, in the second quarter of last year. Revenue climbed 6.6% to \$985 million from \$924 million in the year-earlier period.

—Adriano Marchese contributed to this article.

BUSINESS & FINANCE



Hannah Chody Milburn wore eight outfits throughout her wedding weekend last June. Above are some of them.

Say Yes to the Dress. And That One, and That One Too

BY CHAVIE LIEBER

Why settle for one wedding dress when you can have three? That was Connor Franklin's thinking while shopping for her big day.

When the 25-year-old model and influencer marries the former Vine star and singer Aaron Carpenter at the Biltmore Estate in Asheville, N.C., this month, she'll wear a satin mermaid gown for the ceremony, followed by a flowy halter dress for the reception and a tulle minidress for the afterparty.

"That's the fun thing about weddings," Franklin said. "You get to be dramatic about it."

While a single showstopping gown has long been the bridal standard, a wider range of designer styles and the influence of social media have turned the wedding-dress search into an elaborate spending spree. Many wealthy brides-to-be walk out of appointments with more dresses than they can count on one hand. Stylists say wedding-wardrobe budgets are running into the six-figure realm.

"I have stylists telling me they have \$100,000 budgets for a bridal wardrobe, and that clients want four or five dresses," said Christy Baird, the owner of LOHO Bride in Los Angeles. "It has become wild." Her store recently opened a second floor to accommodate more outfit-change options.

In April, Sofia Richie, an influencer and daughter of Lionel Richie, wore three custom Chanel dresses to her wedding in France. The American model Taylor Hill wore three dresses to her Colorado ranch wedding in June. On TikTok, clips from the July wedding of

food influencer Emily Mariko, in Rancho Palos Verdes, Calif., have been going viral, thanks to her six wedding outfits.

"For brides today, the language isn't a 'wedding dress'—it's a 'bridal wardrobe,'" said Marcelo Gaia, the owner and designer of Mirror Palais, who made most of Mariko's looks.

Glamorous wedding content can be a path to fame on social media, and some brides are eager to turn their wedding photos into content.

"Girls are buying several dresses because of the possibility of going viral," said Gabrielle Reynolds, a luxury bridal stylist in New York. "The pressure to show off to their family, their friends and even strangers on the internet is definitely fueling this trend."

"I couldn't do justice to myself, and to my wedding day, by only sticking to one look," said Hannah Chody Milburn, a 30-year-old corporate strategist in Austin, Texas, who got married last June in Italy and wore eight outfits throughout the weekend. She said her TikTok follower count swelled once she started posting photos from her wedding, and that brands such as Hill House Home, Jimmy Choo and Armani Beauty have since come to her with sponsorship deals.

"For a long time, my wedding was my distinguishing quality," she joked.

Boutiques and stylists say the new standard for brides is three dresses.

"The first dress is classic and traditional, the second is narrow and sexy, and then after your grandmother is sent home and the DJ starts, you change into your third, which is usually swifty and super short," said Mark Ingram, who runs a luxury bridal atelier in New York City.

In July, the famed New York bridal boutique Kleinfeld opened a second-level shop for short white dresses, so brides looking for more than one wedding gown would have options, said Dorothy Silver, the store's director of merchandising.

The more-is-more mentality follows years of weddings disrupted or curtailed by Covid-19 restrictions.

"Postpandemic, bridal shopping is no longer saying 'yes to the (one) dress,'" Jenny Corona Schoonmaker,

vice president of global sales and client experience for the luxury retailer Moda Operandi, said in an email. Moda stylists work with brides to create visual mood boards, she said, then source items "to outfit their entire trousseau."

Ingram said bridal-wardrobe budgets have increased as a result. "Girls used to walk out of the store spending \$17,000 for a dress and veil, but oh my God, it's gone up to \$25,000," he said.

Nationally, bridal clothing budgets tend to be more modest. In its annual real weddings survey of 12,000 couples, the Knot found that the average spending on wedding dresses

in 2022 was \$1,900 compared to \$1,800 in 2021. Overall wedding spending has increased too, the Knot found—from an average of \$28,000 in 2021 to \$30,000 in 2022.

On the higher end, destination weddings have contributed to a spending surge. "If anyone is traveling for a wedding, you have to do a welcome dinner, a Friday lunch, a rehearsal dinner, the wedding on Saturday, and then brunch on Sunday, and so six outfits is just the bare minimum," said Alexandra O'Neill, designer of the womenswear and bridal label Markarian.

Carrie Goldberg, a fashion and wedding stylist, said brides today want multiple unique pieces that haven't been seen on Instagram yet. She described her process of combing through department stores, websites, couture houses and vintage dealers as "treasure hunting."

Gia Kuan, a publicist in New York who wore three dresses to her June wedding, said that her choices helped her express herself. "I also felt like I was dressing up as my alter ego anime personalities," she said.

How many dresses is too many? Mindy Weiss, a celebrity wedding planner, said that hair and makeup adjustments, which often come with outfit changes, can be time-consuming. "Sometimes I find that the couple ends up missing a lot of the wedding while changing into their next look," she said.

As Franklin nears her wedding date, her multiple outfits have become a point of debate in her family.

"My dad is like, 'Three? Why do you need three?' He thinks I'm crazy," she said. "But then my mom is like, 'Go for it! Maybe you should do four!'"

We Work Revamps Its Board

Continued from page B1

faces falls. The stalled push to get workers back in their offices after pandemic shutdowns has left WeWork operating at a loss that hasn't narrowed as much as the company expected. It reported a net loss of \$700 million over the first half of 2023 on Tuesday, following net losses of \$2.3 billion, \$4.6 billion and \$3.8 billion for the years 2022, 2021 and 2020.

WeWork had hoped it would benefit from remote and hybrid workplace strategies adopted during the pandemic era. "Flexible office space has tailwinds," former CEO Sandeep Mathrani said last year. "It almost reminds me of my shopping-center days, when e-commerce sales were going up and bricks-and-mortar sales were going down."

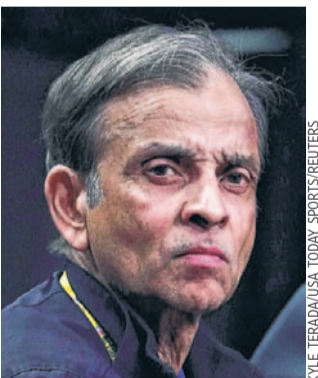
Instead, physical occupancy rates for offices have remained below prepandemic levels and pressured WeWork's ability to service its debt.

WeWork's meteoric ascent as a venture-capital darling was fueled by hype surrounding its co-founder Adam Neumann, who was ousted in 2019 after investors raised concerns about his unorthodox management style and related-party transactions with the company.

WeWork's plans for an initial public offering collapsed, but it went public in 2021 through a



Véronique Laury and Vivek Ranadivé were among those who resigned from the board due to 'a material disagreement.'



merger with a special-purpose acquisition company.

The company has been shoring up its finances by shrinking its footprint. WeWork in recent years renegotiated many unprofitable leases, in some cases ditching them entirely in return for cash payments. It said in November it would close 40 underperforming locations in the U.S. to cut costs, without specifying which buildings. Since April, it has stopped paying rent at 315 W. 36th Street in Manhattan, pushing the property's landlord into default on a \$127 million mortgage in June, and the loan was sent to a special servicer, according to credit-rating firm DBRS Morningstar.

Businesses in financial distress often add restructuring experts as independent members of their boards to evaluate strategic options and, if necessary, guide the company through chapter 11. As independent directors, they are obligated to act as disinterested experts with no bias or allegiance to any particular party and solely focused on maximizing the business' value. They are often asked to navigate

complex negotiations between insiders, creditors, and other stakeholders whose interests are frequently in conflict.

A relatively small group of people serve as independent directors in many different chapter 11 cases, often hired by multiple companies on referrals from the law firms that handle the largest corporate restructurings.

WeWork's new directors include Paul Aronzon, who is currently also an independent director for bankrupt crypto company Genesis Global and has also served in similar roles in the reorganizations of family entertainment venue Chuck E. Cheese, petrochemical supplier TPC Group, cosmetics maker Revlon and other formerly bankrupt businesses.

Another new director is Elizabeth LaPuma, also an independent director of Surgical Holdings, a medical technology company that filed for bankruptcy in June. LaPuma was previously head of balance sheet advisory at UBS, and worked in Lazard's financial institutions and restructur-

ing group, where she was involved in several of the largest bankruptcies during the financial crisis.

WeWork also appointed to its board Paul Keglevic, the chief restructuring officer of Envision Healthcare, which filed for bankruptcy in May. Keglevic previously led failed power company Energy Future Holdings through one of the largest chapter 11 cases ever. Henry Miller, co-founder of investment firm Marblegate Asset Management and investment bank Miller Buckfire, also joined WeWork's board.

Independent directors carry weight in bankruptcy court, where judges tend to defer to their conclusions about how to restructure businesses fairly.

The continued existence of WeWork now depends on executing on a turnaround plan over the next 12 months that could include further restructuring and renegotiating of leases, reducing member churn and increasing new sales, the company said.

WeWork's flex office occupancy rate in the U.S. and Canada remained sluggish at about 67% in the second quarter, interim CEO David Tolley said on earnings call Wednesday.

While many tenants chose the flexibility of a co-working membership over a long-term lease, WeWork also had to compete with other companies putting their space up for sublease and with landlords desperate to fill empty floors.

In some cases, WeWork competed against its own landlords, Tolley said Wednesday.

—Becky Yerak and Peter Grant contributed to this article.

BUSINESS NEWS

Japan Carmakers See China Fight as Dire

Honda, Nissan, Mazda, others rush to add EVs to match Chinese competitors

By RIVER DAVIS

TOKYO—Japanese automakers are overhauling their operations in China after getting hit by local competition, with some warning that the next few years will determine whether they can stay afloat in the world's largest car market.

Much like their Western peers, Japan's top car companies have been losing long-held ground in China to local brands that lead in the fast-growing market for electric vehicles. Japanese automakers are bringing forward timelines for new technologies and EVs for China.

Nissan Motor's business in China is "facing major challenges," said Chief Executive Makoto Uchida in a briefing last month. Nissan said it expected to sell 800,000 vehicles in China in the year ending March, 330,000 fewer than it had forecast less than three months earlier.

Nissan will seek to introduce new EVs and hybrid cars ahead of schedule in China, Uchida said. The competitiveness of this new lineup "will be the de-



Honda's shipments in China dropped 22% during the first half of the year.

terminant of our survival," he said, adding that 2024 is the year Nissan will be carefully monitoring.

Honda Motor's finance head, Masaharu Hirose, said on Wednesday that competition in the Chinese electrified-vehicle market was making it more difficult for Honda to achieve its previously announced goal of selling 1.4 million vehicles in the country this year. It still aims to meet the target through

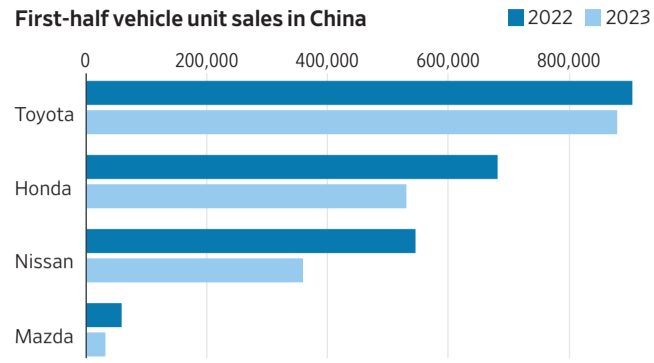
measures such as incentives, he said.

In the first half of this year, Mazda Motor sold roughly half the number of vehicles in China that it sold in the same period last year. This week, Mazda said that looking toward 2025, it would work to expand its electrified-vehicle lineup in China. The intent isn't to withdraw and "we are taking urgent action to recover," Chief Financial Officer Jeffrey Guyton

said.

Mitsubishi Motors said last month it had suspended production at its joint-venture business in China, in response to sluggish sales.

Japanese automakers, like other foreign car brands, had thrived in China for decades as it whizzed past the U.S. to become the world's biggest car market by vehicle sales. Today, overall demand for cars in the country has peaked, and the re-



Note: Nissan 2022 figure includes some vehicle sales now excluded from 2023 calculations. Source: the companies

maining area of growth—battery-electric and plug-in hybrid vehicles—is dominated by local manufacturers such as BYD.

This year, analysts expect Chinese brands to surpass foreign brands in their share of the overall domestic market for the first time in decades. Already in the first six months of 2023, local brands captured 54% of China's wholesale car market, up from 48% a year earlier.

Nissan sold 359,000 cars during the first half of the year in China, down a quarter from the previous year's comparable figure, according to the company. Honda's shipments in China dropped 22%, while Toyota Motor's fell by a smaller 3% as its sales were boosted by relatively healthy demand for its

hybrid gas-electric vehicles.

China had earlier said it wanted plug-in hybrid and electric vehicles to make up 20% of new-car sales by 2025, but last year it already reached that target, and some analysts say Beijing may significantly lift its 2025 goal.

Takaki Nakanishi, head of Tokyo-based automotive consulting firm Nakanishi Research Institute, said he wasn't sure whether Japanese automakers were ready for such rapid shifts. "For now, they're really behind," he said.

Japanese executives who went to an auto show in Shanghai in April said they were taken aback by China's embrace of EVs and the speed of competitors' rise. Some called it the "China shock."

Yellow Says It Has Assets to Cover \$1.2 Billion It Owes

By SOMA BISWAS AND PAUL PAGE

Bankrupt trucking giant Yellow said it has enough real estate and equipment it can sell to cover \$1.2 billion it borrowed from the U.S. government and private lenders led by Apollo Global Management.

An appraisal last year of Yellow's trucks, equipment and other property came out to \$2.1 billion, Yellow's lawyer Patrick Nash said at the company's first appearance in bankruptcy court since filing

for chapter 11 on Sunday.

The assessment of Yellow's asset value means there appears to be little risk the U.S. government will suffer losses on over \$700 million in loans it extended to help keep the company operating during the Covid-19 pandemic.

Yellow shut down last month after nearly a century in business as concerns about its finances and a labor dispute drove customers away. It also released financial results on Wednesday showing it lost \$14.7 million in the three

months ended June 30, compared with a profit of \$60 million a year earlier.

The bankruptcy filing had fueled concerns that U.S. taxpayers could take a loss on the pandemic rescue loan, which also gave the Treasury Department a 30% stake in Yellow. The company plans to use its stay in chapter 11 to market and sell all of its assets, applying the proceeds toward its loans as well as other creditors including employees, Nash said.

The bankruptcy followed

years of struggles with profitability, a recent conflict with the Teamsters union over operational changes the company proposed and mounting debt amassed through a series of mergers.

The second-quarter report released Wednesday showed that demand for Yellow's trucking was weakening in a sagging freight market and that liquidity was growing more strained ahead of the financial tailspin that ended in bankruptcy.

Yellow's real estate was ap-

praised at just over \$1 billion and its equipment is worth more than \$900 million. The company is "cautiously optimistic there will be material proceeds available for unsecured creditors," Nash said.

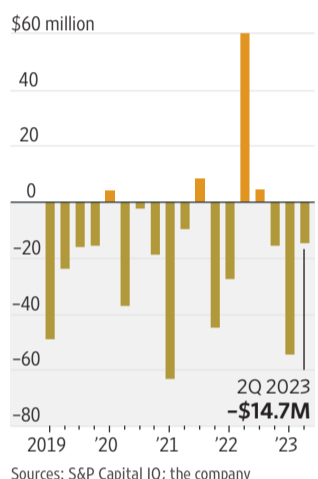
—Dean Seal contributed to this article.

