

## What's News

### Business & Finance

- ◆ **Carl Icahn is fighting** for his investment company's survival after a short-seller attack nearly halved its value, propelling the billionaire into one of the most trying periods of his six-decade career. **A1**
- ◆ **A 2022 deal to let** DuPont sell its sustainable-materials business to a Chinese company while ensuring the technology behind it never left the U.S. hasn't worked as planned, according to people familiar with the matter. **A1**
- ◆ **U.S. Steel rejected** an unsolicited offer from rival Cleveland-Cliffs, stopping for now a deal that would significantly reshape the domestic steel industry. **B1**
- ◆ **Neeraj Khemlani**, president and co-head of the unit that houses CBS News and its TV-station holdings, is resigning and has entered into a content and development deal with parent company Paramount Global. **B3**
- ◆ **Big companies are split** on whether the Fed will be able to tame inflation without tipping the U.S. economy into a full-blown recession. **B1**
- ◆ **Wall Street is growing** confident the U.S. can avoid a recession, but the yield curve continues to send seemingly bleak signals. **B1**
- ◆ **Texas sued British** oil giant Shell and the other owner of a petrochemical and refinery complex near Houston that caught fire in May over alleged environmental damage. **A3**
- ◆ **After a short-lived** sales rebound earlier this year, China's property market has fallen back into a deep slump, with potential home buyers sitting on the sidelines. **B6**

### World-Wide

- ◆ **Hawaii state and** local officials face mounting scrutiny over their response to the Maui wildfire that reduced the town of Lahaina to rubble, with dispossessed and bereaved residents receiving little early information on what caused the fire and why it became so destructive. **A1, A6**
- ◆ **Ukraine's current** campaign to retake territory occupied by Russian forces could still run for many months, but military strategists and policy makers across the West are already starting to think about next year's spring offensive. **A1**
- ◆ **The Georgia district** attorney who investigated alleged 2020 election interference by Trump will begin presenting evidence to a grand jury in Atlanta early this week, according to witnesses summoned to appear. **A4**
- ◆ **Illegal crossings** along the U.S. Southwestern border are rising fast three months after the Biden administration tightened immigration policy, with Border Patrol arrests surging in remote desert areas. **A3**
- ◆ **The police force** of Marion, Kan., raided the office of a local newspaper and the home of its owners, seizing personal cell-phones and computers in a case legal experts say is likely unprecedented in modern times. **A3**
- ◆ **Hunter Biden's** legal team accused the Justice Department of reneging on a plea agreement for the president's son. **A4**
- ◆ **Javier Milei**, a far-right outsider in Argentina who pledges to close ministries and slash spending, beat out both conservatives and the ruling Peronist coalition in a primary to choose presidential candidates for October's election. **A18**

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A man who lost his home in the Lahaina fire embraces another parishioner at a memorial service Sunday in nearby Wailuku.

## Maui Fire Response, Cause Are Probed

Death toll rises to 93, marking worst disaster of this kind in over 100 years

MAUI, Hawaii—State and local officials are facing mounting scrutiny over their response to the wildfire that reduced the town of Lahaina

By Jim Carlton, Ginger Adams Otis, Corinne Ramey and Alicia A. Caldwell

to rubble, with residents who lost businesses, homes and family members receiving little early information on what caused the fire and why it became so destructive.

The blaze, the deadliest U.S. wildfire in more than 100 years, claimed at least 93 lives, though residents have said they are bracing for a much higher death toll. Officials have estimated more than \$5 billion is needed to rebuild.

The most immediate task

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◆ **Maui undertakes its own** relief efforts..... **A6**

## With Kyiv Offensive Stalling, Eyes Turn To Spring

By Daniel Michaels

Ukraine's current campaign to retake territory occupied by Russian forces could still have many months to run. But military strategists and policy makers across the West are already starting to think about next year's spring offensive.

The shift reflects a deepening appreciation that, barring a major breakthrough, Ukraine's fight to eject Russia's invasion forces is likely to take a long time.

When Kyiv's counteroffensive began in spring, optimists hoped Ukrainian troops could replicate their success last year in routing Russian forces. But an initial attempt to use newly supplied Western tanks and armored vehicles to punch through fortified Russian lines stalled.

Since then, progress has been slow and painful, relying on small-unit tactics. A renewed push could still be in the offing. But military leaders

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- ◆ **No valedictory for the** 'Grad' rocket launcher.... **A8**
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## Icahn, Famed Corporate Raider, Fights to Save Empire, Legacy

By Cara Lombardo

Carl Icahn back in 2020 tapped his son, Brett, to eventually take over his eponymous investment empire, whose value had surged after years of successfully waging war with American corporations.

Now, instead of preparing to hand over the reins with his legacy secure, the 87-year-old billionaire is fighting for the company's survival after a

short-seller attack nearly halved its value, lurching the famed investor into one of the most trying periods of his six-decade career.

Shares in Icahn Enterprises, known by its ticker, IEP, got crushed after Hindenburg Research in May argued that it was overvalued and held assets at inflated prices. IEP, which houses Icahn's stock investments and owns companies including an oil

refiner and an automotive group, had a market value of close to \$10 billion as of Friday, down from \$18 billion before Hindenburg sounded the alarms.

That has erased about half of Icahn's personal fortune, bringing it to around \$8.5 billion, Forbes estimated, based on his ownership of about 85% of IEP's shares, and damaged his reputation as one of the most feared activists. Icahn

rose to fame as a scrappy corporate raider in the 1980s and went on to make billions of dollars by pressuring companies including Apple to make changes to boost their stocks. His colorful public statements and brash negotiating style helped shape a new era of shareholder activism, and he looms large in the New York area, where a stadium, hospital buildings and charter

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## INSIDE



**U.S. NEWS**  
Illegal border crossings are rising even amid record temperatures in the Southwest. **A3**



**BUSINESS NEWS**  
Restaurants and grocers are in a tug of war for Americans' food budgets. **B3**

## DuPont's China Deal Shows Security Flaws

By Kate O'Keefe and Aruna Viswanatha

U.S. officials forged an uneasy compromise to let DuPont sell its sustainable-materials business last year to a Chinese company while ensuring the technology behind it never left the U.S.

The arrangement hasn't worked as planned, according to people familiar with the matter, exposing flaws in a national-security review process on the front lines of a battle over technology between the U.S. and China—and ultimately prompting an investi-

gation by the FBI.

Divisions on the cabinet-level committee that screens sensitive deals involving foreign buyers were so deep that the government review took more than a year, including an unsuccessful appeal for President Biden to intervene. And the solution that members ultimately settled on was undermined in just a few weeks.

At issue was a DuPont technology used to make a key component of a more sustainable version of nylon. After initially describing the invention as revolutionary, DuPont

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## Teens Are Taking Over Gyms. The Adults Aren't Pumped.

Free Planet Fitness memberships for high-schoolers lift tension over etiquette

By Ben Glickman

In Orange County, Calif., Taylor Mason, a 33-year-old high-school teacher, relishes her summers without teens. One of her usual happy places is her local Planet Fitness gym.

This season, she can't get away. Adolescents are filling the gym, and she says they leave equipment in the wrong place and wear jeans and Crocs on the treadmill. They take too long to use machines because they are dis-

tracted by their phones. "If you watch one more TikTok without doing one crunch, I'm gonna lose my mind," Mason says.

Regulars at Planet Fitness locations across the U.S. are now working out alongside throngs of high-schoolers who are participating in the chain's popular promotion: free membership for teens in the summer. Some young people have settled on the chain's purple and yellow bedecked air-conditioned

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## Can San Francisco Avert a Doom Loop?

City races to save downtown from tech exodus, homelessness and street crime

By Jim Carlton and Katherine Bindley

Local leaders are trying anything they can to keep San Francisco's struggling downtown core afloat, including paying retired, unarmed police to keep an eye out for trouble.

One is Mike Browne, who spent 30 years as a San Francisco cop and now patrols downtown as part of a squadron of "community ambassadors," recognizable in blue shirts, who aim to help

commuters and shoppers feel safer in and around San Francisco's downtown commercial and shopping district. Homelessness, drug use, and nonviolent crimes like shoplifting and car thefts are commonplace in many parts of the neighborhood.

When an apparently disturbed man rammed into him recently, Browne did nothing. "What are you going to do?" the 60-year-old said. "You can't fight crazy."

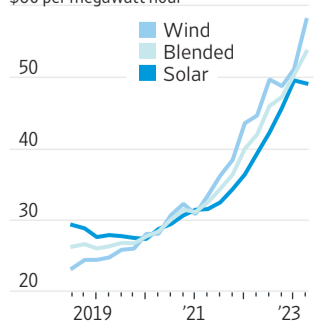
Downtown San Francisco  
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## Green Power Gets Pricey

Rising costs for renewable energy are creating headaches for some utilities. **B1**

U.S. renewable-power developers are charging more for their electricity.

**Power purchase agreement prices, quarterly\***  
\$60 per megawatt hour



\*Market-Averaged P25 Continental Index for North America  
Source: LevelTen Energy (power purchases)



# U.S. NEWS

THE OUTLOOK | By Gwynn Guilford and Will Parker

## Gasoline, Food Threaten to Bump Up Inflation

While inflation continued on a downward glide path in July, economists say to brace for some turbulence in coming months as rising energy and food prices disrupt that process.

The consumer-price index increased 0.2% in July, the same as in June, the Labor Department said Thursday. That is down sharply from June 2022's 1.2% gain, and the 0.5% averaged in 2022. Continued moderate monthly readings would put inflation on a path toward the Federal Reserve's 2% target by late 2023 or early 2024.

But one powerful downward force on inflation is now reversing. Gasoline leapt in the wake of Russia's invasion of Ukraine in early 2022, pushing the 12-month inflation rate to 9.1% a year ago. Its drop explains much of the subsequent fall to 3.2% in July.

Gasoline is now headed higher again. While its price rose just 0.2% in July, bigger gains are in store. Regular gasoline on Friday was up 30 cents a gallon from a month earlier at \$3.84, according to OPIS, an energy-data and analytics provider.

That would lift the gasoline component of the CPI reading more than 10% in August, the monthly CPI by 0.6% and the 12-month change in consumer prices to as much as 3.6%, said Stephen Stanley, chief economist at Santander US Capital Markets.

Moreover, gasoline could keep rising because it tends to lag behind oil prices. West Texas Intermediate hit \$82.82 a barrel last week, the highest since November, on worries about reduced supply after Saudi Arabia and Russia cut production and amid an improved outlook for the U.S. economy.

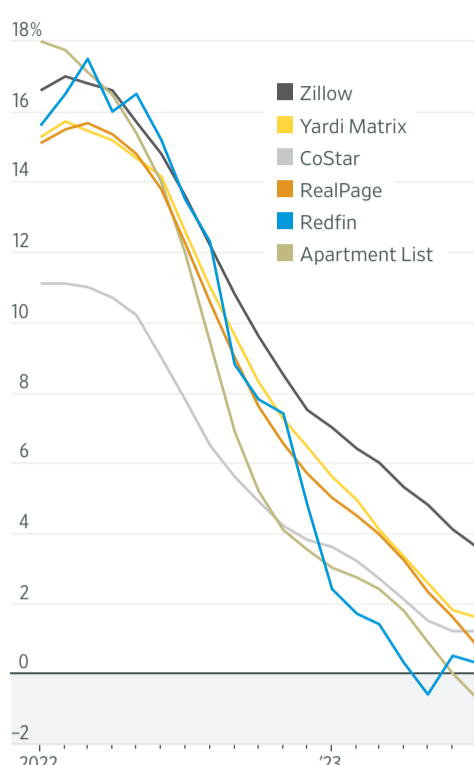
Oil prices threaten to boost other costs, such as airfare, an outside driver of falling inflation. It fell 8.1% in July from June, shaving nearly 0.05 percentage point off the one-month inflation rate.

Food also made an outsize contribution to last summer's surge in inflation, and also its subsequent reversal. Grocery prices rose an average of 1% a month in the year through last September, but declined an average of 0.1% in March through June of this year. Then in July they jumped 0.3%.

Further increases could be in store. Producer prices for foods gained 0.5% in July from June, the most since November. The United Nations' index of food prices—which includes cereals, vegetable oils, sugar, meat and dairy products—climbed 1.3% in July from June, which was the second increase in four months after falling steadily from the 50-year high reached in March 2022.

Geopolitical events and weather could sustain that trend. Russia in July withdrew from a deal that allowed Ukraine to export grain through the Black

Monthly new-lease asking rents\*, change from a year earlier



\*Some measures include single-family home rentals in addition to apartments. Sources: the companies (rents); University of Michigan, Surveys of Consumers (inflation); FactSet (futures)

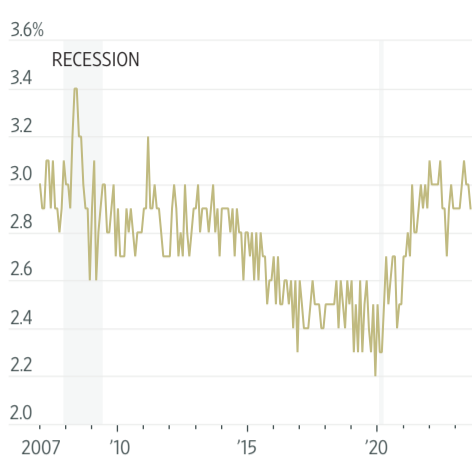
Sea, and it has since attacked its key port facilities. Russia's withdrawal from the export deal could drive grain prices up by 10% to 15%, the International Monetary Fund estimated. Rising transportation costs, inclement weather and El Niño, a recurrent fall and winter weather pattern that can cause drought, could also contribute, said Michael Gapen, the head of U.S. economics at Bank of America. On their own, costlier

food and gasoline are unlikely to result in higher interest rates, because the Fed pays more attention to core inflation that excludes both, said Andrew Schneider, senior economist at BNP Paribas.