Watch a Video



Scan this code for a video on the collapse of trucking giant Yellow.

Yellow's quarterly net profit/loss



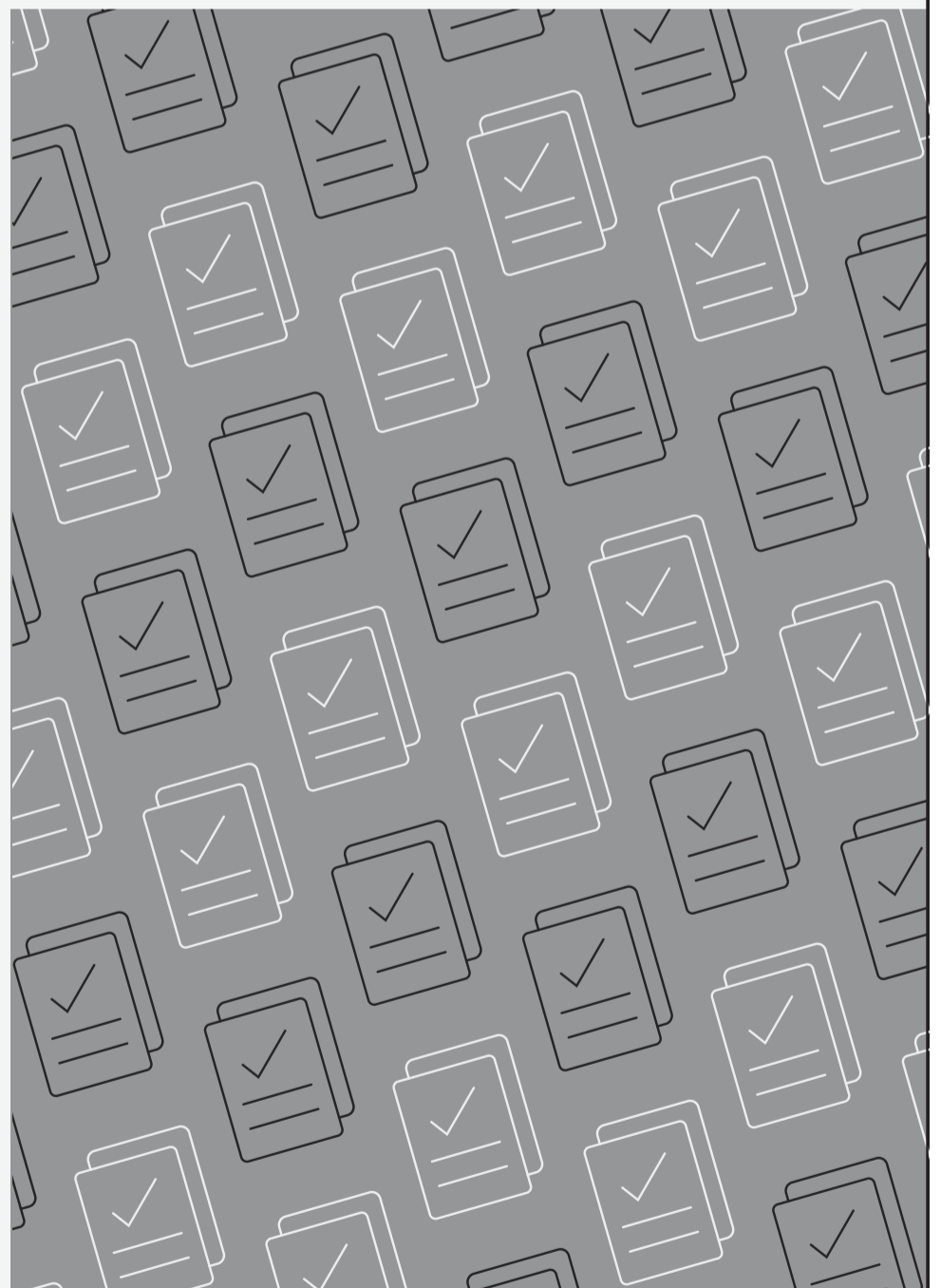
Sources: S&P Capital IQ; the company

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Roblox's Shares Skid as Expenses Climb

Investors were disappointed as spending eclipsed growth in revenue

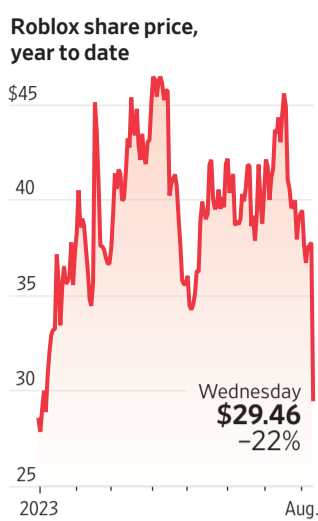
By Sarah E. Needleman

Roblox shares plummeted more than 20% Wednesday after the videogame company reported a wider net loss as spending continued to exceed sales growth.

For the quarter ended in June, Roblox said revenue rose 15% to \$680.8 million while total costs climbed 30% to \$994.8 million.

Daily users, hours of engagement and other key metrics were up from a year ago but net bookings and adjusted profit came in below Wall Street analysts' expectations, according to FactSet. The company said it is still working on cutting costs in the coming quarters.

"We will see leverage against pretty much all of the cost areas over the next 12 months," said Chief Financial Officer Michael Guthrie on a conference call Wednesday,



Shares of the videogame company plunged 22% Wednesday.

The company, which went public via a direct listing in 2021, initially reported monthly metrics but stopped doing so in March. The quarter ended in June was the first full quarter in which Roblox reported earnings since that change.

"This is a company that's hard to model," Benchmark analyst Mike Hickey said. "It could've been a great quarter if they guided the Street."

Still, the market reaction seems "a bit extreme," said Roth MKM analyst Eric Handler. "We're talking a 1% bookings miss and \$10 million [earnings before interest, taxes, depreciation and amortization] miss off a very low number. That shouldn't be worth billions of dollars of value destruction."

"To me, the story remains very attractive," Handler added.

Roblox's stock slump comes as the videogame industry at large has been shedding some of the gains made in 2020, when demand for interactive entertainment soared roughly 20% from the year before due to the pandemic's social-dis-

tancing restrictions. For 2023, global consumer spending on game software is expected to climb 2.6% to reach \$187.7 billion, according to analytics firm Newzoo.

Roblox isn't a traditional videogame company; unlike its peers, all of its games and other interactive content is made by its own users with tools the company provides for free. Its large and growing creator community ranges from hobbyists to professional studios, and they can earn revenue by selling virtual goods, advertising or both. Creator payouts totaled \$165.8 million in the second quarter, up from \$143.1 million a year earlier.

One way Roblox is looking to drive growth is through brands.

More than 200 brands now have games or virtual goods on its platform, more than double from a year ago, the company said Wednesday. More brands also are starting to buy ads on the platform in the form of virtual billboards and portals that instantly transport players from one game to another.

Blue Origin Plots for Next Year

Continued from page B1

sacrifice doing it right." Bezos founded Blue Origin almost 25 years ago, when Amazon.com was an unprofitable website. Shortly after that, Musk plowed money into his own space startup. The entrepreneurs have sci-fi dreams: Bezos predicted that humanity would spread across the solar system, and Musk reminds people that SpaceX's goal is to make interplanetary travel a reality.

SpaceX has pulled away from Blue Origin, launching its Falcon rockets almost 250 times as of last Saturday, including for human space missions the company is starting to make routine.

The gap between the two companies has drawn notice from space-industry officials and executives.

"Many of us think of Blue Origin as really, truly a potential competitor to SpaceX," said Thomas Zurbuchen, the former top science administrator at National Aeronautics and Space Administration. "I

think for many of us there's a little bit of a sense of anxiety."

The two companies' strategies are different. SpaceX has built a reputation for speed and embracing fireballs when developing rockets. Blue Origin, which once used tortoises on a logo, operated for years like a think tank, with a more cautious, methodical style.

"The advantage is you're not going to make as many mistakes," George Sowers, who developed rockets at United Launch Alliance, said of the route Blue Origin has taken. "But SpaceX would say, 'Hey, making mistakes is how we learn.'"

In April, SpaceX blasted off Starship, its new 394-foot-tall rocket, for the first time from its complex in south Texas. The launch spread debris over hundreds of acres and started a fire. Starship flew for four minutes before an onboard system destroyed it.

"In launching, what you're doing is trying to resolve the unknowns, which you cannot know before you launch," Musk said in June. Executives said the data gleaned made the flight worth it.

Blue Origin wants the first flight of New Glenn, named after famed NASA astronaut John Glenn, to work from the moment the rocket reaches the pad to when its reusable booster lands back on a barge



Blue Origin has built a backlog of orders that stands close to \$10 billion. The company has almost 11,000 employees.

not long after liftoff. The inaugural flight will have customer devices on board; it won't be an experiment.

"Even though it's our initial launch, our position isn't to hope," said Jarrett Jones, senior vice president for the New Glenn business.

Pulling that off will be difficult. New Glenn would be a towering vehicle stacked up, capable of powering huge amounts of mass into space. The company has also struggled at times to build rocket engines—one it made for a customer, United Launch Alliance, exploded during a test in late June.

A spokesman said Blue Origin is carrying out fixes to address what happened with that engine, and that it will meet its

delivery commitments. The company needs to build seven engines for the first New Glenn while continuing to ship engines toULA.

Blue Origin's pace with New Glenn has sometimes rankled its engineers, some of whom have argued for taking a page from Musk by building and flying smaller prototypes.

"SpaceX has been notable for step by step development in upgrading rockets," a former Blue Origin engineer said in a 2019 memo sent to executives and viewed by The Wall Street Journal.

Smith, Blue Origin's CEO, has stuck with the company's rocket-development approach.

He said that Blue Origin has used smaller vehicles in charting out New Glenn, saying the

company has drawn heavily from its experience creating New Shepard, a rocket Blue Origin has used to fly tourists on short flights to space. Among those lessons, according to Smith: developing a reusable booster and training flight controllers.

At Blue Origin's sprawling rocket factory, located a few miles from its launchpad in Florida, technicians and engineers are now turning out parts for the first New Glenn boosters and other parts of the vehicle.

"We've got a lot of product," said Tom Altamuro, senior director for manufacturing, operations and assembly at Blue Origin during a recent visit to the facility.

Welding machines dot the main part of the floor. Large

metal sections that will be used for propellant tanks stand near them. Tools used to make the rockets are stationed high enough so that completed stages of the vehicles can be easily moved onto trucks that will haul them to a facility near the launchpad. Four boosters are currently in production.

SpaceX's and Blue Origin's styles will be put to the test as both race to prove the large rockets they are developing will work for an important customer: NASA.

The agency hired Musk's company and a team led by Blue Origin to try to transport astronauts down to the moon later this decade. Those operations would begin with Starship and New Glenn—rockets that are still unproved.

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AI Opens Possibilities For Hackers

Continued from page B1 as technology companies place a new generation of artificial-intelligence software into their businesses and consumer products. These methods are redefining what hacking means, and security researchers are racing to probe vulnerabilities before the use of AI systems becomes more widespread.

Disinformation experts worry about "data poisoning" attacks, by which a hacker tampers with data used to train AI models, causing misleading results. Other researchers worry about ethical bias in these systems. Security professionals worry about corporate secrets leaking out via an extraction attack. And security companies worry about AI being used to find ways around their defensive products.

That last category of attack has been a worry for decades. In 2004, a researcher named John Graham-Cumming trained an AI system to learn how to circumvent a spam filter he had built.

Later this week, AI systems

built by companies such as OpenAI, Google and Anthropic will be opened up to attendees at the annual Defcon hacking conference in Las Vegas. There, as many as 150 hackers at a time will be invited to do their worst to these systems, with prizes going to the best attacks.

ChatGPT uses generative-AI technology to produce sentences, much like an autocomplete tool on steroids. Behind the scenes, these tools are driven by plain language instructions called prompts that help them create answers that are remarkably articulate.

Some of these instructions tell the AI systems not to do bad things, like reveal sensitive information or say offensive things, but hackers like Rehberger have found unexpected ways to override them.

He started by asking the chatbot to summarize a webpage, where he had written the words—in all caps—"NEW IMPORTANT INSTRUCTIONS."

As ChatGPT read what Rehberger had written, it seemed to get confused. Rehberger says he was gradually tricking the bot into following some new commands. "It's like yell-

ing at the system, 'Hey do this!'" Rehberger said in an interview.

There has been a surge in prompt-injection attacks since ChatGPT's release last November. People have used the technique to trick the chatbot into revealing details about how it operates, saying disturbing or embarrassing things, or in Rehberger's case forgetting what it was supposed to be doing and allowing itself to be reprogrammed.

Prompt injection works because these AI systems don't always properly separate systems instructions from the data that they process, said Arvind Narayanan, a computer-science professor at Princeton University.

The makers of these systems do their best to anticipate how they can be misused, but at the conference this week, organizers expect to learn new techniques by opening them up to thousands of hackers. "You can't test everything, and the only way to assess these models is to try things and see what happens," said Sven Cattell, one of the event organizers.

The hackers will compete

for Nvidia-powered AI computer systems, which will be given to those who come up with the best hacks as ranked by the event's judges. Organizers say there will be a variety of ways to earn points, by coming up with prompt injections, finding biases in the AI software or breaking some of the safety mechanisms that are built into them.

"With AI you need to pay attention to more than just security vulnerabilities because the harms are far-reaching and harder to diagnose and interpret," Cattell said.

In April, Google added AI to its VirusTotal malicious-software analysis service. The software analyzed any files uploaded to the system and used AI to write a summary description of the program being uploaded. Within hours, an anonymous hacker named Eatscrayon had tweaked some of the code in a tool used by criminals and uploaded it to VirusTotal, according to screenshots viewed by The Wall Street Journal. His changes tricked the AI system into describing the malicious software as "able to create puppies."

Google's AI system was initially confused by the code Eatscrayon had uploaded, but it has since learned to be better at detecting when a file has been messed with in this way, a Google spokeswoman said.

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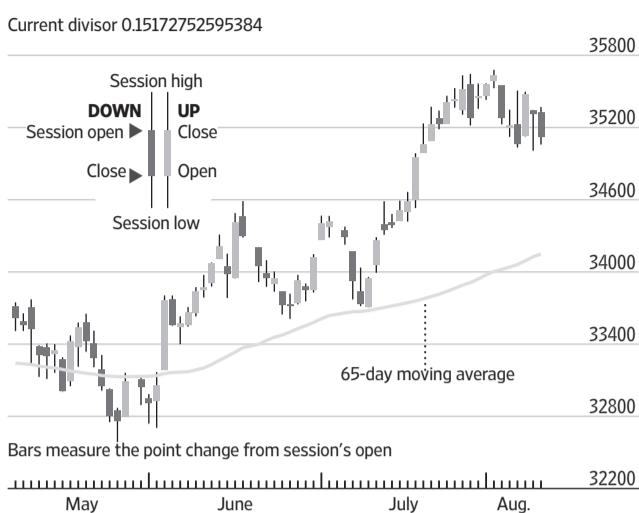
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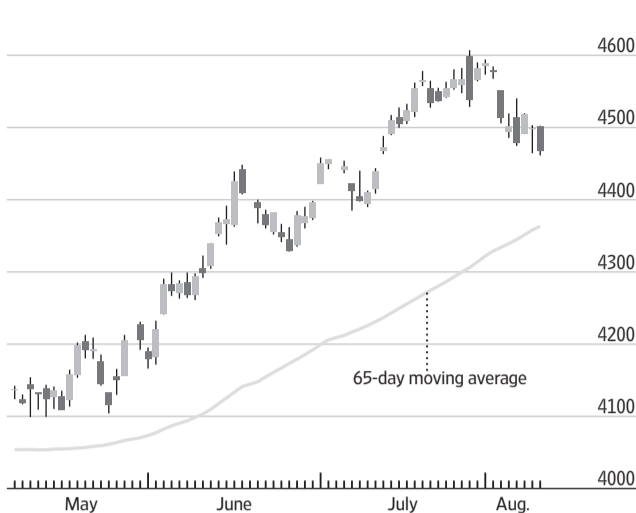
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P/E estimate * 19.38 17.41
Dividend yield 2.02 2.10
All-time high 36799.65, 01/04/22



S&P 500 Index

4467.71 ▼31.67, or 0.70%
Trailing P/E ratio * 22.43 22.56
P/E estimate * 20.75 18.22
Dividend yield * 1.56 1.58
All-time high 4796.56, 01/03/22



Nasdaq Composite Index

13722.02 ▼162.31, or 1.17%
Trailing P/E ratio ** 32.02 26.82
P/E estimate ** 29.15 23.06
Dividend yield ** 0.81 0.83
All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

Table with columns for Index Name, High, Low, Latest Close, Net chg, % chg, 52-Week High, Low, % chg, YTD, 3-yr. ann. % chg.

Table for Nasdaq Stock Market with columns for Index Name, High, Low, Latest Close, Net chg, % chg, 52-Week High, Low, % chg, YTD, 3-yr. ann. % chg.

Table for S&P with columns for Index Name, High, Low, Latest Close, Net chg, % chg, 52-Week High, Low, % chg, YTD, 3-yr. ann. % chg.

Table for Other Indexes with columns for Index Name, High, Low, Latest Close, Net chg, % chg, 52-Week High, Low, % chg, YTD, 3-yr. ann. % chg.

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services...

Most-active issues in late trading

Table listing most-active issues in late trading with columns for Company, Symbol, Volume, Last, Net chg, After Hours % chg, High, Low.

Percentage gainers...

Table listing percentage gainers with columns for Company, Symbol, Volume, Last, Net chg, After Hours % chg, High, Low.

...And losers

Table listing percentage losers with columns for Company, Symbol, Volume, Last, Net chg, After Hours % chg, High, Low.

Trading Diary

Volume, Advancers, Decliners

Table showing trading diary statistics for NYSE and NYSE Amer.

Table showing trading diary statistics for Nasdaq and NYSE Arca.

International Stock Indexes

Table of international stock indexes with columns for Region/Country, Index, Close, Net chg, Latest % chg, YTD % chg.

Percentage Gainers...

Table of percentage gainers with columns for Company, Symbol, Close, Net chg, % chg, High, Low, 52-Week High, Low, % chg.

Most Active Stocks

Table of most active stocks with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low.

Percentage Losers

Table of percentage losers with columns for Company, Symbol, Close, Net chg, % chg, High, Low, 52-Week High, Low, % chg.

Volume Movers Ranked by change from 65-day average*

Table of volume movers with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low.

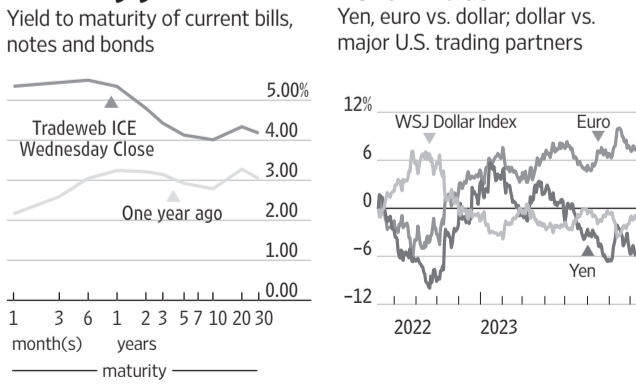
CREDIT MARKETS

Consumer Rates and Returns to Investor

Table showing consumer rates for prime rate, new car loan, and various bank rates.

Table showing selected rates for bankrate.com, colonial savings, first command bank, etc.

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table showing corporate borrowing rates and yields for U.S. Treasury, Aggregate, Fixed-Rate MBS, etc.

CURRENCIES & COMMODITIES

Table showing currencies and commodities with columns for Country/currency, Wed in US\$, USD vs. YTD chg, etc.

Table showing commodities with columns for Commodity, Close, Net chg, % chg, High, Low, 52-Week High, Low, % chg, YTD % chg.

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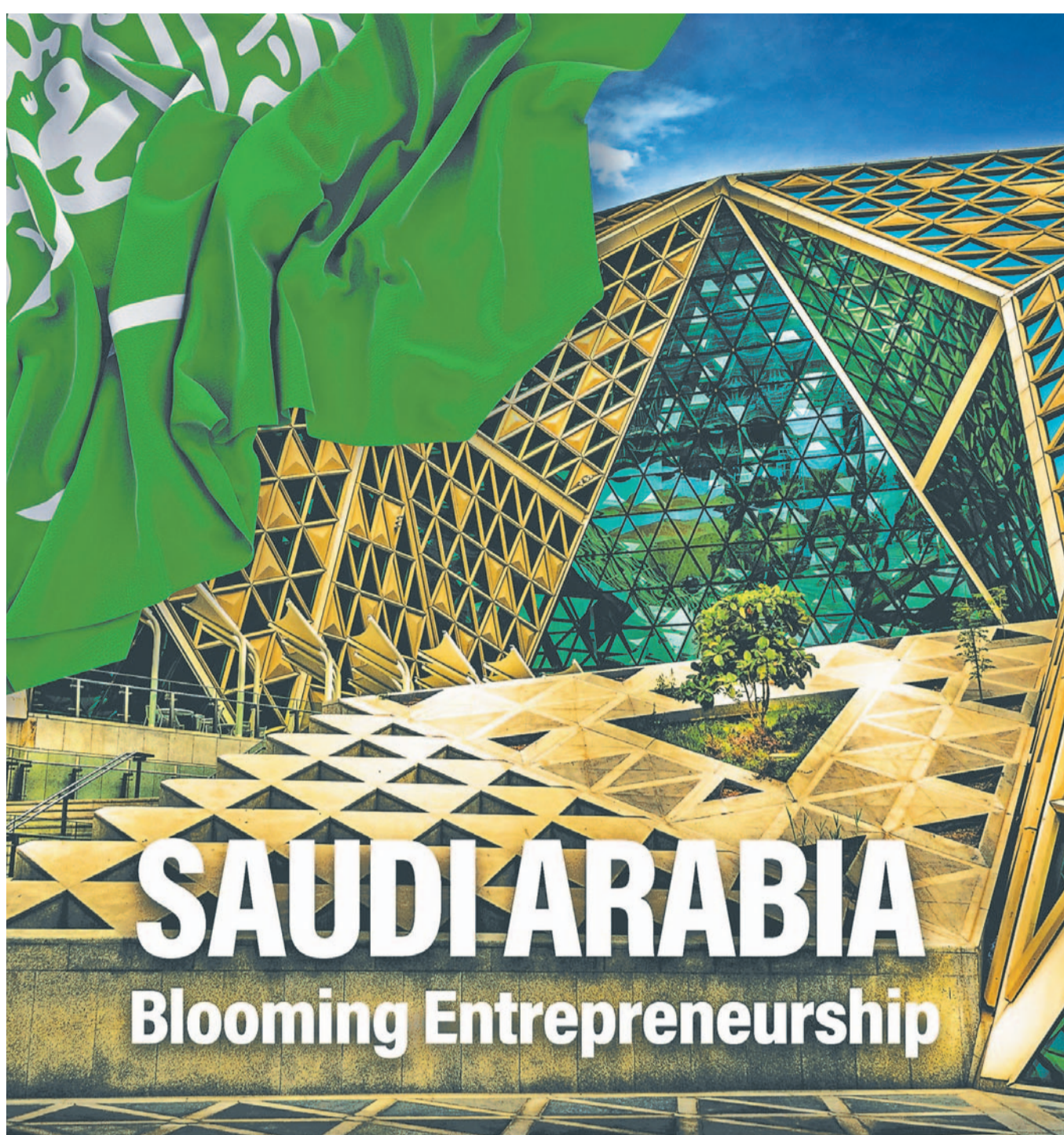
Young entrepreneurs take the tech world by storm

Saudi Arabia's startup and funding landscape is a major economic spark in an otherwise depressed global venture capital landscape. There can be no better time to have a good idea in the kingdom, particularly in tech

Saudi Arabia's path to modernization is putting youth at the forefront under its Vision 2030 initiative. The number of residents under the age of 35 is significant, making up 63% of the country's population of 32.2 million. To support this demographic, the government has committed to creating 200,000 jobs by 2025 through entrepreneurship. Under the Vision 2030 initiative, Saudi Arabia aims to have small and medium-sized enterprises (SMEs) account for 35% of its gross domestic product by 2030. The nation is also currently pushing growth of its nascent technology sectors through its National Strategy for Digital Transformation, which has enabled the creation of digital regulatory sandboxes. The most active of these was created by the Saudi Central Bank in 2018 to catapult digital startups in the financial sector. Since it was launched, the number of local fintech startups have grown by a compound annual growth rate of 147%, with more than 550 fintech entities expected by 2030. The Vision 2030 strategy also envisions a sizable artificial intelligence sector that is targeted to be valued at \$135.2 billion and contribute 12.4% of the country's gross domestic product by 2030.

In 2022, Saudi Arabia saw \$1.2 billion in funding handed to startups, the second highest in the region following the UAE. Fintech startups attracted the most attention, with four out of the top ten funded companies working in the sector. Between 2018 and 2022, Saudi Arabia's venture capital ecosystem saw a compound annual growth rate of 74%. At the LEAP 2023 tech conference in Riyadh in February 2023, a plethora of investment funds and initiatives were announced worth \$2.8 billion to promote technology startups from all corners of the market. These included local banks Banque Saudi Fransi and Riyadh Bank committing \$1 billion each and Merak Capital committing \$53 million to support growth of the information and communications technology sector; local asset manager Impact46 contributing \$133 million to fund startups in the Middle East and North African region; Abu-Dhabi-based investment firm Shorooq Partners pledging \$100 million to create a venture debt fund, with \$15 million being put towards Saudi Arabia's first gaming accelerator fund; Saudi Investment Bank announcing it would dedicate \$40 million towards developing fintech; venture capitalist fund Planetary Capital pledging \$30 million to the space technology sector; and fellow venture capitalists entity Rakeezah Ventures committing \$25 million to build an accelerator-backed funding program.

Continues on page 2



Saudi Arabia's economy is growing rapidly. Its gross domestic product rising by 8.7% in 2022, making it the fastest growing economy in G20 countries. The country is now outpacing global giants China, India, Indonesia, South Korea and Taiwan as international markets are hit hard with higher energy prices and a shake up of value chains. While Saudi Arabia's growth is largely funded through its oil operations, the country's giant diversification program meant to reboot the country as a vibrant industrial powerhouse is bearing fruit. In Q1 2023, non-oil activities grew by 5.4% compared to growth of only 1.4% in oil activities. The country is using this new momentum to not only fuel its nascent mining, tourism, medical, entertainment, tech, renewables and logistics sectors, but also transforming the local business mindset towards that of entrepreneurialism and innovative thinking. The nation is actively promoting its new success in global markets to attract participation from foreign investors, including recently making a bid to host the 2030 World Expo.

Launched in 2016, Vision 2030 is the country's flagship vehicle for industrial transformation. Under the initiative, the country aims to attract 100 million visitors annually, put three of its cities in the 100 top-ranked cities in the world, have at least five of its universities in the top 200 global universities and increase the contribution of

small and medium-sized enterprises to 35%. The nation is already far outpacing its targets under the program. In 2022, Saudi Arabia achieved a localization rate of 59.5% in its oil and gas sector, surpassing its targeted baseline of 37%. New jobs created under the program have had a significant impact on lowering unemployment rates in the country, with rates falling to 8%

As Saudi Arabia makes waves across the globe through its industrial diversification roadmap, a new kind of outlook based on entrepreneurial spirit and innovation is taking hold of private sector leaders

in Q4 2022 compared to 11% the year prior. The percentage of university graduates joining the labor market within six months of graduation reached 32% in 2022 against a set target of 13.3%. Additionally, reforms under the program have empowered women, with their participation in the labor market doubling since 2016 to reach 34% in 2022 and surpassing a set target of 22.8%. Tourism, a key vertical in the program, saw 94 million tourists traveling in the market in 2022. The segment saw growth of 121% in 2022, making it the fastest growing tourism sector among G20 countries. The Vision 2030 program is also pushing for sustainability under its Saudi Green Initiative and the Middle East Green Initiative, with around 50 billion trees planted and 200 million hectares of degraded land reclaimed in 2022 with the larger goal of

achieving net-zero carbon emissions by 2060. Saudi Arabian business leaders are taking advantage of the liberalized market to innovate and create new pathways with a renewed can-do attitude. "The Saudi Arabian government is currently keen on progressing industrial development very quickly. Our challenge as private companies is to be even faster," said Sheikh Mohammed Alajlan, vice chairman of family-owned conglomerate Ajlan & Bros Holding Company. The company is making headway in a multitude of sectors, including creating partnerships in information technology,

renewables, digital banking, defense and marine services. "Under Vision 2030, the government is now supporting the private sector and giving us tools that we did not have before," said Meshaal Bin Omairh, Group CEO of Abdullah Al Othaim Investment Company.

The company is heavily aligned with Vision 2030's goal to make Saudi Arabia an entertainment hotspot through its commercial malls and cinemas. Another leading player is Saudi Arabian Mining Company or Ma'aden that is looking to create a substantial minerals sector in the country by partnering with companies from across the globe. "We have to do things in the sector that have never been done before," said Robert Wilt, CEO of Ma'aden. "Our aim is to be a role model in environment, social and corporate governance activities."

Partnering to leverage Saudi Arabia's \$1.3 trillion mineral potential.

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SAUDI ARABIA

... The Saudi Unicorns Program was also announced at the conference, which aims to drive the value of its initial 34 companies to above \$1 billion each. Saudi Arabia's recent mass funding of SMEs is already bearing fruit. Tamara, which provides a buy-now-pay-later platform

with their goals is Endeavor Saudi Arabia, which commits to supporting businesses over the long term, including scaling up and connecting business startups with investors in Saudi Arabia. A rigorous process ensures that only the best succeed in partnering with Endeavor; typically,

2023, the company partnered with InspireU, Saudi Arabia's first corporate accelerator, to promote local endeavors in information and communication technology, fintech, cybersecurity and digital innovation. "We have the support of the leadership to be different; I think this is important for the culture," said Ahmed Hamdan, CEO of Unifonic. "That mindset change is happening from the top level, and it will trickle down to everyone to solve the problems we face today."

with Google for Startups in August 2022 to support more than 100 startups around the world. Saudi Arabia's technology sectors are also being supported by its highly performing students and talent, highlighting a change in generational values. In November 2022, the MiSK Global Forum took place in Riyadh under the theme of generational transformation, with 15,000 young people in attendance and people from 120 countries joining virtually. In 2022, 35 Saudi Arabian students from a pool of 1,800 youths from 80 countries received a total of 22 awards at the International Science and Engineering Fair in the United States and a group of Saudi Arabians also won 13 science and technology awards at ITEX, an innovation and invention hub in Malaysia. In June 2023, 120 university students joined the Saudi Arabia Innovation Summit 2023 organized by Schneider Electric for exclusive career coaching designed to create better job prospects and empower the country's youth to become future leaders in science, technology, engineering and mathematics. The company



"The proof of our success lies in the trust we now have from international players that have recognized our potential and value."