The good news is that shelter is the biggest component of core inflation, and it is likely to ease in coming months.

Shelter rose 7.7% in the 12 months through July but was down from March's peak of 8.2%. Many econo-

Median inflation expected by consumers 5-10 years from now



Benchmark U.S. crude-oil futures



mists expect this deceleration to continue over the next year, in large part because it tends to trail market conditions by 12 months or more.

Listing and property-data companies show average increases for new apartment leases already running below 2% this summer. Tenants renewing their leases faced an average increase of 5.8% in July, down from 11.1% in August last year, according to rental software firm RealPage.

Still, gas and food pose a particular concern for the Federal Reserve and the prospects of avoiding a recession.

Gasoline is the only price that is broadcast to consumers on 4-foot-tall signs each day. They encounter food prices—particularly for milk, eggs and other staples—nearly as often. As a result, gasoline and grocery prices disproportionately shape consumers' expectations of inflation, which can, in theory, add to inflationary pressures as they ask for higher wages to compensate.

Inflation expectations tracked by the University of Michigan for five to 10 years out edged lower to 2.9% in early August from 3.0% in July, though above the 2019 average of 2.4%. A sustained rise in gasoline and food prices could send them higher, said Schneider, of BNP Paribas. "The Fed really pays attention to that," he said.

Recent strikes and big pay increases in union settlements exemplify how high inflation can flow through to wages and, potentially, prices, said Santander's Stanley.

"If everyone thought that the inflation we got during the pandemic was a flash in the pan, I don't think you'd be seeing the types of demands on the labor side that we're seeing right now," Stanley said.

- ◆ Executives split on chances of a soft landing..... B1
- ◆ Grocers, restaurants battle for consumers..... B3

## Chinese Goods Make Up Smaller Slice of U.S. Imports

By ANTHONY DEBARROS AND YUKA HAYASHI

A deepening confrontation between the U.S. and China is eroding trade ties between the world's two largest economies, with goods from China accounting for the smallest percentage of U.S. imports in 20 years.

Instead, buyers are turning to Mexico, Europe and other parts of Asia for wares ranging from computer chips and smartphones to clothing, according to a Wall Street Journal analysis of trade data released this week by the Census Bureau.

China accounted for 13.3% of U.S. goods imports during the first six months of this year, below a peak of 21.6% for all of 2017. The current level is the lowest since 12.1% for the year in 2003, two years after China's accession to the World Trade Organization.

The shift started in 2018 as the Trump administration imposed tariffs on a range of Chinese products. During the pandemic, shortages of products such as face masks and semiconductors prompted companies to rethink their supply chains. This year, some companies cut their reliance on China amid an intensifying bilateral fight over advanced technology. President Biden dialed up the heat last week with an executive order banning U.S. investments in certain Chinese advanced semiconductors and quantum computing.

"It's now become clear to companies that the conflict on trade and technology and other things between the United States and China is not going to go away," said Chad Bown, a senior fellow at the Peterson Institute for International Economics. "They have begun to try to figure out ways to de-risk."

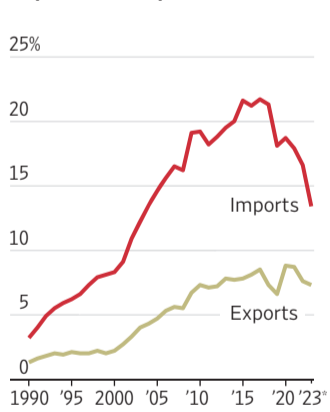
### Broad decline

China's loss of share in U.S. imports isn't the result of a dramatic change in imports from any one product or country. Instead, slow-moving supply-chain shifts across dozens of industries and nations are driving the trend.

One factor has been a shift of production to other Asian nations, namely in Southeast Asia and India. Starting in early 2019, China's share of U.S. imports fell below the to-

In the first half of 2023, China's share of U.S. imports fell to its lowest level in 20 years. The U.S. has turned to Mexico, Canada, Europe and other parts of Asia to offset its decreased appetite for electronics, toys and other goods from China.

China's share of U.S. goods imports and exports



\*Through June †Total of 25 Asian and South Asian nations including India, Japan, South Korea, Taiwan, Thailand and Vietnam; EU includes the current 27 member nations in all years. ‡Reflects 12-month period ending in June of each year. Source: Census Bureau

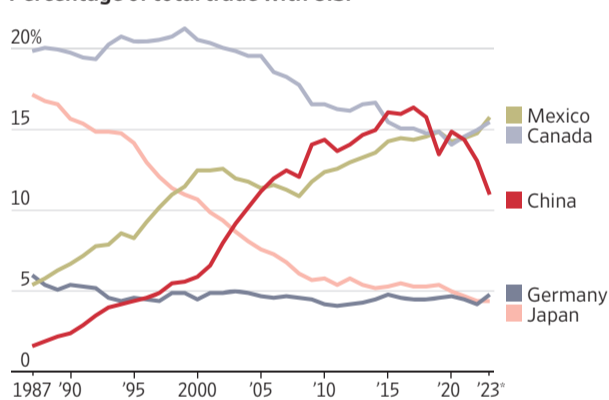
tal share from a basket of 25 other Asian nations. India, Thailand and Vietnam accounted for 24.6% of U.S. imports in the 12 months ended in June, compared with 14.9% for China, according to census data.

Meanwhile, Mexico's share of U.S. imports matched China's in June. The free-trade agreement between the U.S., Mexico and Canada has made Mexico a strong contender against China and other Asian nations as a supply base to the U.S. A move toward shorter supply chains in the post-Covid era adds to the advantage of Mexico and Canada.

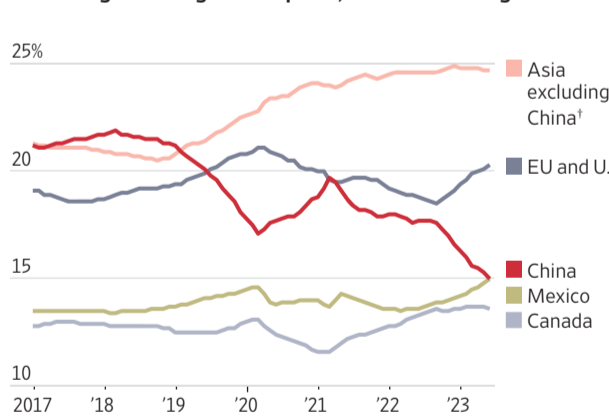
Machinery and electronics were among the largest trade categories where Mexico's share of U.S. imports increased during the year ending in June.

When the dollar values of exports and imports are combined, Mexico is now the U.S.'s No. 1 trading partner, followed

Percentage of total trade with U.S.



Percentage of U.S. goods imports, 12-month rolling sum



by Canada, pushing China to third place. The shift reflects a recent decline in the share of U.S. exports to China, combined with a longer-term decline in China's share of U.S. imports. China accounted for 10.9% of U.S. total trade during the first half of 2023. Mexico tops at 15.7%, with Canada close behind at 15.4%.

Recent declines in imports of Chinese products, in both dollars and as a share of imports, stretch across product categories. Imports of machinery—a category wide enough to include pumps, air conditioning units and computers—dropped by \$16.6 billion in the 12 months ending in June. In the same period, China's share of U.S. machinery imports fell to 21.1% from 25.3%.

U.S. imports of Chinese-made electronics decreased by \$13.4 billion in the 12 months ending in June, compared with a year earlier. China's

share of electronics imports fell to 27.9% from 32%.

### Smartphones

Most smartphones imported to the U.S. arrive from China, but its share fell to 75.7% for the 12 months ended in June, according to census data. That was down from several recent peaks above 80%.

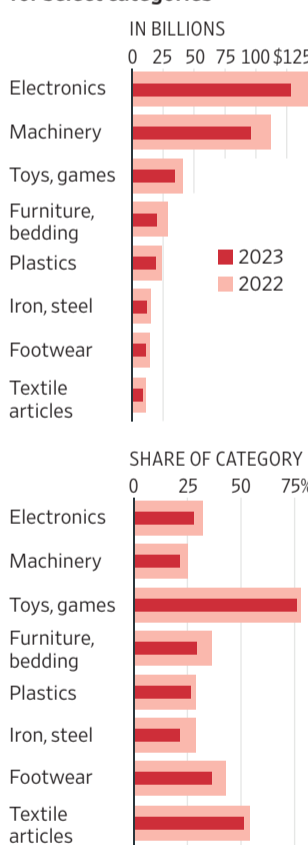
Smartphone makers, particularly Apple, are pushing to diversify their supply chains away from China. Apple supplier Foxconn, for example, plans to increase production in India.

### Semiconductors

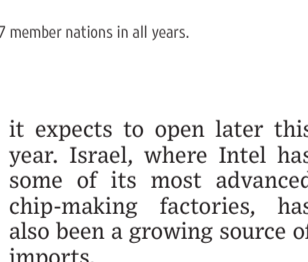
Vietnam and Thailand are growing sources of chip imports to the U.S. They are becoming hubs for the later stages of chip-making, where raw silicon chips are tested and then packaged into their final form—an area where China also has a big footprint.

Amkor Technology, a U.S. company that specializes in chip packaging, is building a large factory in Vietnam that

U.S. imports from China for select categories<sup>†</sup>



SHARE OF CATEGORY



As the U.S. and its allies step up policies to restrict sale and production of advanced chips in China, companies are increasing their production in the U.S., Europe and other Asian countries.

### Apparel

China's share of U.S. imports of apparel declined quickly after the Trump administration included the category in a round of tariffs in 2019. Sourcing has continued to shift to other Asian countries, including Vietnam, Bangladesh and Indonesia.

The departures were accelerated by growing U.S. scrutiny of labor practices in the cotton-producing Chinese region of Xinjiang, as well as rising wages for Chinese workers.

### Furniture

A boom in furniture imports from China starting in the 1990s helped close factories across the U.S. But China's share of U.S. furniture imports began declining in response to tariffs and has continued to slide in the past year. China accounted for 25.7% of furniture imports in the 12 months ending in June. Meanwhile, Vietnam, Mexico and Canada collectively accounted for 49.4% of furniture imports in that same period, up from 41.8% at the start of 2020.

—Asa Fitch contributed to this article.

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## U.S. NEWS

# Texas Sues Shell Over May Fire at Houston Refinery

By Jenny Strasburg

The state of Texas sued British oil giant **Shell** and the other owner of a petrochemical and refinery complex near Houston that caught fire in May over alleged environmental damage.

The Texas attorney general alleged in court documents that the massive fire caused “mass quantities” of airborne contaminants and illegal flows of wastewater into nearby waterways.

The civil lawsuit, filed Aug. 7 in state district court in Travis County, on behalf of the Texas Commission on Environmental Quality, seeks unspecified monetary damages of more than \$1 million and other relief tied to alleged environmental violations at the Deer Park site.

According to the state, days of firefighting using “vast quantities of water” to cool parts of Shell’s sprawling chemical facility resulted in at least 68.7 million gallons of wastewater being unlawfully discharged into a storm-water pond and into the nearby Houston Ship Channel.

The lawsuit says Shell also allowed additional, unspecified volumes of wastewater to flow through a water-treatment facility in amounts exceeding what was permitted.

The wastewater passed through a drainage ditch crossing Shell’s chemicals-manufacturing facility as well as the next-door refinery owned by a unit of Mexican state oil company **Petróleos Mexicanos**, operating under the name **Deer Park Refining Limited Partnership**. Both Shell and the Pemex-owned entity are named as defendants.

A Shell spokesman said Saturday the company was aware of the lawsuit and doesn’t comment on pending litigation. He said the Deer Park chemicals facility remains in a recovery phase, and Shell continues to investigate the cause of the fire and rebuild the damaged portion of the plant.

A Pemex spokeswoman with the Deer Park refinery said the company is committed to working with regulators to resolve concerns about the May fire and is dedicated to conducting business in a safe and environmentally responsible way.

Serious releases of chemicals, oil, vapors and other substances at U.S. chemical-man-

ufacturing sites and refineries resulting in injuries, evacuations or other severe consequences, saw an overall uptick in frequency during portions of the pandemic, according to data collected by the American Fuel and Petrochemical Manufacturers, a U.S. trade and lobbying group.

Such incidents, which are self-reported by companies according to standards set by the industry, have declined in frequency from the levels of a decade ago but became more common in 2021 at U.S. chemical plants. They also increased in frequency during four out of the past five years at U.S. refineries, AFPM data show.

In addition to the lawsuit filed by Texas, Shell faces private lawsuits on behalf of more than two dozen employees and contractors who say they were injured and exposed to harmful chemical fumes during the fire.

A Shell executive at the chemicals plant told reporters in May that the fire sent 15 people to the hospital for evaluations, and that all were later released. The company has said it is committed to the safety and well-being of workers and communities near its plants.

The Deer Park wastewater discharges started May 5, when the fire ignited, and lasted until at least May 26, according to the state’s lawsuit.

Shell said at the time of the fire that there was no danger

**Shell said at the time of the fire that there was no danger to the community.**

to the community near the chemicals facility. The Texas Commission on Environmental Quality also said at the time there were “no detections of concern in the air monitoring surveys” being conducted by staff and contractors during the fire.

In 2021, Shell said it would sell its 50% stake in the crude-refining plant at the Deer Park complex to its partner Pemex as part of broader moves by the London-based company to shrink its U.S. refinery footprint. The sale was completed in early 2022.

Shell retained 100% ownership of the adjacent petrochemicals plant that dates back to the 1940s. The company has had a presence at Deer Park for more than 90 years.

The Deer Park chemicals facility makes ethylene and isoprene for use in paints, plastics, insecticides and other products, as well as acetone and phenol for dyes, agricultural chemicals and other uses.



Migrants waded around buoys placed to deter them and others from crossing the Rio Grande into Texas in late July.

# Illegal Border Crossings Rise Despite Extreme Desert Heat

By Santiago Pérez and Alicia A. Caldwell

Illegal crossings along the U.S. Southwestern border are rising fast three months after the Biden administration tightened immigration policy, with Border Patrol arrests surging in remote desert areas.

Migrants trying to enter the U.S. illegally are braving record-high temperatures, which is making their journeys riskier and requiring more rescues by U.S. and Mexican border authorities.

More than 130,000 migrants were apprehended at the U.S.-Mexico border in July, according to a U.S. government official briefed on the data, a third more than in June.

The fastest growth was in the Border Patrol’s Tucson sector, with some 40,000 apprehensions, the most since April 2008. Authorities attribute much of the Tucson traffic to a shift in tactics by human smugglers guiding migrants to the border.

Tens of thousands of migrants crossed in some of the most remote and harsh stretches of the Arizona desert between Yuma and Tucson as smugglers try less-frequently used routes to avoid detection. Such paths keep to areas with limited infrastructure to detain migrants, making it more likely they will be released.

“You would think nobody would be coming, but they are all coming in the worst heat in history,” said Adam Isacson, a border-security expert at WOLA, a Washington-based human-rights advocacy group.

There have been no deaths or major medical emergencies reported in the newly busy area in recent weeks, officials



Authorities in the U.S. stand guard at a railroad bridge at the border between El Paso, Texas, and Ciudad Juárez, Mexico.

say. U.S. authorities recovered the bodies of more than 890 migrants, a record number, along the border, in the 2022 fiscal year that ended Sept. 30, according to the Biden administration. Many died from dehydration while lost in arid areas of the border.

John Modlin, the Border Patrol’s top agent in Tucson, said on July 28 that officers there had made about 10,000 arrests and more than 400 rescues in the previous week. In all of June, there were around 24,000 arrests, according to Customs and Border Protection data.

Border authorities in the Rio Grande Valley sector of east Texas also reported surges in migrant apprehensions. Large numbers of arrests have continued into August.

Crossing in desert areas can be deadly, with ground temperatures well exceeding 100 degrees at times, CBP officials say. Such extreme conditions have led to a surge in 911 calls, they say. Agents responding to such calls for help routinely find dozens or even hundreds of migrants in need of aid and trying to surrender

to arriving border agents, according to an official familiar with the situation.

CBP said the Border Patrol has deployed additional agents and transportation resources to the region.

The agency said that “calculus human smuggling organizations” have even sent migrant families with children through stretches of a National Wildlife Refuge and the Tohono O’odham Nation southwest of Tucson.

While arrests for illegal border crossings have increased sharply in recent weeks, they remain significantly below the 222,000 reported in December. They are also lower than in the months before the Biden administration stopped enforcing the Title 42 public-health law that allowed agents to quickly turn back migrants before they could ask for asylum.

Along the key routes in Latin America, the number of migrants making their way north has also been rising fast. It is an indication that apprehensions along the U.S.-Mexico border could again reach the record level seen earlier this year.

Farther south, a record

273,000 migrants crossed the dangerous jungle paths of the Darién Gap between Colombia and Panama from January to early August, more than in all of 2022, according to Panama’s government. Most people are on the way to the U.S. More than 150,000 Venezuelans made the trek. Panama’s statistics show that July was the busiest month so far this year, with crossings almost doubling from June to more than 55,000, even as the rainy season picked up.

Mexico’s government registered a monthly record of more than 58,000 migrants heading to the U.S. in June, the latest month of available estimates, a 45% increase from May. In Cuba, social-media advertisements have recently increased offering door-to-door transportation to the U.S. through flights to Nicaragua and ground travel across Central America and Mexico.

Endemic poverty and criminal violence are still the main reasons that Latin Americans emigrate, migrants say. A 60-year-old migrant from Honduras said that she arrived in Mexico this week fleeing the violent community of Choloma, near the city of San Pedro Sula, because of extortion threats. “I had to leave my house because if I didn’t deliver the extortion payment this weekend, they were going to kill me,” said the migrant, a garment retailer.

“All my family is out of the country too,” she said. “I don’t know if I’m going to be able to enter the U.S. Until now, what I do is thank God that I’m still alive.”

—Michelle Hackman, Juan Carlos Rivera and José de Córdoba contributed to this article.

# Small Kansas Paper Raided by Police After It Investigated a Tip

By Shannon Najmabadi

The police force of a small Kansas town raided the office of a local newspaper and the home of its owners on Friday, seizing personal cellphones and computers in a case U.S. legal experts say is likely unprecedented in modern times.

One of the newspaper’s owners, 98-year-old Joan Meyer, collapsed and died the next day, according to her son Eric Meyer, who is also a co-owner of the paper.

The search centered on a tip the news outlet, called the Marion County Record, received from a confidential source who alleged a local restaurateur, Kari Newell, was driving without a license after an impaired driving conviction 15 years ago. Record staff investigated the tip using a document the source provided but decided not to publish a story because they had reservations about the source’s motives and how the source got the document, which contained personal information about Newell.

“That is what has all of my publishers going ‘wait a minute, we’re sent stuff all the time,’” said Emily Bradbury, executive director of the Kansas Press Association. “If that is the catalyst for seizing my computers, this is scary.”

The Record is based about



The police force of a small Kansas town raided the office of the Marion County Record on Friday.

an hour’s drive north of Wichita in the 1,900-person city of Marion. The Meyer family has owned the paper for 25 years.

A reporter with the Record received the tip about Newell in early August. The source sent a document that included Newell’s date of birth and driver’s license, which the reporter used to verify the document’s veracity on a state website. The reporter used her own name to do so, said Meyer.

But Meyer said he had an

“inkling suspicion” that the paper was “being set up—that somebody gave us a document that we weren’t supposed to have.”

Without mentioning Newell’s name, Meyer told the police and county sheriff about the document, said they didn’t intend to publish a story, and offered to provide additional information in an email, he said. He didn’t get a response, he said.

The next week, sheriff’s deputies and police officers simul-

taneously showed up at the news outlet’s office and at the house Meyer shared with his mother, with a search warrant signed by Eighth Judicial District Magistrate Judge Laura Viar. No probable cause statement justifying the need for a search has been made public. Meyer’s mother grew agitated as officers rifled through papers and took electronics, Meyer said.

The Eighth Judicial District said it couldn’t comment on a

matter pending before the court.

Marion Police Chief Gideon Cody responded to questions about the case by referring to the search warrant and a public statement that said he believed the judicial system would be vindicated once the entire story was made public. “The victim asks that we do all the law allows to ensure justice is served. The Marion Kansas Police Department will [do] nothing less,” he said in the statement.

Newell said she was shocked to learn of the raid after being contacted by the police early last week. They said she might be the victim of a crime, because a reporter and editor at the Record received a copy of a letter she had received about her driver’s license, Newell said.

“I don’t know if it ever left their organization or not. But the fact that they were even considering—if they were not going to do a story on it, then what was the point of downloading it?” Newell said.

She confirmed she had driven without a license but said she had a driver’s license now. “I am not the Gestapo. I can’t go tell the police, ‘Hey, go raid this place’ and they’re just going to be like, ‘OK, I’m going to go do that after lunch.’ There is a full process that comes into play, none of which I had anything or any part of,” she said.

Meyer said neither he nor

the reporter who received the tip shared the personal information or downloaded it from the state website. It is standard practice to look into tips the newsroom receives, he said.

The Kansas Bureau of Investigation assigned an agent to the case Tuesday, after getting a request from local police and the Marion County Attorney to join “an investigation into allegations of illegal access and dissemination of confidential criminal justice information,” said agency spokeswoman Melissa Underwood. The KBI agent didn’t apply for the search warrants executed at the Record’s office and Meyer’s home, and wasn’t present when they were served, Underwood said.

Legal experts and advocates for press freedom said the raids likely violate a privacy protection act Congress passed in 1980 that requires law-enforcement officials to get a subpoena for reporters’ work product rather than a search warrant that can’t be challenged in court beforehand.

The Reporters Committee for the Freedom of the Press and more than 30 news organizations, including The New York Times, Dow Jones and The Washington Post, have written to the chief of the Marion Police Department to condemn its raid on the Marion County Record.

U.S. NEWS

Grand Jury In Atlanta Set to Hear 2020 Case

BY JAN WOLFE AND CAMERON MCWHIRTER

The Georgia district attorney who has investigated alleged 2020 election interference by former President Donald Trump will begin presenting evidence to a grand jury in Atlanta early this week, according to witnesses summoned to appear.

Fulton County District Attorney Fani Willis's timeline became clearer on Saturday when two witnesses in the investigation said they had been summoned to testify Tuesday. Legal experts have said they expect the presentation of evidence to take around two days.

There are two grand juries meeting in Fulton County through the end of August, one on Mondays and Tuesdays and the other on Thursdays and Fridays. The latest developments suggest Willis will begin her presentation of the case on Monday, and the public could know whether Trump and others have been indicted by Tuesday evening.

"I can confirm that I have been requested to testify before the Fulton County grand jury on Tuesday," said Geoff Duncan, Georgia's former lieutenant governor, who spoke out against Trump's false claims that the Nov. 3, 2020, election was marred by fraud.

"I look forward to answering their questions around the 2020 election," said Duncan, a Republican, in a statement. "Republicans should never let honesty be mistaken for weakness."

Another witness summoned to testify is George Chidi, an independent journalist who stumbled upon a meeting of state GOP officials seeking to certify an alternate slate of Electoral College votes for Trump while the official procedure was committing the state's electoral votes to the Democratic winner of the race, Joe Biden.

One focus of Willis's investigation was these "alternate electors," individuals who signed a certificate stating Trump had won Georgia in the 2020 election and declared themselves Georgia's "duly elected and qualified" electors.

"I've just received a call from District Attorney Fani Willis' office," Chidi said on X, formerly known as Twitter. "I have been asked to come to court Tuesday for testimony before the grand jury."

Both Duncan and Chidi testified before a special grand jury that investigated the actions of Trump and his allies after the election. That grand jury lacked authority to hand down indictments, but after hearing 75 witnesses it wrote a report recommending criminal charges against several people, according to excerpts of the report that have been unsealed.



Election personnel counted ballots in Atlanta in November 2020. Donald Trump and his allies unsuccessfully pressured officials to overturn his loss.

In Georgia, Trump Fatigue Runs Deep

BY CAMERON MCWHIRTER AND LINDSAY WISE

PEACHTREE CITY, Ga.—Georgia has become ground zero for exhaustion over the legal drama surrounding Donald Trump—and the GOP debate about whether to stick with him in 2024.

The three indictments he has faced to date have boosted Trump's standing in national polls. But in Georgia—where Trump is expected to be indicted as soon as this week on charges related to his effort to overturn the 2020 election result in the state—there are signs that voters have tired of the 2020 election replays and of Trump himself.

In a shopping center in the Atlanta suburb of Peachtree City, Republican Cindy Allamon, 65, said she voted for Trump in 2020 but wasn't sure she wanted him to be the GOP nominee in 2024—a sentiment that could be a sign of trouble for Trump in the state's March 12 primary.

Allamon dreads the coming indictments in Georgia.

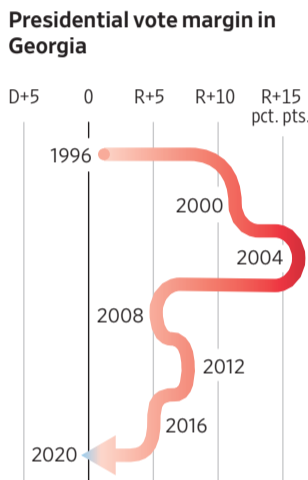
"For the country I think they should just let it go," she said. "It's getting ridiculous."

That kind of Trump fatigue is pervasive in Georgia, Republican campaign strategists warn, especially among suburban independents and some disenchanted Republicans.

"What has he done to net a single new vote since 2020 here?" complained one Georgia GOP consultant. "The reason he lost in 2020 were white suburban voters in Atlanta. They were over it then, and they're certainly over it now."

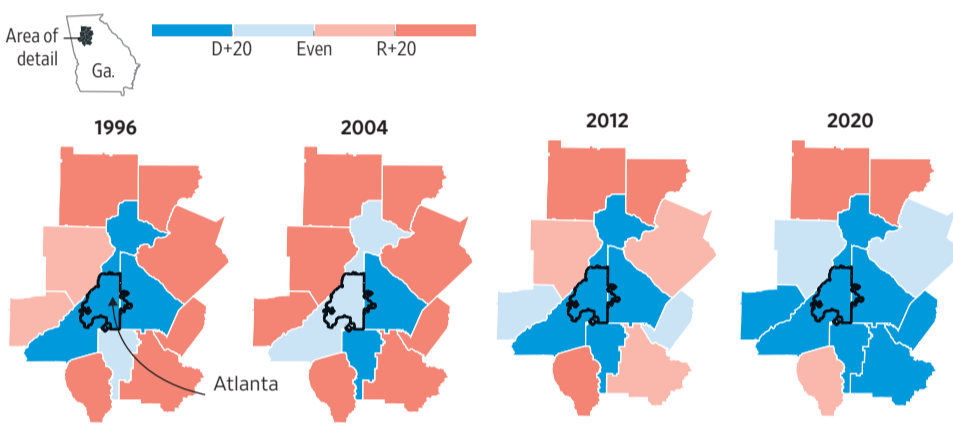
Now comes a fresh reminder of Trump's 2020 antics in the anticipated indictments from Fulton County

Once solidly red, Georgia has moved left, with Biden winning the state in 2020.