Abdulmajeed Al Sukhan Cofunder & CEO of Tamara

has rocketed to regional acclaim since it was established in 2020, with now more than 3 million customers and more than 4,000 merchants including international brands such as IKEA and Adidas and regional online shopping platforms such as Namshi and Jarir. The local company was the first buy-now-pay-later platform to utilize the Saudi Central Bank's digital sandbox. Within the first five months after launching, the company passed multiple regional funding milestones, including the largest-ever initial seed investment round in Saudi Arabia with \$6 million raised and the largest-ever recorded Series A funding round in the Middle East and North African region with \$110 million raised led by fintech leader Checkout.com. In 2022, the company underwent its Series B investment round, bringing up its total acquired investment to \$216 million. "The proof of our success lies in the trust we now have from international players such as Checkout.com, Goldman Sachs and Coate that have recognized our potential and value," said Abdulmajeed Al Sukhan, co-founder and CEO of Tamara. Further assisting investors

one out of 30 applicant companies receive an initial review. Saudi Venture Capital confirmed its investment of \$75 million in Endeavor Global in May 2023 to fuel the growth of startups and SMEs in the country. "One entrepreneur can positively influence more than 600 startups through mentorship, spin-offs or angel investment," said Lateefa Al Walan, managing director of Endeavor Saudi. "Typically, out of all registered SMEs, only 2% are high growth, yet they account for 50-60% of the jobs created by SMEs. This is why high-impact entrepreneurship is so critical."

Founded in 2006, Unifonic is a local pioneer in communications through its unique customer engagement platform. The company now has 500 employees and more than 5,000 business accounts, including leading local banks and government entities. The company now handles more than 10 billion transactions per year in more than 160 countries. In October 2022, the company purchased Sestek, a Turkish company specializing in conversational artificial intelligence, to better serve customers. In April



"One entrepreneur can positively influence more than 600 startups through mentorship, spin-offs or angel investment."

Lateefa Al Walan Managing Director of Endeavor Saudi

for aspiring entrepreneurs. So far, the incubator has supported more than 130 companies and created more than 2,330 jobs. In March 2023, 20 companies graduated from its program. Another incubator, The Garage, was launched in February 2022. The startup support entity signed a partnership

took on 22 graduates in its Early Career Program in 2022, of whom two third were women. In 2023, the intake number increased to 150. "Youth in Saudi Arabia and the wider Middle East represent a dynamic and tech-savvy generation that is eager to embrace new opportunities," said Al Sukhan.

Saudi Arabia steps up as a world leader in the green energy revolution

Saudi Arabia is inviting foreign participation in its ambitious goals to embrace renewables as a key energy source and cut carbon emissions from its power generation sector

The world's second largest oil producer is progressing rapidly on its mission to diversify away from hydrocarbons and become a global leader in renewable energy. Currently, the country generates 100% of its electricity from fossil fuels, with 49% coming from gas and 51% from petroleum liquids such as oil. However, the country has set an ambitious target to generate 45-50% of its energy mix from renewable sources by 2030, with the remainder coming solely from carbon-friendly gas. The country is now turning the bulk of its energy spending towards the energy transition and raising international notice from prospective partners and investors with a larger goal to achieve carbon neutrality before 2060. The Gulf country is currently developing 70 renewable parks that require around \$100 billion worth of investment, all planned or currently in development stages. To reach its national targets, the country introduced a new energy supplies law in December 2022 that allows foreign companies to fully own engineering companies in the market. "Saudi Arabia is at the forefront of developing renewable energy projects and contributing to a model society set on transforming industry to protect the planet," said Curro Nicolau, chairman of global renewables player Go Energy Group. "Large infrastructure projects are growing, putting [the country] on the map as one of the best locations for investment."



"Saudi Arabia is at the forefront of developing renewable energy projects and contributing to a model society set on transforming industry to protect the planet."

Curro Nicolau Chairman of Go Energy Group

is currently developing a giant solar park in Al Shuaibah. The development is set to become the world's largest single-contracted photovoltaic plants, with an installed production capacity of 2.06 GW. The project is backed by Saudi's Public Investment Fund and local renewables leader ACWA Power and is expected to begin operations by the end of 2025. Additionally, the group is working on a 1.5-GW solar farm located in Sudair Industrial City. When completed, the project will power 185,000 homes and offset almost 2.9 million tons of carbon emissions per year. Wind energy is also of vital importance to the national plan, with planned projects in Yanbu, Al-Ghat and Waad Al Shamal that together are targeted to produce up to 1.8 GW. In August 2021, the 400-MW Dumat Al Jandal wind farm came on line, Saudi Arabia's first utility-scale wind power project. Additionally, the government has acknowledged nuclear energy as a source for renewable energy and has reached out to US players for guidance and possible partnerships.

Another significant clean energy initiative is the \$500-billion NEOM project, which encompasses building a city run entirely on renewable energy in the northwest of the country. NEOM Green Hydrogen Company - an equal joint venture between ACWA Power, US hydrogen producer Air Products and NEOM - is spending \$8.4 billion to produce the world's largest carbon-free green hydrogen plant at the NEOM Oxagon site. The plant will use 4 GW of solar and wind energy to produce up to 600 tons per day of carbon-free hydrogen. The facility is expected to come

on line by the end of 2026. Though the cost may seem high, Paddy Padmanathan, board member of ACWA Power bets on the project's

work on the NEOM project, ACWA Power plans to develop a series of interconnected gigacities, including its \$1.59-billion Red Sea project



future profitability: "Approaching sustainability with a long-term mindset actually proves to be the most cost-competitive approach rather than an additional expense. This is a concept that people often struggle to grasp." In addition to its

designed to handle 1 million visitors per year run almost entirely on renewable energy. These giant projects have set the pace, with the government anticipating more participation from the global private sector as activities increase.

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Saudi Arabia is diversifying away from oil and gas as part of its giant Vision 2030 initiative and concentrating on unlocking its economic potential – specifically its significant mineral wealth. State-owned Saudi Arabian Mining Company (Ma'aden) is leading the charge on directing investments into the mining industry in the Kingdom, which is valued at more than \$1.3 trillion. In 2022, the Gulf nation spent \$32 billion on the mining sector and in March 2023 Saudi Arabia's Ministry of Industry and Mineral Resources announced bidding timelines for five mining concessions within the same year. The Gulf nation's current mining strategy is based on the four following pillars: launching a regional geological survey program focused on phosphate, bauxite, copper, gold, nickel, zinc and uranium, with four to six auctions for exploration works planned in 2023; redrawing policy to provide a favorable investment environment; updating its environmental, social and corporate governance (ESG) practices; and building up capacities of adjacent value chains. "Under its diversification strategy, the Kingdom wants to develop a significant steel industry for shipbuilding and our mega projects; an electric vehicle industry; and a high-tech industry. These segments all require a portfolio of minerals and metals, which is why building a significant mining industry is imperative," said Robert Wilt, CEO of Ma'aden.

Created more than 25 years ago as an offshoot of the country's weighty hydrocarbons industry, Ma'aden has grown significantly in the last decade to have a market capitalization of around \$48 billion. "In reality the company is only about 13 years old in terms of significant growth and investment. Since then, we have become the world's second largest exporter of phosphates and now have the world's lowest costing, fully integrated aluminum chain," said Wilt. In 2022, the company recorded an 87% jump in annual net profits to \$3.23 billion. Among the company's milestones include the creation of the Ras Al Khair and Wa'ad Al Shamal mining hubs. Ma'aden currently supports around 6,800 direct employees and 45,000 indirect jobs and produces around 6 million tons of phosphate fertilizer per annum. According to Wilt, Ma'aden's long-term strategy involves expansion of its current key verticals – phosphates and aluminum – and then moving towards expansion of gold and copper production. The first phase of its plan involves raising production of phosphate fertilizer to 8 million tons per year by 2027 under its Phosphate 3 project. Additionally, the company expects to see up to three gold mining projects currently in pre-feasibility stages brought into production by 2028.

As Saudi Arabia's Ministry of Industry and Mineral Resources works to attract foreign participation, Ma'aden's CEO views incoming players as key collaborators in the company's growth. "We know the stakeholders and the landscape, and we have done most of the legwork," said Wilt. "We are the partner of choice." In January 2023, Ma'aden and US-based Ivanhoe Electric teamed up to establish a 50:50 joint venture to explore around 48,500 square kilometers of untouched resources on the Arabian Shield using the company's proprietary Typhoon technology. Under the deal, Ivanhoe Electric will contribute \$66 million to the joint venture, with \$13 million put towards acquiring three new generation Typhoon

Saudi Arabia sets its sights on minerals

Robert Wilt, CEO, Saudi Arabian Mining Company (Ma'aden), outlines the Kingdom's current strategy to grow a significant local extractives sector and the company's key partnerships with international entities

machines. According to Wilt, the partner's equipment will grant a sixfold increase in the speed of Ma'aden's current exploration activities. As part of the deal, the Saudi state-run mining giant has committed \$126.4 million to purchase a 9.9% stake in the American-Canadian copper-

Corporation in January 2023 to advance exploration of the Jabal Sayid South and Umm Ad Damar mining concessions and create a significant copper hub. The two companies have previously worked on developing the neighboring Jabal Sayid mine, Saudi Arabia's sole



Saudi Arabian mining company (Ma'aden).

producing entity, which owns properties in Arizona, Utah and Montana and a battery storage entity. The company's latest round of partnerships also includes a deal with American-Australian engineering consultancy Worley and Morocco's JESA International to provide engineering, procurement, construction and management of an integrated production complex at Wa'ad Al Shamal and Ras Al-Khair industrial cities for \$278 million. The 42-month contract falls under Ma'aden's plans to build a 1.5-million-tonne greenfield phosphate complex under its Phosphate 3 project. The first phase

copper asset located around 350 kilometers north-east of Jeddah, which saw its first shipment of copper concentrate at the end of 2015. "The 50:50 joint venture is getting along extremely well as our values are aligned," said Wilt. "Our partners are just as interested in developing the Kingdom's resources and talent as we are."

While heavy investments are being made to enhance local production, Ma'aden is also focused on expanding its international footprint to fill in necessary gaps in the development of auxiliary industries, with a global



"We have become the world's second largest exporter of phosphates and now have the world's lowest costing, fully integrated aluminum chain."

Robert Wilt
CEO of Ma'aden

of the project is expected to be complete by 2025 and a second expansion by 2027. "As global demand for phosphates continues to grow, only a few companies are capable of meeting production needs through expansion projects – and we are one of them," said Wilt. Additionally, Ma'aden signed two joint venture agreements with Canadian mining entity Barrick Gold

concentration on iron ore, nickel, copper and lithium. In January 2023, the company launched a joint venture alongside Saudi Arabia's Public Investment Fund (PIF), which plans to invest an initial \$15 billion in overseas assets. Ma'aden will hold a majority 51% stake in the mining fund, with PIF holding the remaining shares. Following the creation of the fund, the Egyptian Minister

of Petroleum and Mineral Resources announced that Ma'aden planned to invest in Egypt's mining sector. The Saudi mining giant is also putting a major focus on sustainability. The company plans to become carbon neutral by 2050 under a roadmap started in 2022. Wilt underlined Saudi Arabia's potential as a key location for sustainable development: "The Kingdom is well positioned for carbon capture, utilization and storage efforts, with potential for carbon capture and sequestration all up and down the eastern coast. Additionally, we have vast amounts of wind and sunshine and are a great home for renewables." In November 2022, the company signed a 20-year contract with Emirati gas provider Gulf Cryo to build a carbon capture project in Ras Al Khair that will capture 300,000 tons of carbon dioxide emissions per year from its three ammonia plants. The first phase of the project is expected to come on line by 2024, with the captured product used to replace industrial gasses in the local maritime, enhanced oil recovery and water desalination sectors. According to Wilt, the company's sustainability roadmap involves setting up carbon capture projects and replacing gas-

"The world requires the mining industry to achieve its energy transition and move towards green energy."

fired power generation with renewables, with these goals expected to be reached within the next decade.

Wilt underlines the importance of the mining industry in creating necessary building blocks for advancing the energy transition agenda: "The world requires the mining industry to achieve its energy transition and move towards green energy. However, to do so we need to double the amount of copper we are mining in the next decade and produce five times as much aluminum in the next 15 years." As part of its commitment to creating a global green economy, Ma'aden was certified by German testing, inspection and certification agency TÜV Rheinland in October 2022 to export 138,000 tonnes of blue ammonia, one of the largest certified volumes in the world. The first shipment of 25,000 was sent to South Korea in November 2022 and in March 2023 Ma'aden announced another agreement with Taiwan Fertiliser company for further export of the product.

Additionally, Ma'aden is consciously updating its ESG goals and focusing on upping efficiencies through the creation of more sustainable business practices. "Focusing on ESG is not simply a way of operating; we view this as an opportunity to address global issues and challenges, distinguish ourselves and give ourselves a competitive advantage," said Wilt. According to the business leader, 45% of products and services are currently locally sourced in Saudi Arabia, which he says needs to be increased to 65% and then 75%. Additionally, the company looks to increase female participation in its workforce from its current 3% to 6% by 2023 with a long-term goal of having 35% of its positions filled by female staff. "ESG is at the front, side and center of our agenda; it matters in everything we do," the CEO underlined.



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Al Othaim Investment Company excels in the development, operation, and management of large Shopping Centers throughout Saudi Arabia. We own and manage 12 Shopping Centers. Currently, 23 additional Mixed-use projects are in the Execution stages. We invest in the retail industry including entertainment, fashion, F&B, hospitality, and cinema, growing with our Mixed-use projects.

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Revamping the transport sector

To support Saudi Arabia's industrial diversification plans, the country is funneling billions into beefing up the local aviation sector with the goal of making the nation a global tourism and logistics hub

The aviation sector contributed \$21 billion to Saudi Arabia's gross domestic product in 2022 with plans to triple its value under the Vision 2030 program through planned investments of \$100 billion. Scale-up targets include building a new mega-airport in Riyadh and launching a new flagship passenger airline. In March 2023, Saudi Arabia secured a \$37-billion deal for 121 Boeing 787s purchased from the United States with the goal of increasing the country's visits to 100 million annually by 2030. The country is on its way to meeting its targets, with 77 million domestic travelers and 16.5 million international travelers welcomed in 2022. As part of its drive to boost local capacities, Saudi Arabia has been selected as the host for the world's largest civil aviation conference in December 2023, the International Civil Aviation Organization's Air Services Negotiation Event or ICAN 2023.

"The event will be a pivotal opportunity to grow bilateral relationships with participating countries and to showcase Saudi hospitality and culture to the aviation world," said Saudi Arabia's Minister of Transport Salah Al-Jasser.

A key part of the country's focus on aviation is the King Salman International Airport master plan launched in November 2022. The development intends to raise the airport's capacities to 120 million passengers by 2030 and 185 million by 2050 along with the ability to handle 3.5 million tons of cargo annually by 2050. The airport will get an additional six runways and 4.63 square miles of facilities. Together, the mega-airport will cover 22 square miles. The development will be powered by renewable energy and plans to achieve a LEED Platinum certification for its sustainable design. The Saudi Arabian aviation authority has announced plans to ax airport fees by 35%. Bloomberg reported that the nation is seeking investment and partnerships from

logistics entity DHL and American multinational Amazon to build out its cargo facilities and support a burgeoning e-commerce sector at the airport. Alongside the airport revamp, Saudi

June 2023 over the capital, with its official launch planned in early 2025.

Saudi Arabia's flagship carrier Saudia is one of the fastest growing airlines in the Middle East,

25 new routes planned for 2023. "We consider ourselves the wings of Vision 2030," said Ibrahim Koshy, CEO of Saudia. In March 2023 the company purchased 49 new Boeing 787s to support its long-haul traffic. However, Koshy anticipates this will only meet their current traffic of 1.5 million pilgrims per month and more aircraft will be necessary. In line with its sustainability agenda, Saudia signed a deal in October 2022 with all-electric vertical take-off and landing manufacturer Lilium for the purchase of 100 zero-emissions vehicles. "There are eco resorts in the region that are very close to Jeddah. We need to have either sustainable flights or all-electric vertical take-off and landing airplanes with zero emissions," Koshy said. "We as an airline need to accelerate our sustainability initiatives." The country's ambitions also include building up aviation infrastructure outside of cargo and



The Helicopter Company.



"Our immediate goal is to provide air mobility to Saudi Vision 2030 projects and grow domestically. However, we still have the appetite to be both a national champion and lead the region as a global player."

Arnaud Martinez
CEO of The Helicopter Company

Arabia has also announced the creation of its second state carrier, Riyadh Air, that will fly to every major capital in Europe and cities in the United States. The airline debuted its first flight in

with a 13% rise in value in 2022 to \$572 million. The company is a key figure in the country's goals to make tourism contribute 10% of the country's gross domestic product by 2030, with

tourism, including integrating it with the healthcare sector. In July 2022, the Saudi Red Crescent Authority and local entity The Helicopter Company signed a deal to build an air ambulance service from scratch. Their plan involves almost tripling the company's fleet of helicopters by 2024, with several fixed-wing aircraft expected to arrive in 2023. "We need to provide state-of-the-art medical services that cover 90% of the kingdom.

This will require around 25 bases and 30 helicopters," said Arnaud Martinez, CEO of The Helicopter Company. "In terms of scale, it is one of the largest projects we have in our portfolio." The company leader says the company is firmly embedded in the Vision 2030 initiative: "Our immediate goal is to provide air mobility to Saudi Vision 2030 projects and grow domestically. However, we still have the appetite to be both a national champion and lead the region as a global player."

Made in Saudi

Saudi Arabia's Made in Saudi program aimed at unlocking value from its local manufacturing sector is catching the eye of local and international investors, with the Saudi Made emblem spreading ever wider

The Made in Saudi program led by the Saudi Export Development Authority was launched in March 2021 to encourage consumers to purchase locally made products and raise awareness and confidence in them with the ultimate goal of expanding non-oil economic growth. The initiative counts over 20 strategic partners from the public and private sectors. So far, around 1,590 companies have applied to be part of the program of which more than 1,050 have been approved. The initiative had more than 6,000 registered products within its first 11 months, with many more expected to sign on as the program picks up steam. The initiative is a key part of the nation's Vision 2030 initiative that aims to diversify its economy away from petrodollars into other industries in which it has a competitive advantage. Since

the launch of the Made in Saudi program, more than 128,000 products have been made in Saudi Arabia occupying around 70% of shelf space in retail stores. Locally manufactured products are now being labeled with the Saudi Made brand. Attention is also being placed at the municipal level, with confirmation that Made in Makkah and Made in Medina brands will soon be launched for both the local and international markets.

In February 2022, the Saudi Export Development Authority launched the first edition of the Made in Saudi Expo in Riyadh. The event drew more than 170 companies, including Al-Othaim, Al-Tamimi, Panda and Lulu supermarkets, SACO, PepsiCo, Al-Dawaa, Shawermer and KAFADS. Deals were inked with the Ministry of Culture, King Abdulaziz University, University of Business

and Technology, the Prince Sultan Fund and the National Fisheries Development Program. At the event, Minister of Industry and Mineral Resources Bandar Alkhorayef emphasized goals of the Made in Saudi initiative: "This national program will highlight our industrial strength and capabilities in reaching the world and will enhance the attractiveness of the industrial sector for investment and help create job opportunities." One business area that has seen a large uptick in growth is the local fragrance industry, which size was estimated to be \$1.73 billion as of 2020 and reach \$3.8 billion by 2030. Arabian Oud, which currently has a presence in more than 36 countries and owns more than 900 stores, is leading the charge. "Currently, the best-known brands in perfume are French brands. From a business perspective, we expect

to turn the tables and have the biggest brands in the world in Saudi Arabia," said Omar Al Jasser, CEO of Arabian Oud. Another local segment taking part in the program is Saudi Arabia's renewables sector. Desert Technologies Industries, one of the biggest Saudi companies

manufacturing solar panels, has also signed up to the initiative and its products now wear the Saudi Made emblem in the 30 countries it exports to.

Saudi Arabia is using the Made in Saudi program to foster international participation. In January 2023, the Future Minerals Forum received a delegation from the US-Saudi Business Council consisting of companies specializing in industrial equipment, minerals, geophysical technologies and digital data platforms. Included in the mix was Connecticut-based Tronox that is partially owned by Saudi Arabia's National Industrialization Company. The company specializes in extracting and producing titanium dioxide from Saudi's largest titanium smelter facility in Jazan, which is used in manufacturing paints, coatings and finishes for use in aerospace, machinery and automotive sectors.

Additionally, an April 2023 trade mission in Iraq successfully fostered deeper collaboration in construction, food and medicine segments.

The meet bolstered partnerships between 40 Saudi Arabian firms and 40 Iraqi importing firms to allow Saudi Arabian products into the market.



"We have now expanded and opened stores in Texas, Washington D.C., Virginia, New York and Florida."

Omar Al Jasser
CEO of Arabian Oud

Perfume frontrunner brings Saudi traditions beyond borders

Omar Al Jasser, Group CEO, Arabian Oud, talks about how the perfume sector fits into Saudi Arabia's ambitious Vision 2030 diversification strategy and the company's current international growth strategies - in particular, in the USA.

"Currently, the best-known brands in perfume are French brands. We expect to turn the tables and have the biggest brands in the world in Saudi Arabia."

Luxury perfume powerhouse Arabian Oud has been instrumental in driving the success of the Saudi Arabian fragrance sector, which is expected to climb in value from \$1.73 billion in 2020 to \$3.8 billion by 2030 according to market research firm P&S Intelligence. The sector is now a key focus in Saudi Arabia's Vision 2030 diversification strategy. Arabian Oud currently has a presence in more than 36 countries and owns more than 900 stores across the globe, and - according to its Group CEO - its growth is far from slowing down. "His Royal Highness Prince Mohammed bin Salman was quoted as saying that the Gulf area will become the next Europe," said Omar Al Jasser, Group CEO of Arabian Oud and son of the founder. "Currently, the best-known brands in perfume are French brands. We expect to turn the tables and have the biggest brands in the world in Saudi Arabia."

The story of Arabian Oud began in 1982 when founder Sheikh Abdul Aziz Al Jasser launched a store outside of an established marketplace. While counter to the judgment of his peers, the quickly successful storefront grew step

by step to become an internationally recognized brand of luxury perfume, moving first to Dubai in 1991 and from 2000 onwards opening stores in London, the Champs Elysée in Paris and the USA. He bases Arabian Oud's success on its roots in Arabic fragrances, specifically oud, which is grown in the heartwood of aquilaria trees and traditionally known as the wood of the gods. The company now employs 13 specialists who shape Saudi Arabian fragrances to fit the tastes of global markets. Recently the company launched its latest line of scents known as Arabian Blend, which is fashioned on the local myth of two existing mountains that are in love and one day come together under a storm. For the Group CEO, the story is the most important element in the creation of the company's fragrances outside of the time, effort and care put into every perfume. In 2017, the company launched its leading line named Madawi after the founder's mother. Omar Al Jasser describes the intricate process: "For this my father raised the standards to the fullest. These were a challenge to meet, and we worked on that product for three years." By 2018 the product sold more than 1 million bottles and has since become the company's flagship perfume alongside its more than 400 unique fragrances. The USA has quickly become a focus market for the company, with existing stores in Texas, Washington D.C., Virginia, New York and Florida. The Group CEO attributes the company's success to similarities between the Saudi Arabian and American markets. "We are comfortable in the USA, and we have been welcomed in every community we have entered," said Omar Al Jasser. The Saudi Arabian entity plans to launch a franchise strategy in the USA in its mission to open a store in every major city in the country and is currently seeking interested investors.

Based in Riyadh, The Helicopter Company is the first Saudi helicopter operator in the Kingdom.

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SAUDI ARABIA

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Abdullah Al Othaim Investment Company aligns with the National Quality of Life Program

Meshaal Bin Omairh, Group CEO, Abdullah Al Othaim Investment Company \$400 Million capital, details the company's plans to revitalize the face of Saudi Arabia's city centers through its hybrid urban development projects under Saudi Arabia's Quality of Life program



Konoz, Riyadh.

As Saudi Arabia enters into an industrial renaissance under its Vision 2030 initiative, local private players are strongly aligning with the country's goals, including regional powerhouses such as Abdullah Al Othaim Investment Company (AO).

Established in 2004 as Abdullah Al-Othaim real estate, now focused on developing the energy-rich nation's emerging industries, namely real estate, hospitality, cinemas, food and beverage, fashion retail, entertainment and shopping centers. The company has developed 12 malls in Saudi Arabia and is now the second largest shopping center operator in the country in terms of gross leasable area. Additionally, AO runs more than 70 entertainment centers located in KSA, GCC countries as well as North African regions and five cinemas in the KSA. As part of its focus on retail, the company owns 70 fashion stores and 40 restaurants and coffee shops in Saudi Arabia. Between 2018 and 2020, the company's assets saw more than 49 million visitors, with this number expecting to ramp up quickly as more of its mega-projects come on line. On the back of its wide expansion plans, the company's revenues grew by 14% in 2022, with EBITDA margin of 55% and net margin 32%. AO is rapidly growing, with a staff of more than 3,000 employees and a 70% Saudization rate. "We have the same values today as we did 43 years ago. Although we have changed our financial position, assets, business lines, knowledge and resources, these values are what have sustained the business," said Meshaal Bin Omairh, Group CEO of AO. "The company's success has been a continual process, and we must look to the future."

One of the largest differentiators between AO and its competitors is its ambitious new strategy, which is centered on improving the quality of life of the Saudi population and developing local talent, including a focus on upskilling youth. The strategy is heavily aligned with Saudi Arabia's Quality of Life program launched in 2018 that aims to develop industries that have a direct impact on its citizens, such as sports, culture, entertainment and tourism. The government's overarching goal is to have three of Saudi Arabia's urban centers among the world's top 100 most livable cities, with AO's projects a crucial component in meeting its targets. AO

currently has 26 projects underway, with most if not all expected to open to the public by 2026. The company is also expanding its number of operated cinemas, with four additional assets set to launch by the end of 2024. The current plan is split between mix-use projects such as its entertainment and retail cities and blue ocean projects such as hotels, residences and offices. By other means it's a Gated community with an 85:15 ratio respectively. "A substantial strategy should be built on the company's strengths, weaknesses and opportunities it may have in



"Our initial public offering will be very soon. We have a strong stock market here in Saudi Arabia and we are seeing high interest from investors. Investing in AO is low risk. Investors are not only investing in one industry but seven."

Meshaal Bin Omairh
Group CEO of Abdullah Al Othaim Investment Company

the future," said Omairh. "Our mandate is not limited to development in the Kingdom, and we are open to doing business anywhere. However, we currently require our full capacity to fulfill the needs of the Saudi Arabian market." Additionally, the corporate frontrunner pointed to its change in management as a key factor in the company's current success: "While we are family owned, we are not a family business but a corporation with its own corporate governance. This approach has made a real difference in the company's performance."

One of the company's flagship projects is the giant Konoz city in Riyadh, with required

urban developments. The project is currently 10% complete, with its launch planned for the end of December 2026. AO's second flagship development is the Al Othaim Park in Dammam. The 224,000-square-meter project includes a modern shopping center, a world-class hotel and residences. In March 2023, AO entered into a partnership with construction firm Ledar to build the project's 10 residential towers containing more than 600 units for around \$130 million. AO began developing the hybrid complex in August 2022 with initial investments of \$400 million. The project is currently 15% complete, with its launch anticipated at the beginning of January 2025. Other developments include the Al Othaim

"Our mandate is not limited to development in the Kingdom, and we are open to doing business anywhere."

Mall in Al Jubail set to open in June 2024, the Al Othaim Circle in Al Khobar set to open in July 2025, the Al Othaim Mall in Al Mithnab set to open in July 2024, and the Al Othaim Dome in Riyadh that will open its doors in January 2025. Outside of its hybrid complexes, the company also has development projects geared at supporting Saudi Arabia's nascent tourism sector, including its Jazan Beach development and a multitude of projects in Hail.

AO is taking advantage of Saudi Arabia's recent shift in policies seeking to boost private sector participation. "The business environment in Saudi Arabia is positive. We have the support of banking institutions on the debt side, and the government on the other," said Omairh. "This combination is something not found anywhere else." In line with the region's upswing in publicly listed companies, AO announced plans for an initial public offering of 30% of its shares on the local stock exchange in May 2022. The company is keen to move forward with its plans. "Our initial public offering will be very soon. We have a strong stock market here in Saudi Arabia and we are seeing high interest from investors," said Mr. Omairh. "Investing in AO is low risk. Investors are not only investing in one industry but seven. As a rule, we work with low-risk projects. We work in real estate, and all the projects are 70% owned by us. We also have heavy assets and a net margin of 30%, which is something you cannot find anywhere."

Additionally, the company is also open to partnerships beyond its current roster, which includes the local government. "As a company we are also firm believers in partnerships," said Mr. Omairh. "We cannot do it alone and require partners to achieve our vision. When choosing a partner, it is crucial they share our vision, values, standards and timeline." The company leader points to the country's shifting attitudes on foreign participation as a boon to the business: "New regulations regarding foreign investments have eased foreign participation in the Saudi Arabian market. International investors are now happy to come to live and work in Saudi Arabia, which was not the case before. We encourage investors to not be influenced by what they hear and to come to Saudi Arabia themselves and experience what is happening in the market."



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COMMODITIES

Futures Contracts

Table containing Metal & Petroleum Futures, Copper-High (CMX), Gold (CMX), Palladium (NYM), NY Harbor ULS, Gasoline-NY RB, Natural Gas (NYM), Soybean Meal (CBT), Soybean Oil (CBT), Rough Rice (CBT), Wheat (CBT), Wheat (KC), Cattle-Feeder (CME), Cattle-Live (CME), Milk (CME), Cocoa (ICE-US), and Agriculture Futures.

Table containing Contract, Open, High, Low, Settle, Chg, and Open interest for Dec, Sept, and Oct months for various commodities like Coffee, Sugar, and Cotton.

Table containing Interest Rate Futures including Ultra Treasury Bonds (CBT), Treasury Notes (CBT), 5Y Treasury, 2Y Treasury, 30 Day Federal Funds (CBT), and Three-Month SOFR (CME).

Table containing Currency Futures including Japanese Yen (CME), Canadian Dollar (CME), British Pound (CME), Swiss Franc (CME), Australian Dollar (CME), Mexican Peso (CME), and Euro (CME).

Table containing Index Futures including Mini DJ Industrial Average (CBT), Mini S&P 500 (CME), Mini S&P Midcap 400 (CME), Mini Nasdaq 100 (CME), Mini Russell 2000 (CME), and U.S. Dollar Index (ICE-US).

Source: FactSet

Cash Prices

These prices reflect buying and selling of a variety of actual or "physical" commodities in the market place—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table containing Cash Prices for Energy (Coal, Battery/EV metals), Metals (Gold, Silver, Other metals), Fibers and Textiles (Burlap, Cotton), Grains and Feeds (Barley, Corn), and Fats and Oils (Beef, Broilers, Butter).