Source: Associated Press

Presidential vote margin in the Atlanta metropolitan area



District Attorney Fani Willis. Though she has been tight-lipped about who she will indict and on what charges, experts and those close to her expect her to charge the former president, his associates and leading GOP activists in Georgia.

A Trump campaign spokesman declined to comment for this article, but Trump has repeatedly said the probe is politically motivated and he did nothing wrong.

Popular GOP Gov. Brian Kemp leads the faction urging the party to stop obsessing over the last presidential contest or risk losing the next one, the same way Trump fatigue depressed Republican turnout and alienated suburban voters in the past two elections, costing the party key Senate races.

Joe Biden won the election in Georgia by about 12,000 votes out of five million cast, making Trump the first Republican presidential candidate to lose the state since

1992. Trump and his allies unsuccessfully pressured Kemp, Republican Secretary of State Brad Raffensperger, who oversees elections, Atlanta-based U.S. Attorney Byung J. Pak and others to investigate and overturn Biden's win.

Trump's attacks on state Republicans and the election process in Georgia helped depress the Republican vote and enhance Democratic turnout in two Senate runoff elections in January 2021. Jon Ossoff and Raphael Warnock won those contests, giving control of the 50-50 Senate to Democrats, with Vice President Kamala Harris breaking ties.

Two years later, Trump backed failed primary challenges against Kemp and Raffensperger, causing further GOP division. And Trump-en-

dorsed GOP candidate Herschel Walker, a former football star, failed to unseat Warnock, with Republicans again losing in an expensive, closely watched runoff that handed Democrats a 51-49 Senate majority.

Kemp's former campaign manager, Bobby Saporow, leads a super PAC supporting former Vice President Mike Pence's campaign, while a close adviser, Cody Hall, has joined Florida Gov. Ron DeSantis's campaign staff.

The charges in Georgia are likely to include violations of the state's antiracketeering statute, often used by prosecutors going after gangs. Prosecutors use the antiracketeering law to build a case against what they describe as criminal networks. In this case, they

would make the case that such a network, headed by Trump, sought to subvert democracy by blocking legitimate election results.

Some Republican strategists said the latest indictment might not yield the same benefits for Trump in the state. Georgia GOP Chair Josh McKoon disagreed.

"I think it will continue to energize Georgia Republicans, and even really center-right voters, because most people in this country don't believe you take the criminal justice system and use it as a political tool," McKoon said.

Georgia Democrats said they, too, were tired of rehashing 2020 but were eager to see indictments against a man who they believe tried to disenfranchise them.

"I'm just so over the whole thing," said Kevin Kelly, 60, a flight attendant and a Coweater who lives in Coweta County, southwest of Atlanta. "But I hope Trump gets what he deserves."

Georgia Democrats said they, too, were tired of rehashing 2020.

Probe of President's Son Looms in Race

BY SADIE GURMAN AND ANNIE LINSKEY

WASHINGTON—When President Biden nominated Merrick Garland to be attorney general, he said he wanted an independent chief law-enforcement officer who would follow the facts, unencumbered by politics.

He got one, and now Garland is presenting the president's re-election campaign with the prospect that the travails of Biden's son Hunter will be at least a sideshow to the 2024 presidential race, one that bears the risk of affecting voters' view of the president.

The Justice Department had the chance to end Hunter Biden's years of legal travails over tax violations and a gun offense with a plea agreement that was tentatively outlined with defense attorneys in June.

But the judge overseeing the case queried the plea deal's terms, and Friday brought the official whiplash: Garland agreed to name a special counsel to continue the long-running investigation of Hunter Biden, a blockbuster announcement that came as

prosecutors in the case said plea negotiations were at an impasse and they expected to move to trial.

The decision caught Democrats by surprise. White House allies went into the summer thinking Hunter Biden's legal woes would be completed, leaving them to contend only with attacks from Republican lawmakers with a record of overstating their findings.

Instead, Democrats now must contemplate a lengthy legal process that will be harder for them to dismiss as a political stunt, as they have the congressional probes. On the other hand, the court case will center entirely on Hunter Biden, unlike the GOP probes searching to tie the president to his son's foreign business dealings.

David Weiss, the U.S. attorney in Delaware who has been overseeing the case for five years, requested the appointment, Garland said Friday. With Republicans already investigating allegations that the Biden administration was seeking to hinder or play down the probe, the attorney general had little choice but to grant it, his supporters said, given the damaging op-



Hunter Biden

tics of turning him down. Biden allies said they didn't immediately focus their frustration on Garland.

Special-counsel status formalizes Weiss's autonomy, gives him leeway to pursue charges outside Delaware and ensures that the president's son will remain under scrutiny by the Justice Department. It also raises the likelihood of a politically explosive trial in the same campaign season as the Republican front-runner, Donald Trump, faces three and possibly four prosecutions himself.

Garland gave no warning of

his action to the White House or Hunter Biden's legal team, a person familiar with the matter said, in keeping with department policy and Garland's stated commitment not to involve the president or any other politician in his decision-making. Garland's decision means Weiss will have to write a report that the attorney general could make public, revealing more of what conduct the investigation uncovered.

The White House remained silent about the decision, referring questions to the Justice Department and Hunter Biden's legal team.

His opponents reacted swiftly. "It's about time," said former Vice President Mike Pence of the special-counsel appointment.

Garland said earlier this year he hadn't discussed the investigation with the president, who promised when he nominated Garland to stay out of Justice Department affairs. Biden took that stance after years in which Trump pressured his attorneys general to prosecute political rivals, show leniency to associates and discredit the 2020 presidential-election results.

Hunter Biden Team Says DOJ Reneged on Deal

BY ARUNA VISWANATHA

Hunter Biden's legal team said late Sunday the Justice Department had decided to "renew on the previously agreed-upon plea agreement," escalating a dispute that is threatening to become a factor in 2024 as President Biden seeks re-election.

On Friday, prosecutors disclosed that plea talks with the president's son had broken down and Attorney General Merrick Garland named Delaware U.S. Attorney David Weiss as a special counsel to continue the investigation and prosecution related to Hunter Biden's tax and business dealings.

The disagreements between the two sides spilled into public view at a hearing last month, when Hunter Biden had expected to plead guilty to two misdemeanor tax counts. Under questions from the judge about both sides' understanding of the agreements—including whether the government expected to bring any further charges against him—Hunter Biden reversed course, pleaded not guilty, and left the deal in limbo.

In the three-page filing Sunday, the younger Biden's legal team provided more details about the talks, saying prosecutors had proposed and "largely dictated" the language in the plea agreement and a separate deal to resolve a gun charge.

That included language that said the U.S. wouldn't criminally prosecute Biden further over the conduct at issue in either the tax or gun cases, a provision which Biden understood to mean the investigation was over. The agreement, now public, said it didn't cover any future conduct by Biden.

At the July hearing, prosecutors instead revealed they continued to investigate Hunter Biden, including in connection with possible foreign-lobbying charges related to his work for foreign clients.

In the new filing, Hunter Biden's team said prosecutors had previously conveyed otherwise, saying his understanding of the scope of immunity is "corroborated by prosecutors' contemporaneous written and oral communications during the plea negotiations."

## U.S. NEWS

# Trump Overshadows DeSantis at Iowa State Fair

By JOHN MCCORMICK  
AND ALEX LEARY

DES MOINES, Iowa—This state's fair has staged locomotive collisions, hosted high-wire walkers, held wartime battle re-enactments and, in recent days, been home to a prizewinning boar weighing 1,012 pounds. On Saturday, Donald Trump arrived.

The former president was the center of attention, even on a day when he shared the fairgrounds with four others also seeking the 2024 Republican presidential nomination. He worked especially hard to overshadow Ron DeSantis, his current top challenger for the

GOP nomination, arriving shortly after the Florida governor and stealing crowd and media attention.

Iowa starts the Republican nomination process with its Jan. 15 caucuses, and the state's importance looms large because there's a belief among party operatives that, if Trump can't be slowed in the Hawkeye State, he's likely to become the nominee.

Trump's enthusiastic reception came despite unprecedented legal woes. He is facing three criminal indictments—for improper handling of classified documents, a hush money payment to a porn star and conspiring

to undo his 2020 defeat to Joe Biden.

A fourth could come in Georgia this week concerning his alleged attempts to reverse his 2020 loss in the state. A reporter on Saturday asked if he would be open to a plea deal. "We don't take plea deals because I did nothing wrong," Trump said.

Even before stepping onto the fairgrounds, Trump's Boeing 757 circled overhead several times. Fairgoers pointed to the sky as the jet flew above, just as DeSantis was finishing his shift flipping meat at the Iowa Pork Producers Association building. Supporters of the former presi-

dent also chanted "we love Trump" as DeSantis took his turn at the grill. Trump made multiple stops, attracting such large crowds that the mass of humanity frequently blocked foot and motor traffic.

At the former president's side were nine members of the Florida congressional delegation backing Trump over DeSantis, a dig at the governor's lack of congressional support back home. DeSantis, showing his Iowa support, brought roughly a dozen state legislators backing him.

"The other candidates came here—they had like six people," Trump said, wildly understating the crowds gath-

ered for DeSantis. The former president also bragged about the size of the fair audience and his polling in the state. A New York Times/Siena College poll released earlier this month showed Trump leading DeSantis in Iowa, 44% to 20%, a narrower margin than nationally.

"We'll be back," Trump vowed, "we don't want to take any chances." His campaign said it spent \$20,000 on food and drink at the fair, donated to attendees.

On Saturday, DeSantis told reporters that Trump has failed the party by declining to sign a loyalty pledge to support the party's eventual

nominee. He also defended Iowa Republican Gov. Kim Reynolds.

Trump has been critical of her. His critique was centered on her decision to remain neutral ahead of the caucuses rather than endorse his candidacy. Reynolds invited every candidate to a friendly question-and-answer session. Almost all GOP presidential candidates accepted the invitation except Trump.

Other GOP hopefuls on the Iowa fairgrounds Saturday included businessman Vivek Ramaswamy, former South Carolina Gov. Nikki Haley and business executive and pastor Ryan Binkley.

## U.S. WATCH

### PENNSYLVANIA

#### Four Dead After House Explosion

Four people were dead and a fifth was unaccounted for following a house explosion in western Pennsylvania that destroyed three structures and damaged at least a dozen others Saturday morning, authorities said.

Allegheny County officials said three people were taken to hospitals after the blast shortly before 10:30 a.m. in the borough of Plum, about 20 miles east of Pittsburgh.

Three people were transported to area hospitals, including one who was listed in critical condition and two who were treated and released.

The Allegheny County Medical Examiner's Office was expected to provide additional information about the deceased victims.

Emergency responders reported people trapped under debris after one house apparently exploded and two others were engulfed in flames, county spokesperson Amie Downs said.

The cause of the explosion is under investigation by Plum and county law enforcement and the county fire marshal's office.

—Associated Press

### NORTH CAROLINA

#### Officers Fatally Shoot Armed Man

Officers in a western North Carolina city fatally shot a man early Sunday when he pulled a handgun from his waistband during a pursuit, police said.

Timothy Craig Setzer Jr., 27, was shot by Hickory police officers shortly after midnight, the city's police department said. Officers involved in the shooting were placed on administrative leave pending the outcome of a review by the State Bureau of Investigation.

Police received several 911 calls about gunshots being fired, including one that said a shot had struck a home. Another call described a possible suspect with a gun in his hand.

More officers responding to the area located a suspect, who fled as they continued to pursue him while giving commands to stop. Police said the suspect then turned and pulled out a handgun, prompting officers to fire their weapons, striking him.

—Associated Press

### ILLINOIS

#### State Bans Some Ads for Firearms

Illinois Gov. J.B. Pritzker has signed a law banning firearms advertising that officials determine produces a public safety threat or appeals to children, militants or others who might later use the weapons illegally—opening the door for lawsuits against firearms manufacturers or distributors.

Pritzker on Saturday signed the Firearm Industry Responsibility Act, making Illinois the eighth state to approve legislation that rolls back legal protections for firearms manufacturers or distributors. "We hold opioid manufacturers accountable. Vaping companies accountable. Predatory lenders accountable. Gun manufacturers shouldn't get to hide from the law—and now, they won't be able to," Pritzker said.

The law took effect immediately.

—Associated Press

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## U.S. NEWS

# Maui Keeps The Aloha Spirit Alive

BY ALICIA A. CALDWELL

MAUI, Hawaii—The crew of the Lani Kai, a Maui Snorkeling boat normally jammed with ocean-loving tourists, quickly unloaded flippers, goggles and snorkels to make room for roughly 10 truckloads of supplies.

No nook or cranny of the vessel went unused. The ship had packed up about an hour's ride away from Lahaina on Saturday afternoon, carrying clothes, food and tarps to distribute, among other things.

"Spence, is there room for more?" one volunteer shouted out to the boat's captain after emptying a pickup truck bed. Spencer Erwin, the captain, surveyed the deck and interior galley and gave a nod. "Sure. One more should do it," Erwin said.