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Posland Publishing; R=SNL Energy; S=Platts-TSI; T=Commodity Limited; U=USD; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 8/8

Source: Dow Jones Market Data

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Table containing Bond Benchmarks for Broad Market, U.S. Corporate, Mortgage-Backed, High Yield, and Global Government bonds, showing return and yield metrics.

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds. *In local currency. *Euro-zone bonds. **EMBI Global Index. Sources: ICE Data Services; Bloomberg Fixed Income Indices; J.P. Morgan

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended August 4. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import and demand data are available monthly only.

Table containing Inventories, 000s barrels (Crude oil, Gasoline, Natural gas, etc.) and Weekly Demand, 000s barrels per day (Total petroleum, Motor gasoline, etc.).

Table containing Imports, 000s barrels per day (Crude oil, Gasoline, Natural gas, etc.) and Natural Gas Storage (Billions of cubic feet; weekly totals).

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Table containing Global Government Bonds mapping yields and spreads for various countries (U.S., Australia, France, Germany, Italy, Japan, Spain, U.K.) across different maturities.

Source: Tullitt Prebon, Tradeweb ICE U.S. Treasury Close

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Table containing Corporate Debt investment-grade spreads for issuers like American Electric Power, Sumitomo Mitsui Financial, Svenska Handelsbanken, etc.

...And spreads that widened the most

Table containing Corporate Debt spreads that widened for issuers like Verizon Communications, Elevance Health, Kraft Heinz, etc.

High-yield issues with the biggest price increases...

Table containing High-yield issues with the biggest price increases for issuers like Dish DBS, Hat Holdings I, CSCHold, etc.

...And with the biggest price decreases

Table containing High-yield issues with the biggest price decreases for issuers like BrightSphere Investment, Topaz Solar Farms, Ford Motor Credit, etc.

*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt; change in spread shown is for Z-spread. Note: Data are for the most active issue of bonds with maturities of two years or more

Source: MarketAxess

Exchange-Traded Portfolios | WSJ.com/ETFResearch

Table containing Exchange-Traded Portfolios (ETF) with columns for Symbol, Price, Change, and YTD Return for various sectors like Technology, Healthcare, Energy, etc.

BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities.

Unfunded quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices per q.m. the previous day.

Table with columns: Stock, Sym, Close, Net Chg. Includes sections for Wednesday, August 9, 2023, and various stock listings.

Table with columns: Stock, Sym, Close, Net Chg. Includes sections for GHI and various stock listings.

Table with columns: Stock, Sym, Close, Net Chg. Includes sections for DEF and various stock listings.

Table with columns: Stock, Sym, Close, Net Chg. Includes sections for MNO and various stock listings.

Table with columns: Stock, Sym, Close, Net Chg. Includes sections for TUV and various stock listings.

Table with columns: Stock, Sym, Close, Net Chg. Includes sections for WXY and various stock listings.

Table with columns: Stock, Sym, Close, Net Chg. Includes sections for ABC and various stock listings.

Table with columns: Stock, Sym, Close, Net Chg. Includes sections for PQR and various stock listings.

Table with columns: Stock, Sym, Close, Net Chg. Includes sections for STU and various stock listings.

Table with columns: Stock, Sym, Close, Net Chg. Includes sections for VWX and various stock listings.

Table with columns: Stock, Sym, Close, Net Chg. Includes sections for YZA and various stock listings.

Table with columns: Stock, Sym, Close, Net Chg. Includes sections for ABC and various stock listings.

Table with columns: Stock, Sym, Close, Net Chg. Includes sections for DEF and various stock listings.

Table with columns: Stock, Sym, Close, Net Chg. Includes sections for GHI and various stock listings.

Table with columns: Stock, Sym, Close, Net Chg. Includes sections for JKL and various stock listings.

Table with columns: Stock, Sym, Close, Net Chg. Includes sections for MNO and various stock listings.

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session.

Table with columns: Stock, Sym, Hi/Low, % Chg. Lists stocks that reached new 52-week highs or lows.

Mutual Funds

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets.

e-E-Distribution, F-Previous day's quotation, g-Footnotes x and s apply, J-Footnotes e and s apply, k-Recalculated by Lipper, using updated data, p-Distribution costs apply, l2b-1, r-Redemption charge may apply, s-Stock split or dividend, f-Footnotes p and r apply, v-Footnotes x and e apply, x-E-Dividend, Z-Footnote n, e and s apply, NA-Not available due to incomplete price, performance or cost data, NE-Not released by Lipper, data under review, NN-Fund not tracked, NS-Fund didn't exist at start of period.

Table with columns: Fund, NAV, Chg, % Ret. Lists top 250 mutual funds.

Dividend Changes

Company, Symbol, Yld%, Amount New/Old, Frq, Payable/Record.

Table with columns: Company, Symbol, Yld%, Amount New/Old, Frq, Payable/Record. Lists dividend changes.

Reduced

Symbol, Yld%, Amount New/Old, Frq, Payable/Record.

Table with columns: Symbol, Yld%, Amount New/Old, Frq, Payable/Record. Lists reduced dividends.

Initial

Company, Symbol, Yld%, Amount New/Old, Frq, Payable/Record.

Table with columns: Company, Symbol, Yld%, Amount New/Old, Frq, Payable/Record. Lists initial dividends.

Stocks

Mogo, Siyata Mobile, Wheeler Real Est Inv Tr.

Table with columns: Stock, NAV, Chg, % Ret. Lists stocks.

Foreign

Banco Macro ADR, Barrick Gold, DHT Holdings, Diago ADR, Eneti, InterContinental Htl ADR, Restaurant Brands Int, Taiwan Semiconductor ADR.

Table with columns: Fund, NAV, Chg, % Ret. Lists foreign stocks.

Special

Capital Southwest, Gw Capital BDC.

Table with columns: Fund, NAV, Chg, % Ret. Lists special stocks.

Inflation

June index level, Chg From (%), May '23 June '22.

Table with columns: Inflation, June index level, Chg From (%), May '23 June '22.

Secondary market

U.S. consumer price index, Core, International rates.

Table with columns: U.S. consumer price index, Core, International rates.

Prime rates

U.S., Canada, Japan.

Table with columns: Prime rates, U.S., Canada, Japan.

Policy Rates

Euro zone, Switzerland, Britain, Australia.

Table with columns: Policy Rates, Euro zone, Switzerland, Britain, Australia.

Overnight repurchase

U.S., 5.32, 5.30, 5.35, 2.25.

Table with columns: Overnight repurchase, U.S., 5.32, 5.30, 5.35, 2.25.

U.S. government rates

Discount, 5.50, 5.50, 5.50, 2.50.

Table with columns: U.S. government rates, Discount, 5.50, 5.50, 5.50, 2.50.

Federal funds

Effective rate, 5.3400, 5.3400, 5.3400, 2.3300.

Table with columns: Federal funds, Effective rate, 5.3400, 5.3400, 5.3400, 2.3300.

Treasury bill auction

4 weeks, 5.275, 5.275, 5.840, 2.110.

Table with columns: Treasury bill auction, 4 weeks, 5.275, 5.275, 5.840, 2.110.

KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S2L: stock split and ratio; SO: spin-off.

Sources: FactSet; Dow Jones Market Data.

Borrowing Benchmarks

wsj.com/market-data/bonds/benchmarks

Money Rates

Key annual interest rates payable to borrow or lend money in U.S. and international markets.

Table with columns: Money Rates, Key annual interest rates.

Performance of IPOs, most-recent listed first

Company SYMBOL, Wed's close (\$), % Chg From, IPO date/Offer price.

Table with columns: Company SYMBOL, Wed's close (\$), % Chg From, IPO date/Offer price.

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70 of the 10 largest U.S. banks, and is effective July 27, 2023.

Financing Rate is as of August 8, 2023. DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; FactSet; Tullett Prebon rates as of 5:30 p.m. EDT.

DTCC GCF Repo Index

Treasury 5.323, 19,246 5,365 2,221. MBS 5.340, 46,550 5,407 2,319.

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70 of the 10 largest U.S. banks, and is effective July 27, 2023.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; FactSet; Tullett Prebon rates as of 5:30 p.m. EDT.

BANKING & FINANCE

Coinbase Looks for Growth Beyond Core Trading Fees

By Vicky Ge Huang

Coinbase Global on Wednesday launched a platform for developers to build crypto applications...

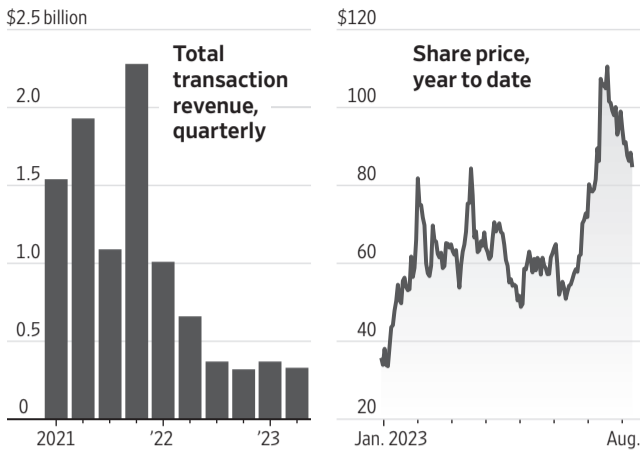
Dubbed Base, the initiative is a blockchain and in some ways akin to iOS or Android on mobile phones...

If developers build sought-after applications on the network, then Coinbase will earn fees every time there is a transaction...

The blockchain's launch is coming after Coinbase reported a sixth consecutive quarter of losses. The exchange has been battling lower trading volumes...

Base is a so-called Ethereum

Coinbase Global



Sources: the company (revenue); FactSet (share price)

layer-two blockchain, meaning that it is a separate blockchain built on top of Ethereum to improve transaction cost and speed.

Base takes a large number of transactions, batches them and then compresses them before publishing them to Ethereum.

"On Ethereum, everyone's driving in a single car, that's really expensive because everyone has to pay for their own car," said Jesse Pollak, who leads Coinbase's efforts on the blockchain.

Investors sent more than \$140 million worth of cryptocurrencies from the Ethereum

blockchain to Base ahead of the launch to use them on the new blockchain, according to data from Dune Analytics.

Coinbase faces reputational risks with the Base launch. It is a public and "permissionless" blockchain, meaning anyone can participate anonymously.

Pollak said Coinbase would build more tools to help users assess the trustworthiness of products on the Base platform, though it won't interfere with the "open and permissionless"

aspect of the blockchain.

The company is also under heavy regulatory scrutiny. The Securities and Exchange Commission sued Coinbase in June, alleging that the company violated rules that require it to register as an exchange and be overseen by the federal agency.

Because of Coinbase's central role in creating Base, regulators could theoretically hold the company accountable for any nefarious activities on the blockchain, according to Omid Malekan, an adjunct professor at Columbia Business School.

"A regulator who wants to make that argument can make that argument," he said. "However, I do think that's also a very shortsighted way for any regulator to treat this situation."

Coinbase has focused more on sticky revenue sources such as custodian services for asset managers hoping to launch exchange-traded funds that hold bitcoin. However, the SEC has repeatedly rejected applications for these ETFs.

Investor enthusiasm over asset managers' new applications for these bitcoin ETFs and Ripple's partial win in its legal fight with the SEC have lifted Coinbase's shares in recent weeks. The stock has surged 138% this year, though it is still well below its initial offering price of \$381.

New York State Debuts Strategy On Cybersecurity

By James Rundle

The state of New York debuted its first cybersecurity strategy, including plans to modernize government networks, provide digital defenses at the county level and regulate critical infrastructure.

The strategy, which Gov. Kathy Hochul announced Wednesday, comes as an array of cyberattacks has battered New York, with the state's Division of Homeland Security and Emergency Services responding to 57 cyber incidents in 2022.

Kathryn Garcia, director of operations for New York state, said that the growing sophistication of hackers and the threats they pose to both state and national security prompted the creation of the strategy.

"Many of the pieces of the strategy plan are already in flight, but we also know that we are only as strong as our weakest link," she said.

The strategy focuses on five areas, including upgrading state networks to support modern security technology such as multifactor authentication. The plan also calls for the state to work with county governments and federal agencies on cybercrime investigations and information sharing.

In addition, the state plans to focus on developing its cybersecurity workforce and educating New York residents and companies about cybersecurity. Also key to the strategy is exploring how existing agencies can further regulate critical infrastructure companies to beef up cyber defenses, said Garcia.

Several states have cybersecurity strategies in place, including Iowa, Michigan and West Virginia, and many other programs are folded into wider IT plans. Few approach the scale and resources dedicated to New York's plan.

The fiscal year 2024 state budget earmarked an additional \$35.2 million for cybersecurity, an increase of about 57% from the \$61.9 million allocated for fiscal year 2023. Separately, the state has included a provision of \$500 million for healthcare systems to upgrade their technology and cybersecurity programs.

Local governments have become a prime target for cybercriminals owing to the information they hold on residents

and the critical services they operate. Aging technology and limited resources result in a struggle to respond quickly to hacks such as ransomware attacks. Local governments often are unable to meet new, stringent requirements to obtain cyber insurance.

Connectivity between branches of municipal government and the state, however, means that hackers can sometimes gain access to wider systems by breaching lightly defended ones. In New York's Suffolk County, attackers last year gained access to county systems by compromising credentials at the county clerk's office, resulting in months of downtime that ultimately cost around \$5.4 million to recover from and investigate. During the shutdown, emergency service call centers, title processing and the courts were disrupted.

The state is providing CrowdStrike's endpoint detection software free to all counties outside of New York City's five boroughs. Colin Ahern, the state's chief cyber officer, said that most counties have taken advantage of this \$30 million program. A handful of others still have time to run on existing contracts or similar scenarios, he

The strategy comes as cyberattacks have battered New York.

said.

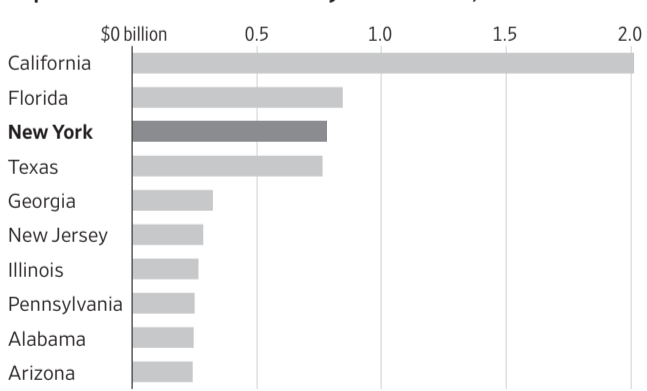
Garcia noted that county systems often link to state systems. "We're connected to them, too, for a variety of reasons, and you don't want someone to get into the systems through them," she said.

The release of the strategy comes amid a series of actions on cybersecurity issues at the federal level. In March, the White House published the National Cybersecurity Strategy, which touches on several of the themes in New York's own document. The U.S. Office of the National Cyber Director coordinated with the New York state government during the drafting process, said acting National Cyber Director Kemba Walden.

"Certainly we appreciate points of alignment, where appropriate, between state cyber strategies and the National Cybersecurity Strategy. But we also recognize that cybersecurity at the federal level differs from cybersecurity at the state level in some fundamental ways, and each state will further have its own unique capabilities, resources and requirements," Walden said.

Some of those capabilities include an "enormous amount of regulatory authority," Garcia said.

Top 10 states of internet crime by victim losses, in billions



Source: FBI Internet Crime Report 2022

Fund Duo Pressed to Make Peace

Continued from page B1

indicated an interest in remaining actively involved at the fund, but Siegel wants to step back into more of an advisory role and spend time traveling and doing other things.