State and federal aid is trickling into the region in the wake of the deadliest U.S. wildfire event in over 100 years. The Lahaina fire has left at least 93 people dead, though officials expect the death toll to continue to rise. Residents have described walls of wind-whipped flames and black, acrid smoke that billowed around them as the blaze reached its peak Tuesday evening.

Many Maui residents have since launched their own relief efforts, shuttling supplies to the fire-devastated region by boat. For days, a mini-flo-tilla of aid-laden boats have arrived off the shore of Kaanapali, just north of Lahaina.

On Saturday aboard the Lani Kai, a host of volunteers and a few journalists joined

its captain and first officer as the boat made way toward Kaanapali, keeping about a mile off shore as it passed the charred remains of Lahaina.

"Maui and Hawaii has always been about aloha. It's a very small community and we need to help each other," Erwin said. Aloha, as anyone here will tell you, refers to a broad sense of love and fellowship.

As the boat navigated around Maui's west coast, those aboard were startled at the scope of the damage.

Small plumes of gray smoke could be seen from the ship as it passed into sightlines of Lahaina.

Erwin and his makeshift crew rendezvoused with another tourist boat-turned-aid supplier, the catamaran Sea Maui III, just off shore and formed a hand brigade to move supplies from one vessel to another.

The catamaran then made landfall, taking its place in line after another catamaran finished unloading. A line of volunteers waited on shore, forming a line up the beach to move trash bags, boxes and plastic bins stocked with supplies that would later be driven to distribution sites around West Maui.

The stories of survivors, many having made their way to the safety and calm of central Maui, are told in truly apocalyptic terms. Most people have described the area as looking like a war zone in the aftermath of a massive bombing, with bodies left in burned-out cars and twisted metal as the only recognizable remains.



ERIN BUTLER FOR THE WALL STREET JOURNAL (2)



"It was raining fire," Bosco Bae, a 39-year-old art gallery employee, recounted of his escape from Front Street after black, acrid smoke became too much and hopes of saving anything were lost.

The conversations are often matter-of-fact and rich in detail of the terror. Some end with hugs among friends or simple thank yous for asking. Residents who fled the hardest hit areas say they suspect

the official death tolls are too low. Too many friends are gone, many said plainly.

Access to Lahaina is limited. On Saturday, some residents simply waited at a nearby gas station, hoping

**Volunteers in Maui, Hawaii, move donated supplies from a boat to shore to aid survivors of the Lahaina fire.**

they would be able to eventually make it home. By the afternoon, only responders were allowed in and lines of residents in cars had dissipated.

Residents throughout the area pressed to return. The line of cars at a police checkpoint stretched miles back Friday.

At shelters around central Maui, evacuated residents showed a sense of resilience. At the War Memorial Complex, the area's largest shelter, a group of local Hawaiian singers serenaded families.

For some residents now housed in shelters in Central Maui, returning for now isn't an option. "I'll get a tent, I guess, and wait to rebuild," said David Ballesteros, 56.

"Everything I've known in my adult life is gone and I can't get it back," he said.

## Wildfire Response Scrutinized

Continued from Page One

is continuing to find and identify victims, according to police, which will take some time. Only then will officials dig in, likely in a series of broader probes, with two goals in mind: to figure out how and why the fire started, and whether officials or others missed opportunities to signal the growing danger before flames engulfed the town.

Whipped by hurricane winds, the worst of the wildfires destroyed much of historic Lahaina on Tuesday. It was the deadliest U.S. wildfire since a disaster in Minnesota that killed hundreds of people in 1918.

"When fires begin in remote areas and there are no witnesses or video evidence, it can take quite a long time for investigators to go through that detailed forensic analysis," said David Shew, a wildfire consultant and retired official at the California Department of Forestry and Fire Protection.

The first step will be to nail down the fire's origin, said Robert Rappaport, a California-based fire investigator and consultant. "Many investigators get on their hands and knees to search for these very small indicators to show movement," Rappaport said.

In some cases, security cameras or bystanders can help indicate a fire's origin. In others, Rappaport said, investigators follow clues that the fire might have left, like burn patterns on fence posts or shrubs or leaves.

From there, authorities turn to the cause. They will look to systematically eliminate possi-

ble sources, such as a campfire or lightning, Rappaport said. They will also examine the role, if any, played by the electric grid, including the possibility of human error, according to longtime fire investigators and electrical-grid experts.

One area of focus is likely to be the possibility the fire was sparked by electric transmission equipment, said Bob Marshall, chief executive officer of Whisker Labs, a grid-monitoring firm whose sensors detected dozens of power faults on lines throughout West Maui, including near Lahaina. The sensors are home power monitors distributed by insurance companies throughout the U.S. to detect electrical arcing that causes fires, he said.

He said the firm, based in Germantown, Md., has reached out to the utility Hawaiian Electric to share its data, but so far had not received a response. Hawaiian Electric officials declined to comment on the firm's information.

Dan Dallas, a U.S. Forest Service incident commander based in Colorado, said that in many cases, there are multiple sources of ignition, such as what happened in December 2021, when a loose power line and remnants of a trash fire whipped up a grasslands inferno much like the one that consumed Lahaina. It swiftly destroyed more than 1,000 homes near Boulder, Colo.

Questions have also been raised over whether Hawaiian Electric should have cut the power in West Maui when conditions became too dangerous. Lahaina resident Jennifer Potter, who until nine months ago served as a member of the Hawaii Public Utilities Commission, said Hawaiian Electric should have had a plan in place to shut down power ahead of the 60-mph winds that downed energized lines.

"There were red flags two to three days in advance," Potter said. In her nearly five years as a member of the Hawaii Com-

mission, nobody introduced the topic of an emergency shut-off protocol, Potter said.

Hawaiian Electric said it has a "robust wildfire mitigation and grid resilience program" that includes regular inspections and maintenance. The utility doesn't have a formal power shut-off program.

A shut-off Tuesday would have affected the water pumps used by firefighters, among other things, the utility said. "Our focus remains on supporting first responders, helping our customers and employees, and restoring power as soon as possible," Hawaiian Electric said.

There is also the question of how officials responded to the blaze once it started. Hawaii has what it says is one of the world's largest networks of sirens to warn people of all kinds of events, including wildfires and hurricanes.

Maui County alone has about 80, most of which are in coastal areas. Authorities on

the state and county level have the ability to activate them as a general warning, said Adam Weintraub, spokesman for the Hawaii Emergency Management Agency. Initial reports were that none of the sirens were activated Tuesday. Other emergency systems, including broadcast alerts and cellphone notifications, were activated.

Hawaii Gov. Josh Green and other officials said it isn't yet known if the sirens functioned properly. The pace of the fire, the governor said, might have damaged infrastructure and prevented the warning system from sounding alarms.

—Joshua Jamerson and Michelle Hackman contributed to this article.

### Watch a Video

Scan this code to watch a video on efforts to deliver aid to Lahaina.

## FROM PAGE ONE

## Icahn Fights To Save Empire

Continued from Page One

schools all bear his name. IEP shares regained some ground in July after Icahn restructured personal loans that had been tied to the stock price, but they sank further after IEP reported disappointing second-quarter earnings this month and cut its dividend in half.

Icahn, who has called Hindenburg's report "misleading and self-serving," issued a rare mea culpa in a letter accompanying the results. He said he had strayed from the style of investing that made him famous in favor of a bet against the market that backfired and vowed to refocus on activism. (In trademark Icahn fashion, he also spent much of the letter berating public company CEOs and boards, comparing them to feudalistic rulers and their advisers to mercenaries.)

Icahn appears upbeat about IEP's future, touting that an investor who had bought

shares in 2000 and reinvested dividends would have averaged a 13% annual return through July. Though both IEP's short and long positions lost money in the second quarter, he said the company appeared to turn a corner in July, when the value of its stock investments had a net increase of \$500 million.

And his famous sense of humor is undiminished.

When IEP shares opened down more than 30% the morning of its earnings release, Bill Ackman, another billionaire investor and frequent Icahn foe, tweeted, "On Wall Street, if you want a friend, buy a [dog emoji]." One of Icahn's oft-repeated quips, it appeared to be a callback to an earlier Ackman tweet that said Icahn has made many enemies during his career and doesn't seem to have any real friends.

In response to his younger rival's comment at the time, the martini-drinking Icahn told The Wall Street Journal, "At least most of my friends are dead. What's his excuse?"

But the hole Icahn is in is no joke. His plan to dig himself out of it by refocusing on activism won't be easy, in part because his access to cash has been severely curtailed. In a sign of his dimin-

ished personal resources, he plans to take the next dividend partially in cash rather than in IEP shares as he has long done.

Icahn's son, Brett Icahn, 43 years old, returned to IEP in October 2020 to lead a team of three newly hired portfolio managers who help pick the company's big bets. IEP said at the time, and reiterated in a recent filing, that Brett Icahn is expected to succeed his father atop Icahn Enterprises and as chief executive of its investment segment by 2027. But the way the agreement is structured leaves room for someone else to take over—and either way, it is possible the elder Icahn will need more time at the helm to stabilize things.

Questions are swirling on Wall Street as to how long IEP will be able to maintain its generous dividend and whether Icahn, who has said nothing compares to the thrill of a corporate showdown, will ever wage a high-profile campaign again. Others aren't counting him out just yet.

"Some of the tools he per-

fect, like the threat of a tender offer, might not be in his tool kit in the near term," said Jim Rossman, Barclays's global head of shareholder advisory. "But until he officially closes up shop, he's not out."

Icahn, who moved his firm from New York to the Miami area before the pandemic, now primarily lives on an exclusive Florida island where Amazon founder Jeff Bezos recently purchased a home. But lately he has been managing the crisis from his East Hampton, N.Y., estate, where he, his wife, Gail, and their dogs spend the summer (and where he has been tussling with the zoning board over an unpermitted gazebo).

Though he has spent long nights holed up in his home office strategizing with advisers, he has also been seen at social events as usual, including Washington Post heiress and journalist Lally Weymouth's Fourth of July party.

Before Hindenburg put Icahn on the defensive, the most turbulent period of his career was in the 1980s, when he took airline TWA private

and had highly publicized clashes with its unions. He made a hefty profit on the investment, which was chronicled in "Icahn: The Restless Billionaire," an HBO documentary last year on his life.

IEP for the past several years has sold additional shares to bring in more cash, marketing it as an opportunity for everyday investors to invest alongside a legendary stock picker. But it would be much harder to do so now, with the stock down so much. That means launching a new activist campaign would require tapping into some of IEP's roughly \$1.6 billion in cash, which could spook investors if it isn't quickly replenished.

Another possibility, borrowing money against IEP's investments, as many hedge funds do, could well bring in several billion dollars, but such a maneuver is also not likely to be warmly received by investors or Hindenburg, which tweeted recently that it is still betting against IEP shares.

While IEP could theoretically sell some of its existing \$3.8 billion of investments to free up cash, many of its current bets are underwater.

Throughout the current ordeal, Icahn has remained fo-

**Icahn's plan to rebound by refocusing on activism won't be easy.**

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# WORLD NEWS

## No Valedictory for ‘Grad’ Launcher in War

Use of missile shows Ukraine’s reliance on Soviet-era gear, and comes with risks

By Alistair MacDonald

DRUZHKIVKA, Ukraine—Western governments have sent some of the world’s most sophisticated weapons to Ukraine, but Battery Commander Volodymyr Sukhilov uses the BM-21 Grad, a 60-year-old Soviet rocket launcher that has become a staple for both sides in this war.

Despite the billions of dollars of missiles, howitzers and other weapons sent to Ukraine, analysts estimate at least two-thirds of the country’s armory to be of Soviet heritage. Vintage weapons are playing a pivotal role in backstopping the Ukrainian military’s slow-moving counteroffensive, as military commanders hold back some of their Western-trained troops and donated weapons, such as tanks.

Few weapons symbolize that reliance more than the BM-21 Grad, an icon of Soviet weaponry that entered service in 1963 and shoots up to 40 unguided rockets from the back of a truck.

The Grad also shows the dangers of Ukraine’s reliance on Soviet-era gear. The aging weapon is inaccurate and prone to breakdown, while the country’s supplies of Grad rockets are running low, analysts and some of its operators said.

The Grad is widely found in Ukraine’s arsenal. The U.S. has sent Ukraine 38 Himars, modern mobile rocket launchers that have had a big impact on the battlefield. But the country started the war with some 260 Grads, according to Janes, the defense-intelligence group, while Russia had around 500 in active service and many more in storage.

While the Grad’s age brings limitations, those who operate



Members of Ukraine’s 60th Brigade gather around a Soviet-made Grad rocket launcher in the Donetsk region.

it retain affection for a weapon they call grandma and other nicknames. They say it is still effective at saturating Russian positions.

“It is an old lady, and has all [an old person’s] problems,” said Sukhilov of Ukraine’s 60th Brigade.

One of the brigade’s six Grads, hidden by banks of earth and trees outside a front-line village near the strategic city of Bakhmut, is around 60 years old. The weapon often has mechanical problems, which its crew has mainly learned to fix. “It is better to ask what has not broken,” Sukhilov said.

Still, the Grad, which translates to “hail” in Russian, does important work. “In a short time we can deliver a lot of rockets to the enemy,” Sukhilov said.

The 60th Brigade’s crew of

Grad operators say they see little Western gear and would love to have a Himars.

The Himars and other modern multiple-rocket launchers can guide their fire to a target with satellite-navigation systems, while Grad operators input coordinates manually and position the weapon themselves.

For the 60th Brigade near Bakhmut, the Grad has recently been used to target Russian artillery batteries and infantry.

On a typical day, brigade headquarters radios Sukhilov, the battery commander, to give him targets and tell him the number of rockets needed. Sukhilov finds the target’s coordinates through a tablet loaded with specialized software and radios instructions to a Grad crew.

Once in position, the

weapon’s operator selects the number of rockets on an old-fashioned brass dial inside a metal box fixed to the vehicle’s dashboard. The artillerymen then wind up the windows, turn a switch to the right and press a red button to fire.

The Grad remains ubiquitous in the militaries of former Soviet states and their allies. Some 50 countries have the weapon, or variants of it, in their arsenal, according to Janes.

Still, ammunition stockpiles for all Soviet weaponry will eventually run out, given that Ukraine has been at war with Russia since 2014, said Andriy Chernyak, a Ukrainian military intelligence official.

One of the biggest sources of Soviet-caliber bullets, rockets and shells is Russia, but that isn’t an option. Ukraine is trying to replenish stocks

from elsewhere, Chernyak said. It’s a big ask.

The 60th Brigade’s artillerymen said that while they still receive rocket supplies, they are choosing targets more selectively. Their vehicle had a full load.

Grad operators with the 57th Brigade, meanwhile, said they hadn’t fired their weapon for two weeks. Its pipes were empty. The 57th Brigade’s Grad was built in the 1970s and has green paint flaking off its pipes. Crew have nicknamed the weapon Bakhmatov, the family name of a former colleague now transferred.

“He loved that Grad like his wife,” said one of the operators. The former colleague still calls to ask how the rocket launcher is getting on, he said.

—Oksana Pyrozhoz contributed to this article.

### ‘Forty Rockets... In 20 Seconds’

Artillerymen say the Grad has a different purpose to modern rocket launchers. While newer weapons can make precision strikes, the Grad hits an entire field, they say.

“It’s not the most accurate, or high on automation, but it is very effective for suppression fire,” said Sunil Nair, an analyst at Janes, describing the practice of keeping an enemy tied down and providing cover for your own forces. “Picture 40 rockets falling in the target area within 20 seconds.”

Such indiscriminate bombardment makes it particularly dangerous for civilians, Human Rights Watch said. A Grad salvo can hit an area the size of almost 10 football fields, the nonprofit said.

Unlike modern mobile rocket launchers, the Grad has no protection for operators who sit in a driver’s cab where the metal and windows are no thicker than a regular truck of its era.

“If a Grad hits an antitank mine, everyone will die,” said an operator from a separate Grad crew in the 57th Brigade.

Still, without armor weighing it down, the lighter Grad can maneuver across wet ground better than many modern launchers, its operators say. The Soviet vehicle has a top speed of about 50 miles an hour without its rockets, or 40 when fully loaded, they add.

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## WORLD NEWS

# Kyiv Steps Up Bid To Isolate Crimea

BY ANASTASIIA MALENKO  
AND ISABEL COLES

Ukraine targeted the only bridge linking Crimea to the Russian mainland early Saturday, stepping up a campaign to isolate the peninsula that was annexed by Moscow in 2014.

Sergei Aksyonov, the Russian-installed head of Crimea, said two Ukrainian missiles were shot down over the Kerch Strait. Hours later, he said another missile had been intercepted in the area. Russia's Defense Ministry said Ukrainian forces had attempted to strike the bridge with a modified surface-to-air missile.

The bridge wasn't damaged, Russia's TASS news agency quoted Aksyonov as saying, adding that a temporary smokescreen to obscure the bridge from attacks had been placed over the bridge.



Ukrainian officials didn't comment on the strikes.

Kyiv's goal is to undermine Russia's position on the territory and make it harder for Moscow to support its occupying force in southern Ukraine.

With the prospects of a front-line breakthrough dimming, Ukraine has sought to reach behind the front line using longer-range missiles supplied by Western allies to strike in and around Crimea.

This month, long-range missiles slammed into two bridges connecting Crimea to Russian-occupied territory in southern Ukraine, where Kyiv's army is struggling to break through Russian entrenchments.

By choking off replenishments of necessities to and from Crimea, Ukraine hopes its limited forces can make life and military operations on the Russian-controlled area untenable, forcing some kind of retreat or negotiation, or permitting a Ukrainian invasion to retake Crimea, military analysts said.

More immediately, Kyiv is working to weaken Russian defenses in the south of the country, where Ukrainian forces are struggling to advance through Russian minefields and other obstacles.

"When there is not enough progress on the front line, the importance of these strikes increases," said Mykola Bielieskov, a research fellow at the Kyiv-based National Institute for Strategic Studies, a government-backed think tank. "Everything that complicates and increases time plays to our advantage."

## Eyes Turn To Spring as Push Slows

*Continued from Page One*

and policy makers are grappling with the question of what can be achieved in the next few months and how to prepare for a protracted conflict.

A nagging concern in Kyiv and Western capitals is that politicians and voters might come to see the war as a quagmire and sour on supporting Ukraine. Even if Kyiv's Western backers stay resolute, clocks are ticking as Ukrainian forces burn through munitions, manpower and stamina for a grueling fight.

Kyiv's goal now is for its current offensive to culminate with sufficient gains to show Ukrainian citizens and backers in Washington, Berlin and elsewhere that their support hasn't been misplaced—and should continue.

President Biden at the North Atlantic Treaty Organization summit in Lithuania in July told Ukraine's president and a cheering crowd that U.S. support will remain steadfast. The U.S., NATO allies and Japan pledged to develop long-term security plans for Ukraine. The Pentagon continues to supply Ukraine with advanced weaponry—most recently deadly cluster munitions—and allies are increasing the lethality of what they supply, with weapons such as air-launched cruise missiles.

Senior military leaders, meanwhile, have for months warned that Ukraine's relatively quick gains of last year wouldn't easily be repeated. U.S. Army Gen. Mark Milley, chairman of the Joint Chiefs



Ukrainian forces are struggling to replicate the gains they made against Russia last year.

of Staff, has repeatedly poured cold water on suggestions that Kyiv could quickly slice through a land corridor Russia holds along Ukraine's southeast or isolate the Crimean Peninsula, which Russia seized from Ukraine in 2014.

Similar caution is now more widespread in the White House, said Ivo Daalder, who was former President Barack Obama's ambassador to NATO. "I do think there's a realization in the administration that Ukraine's not going to be regaining all its territory any time soon," Daalder said.

U.S. and other Western officials have hoped a significant Ukrainian breakthrough could bruise Russian forces enough to bring President Vladimir Putin to a negotiating table as soon as this winter for serious talks about some kind of settlement. Chances of that happening now appear slim, diplomats said.

Instead, Russia is reinforcing its physical defenses in Ukraine, adding more soldiers and ramping up production of ammunition and weaponry. The West is also crank-

ing up military industries, raising the prospect of a protracted war of attrition.

Fast movement on the battlefield last year and other quick conflicts since the Cold War might have led observers to believe that modern warfare is inevitably speedy, military specialists said. History shows otherwise, with wars averaging from three to seven years with multiple campaign seasons, they said.

Even if there is no breakthrough this summer, Ukraine can keep fighting well into winter. Rain and snow might slow operations of heavy equipment such as tanks, but Ukrainian forces have proven most effective so far when operating in small units, often with lighter equipment.

"The Ukrainian military continues to adapt faster than the Russian military," said Gordon "Skip" Davis, a retired U.S. Army major general and former NATO deputy assistant secretary-general.

Ukraine has committed only a portion of its best-trained troops to the offensive, and

only some of the more than 60,000 Ukrainian troops trained by NATO militaries have been drilled in complex maneuvers known as combined-arms operations. With time, more Ukrainian troops and commanders will have received advanced Western training.

That training will help them put modern Western equipment to better use. Ukraine's initial attempts to use European tanks and U.S. troop carriers in the offensive didn't fare well, but by next spring Kyiv will have both more Western equipment and more skilled operators of the gear.

"As time passes, Ukraine will eventually employ more of its NATO-trained and equipped brigades, while Russia will struggle to maintain its rate of fire and its front-line coherence," Davis said.

Strategists hope that over time—even as Russia reinforces impediments to Ukrainian assaults—Ukrainian troops can acquire skills and experience that allow them to outmaneuver and outsmart Russian forces.

# A DuPont China Deal Split Panel

*Continued from Page One*  
decided a few years ago to sell the business. It found a willing buyer in China, prompting DuPont to apply for permission to proceed from the Committee on Foreign Investment in the U.S.

The Biden administration early on identified Cfius, whose job is to ensure that such deals don't end up putting sensitive U.S. technology, data or real estate in hostile hands, as a linchpin in plans to square off with the world's second-largest economy and reorient the U.S. economy away from China.

On DuPont, members of Cfius were split. The reason: a U.S. intelligence assessment that byproducts from a DuPont manufacturing process could theoretically serve as a high-quality base for fuel used in cutting-edge weapons. That had the potential to aid China.

Defense Secretary Lloyd Austin argued in a tense video call with Treasury Secretary Janet Yellen and others that the deal should be blocked. Treasury didn't agree. The agency found those concerns too abstract and believed that scuttling a transaction on such grounds would amount to improper market interference.

Officials on the Cfius panel reached a complicated compromise to approve the sale, which closed in May 2022. But no sooner had it been signed than Cfius was told its effort to protect the industrial secret involved hadn't worked.

Cfius deliberations are confidential. This article is based on interviews with people familiar with the discussions of the companies and agencies involved in the transaction and its aftermath.

In 2007, with a British partner, DuPont opened a \$100 million factory in Tennessee to use corn to produce an ingredient called BioPDO to make everything from makeup to a replacement for petroleum-based nylon.

DuPont's innovation involved taking bulk corn grown in the Midwest, crushing it, mixing it with enzymes and creating a sugar. That sugar could be fed into a fermentation tank with bacteria bioengineered to produce the unique liquid known as BioPDO. The substance could then be used to make products such as cosmetics and deter-

gents, and to produce pellets that could be spun into fibers.

One resulting product was marketed as "Sorona" and used in clothing and carpet.

In 2017, under pressure from activist shareholders, DuPont merged with Dow Chemical, and the combined company split into three. The biomaterials business didn't fit into the new structure, and DuPont sought buyers. It settled on Huafo Group of China, a manufacturer of polyurethane materials.

DuPont announced the deal without disclosing the buyer in the fall of 2020 and sought the blessing of Cfius.

Established in 1975, Cfius began scrutinizing Chinese deals more aggressively during the Obama administration. That focus sharpened during the Trump administration. But the committee still struggles to be effective at times. It is at the center of a messy, years-long review of Chinese-owned social-media app TikTok.

In cases when Cfius approves a deal with conditions, compliance largely depends on the companies. When parties violate a Cfius agreement, they are rarely punished.

Deep internal divisions among its members are a challenge. The Pentagon and other departments that focus on security issues often push for a broader interpretation of foreign threats. The Treasury and Commerce Departments tend to take a narrower view.

Pentagon officials wanted Cfius to push DuPont to sell the business to a U.S. buyer. Given the intelligence assessment, they worried about the possible military implications of the biomaterials technology moving to China.

The officials also wanted to know why DuPont would agree to a deal with Huafo despite earlier misadventures with Chinese partners, including intellectual-property disputes involving Sorona that prompted Chinese authorities in 2017 to raid DuPont's Shanghai offices and demand passwords to its research network.

Some U.S. officials suspected that DuPont selected Huafo to curry favor with Beijing as DuPont sought greater access to China's electric-vehicles market.

A DuPont spokesman said the Huafo deal wasn't part of any attempt by the company to gain greater market access in China, adding that by the end

of the sales process there were no U.S. bidders.

Treasury and Commerce officials found their counterparts' concerns around the intelligence assessment overblown, and they deemed considerations such as DuPont's possible motive for the sale irrelevant. They also thought the idea of trying to engineer a sale to a U.S. buyer was inappropriate.

Cfius officials pushing to block the deal asked to meet with Biden, a Democrat, to break the stalemate. The White House declined, instead offering a meeting with Jake Sullivan, the national security adviser. Sullivan said he agreed the deal presented substantial risks but directed the departments to work it out.

The compromise Cfius settled on was to allow the purchase to go ahead with a major condition: Huafo wasn't to gain access to the proprietary fermentation process DuPont used to make BioPDO.

To meet the condition, Huafo created a new U.S. holding company called Covation Inc. Under that umbrella, two entities were formed: Covation Biomaterials, which holds the majority of the assets from DuPont's biomaterials business; and CovapDO, a carve-out that Huafo wasn't permitted to access because it holds the secrets of BioPDO production.

Huafo and the three Covation companies signed what is known as a national-security agreement with Cfius pledging to honor those terms. DuPont and Huafo closed the deal in May 2022.

A month later, as Defense Department officials were planning a trip to China to ensure that the key technology hadn't made its way to Huafo, they got some very unwelcome news: CovationBio employees found information on their servers that should have stayed within CovapDO.

Pentagon officials were furious and suspected the potential breach of the Cfius agreement was deliberate. They, with the support of their Energy Department counterparts, called in the Federal Bureau of Investigation, which launched a criminal probe, the status of which couldn't be determined.

In the aftermath, DuPont and Covation, in statements to the Journal, traded blame on who was responsible. Covation said DuPont transferred the information to the wrong corpo-

rate entity; DuPont said it acted at Covation's direction.

Covation said that after its employees noticed the problem, it locked down the relevant information and hired an auditor who reports to Cfius. It added

that the investigation hadn't found evidence that the information was accessed by anyone outside Covation or the U.S.