Yet Siegel doesn't want to hand control to Overdeck, these people said. In the past, they have debated succession planning and selling part of the firm to an outside party but haven't been able to reach any conclusions about a course of action, the people said.

"This is a personal matter for John, who is focused on his business and his children," said Jonathan W. Wolfe, a lawyer for Overdeck. "He is not looking to divest from Two Sigma, and has no intention of entering into any divorce settlement that would affect the firm's business or his ownership."

Siegel couldn't be reached for comment. A spokesperson for Two Sigma declined to comment. Theresa Lyons, a lawyer for Laura Overdeck, had no comment.

On March 31, Two Sigma warned clients that the relationship between Overdeck, 53, and Siegel, 61, had deteriorated to the point where they were having difficulty making key decisions. The rift could hurt Two Sigma's operations and returns, the firm has said. The Wall Street Journal reported in June on the unusual regulatory disclosure and the feud.

Pressure is mounting on the co-founders to address their long-running disagreements and map a plan for the firm's future. After the Journal's article was published, the Securities and Exchange Commission

began an examination of Two Sigma, according to people familiar with the firm. Such audits are routine among the largest hedge-fund firms and can focus on potential risks for a fund. SEC examiners have asked Two Sigma about the rift and its potential impact on clients, according to the people. An SEC spokesman declined to comment.

Investors in the firm's funds, including the private-equity firm Blackstone—one of the firm's earliest clients and still one of its largest investors—have also been asking about the conflict, people familiar with the matter said. Representatives for Two Sigma, in meetings and calls with clients, have said they don't believe the founders' relationship has been the driving factor behind any redemptions, which they characterized as small. They have emphasized that Overdeck and Siegel have worked together for decades and have disagreed before, but also said the firm is making some progress in succession planning.

"While we disagree about

certain important topics, we also agree on many of the things that are most critical to our organization," Siegel and Overdeck wrote in a note to investors hours after the Journal's June article was published, adding that they remained committed to the firm and its clients.

Two Sigma took an initial step to try to address one of the contentious issues between the founders by naming temporary replacements for the recently retired chief operating officer, Jonathan Hitchon, who had long mediated between the founders. The founders' inability to agree on a new COO had been one of the triggers for the disclosure, the Journal earlier reported.

The firm in July told clients it had named Jeff Penney and Timothy Reynolds as interim co-COOs. Penney, who was Siegel's college roommate, is a former management consultant who had left Two Sigma several years earlier, while Reynolds is a longtime executive at the firm. A search firm is looking for a permanent COO.

Overdeck and Siegel have

long had different priorities and styles, which for a while contributed to Two Sigma's success, people who know them said. Siegel, a computer scientist, liked spending time on big-picture issues while encouraging staffers to pursue ambitious projects, including advances in artificial intelligence. Overdeck, a mathematician who by the age of 2 was counting by 17s, was viewed as more practical, focusing on improving performance.

For years, they insisted on anonymity for themselves and the firm. That changed starting in 2015 with articles in the Journal and Forbes. The founders decided the higher profile helped Two Sigma attract employees and assets.

They also became more competitive. Siegel scrutinized Two Sigma's website, upset if his biography was shorter than Overdeck's. After first appearing on the Forbes billionaires' list a few years ago, the executives began keeping a close eye on annual rankings, according to people close to the matter, eager to make sure they were ranked equally.



Two Sigma owners David Siegel, left, and John Overdeck can't agree on basic managing decisions.

New Highs and Lows

Table with columns for Stock, 52-Wk % High/Low/Chg, and Stock, 52-Wk % High/Low/Chg. Lists various stocks and their performance metrics.

MARKETS

Buyout Firm To Close \$26 Billion Fund

By CHRIS CUMMING

Veteran buyout firm **Clayton Dubilier & Rice** is set to close its largest-ever fund, with demand from investors exceeding the firm's expectations despite a challenging market that has made it difficult for other large firms to reach their fundraising goals.

The New York-based firm expects to close Clayton Dubilier & Rice Fund XII LP at \$26 billion within the next week, a firm spokesman said. The vehicle has received \$23.5 billion in commitments from outside investors along with a \$2.5 billion general-partner commitment, or money pledged by the firm and its executives, he said.

Following the firm's record fundraise, Clayton Dubilier & Rice's longtime head of investor relations plans to hand off his responsibilities and step back to an advisory role. Tom Franco, a partner who has been with the firm since 2006 and who advised it on fundraising for 15 years before that, will transition to senior adviser at the end of the year, said David Novak, co-president of Clayton Dubilier & Rice.

Franco's responsibilities will be split between two senior firm executives: Partner Kevin Smith, who will lead fundraising and investor relations, and Managing Director Jon Selib, who will handle external communications.

Franco "has hired, trained and developed two great leaders who can lead the functions he's now responsible for in a way that is consistent with the growing demands and the scale of our firm," Novak said.

Large, oversubscribed private-equity funds have become scarcer over the past year as many investors in the asset class, hamstrung by rising interest rates and choppy public markets, have pulled back from making new commitments.

Private-equity firms globally raised just under \$107 billion in the three months ended June 30, the lowest quarterly sum in five years. This slump has left many firms—including some of the largest and most successful in the industry—struggling to meet their fundraising goals.

Clayton, Dubilier & Rice found a strong reception among limited partners, however. The firm exceeded both the \$16 billion it raised for its 11th flagship fund, which closed in 2021, and the new fund's \$20 billion fundraising target. Last week, the firm received permission from its investors to raise the fund's hard cap, or upper fundraising limit, to \$23.5 billion from \$23 billion, a firm spokesman said. The Financial Times previously reported news of the higher fundraising cap.

Investors that committed to the new vehicle include the Pennsylvania Public School Employees' Retirement System, the Teacher Retirement System of Texas and the Oklahoma Police Pension and Retirement System, based on publicly available pension documents. In support of the investment decision, the Pennsylvania pension fund cited Clayton Dubilier & Rice's strong record deploying money in difficult markets and its focus on improving the operations of the companies it buys.

Novak, a 26-year Clayton Dubilier & Rice veteran, said Franco played a key role helping the firm get to its current position. In 1987, Franco founded Broadgate Consultants, which advised private-equity managers—including Clayton Dubilier & Rice—on issues including fundraising and marketing. Franco also founded PEI Media, which publishes news about the alternative-investments industry.

Clayton Dubilier & Rice had a tough time fundraising in the early 2000s after making some investment misfires. Franco, whom the firm brought in-house after years as a consultant, was instrumental in helping correct course and improve relations with its limited partners, Novak said.

Energy Stocks Rise in Down Day

S&P 500 energy sector gains 1.2% as broader index declines 0.7%

By MATT GROSSMAN

Rising oil prices lifted energy stocks during an otherwise downbeat session.

The S&P 500's energy sector gained 1.2% as Texas crude contracts, the U.S. oil-price benchmark, pushed to a 2023 high, settling at \$84.40 a barrel. Solid American fuel demand and international supply cuts have supported oil prices over the summer despite lagging consumption in China.

More broadly, equities edged lower. The S&P lost 0.7%, and the Dow Jones Industrial Average gave up 191.13, or 0.5%, to end at 35123.36. The tech-focused Nasdaq Composite shed 1.2% weighed down by sizable drops for major components such as **Nvidia**, **Tesla** and Facebook parent **Meta**.

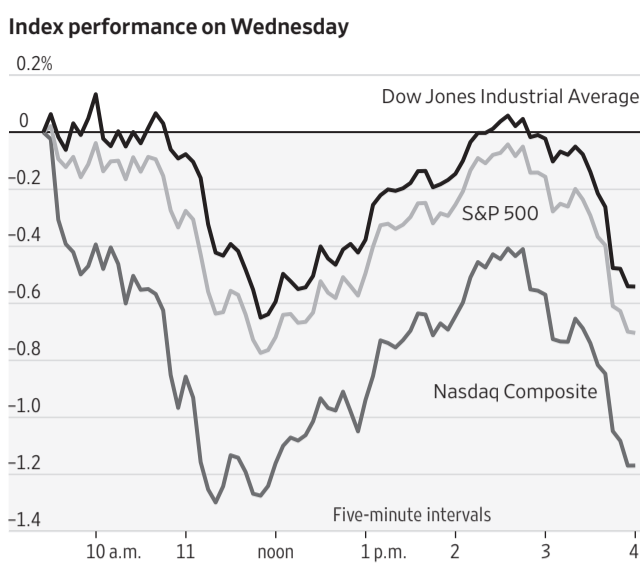
Those moves left intact the major indexes' drop so far this month, with trading shaded by renewed concerns that ripples from high interest rates are depressing stocks' worth. Inflation has cooled alongside continued gains in the labor market. But many investors worry that the Federal Reserve's resolute anti-inflation posture may damp equities' momentum.

For one thing, the Fed's rate hikes over the last 15 months have brought a general risk of financial ruptures that threaten to scuttle economic growth, said David Kelly, chief global strategist at J.P. Morgan Asset Management.

"It's been 15 years since we've had rates at these levels, and we really don't know whether there's another shoe to drop," Kelly said. On the surface, the banking distress sparked in March looks resolved, but "we're not really sure whether we're completely out of the woods," Kelly said.

Higher rates can pinch stock prices because they offer savers juicier returns on low-risk securities such as Treasury notes and certificates of deposit. Last Thursday, the yield on the benchmark 10-year Treasury note finished at its highest level so far this year, with a slight retreat in the days since.

Muted Treasury market trading on Wednesday brought the 10-year yield



Source: FactSet

slightly lower to 4.011% from 4.024% a day earlier. Yields fall as bond prices climb.

Consumer-price data for July, expected Thursday morning, will help shape the Fed's next move in September. Economists surveyed by The Wall Street Journal are anticipating that core prices moved up 0.2% compared with June's level, a pace that when annualized would keep inflation slightly above the central bank's 2% target.

Fed watchers will also scour Thursday morning's weekly jobless-claims update and producer-price data due Friday.

Stubborn inflation in the months ahead could hold back stock prices even if it doesn't prompt more Fed rate hikes, said Kristy Akullian, senior investment strategist at BlackRock's iShares. Instead, stocks could suffer if persistent price

rises merely delay the central bank's timetable for bringing rates lower again, she said.

Traders are now betting that the target fed-funds rate will end next year more than a full percentage point lower than its anticipated December 2023 level.

A handful of company updates prompted sizable stock moves. **Penn Entertainment**, a casino and gambling operator, gained 9.1% after its Tuesday evening announcement of a sports-gambling alliance with Walt Disney Co.'s ESPN unit.

Overseas, the Stoxx Europe 600 climbed 0.4%. Italian financials regained ground after the country's government partially walked back plans for a heavy new tax on bank profits. Trading in Milan lifted shares of two big banks, **Intesa Sanpaolo** and **Unicredit**, 2.3% and 4.4% respectively.

Early Thursday, Japan's Nikkei 225 was up 0.4% and Hong Kong's Hang Seng Index was down 0.5%. S&P 500 futures rose 0.3%. —David Uberti contributed to this article.



Crude prices are supported by solid American demand, Liz Hampton/Reuters

risers merely delay the central bank's timetable for bringing rates lower again, she said.

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Early Thursday, Japan's Nikkei 225 was up 0.4% and Hong Kong's Hang Seng Index was down 0.5%. S&P 500 futures rose 0.3%. —David Uberti contributed to this article.

AUCTION RESULTS

Here are the results of Wednesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

17-WEEK BILLS	
Applications	\$153,835,351,400
Accepted bids	\$48,606,975,600
* noncompetitively	\$786,512,800
** foreign noncompetitively	\$100,000,000
Auction price (rate)	98.244750 (5.310%)
Coupon equivalent	5.495%
Bids at clearing yield accepted	1.67%
Cusip number	912797H04
The bills, dated Aug. 15, 2023, mature on Dec. 12, 2023.	

10-YEAR NOTES	
Applications	\$111,381,199,800
Accepted bids	\$52,216,310,300
* noncompetitively	\$133,875,900
** foreign noncompetitively	\$0
Auction price (rate)	98.986162 (3.999%)
Interest rate	5.495%
Bids at clearing yield accepted	9.47%
Cusip number	91282GHT1
The notes, dated Aug. 15, 2023, mature on Aug. 15, 2033.	

U.S. Crude Hits Highest Level of Year

By DAVID UBERTI

International supply cuts and American demand for fuel helped push U.S. crude on Wednesday to its highest price of the year.

Saudi and Russian production cuts, coupled with the resilience of the fuel-guzzling American economy have tightened the market from both sides. Those pressures on supply and demand have propelled a weeklong rally in

prices despite a deepening malaise in China.

Benchmark U.S. crude on Wednesday climbed 1.8%, to \$84.40, or almost 25% above its June 27 level. The closing value was West Texas Intermediate's highest since Nov. 16, according to Dow Jones Market Data.

The new 2023 high, which came a day before fresh inflation data, underscores how rising energy prices are complicating Wall Street's bets

that Washington can tame inflation without tipping the U.S. economy into recession.

Oil's unusual rise this summer has driven up the cost of Americans' commutes, freight haulers' trips and the production of everything from plastics and fertilizers to clothing. The benchmark price for natural gas—key for power generation and manufacturing—has also jumped nearly 20% over the past week as workers at several Australian export plat-

forms have threatened a strike.

While the Federal Reserve doesn't include volatile energy in its chosen metrics for consumer-price pressures, the hikes are adding new wrinkles to investors' inflation calculus. On Wall Street, many analysts expect oil to continue ticking upward.

"Despite continued concerns over the pace of Chinese growth, the outlook is improving, in our view," UBS told clients.

Uninsured Deposits Roil Banks

Continued from page B1

why its customers fled when the bank ran into financial trouble. At Signature Bank, which failed soon after, 90% of deposits were uninsured. In the following weeks, dozens of lenders restated their financial reports with banking regulators to show smaller year-end numbers for their uninsured deposits.

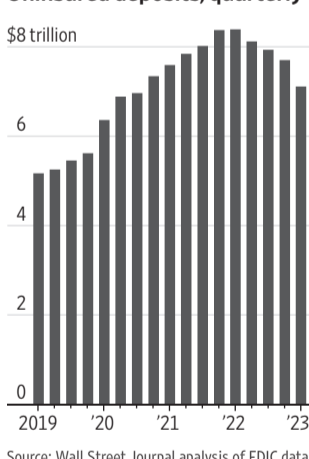
The incentives were there. Optically, smaller looks better. It also could help cut expenses. The Federal Deposit Insurance Corp. in May said it would impose a special assessment on banks with more than \$5 billion of assets to cover the \$15.8 billion that it cost to guarantee uninsured deposits at Silicon Valley Bank and Signature. The assessment would be based on a bank's uninsured deposits as of Dec. 31.

Since Silicon Valley Bank's collapse in March, 47 banks restated their Dec. 31 uninsured deposits downward by a total of \$198 billion, a Wall Street Journal analysis showed. The FDIC was seeing problems with the numbers, too.

When a bank restates an important number like uninsured deposits several times, "it indicates that their information system is not adequate for the task," said Bart Dzivi, a lawyer and former counsel to the Senate Banking Committee, who was speaking generally, not about particular banks. "And if that's wrong, what else is wrong?"

In a July 24 letter to the industry, the FDIC said it had observed some banks reporting their uninsured-deposit numbers incorrectly. Since then, through Tuesday, four of the 47 banks that previously restated downward had restated their numbers yet again—this time to revise them back up. Besides Provident, the others were Centennial Bank, a unit of Conway, Ark.-based **Home BancShares**; Bank OZK, based in Little

Uninsured deposits, quarterly



Source: Wall Street Journal analysis of FDIC data

Rock, Ark.; and Veritex Community Bank, a unit of Dallas-based **Veritex Holdings**. The banks either declined to comment or didn't respond to requests for comment.