In September, in a move prompted in part by difficulties in handling the DuPont

deal, Biden issued an executive order heightening scrutiny of deals that might give China and other adversaries access to critical technologies.

—Clarence Leong  
contributed to this article.

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FROM PAGE ONE

# Teenagers Take Over Gyms

*Continued from Page One*  
 gyms as ideal hangout spots. Younger clientele misuse equipment, cause crowding and don't clean up after themselves, some say. Even minor transgressions by teens, from scrolling on social media to congregating in groups, have become fodder for gripes by the older paying members. In Fresno, Calif., Mary Richards, a 23-year-old auto technician, thinks adult gym members are being too harsh on their younger counterparts. "You just sound like a cranky

crab apple," she says of them. At her Planet Fitness gym, she finds the younger groups friendly, if a little odd. One teen called her "mommy" when she asked him to watch her weights. His gaggle of friends giggled. Planet Fitness views its free teen "Summer Pass" as a way to inspire young people to exercise and join gyms early in life, says Bill Bode, the chain's division president for U.S. franchises. The program started with a 2018 New Hampshire pilot that drew about 2,500 sign-ups; this summer, some 2.8 million teens nationwide have signed up. Planet Fitness knows many of them might not know gym manners and has explained the dos and don'ts in the Planet Fitness app and on TikTok, with sitcom-style "repi-

sodes." "If ya liftz it, spritz it," says cast member Quinn in an episode that instructs teens to wipe down equipment after use. Jamie Medeiros, chief brand officer for Planet Fitness, said the TikToks on gym etiquette have gotten traction, but unsavory feedback is inevitable. On balance, Medeiros says feedback has been more positive than negative, and when members do complain, Planet Fitness works to address the issue. The company isn't seeing more cancellations this summer than in previous quarters. Plus, the Summer Pass has juiced sign-ups: Last year, the gym chain saw 600,000 new paying members linked to the program, both parents and teens. Planet Fitness's own recent Facebook posts, noting "Teens

work out for FREE until Aug. 31," have drawn hundreds of comments, including some venting. "Y'all ruined your own gym by doing that free high school summer pass," wrote a patron. "That's why I stopped going—who wants to pay for a membership to deal with loud immature kids." Other commenters bashed the teen-bashers and said adults can also behave poorly. "Wow! Perhaps PF should also institute a No-Whining Zone policy." (The chain's catchphrase is "Judgement Free Zone.") Kourt Hill, a 26-year-old office coordinator at a physical-therapy clinic, says high-schoolers at her Dallas-area Planet Fitness will hog one machine for half an hour or clog walkways. "Every third word is 'bruh,'" she says.

She finds some of them amusing, and understands summer boredom, though she is bugged by a trio of teens she deems "the three stooges." They have taken videos of fellow gym goers they find entertaining—sometimes for simply working up a sweat on a machine. In Griffin, Ga., Al Brown, a 34-year-old IT recruiter, likes to zone out to music in his earbuds while working out at his local Planet Fitness. A new sound has broken his focus recently, one he describes as a "moose in labor." A group of teens clustered at a weight machine took turns lifting and slamming down a barbell onto the mat, grunting theatrically after each rep. Brown says the "lunk alarm"—Planet Fitness's blaring siren activated when a gym goer is being too loud—

has been going off more. "It's not really the Planet Fitness vibe," he says. The program has also exposed awkward high-schoolers to the lives of their teachers outside work. Chad Pettit, a 43-year-old English teacher, has had regular encounters with his students this summer in a Planet Fitness in Killeen, Texas. Many have greeted him with befuddled looks. Pettit likes to imagine they are surprised that teachers don't live in the school. In Pasadena, Md., Anakin Norton, 14, uses his Summer Pass to train for wrestling and says he minds his manners and works out alone. He did see three teens pestering an adult the other day because they wanted to use the weight bench he was on. "Some teens can be a real nuisance," he says.

# City Tries To Avert Doom Loop

*Continued from Page One*  
 thrived during the 2010s in large part because of the growth of the tech industry. But those employees easily transitioned to remote work during the pandemic, and the majority never came back to the office full time. Under pressure to cut costs last year, tech giants like Meta Platforms and Salesforce laid off workers and cut their real-estate footprints in the city. Floors of many downtown office towers now sit empty.

Those changes have collided with a series of intertwined problems that have been festering in San Francisco for years, including high housing costs, street homelessness, rampant property crime, the fentanyl crisis and a precipitous drop in public-transit ridership since the pandemic. "I don't feel safe, there are so many vagrants walking around, and there is garbage everywhere," said 63-year-old Sandra Brealey, a longtime city resident who used to go downtown regularly, but has largely stopped over the past five years.

Downtown San Francisco now trails nearly every other major urban center in economic health. Its 25.7% office vacancy rate is close to 10 percentage points higher than the U.S. vacancy rate of 16.4%, according to commercial real-estate firm Colliers International. Ridership to downtown on Bay Area Rapid Transit trains is one-third its 2019 level. Retailers like Nordstrom and Banana Republic have announced in the past few months that they are closing their downtown San Francisco stores. The owner of the city's biggest mall, located downtown, is handing it back to the lender rather than continue to make debt payments.

Other parts of San Francisco are recovering faster from the pandemic, with full restaurants and crowded stores. But downtown has long been the economic engine of this city of 808,000, generating three quarters of the local gross domestic product.

City officials say the community ambassadors aren't a solution to downtown's woes, but one of several Band-Aids intended to keep the area from spiraling further down and entering what economists call a "doom loop."

Urban doom loops start with a triggering event tied to a core industry, like when manufacturing jobs started to leave Detroit in the 1970s. Tax revenue falls, services suffer, businesses close and disorder moves in. Residents leave, commuters and shoppers stay away and the cycle is self-reinforcing.

Economists vary in their opinions of how likely a doom loop is for downtown San Francisco and when it could start, but most agree serious changes are needed to restore the neighborhood's health. "San Francisco is one of the cities I'd worry about the most," said Arpit Gupta, an associate professor at New York University's Stern School of Business who has studied urban doom loops. "The triggering effects are there."

San Francisco was more vulnerable to the effects of the pandemic than most other cities, economists say. It kept adding jobs in recent decades without the housing to match,

and its workforce was left with two relatively unattractive options: spend a lot on housing, or move farther away and endure a long commute.

That changed with the pandemic. Many workers found they didn't have to pay to live in San Francisco, or tolerate its problems, to do their jobs. The city's population fell 7.5% between 2020 and 2022, the most of any U.S. city with more than 50,000 people.

## Tech effect

Tech companies in San Francisco currently account for 76% of the sublease space available downtown, according to CBRE. Salesforce reduced its real-estate footprint downtown by more than 60% during the pandemic, according to data firm CoStar. Meta reduced its space by 36%.

Not having all those workers back has created ripple effects downtown. Jack's Shoe Repair Service, located in front of a subway exit where legions of commuters used to pass, has regained only about 40% of its business from before the pandemic, said owner Setrak Soghomonian. Jack's used to employ three full-time employees, but is now down to just one.

Though San Francisco is adding jobs citywide, downtown's economic slowdown has affected its tax revenue. The city controller's office anticipates that revenue will rise 0.6% in the current fiscal year and 3.3% next fiscal year. In fiscal 2018-19, revenue increased almost 20%.

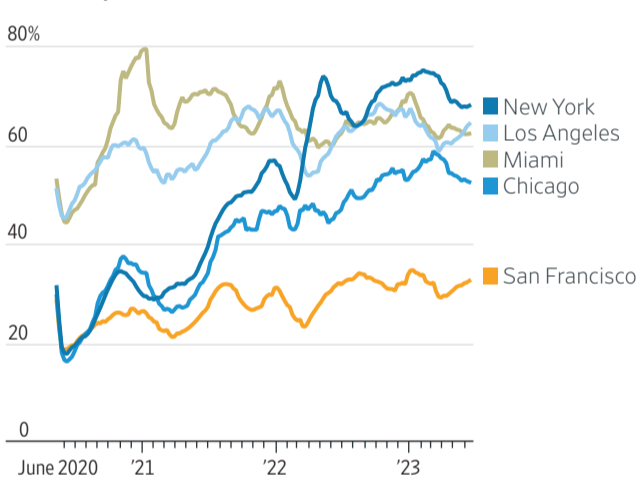
Homelessness and drug use remain prevalent in and near downtown. Getting homeless people off the street has proven difficult due to a long-running shortage of affordable housing and a federal court order that makes it difficult to remove them against their will.

The heaviest deployment of police and ambassadors has been around downtown's Union Square shopping area. Merchants and shoppers say shoplifting and harassment have declined as a result.

But office workers still complain about crimes like cellphone theft, both on the streets and in subway stations. In the Tenderloin district abutting the downtown shopping district, there are open drug markets.

Though San Francisco's homicide rate is relatively low compared with other major cities, its property crime rates are among the highest. In the central police district that includes downtown, car break-ins rose 171% in 2021, 2% last year, and 3% in the first half of

Mobile phones used downtown compared with the same period in 2019



Note: Figures show an 11-week rolling average for unique mobile phones. Source: University of Toronto School of Cities

2023, compared with the prior year periods. Burglaries were up 14% this year through June. "The contract is, you provide a safe place to do business and I'll provide tax revenue," said Steven Buss, a former tech worker who now works at a nonprofit called GrowSF. "Until we can provide a safe place to do business, I don't know if businesses will come back."

Some are betting artificial-intelligence companies will help downtown San Francisco avoid a doom loop by fueling the region's next tech boom.

Several of the most valuable AI companies, such as OpenAI, the developer of ChatGPT, are based here. OpenAI recently moved into 60,000 square feet of office space in the Mission district and Hive, another AI company, is subleasing three floors of a downtown building.

According to CBRE, AI firms account for nearly 18% of the 4.5 million square feet of office space tenants looked to rent or renew in the second quarter of

this year in San Francisco.

But the AI industry is years away from having companies big enough to make a serious dent in San Francisco's office market, with an estimated 25 million square feet of vacant space, according to Colliers.

"Even if you have 500 startups, that doesn't equate to an Airbnb, Dropbox, Facebook, Google having all their thousands of workers coming in," said Bilal Mahmood, an entrepreneur active in city politics.

He is organizing efforts to bring a university campus downtown, in part because he said he doesn't want San Francisco to become too reliant on one industry for revenue, as it previously did with Internet companies.

Another idea among city leaders is to make downtown San Francisco more lively by replacing business with residents. The city has passed legislation making it easier to convert offices to homes.

Rich Hillis, San Francisco's planning director, said around

five million square feet of office real estate downtown, less than a fifth of what is currently vacant, could be converted to apartments or condominiums.

In one of the first projects, Singular Builders hopes to begin work this fall on conversion of five floors of offices into 40 apartments atop a historic building constructed in 1908, said Chief Executive Jeff Gherardini.

But Gherardini understands why potential residents might be wary. He recently entered a coffee shop in an outer neighborhood of San Francisco and saw a man stuffing his backpack with stolen merchandise. "I get sick of that," he said.

## 'Vacant to Vibrant'

San Francisco is one of many cities with a shortage of police officers due to increased retirements and difficulty recruiting since the pandemic and protests that followed the killing of George Floyd, but its 27% deficit is particularly severe.

Mayor London Breed has increased the police overtime budget by \$25 million, attempting to make up for a 599 officer shortfall on a force intended to number 2,182.

Breed said in an interview that downtown is improving, pointing to cleaner streets, and that she wants to get more people working and shopping there as quickly as possible. One program, called "Vacant to Vibrant," seeks to fill empty storefronts with businesses that have similar themes, like food preparation or the arts.

"We are going to have to focus on number one, public safety, and number two...to drive business back to San Francisco," the Democratic



Homelessness is visible in and near downtown, including in the doorway of the American Conservatory Theater.

mayor said.

She said community ambassadors are helping make up the difference in the meantime. "I wanted to do something that would allow for people with law-enforcement expertise to be eyes and ears on the street," she said.

The program launched with eight former police officers, including Browne, in 2020. Now there are 74 citywide, armed with police radios.

Two years ago, Browne and his partner Mike Moran spotted four juveniles running down a street after assaulting an elderly couple and taking their belongings in Union Square. They radioed the crime in, and within minutes three of the four were arrested by uniformed police.

San Francisco is looking to hire another 25 ambassadors by the end of the year, as it also seeks to recruit more officers.

"Is it the overall solution? I don't think so," said Sgt. Will Elieff, who oversees the squadron. "The department is looking at this as part of the solution."

One of the most promising signs for San Francisco's economy this year is tourism. Officials project 23.9 million people will visit this year, up from 21.9 million in 2022. While that remains below the 2019 peak of 25 million visitors, hotel occupancies have rebounded to 60% from a pandemic low of 8%, said Alex Bastian, president of the Hotel Council of San Francisco. Hotels were 80% full before the pandemic.

At John's Grill, a 115-year-old downtown restaurant, revenue is on track to grow 20% this year from 2019, said owner John Konstin. He credited tourism and more corporate spending. "Companies are entertaining again," Mr. Konstin said.

There are also signs of increased demand for office space, with jumps in the past quarter in prospective tenants looking to lease, according to real-estate brokers. Office workers say the streets around their buildings have seemed cleaner in the past few months.

Many city leaders have pointed out that San Francisco successfully sprang back from other downturns, such as the 2000 dot-com bust and the 1906 earthquake.

But until more people start working and shopping downtown, the area remains at risk of entering a doom loop.