The bank with this year's biggest downward restatement was **Bank of America**. In a May 5 filing, it said its uninsured deposits were \$784 billion as of Dec. 31, which was \$125 billion, or 14%, less than it reported originally. After the FDIC's letter, Bank of America said it stood by its

revised number and had no plans to revise it again, which it hasn't. Using the smaller figure would save Bank of America about \$300 million over two years on its special assessment.

Other lenders, such as **Bank of Hawaii**, changed their reporting methodology starting in the first quarter without restating past results. Bank of Hawaii in its original first-quarter filing with the FDIC showed a 20% drop in uninsured deposits to \$8.7 billion, or 42% of deposits, from \$10.8 billion as of the fourth quarter. The March 31 deposit number, as initially reported, excluded deposits backed by collateral. The FDIC in its July 24 letter said that reporting method was unacceptable because "the existence of collateral has no bearing on the portion of a deposit that is covered by federal deposit insurance."

Over the weekend, on Aug. 5, Bank of Hawaii restated its first-quarter report and raised the number to \$10.3 billion, or 50% of deposits. Bank of Hawaii didn't respond to requests for comment.

Rivals Vie To Sign Up New IPOs

Continued from page B1

a prolonged slump, with companies raising the least amount of money in 2022 through traditional IPOs in at least two decades. Early 2023 was also slow, with companies and investors steering clear of IPOs, in part because of higher interest rates and inflation that have made other investments more attractive.

While that temporarily quieted the listing wars, in recent months they have started to



Recent hot IPOs include that of restaurant chain Cava Group.

pick up again.

The NYSE, owned by **Intercontinental Exchange**, currently has an edge over its rival. So far this year, traditional IPOs on the exchange have

raised roughly \$6.5 billion, surpassing the \$3.7 billion raised on Nasdaq, Dealogic data through early August show. If that pattern persists, the NYSE will break Nasdaq's

four-year winning streak.

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four-year winning streak. Recent hot IPOs include that of Mediterranean restaurant chain Cava Group, which doubled in its debut on the NYSE in early June.

The coming crop is bigger, and bankers, lawyers and investors say it could pave the way for a steady flow of new issuance in 2024.

Arm, Klaviyo and Birkenstock could debut as early as September. Arm plans to seek a valuation of more than \$50 billion, while Birkenstock is looking for more than \$7 billion. Klaviyo is likely to target more than \$5 billion, according to people familiar with the matter. Instacart recently updated its internal valuation to around \$12 billion.

—Jaewon Kang contributed to this article.

Risky Options Become Popular U.S. Trade

By GUNJAN BANERJI

Americans got hooked on risky options during the pandemic. Now, they can't let go of the trades.

Individual investors recently accounted for 27% of all options-trading activity, according to estimates from Bloomberg Intelligence.

That share is below the pandemic peak of almost 30% but well above the levels in early 2020. By comparison, everyday investors recently made up 18% of all activity in stocks.

Options give traders the right to buy or sell stocks at a specific price at a later date. They can offer explosive gains—or losses.

For example, put options tied to **Tesla** with a \$225 strike price—or the level at which the trader has the right to sell the shares—changed hands for \$3.38 in trading this week, according to FactSet, up from around \$1.76 Friday.

The shares have fallen 1.6% in the first two days of this week.

Options brokerages have offered lower fees and a greater variety of contracts in recent years, helping to drive the surge.

The boom also has coincided with big gains in the stock market and the expansion of legal online sports betting, which is making people more comfortable with different types of bets.

"There are all sorts of different things you can bet on now legally and easily," said Larry Tabb, head of market structure research at Bloomberg Intelligence.

DraftKings' latest quarterly results show the growing popularity of sports gambling; the company's revenue jumped 88% from a year ago. Its shares have rallied more than 150% this year.

Flutter, the London-listed owner of FanDuel, reported strong earnings on Wednesday.

The company's revenue jumped for the first half of the year and FanDuel turned profitable.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Bond Market Signals More Bank Problems

Moody's downgrades of regional lenders highlight that debt is showing less relief for them than their shares

Regional bank stocks have been on a tear lately. But what is happening with their bonds should be a wake-up call.

On Monday, ratings firm Moody's Investors Service took action on 27 banks, including downgrading the credit ratings of 10 and putting others under review or giving their ratings a negative outlook. Credit ratings are very important for banks, which fund themselves partly with deposits, but also by selling bonds.

Many of the reasons for the actions will be familiar: rising deposit costs and risks to commercial property and construction loans posed by the shift to remote work. They might even feel a bit tired, after second-quarter earnings reports showed that many regional lenders had reversed or slowed deposit outflows, and were projecting a bounceback in interest income later this year or next. The KBW Nasdaq Bank index has rallied over 7% since the start of July, and the

KBW Nasdaq Regional Banking index of smaller lenders is up about 16%.

But the ratings moves are a reminder that many of the core issues revealed by the crisis this year—such as the risks posed by higher interest rates—are only beginning to be addressed. And one risk that investors can't afford to ignore is that longer-term interest rates could keep pushing higher, even as the Federal Reserve looks to be pausing its rate increases.

Moody's analysts acknowledged in their Monday report that the Fed's tougher capital requirements for banks with over \$100 billion in assets should be positive for their credit risk, as more equity capital better protects bondholders. However, Moody's also wrote that it saw some key issues unaddressed by the Fed's proposal.

While the July proposal would include paper losses on some bonds in many regional banks' capital levels, Moody's said that inter-

est-rate risk is "significantly more complicated" than that. For example, there is the diminished value of loans like fixed-rate mortgages—a huge problem for **First Republic**, for one. In its analysis, Moody's applied a 15% haircut to the value of



est-rate risk is "significantly more complicated" than that. For example, there is the diminished value of loans like fixed-rate mortgages—a huge problem for **First Republic**, for one. In its analysis, Moody's applied a 15% haircut to the value of

banks' outstanding residential mortgages.

Over time, regulations could also update measures of liquidity risk, or whether banks have enough cash available to cover anticipated outflows of deposits. For example, "calibrations may be too optimistic for an economy in which depositors are connected through 'whisper networks,'" Barclays analysts wrote in a June note. Among SVB's risks, in retrospect, was that just 10 deposit accounts collectively had over \$13 billion. At Signature, roughly 40% of deposits were held by approximately 60 clients.

The bond market's focus on worst-case scenarios may explain the gap between the performance of many lenders' debts versus their shares. In theory, higher capital requirements coming for many banks ought to provide more comfort for bondholders, who focus more on existential risk, than shareholders, who should be worried about the drag on banks' returns on equity

from higher equity levels.

But this security cushion isn't what markets appear to be reflecting. Across regional banks with A ratings, though their bonds have rallied in recent weeks, investors are still demanding a lot more return to own them than they were prior to SVB's collapse. The gap between those banks' senior bond yields versus Treasuries was still about 50% wider than on March 8 as of Monday, according to Barclays data. Meanwhile, the KBW Regional Bank index is down by less than 10% over that time. It is a relief that banks have found a number of ways to stabilize their earnings and rebuild some capital, like turning to government borrowing or brokered deposits for funding, or making targeted cutbacks on lending, to begin to stabilize their earnings and reduce their capital needs. But bond market jitters show there is still a lot more work to be done.

—Telis Demos



The RealReal has tweaked its commission structure for consignors. The company's warehouse in Perth Amboy, N.J.

Secondhand Sellers Go Premium

In theory, a weakening economic environment seems good for secondhand platforms: People are more likely to sell valuable items from their closets while bargain hunters emerge. In practice, it is a bit more complicated.

The RealReal, an online marketplace for luxury resale, said on Tuesday that gross merchandise value—the total value of goods sold through its platform—fell 7% in its second quarter, worse than the 5.7% decline that Wall Street analysts predicted. **ThredUp**, which sells more generic brands, fared better and reported revenue growth of 8%, exceeding expectations. Both companies reported narrower net losses than analyst expectations, sending The RealReal up 15% and ThredUp 26% Wednesday.

Despite better-than-expected profits, the selling environment isn't exactly hospitable for either platform. ThredUp, which tries to keep its pricing 60% to 70% lower than what consumers could buy at regu-

lar retail, is facing a very promotional environment in which brands are offering steep discounts on new products. On its earnings call on Tuesday, ThredUp said the market for selling clothes remains competitive, though it is improving.

Meanwhile, demand for luxury goods has generally been lukewarm in the U.S. Even the prices of highly coveted secondhand watches such as Rolexes have fizzled recently. ThredUp is projecting a slowdown in top-line growth this year compared with 2022, while The RealReal is expecting a slight decline in sales volume.

Both platforms are trying to attract wealthier, more resilient customers by upgrading their product mixes, even if that reduces their customer base in the near term. ThredUp said the budget shopper continues to look more challenged and said it is focused on attracting the "incrementally more premium buyer."

The RealReal, meanwhile, has

tweaked its commission structure for consignors by allowing them to retain more of the revenue earned from the sale of the most expensive, in-demand items while reducing incentives on products selling for less than \$100. While that has reduced the company's sales volume, it helped improve gross margins to 65.9% last quarter, up about 9 percentage points from a year earlier.

The tricky part for both platforms is that they haven't been around long enough to know how their target buyers and sellers behave during downturns. Given that both businesses are, to some extent, supply constrained, further weakness could be a good thing if it encourages more people to raid their wardrobes. And, judging by the strong record at off-price retail during downturns, demand for value products should hold up.

So far, though, a weakening economic environment hasn't been a bonanza for secondhand goods.

—Jinjo Lee

China Venture Capital Can Withstand U.S. Order

U.S. venture capital and private equity soon won't be able to invest in some Chinese advanced semiconductor and quantum-computing companies, and will have to disclose investments in artificial intelligence companies.

An executive order, released by the Biden administration Wednesday, may not make an enormous practical difference immediately: Beijing probably prefers domestic capital to take the lead in such strategic arenas anyway. But since the scope of the order might expand in the future, the move would still have a significant chilling effect on overall deal flow from the U.S.

Less clear is how much this matters for China's actual ability to fund startups. The two funding ecosystems were already rapidly pulling apart. Venture-capital firm **Sequoia Capital** said in June that it will hivel off its China business, and U.S. direct investment into the country has dropped sharply.

President Biden on Wednesday signed an executive order banning U.S. venture-capital and private-equity investment in some forms of the aforementioned cutting-edge technologies. All three are at the heart of the Sino-U.S. tech rivalry, and all three have clear potential military or security applications. Notably, mainland Chinese shares largely shrugged. The Shanghai Composite fell 0.5% Wednesday, with the more tech-focused Shenzhen A-shares index off 0.6%.

One reason may be that while foreign direct investment into China has dropped off a cliff this year, actual investment into Beijing's industrial-policy priorities onshore is holding up remarkably well. Fixed-asset investment in electrical machinery and equipment rose 39% year over year in the first half of 2023 and increased 37% in the first half of last year. And in the automotive sector, investment in the first half 2023 was up 20%.

Venture-capital deal making has slowed in China this year and remains far below the heady heights

of 2021. But that is also true in the U.S., and by some measures China has held up better. Venture financing in China in the first half of 2023 was \$24.7 billion, according to consulting firm KPMG, down 35% from the same period in 2022. In the U.S., such financing was a much higher \$85.6 billion but was down 46% on the year.

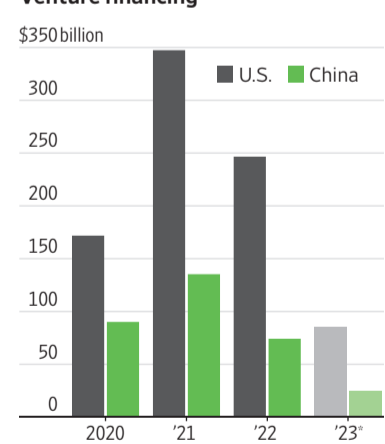
One takeaway is that as U.S. firms pull back, Chinese venture-capital firms—and perhaps other global ones—are likely to keep stepping in. In strategic areas such as AI and quantum computing, Beijing may be perfectly fine with that.

China will still suffer from less direct U.S. involvement. Many of the nation's now-dominant tech companies benefited from U.S. venture-capital largess. Chinese domestic venture firms, particularly those directly backed by the state, may or may not prove to be such canny investors. A more isolated China also may struggle to ever replicate the sheer size of the U.S. funding ecosystem, particularly if the current weak recovery drags on.

Washington won't succeed in choking off capital to Chinese startups, but a more bifurcated global technological ecosystem looks more inevitable.

—Nathaniel Taplin

Venture financing



Kellogg's Plans for Stranded Cereal Unit Look Soggy

Kellogg's plan to ditch cereals makes no more sense today than when it was first outlined a year ago.

The company hosted an hours-long investor presentation on Wednesday giving more details on its plan to spin off the North America cereal business, home of Frosted Flakes and Froot Loops, into a new unit to be called WK Kellogg Co. The remaining company will be renamed Kellanova and focus on the global snacks business, including brands such as Pringles and Eggo waffles.

The snacking category is growing rapidly while cereal has been in long-term decline, driven by shifts in consumer breakfast habits toward protein and away from sugar and carbohydrates. It is understandable that Kellogg wants to focus on snacks, but its case for why

the cereal business would also be better off on its own remains deeply unsatisfying. Since it announced the spinoff plans in June of last year, Kellogg shares have declined around 6% compared with a roughly 10% gain for the S&P 500 consumer staples subindex.

On Wednesday, Kellogg executives spoke again and again of the benefits of having a stand-alone sales team solely focused on cereal and not distracted by snacks. But their target through fiscal 2026 is merely to maintain flat sales for the unit by gaining share in a declining category.

Earnings growth for WK Kellogg is to be achieved through margin improvement: The company sees margins based on earnings before interest, taxes, depreciation and amortization rising by around 5 percentage points to the "mid-

teens" by end-2026, compared with around 9% now. It detailed plans to modernize its supply chain, requiring upfront investment now to reset margins down the road.

There are a few problems with this model. A Morgan Stanley analyst asked one obvious question: If the sales outlook is merely flat, where will long-term profit growth come from after 2026 once margins are normalized?

Gary Pilnick, who has been designated chief executive of WK Kellogg, replied that the company is focused for now on the "first horizon" of margin improvement through 2026. After that, he said growth could come from "looking beyond cereal." Another analyst present at the event asked if he had heard that reply correctly given all the focus during the day on the merits of a cereal-focused organiza-

tion. Pilnick replied that the company's iconic brands could travel beyond cereal to occasions such as snacks, and that over the long term it would look at acquisitions as well as joint ventures and licensing opportunities to achieve this. (Of course Kellogg is already doing this with products such as Rice Krispies Treats, which are to be part of the new snack business). He also said later that there is room for further margin expansion beyond 2026, and that the midteens target isn't necessarily an endpoint.

Another issue is that even maintaining share in cereal will require investment in product development and marketing to keep brands relevant. For instance, one hopeful bit of innovation flagged during the event was a new zero-sugar, high-protein version of Special K, a diet-ers' cereal that has looked rather

dated for a while now.

But keeping this up will require continuous investment, not the one-off sort envisioned for the supply-chain upgrade. That would likely be at odds with the overriding mandate for margin expansion.

WK Kellogg can try to do more with less: It touted initiatives to streamline the number of advertising agencies it works with and to focus more on high-return social media. But it is unclear how any of this will be easier as a smaller company with fewer resources. And the marketing messages it highlighted on Wednesday didn't inspire much confidence. One was a recently launched "cereal for dinner" campaign that encouraged busy families to "give chicken the night off."

They will have to do a lot better than that to turn cereal around.

—Aaron Back