In its monthly report for July, the city controller's office found there is little sign of recovery in the downtown office market despite strong growth in most other places in the city. The report said rents, office attendance and transit ridership downtown were all largely flat.

A group of local philanthropists is trying a new tactic: advertising.

They are launching a new civic pride campaign, modeled on "I Love New York" but aimed at retaining existing businesses, drawing new ones, and changing the negative narrative about the city. It will include advertisements and physical displays around San Francisco, in stores and at bus stops.

"San Francisco in the past has been a bit arrogant about its position in the world, both economically and culturally," said Dan Kingsley, a commercial real-estate developer involved with the project. "There has not been a lot of self-promotion, and that needs to change."

—Peter Grant and Zusha Elinson contributed to this article.



Retired police officers Michael Browne, left, and Mike Moran work as safety ambassadors.

By VERONICA DAGHER  
AND ANNE TERGESEN

No amount of money can make retirement worry-free, but \$5 million might come close. Few Americans manage to save anywhere near that sum in their 401(k)s and individual retirement accounts. A \$5 million retirement nest egg puts you in the top 0.1% of households, according to an Employee Benefit Research Institute analysis of retirement accounts.

To find out what \$5 million buys in retirement, we spoke to retirees around the country with savings in that ballpark.

Most were diligent about saving from early on in their careers. Though they are less concerned about outliving their money than many retirees we have profiled, they aren't all living in luxury. Some haven't bought new clothes in years. Others continue to work.

They splurge on travel but, like many older Americans, worry about health and family.

And money alone also doesn't answer the other question retirees wrestle with: How to find purpose in this chapter of life?

## Paul Shemwell

**Location:** Houston  
**Annual spending:** \$144,000

Paul Shemwell landed in retirement in December after four decades flying commercial planes and jet fighters.

Though the 65-year-old feels financially secure with about \$6.1 million saved, he hasn't mapped out a plan for what comes next.

The casual approach is a big change for the former pilot, who honed his strategic thinking skills throughout his 13 years in the Air Force. His time in the service also taught him to weigh his options carefully, a philosophy that is guiding him now.

He stopped flying after 28 years working for Southwest Airlines, but travel remains his passion. He has four trips planned this fall, wanderlust that costs him about \$3,000 a month. He spends another roughly \$9,000 a month on expenses such as property taxes and insurance.

His days usually start with a workout or a tennis lesson. An avid skier, he already purchased a pass for this season.

He plans to take Social Security upon reaching full retirement age, which will add about \$40,000 a year annually.

Life as an empty nester is another big change. His son is a sophomore in college and his daughter starts this fall. Shemwell, who is divorced, said he makes it a priority to be involved in his kids' lives.

He's not an active trader yet he follows the market. His portfolio is 95% stocks, mostly index funds, with a few individual equities such as Apple.

Shemwell has roughly \$300,000 left on the mortgage of his Houston home. He refinanced to a 2.99% interest rate so he is in no rush to pay down the debt.

He drives a 2016 Infiniti with about 80,000 miles. The car, along with the used Mercedes he bought for his daughter, is paid for. "I like to keep things simple," he said.



# Here's What a Retirement With \$5 Million Looks Like

Retirees open up about their financial lives and how they spend their time and money



## Jay and Anita Myer

**Location:** Cary, N.C.  
**Annual spending:** \$130,000

Jay Myer built up enough savings to retire early from his software-sales career in 2020 after decades of maxing out contributions to his 401(k).

At age 25, Myer read a book by Vanguard founder John Bogle that espoused low-cost index funds. He bought individual stocks, too, following the advice of renowned stock picker Peter Lynch to buy what you know. For Myer, now 61, that meant technology stocks and shares in companies he did software deals with, including Home Depot, which he purchased decades ago for a split-adjusted \$3 a share.

Jay and Anita Myer, above, are spending time with their grandchildren. Paul Shemwell, left, starts his day with a workout or a tennis lesson.

"I was young to be reading about retirement, but it made a lot of sense to me. If you lower your investment cost, you'll keep more of the profits," said Myer, whose retirement account is invested in seven Vanguard index funds.

He and his wife, Anita, 60, drove used cars and stuck to a budget. Anita worked as a dental hygienist until their second son was born in 2000.

Myer said his decision to retire early was partly inspired by his stepfather, a small-business owner who enjoyed traveling and spending time with grandchildren.

"He showed me you could let go of the workplace and reidentify yourself," said Myer.

The couple now has \$4.2 million, half in retirement accounts and half in taxable accounts.

Using the proceeds from the recent sale of their Atlanta home, the couple paid \$925,000 for a house in Cary that is 2 miles from

**'We have more money than we can spend in our lifetimes.'**

their older son's family.

They spend about \$130,000 annually, including \$5,000 on property taxes. Each month, they spend around \$700 on food and \$1,000 on health insurance.

The Myers, who budget about \$20,000 a year for travel, are planning a trip to Spain, where their younger son is living.

"Now that I have more time, I have learned to embrace boredom and slow down and accept sometimes that reading a book or riding my bike is enough," he said.

## Bob and Pat Frey

**Location:** Bozeman, Mont.  
**Annual spending:** \$220,000

Growing up, Bob Frey never imagined he would retire a multimillionaire.

After graduating from West Point, he received his master's degree while on active duty and then his veterinary degree with an Army reserve scholarship and the GI Bill. He spent 26 years as a reserve officer. He maxed out his retirement plan contributions starting in his 30s.

Times were sometimes tough, like when he borrowed \$150,000 to start a veterinary practice.

These days, Bob, 80, and his wife, Pat Frey, 75, have socked away about \$6.1 million, almost half of which is invested in individual retirement accounts.

Frey gets a \$60,000 annual military pension, plus about \$14,000 a year in veterans' disability compensation because of hearing loss he developed after serving in Vietnam. The couple collects about \$56,000 from Social Security.

"We have more money than we can spend in our lifetimes," he said.

The couple, married for more than 30 years, have five adult children between them. They moved to Bozeman, Mont., in the early 1990s for a fresh start and to be closer to nature. Pat continued her nursing career and Bob retrained as a certified financial planner.

The Freys expect to spend about \$1.5 million to help pay for the education of their nine grandchildren. They also donate roughly \$40,000 a year to charity.

The couple have no debt and don't tinker much with their investments, of which about 70% is invested in stock funds.

The Freys, too, value travel and allocate about \$35,000 a year to seeing the world. Pat regularly travels to Europe and the Galápagos Islands with a friend. She skips Bob's hunting trips. "I have no desire to sleep in a tent and carry an elk out of the woods," she said.

Bob and Pat Frey, left, despite their wealth, generally avoid its trappings. Henry Hwu, above, returned to playing the guitar, which he had little time for before.

## Henry Hwu

**Location:** Irvine, Calif.  
**Annual spending:** \$250,000

For Dr. Henry Hwu, his work as a surgeon is part of what makes for a satisfying retirement.

While he used to put in up to 80 hours a week, he now works part time and around his vacations. "And boy do I like to travel," Hwu, 72, said.

An immigrant from Taiwan, Hwu and his late wife came to the U.S. in 1979. After studying surgery in Chicago and completing a fellowship in colorectal surgery in Michigan in 1986, Hwu moved to Southern California, where he and his wife raised three kids.

Before reaching his medical practice's mandatory retirement



age of 65, Hwu started reading books (and, he says, Wall Street Journal articles) about retirement. He took up golf and pickleball and bought a guitar, resurrecting a hobby he had had little time for.

But after retiring in 2016, he missed work and began accepting assignments at his former practice.

Hwu travels up to three months a year, spending about \$100,000 and visiting his 98-year-old mother in Taiwan or exploring Scotland, Japan and Switzerland.

At a medical conference in 2017, he met the only surgeon at a rural hospital in Los Alamos, N.M. Hwu now travels to Los Alamos to relieve the surgeon for a few days most months. There, he enjoys hiking and seeing his son, an accountant in Albuquerque.

His home is worth \$1.5 million. He owns a second house, worth \$1.2 million, that he rents for \$3,500 a month.

Hwu invests the more than \$1 million in his retirement accounts in equity funds and individual stocks. He gets \$2,700 monthly from Social Security. He receives about \$130,000 a year in pension payments and earned some \$300,000 from work last year.

He also pays \$6,800 annually for a long-term-care insurance policy. "With my mom living to 98, there will be a time when I am not able to take care of myself," he said. "I want to cut down on the burden on my kids."



CLOCKWISE FROM TOP: KATE MEDLEY, RYAN YOUNG, REBECCA STUMPF AND JACK THOMPSON FOR THE WALL STREET JOURNAL.

## PERSONAL JOURNAL.

## PERSONAL TECHNOLOGY

# The Extremes People Take for TikTok Videos

Shooting sometimes involves duct tape, ocean waves, friends and many, many attempts

By ANN-MARIE ALCÁNTARA

People are duct-taping phones to their cars, jogging backward on a beach for hours, and running circles around their friends. The aim is to capture the perfect video for TikTok.

Nice lighting and filters simply don't cut it on TikTok like they did on the "gram"—Instagram that is. In today's fast-paced, short-form video world, social-media influencers and regular people have to record clips set to popular songs and film in jaw-dropping locales to get attention. They often task their family and friends to help and film take after take to get the perfect video.

The purpose of these shoots is varied. Some do it to be seen by friends and family. For others, it's the core of their business. Getting attention for the craziest video—or even the blooper that occurs during filming—can make the difference between creating a successful business and not. (Some people get hurt taking selfies or videos, but none of the people in this report were injured.)

Camryn Cobb, an aerospace engineering student at Texas A&M University in College Station, started filming videos with her sister, Cassidy, during the pandemic. Now the 19-year-old and 15-year-old siblings make videos whenever Camryn is home, including in July when they visited Galveston, Texas.

The duo planned to participate in a TikTok trend involving Amazon's show "The Summer I Turned Pretty" and Taylor Swift's song "August," where people run along the beach while singing along to the music. They brought several summer dresses to the beach and asked some friends to record behind-the-scenes videos.

What they didn't anticipate was how difficult it would be to nail the TikTok trend. The Cobb sisters needed to yell the song lyrics to be heard over the sound of the ocean. They couldn't capture video fast enough so they had to enlist another friend to help them.

And the many takes meant they soon were drenched by the waves.

At one point, the elder Cobb sister went into the water and got hit by a wave. Instead of drying off, she decided to keep lip syncing and splashing around in the water—while still wearing her dress.

The footage was worth it, though, as the video looked more emotional than planned. They gave up after filming for about 30 minutes and recording nearly a dozen potential TikToks.

"I'm pretty sure my car still smells like the ocean," the elder Cobb sister said.

## One roll at a time

Anna May Zeng is a 23-year-old content creator who regularly posts TikToks about her life. Zeng normally doesn't create videos centered on viral songs or dances but decided to try one in February



ter a sped-up version of "Ceilings" by Lizzy McAlpine went viral. That video trend typically involves someone lip syncing while running in a showstopper outfit, such as a wedding dress or ball gown.

Zeng's attempt required a flowy blue dress, duct tape and a patient family.

She used the durable tape to secure her iPhone 11 to the back of her car while her brother drove it slowly around a parking lot. Her first shoot, at night, left her with a shadow in her video.



Anna May Zeng relied on duct tape and a patient family to get the perfect short video for TikTok.

She tried again two days later. After about eight takes, Zeng got what she wanted: a video with the right pacing, a sunset reflected on the glass building behind her and, most important, a phone that stayed duct-taped to the car.

"It was the only idea we had that could possibly work," Zeng said of the tape, which she had

used before without issues on her car's exterior.

Her original video got more than four million views, while the sunset one has more than 20 million views. Since the initial TikToks proved so popular, Zeng decided to make one more version in the rain. Her duct tape didn't hold, but her phone survived. That video got 80,000 views.

## Do-it-yourself schemes

When Emily Chen visited New York in May with a few of her co-workers, they decided to take advantage of their hotel's empty rooftop bar to record a 360-degree video—but without a 360-degree photo booth.

The 37-year-old hair stylist and salon owner in Victor, N.Y., ran in a circle around the group as she filmed on her iPhone.

She was nearly done recording when more people came to the rooftop. Chen asked them to film her as she filmed her friends. They agreed.

"It was so funny because it was just three people running around the girls—it was me, a guy behind me and a guy behind him," Chen says. "The strangers who were recording it, they were dying. It just

made for a good time." The video has 4,000 views on TikTok.

## In the public eye

When it came to the Cobb sisters in Texas, they soon found out that their friends weren't the only people documenting their efforts.

Sydnee Stovall, a 23-year-old doctorate student of occupational therapy at the University of Texas Medical Branch in Galveston, has lived a five-minute walk from the beach for about a year. She has witnessed people filming and taking photographs of themselves for hours, without realizing what they look like to others.

On the day the Cobb sisters visited the beach, Stovall decided to film them to prove to her brother that people spend big chunks of time shooting videos on the beach. Stovall posted the video on TikTok and got more than 226,000 views for the blooper. The videos from the sisters got about 13,000 views for one and 12,000 for the other.

The Cobbs didn't know they accidentally went viral until a friend alerted them. "I had no clue that she was there at all," the younger Cobb sister says of Stovall.

Stovall, meanwhile, is sure she will keep seeing people making TikToks. "Everyone thinks that their little section of the beach, no one can pay attention to them," Stovall says. "The locals—we are watching everything."

# 'Barbie' Jokes Escape Some Young Viewers

By LANE FLORSHEIM

Greta Gerwig's "Barbie" is a feminist romp peppered with suggestive jokes, existential themes and choreographed dance numbers. Rated PG-13, the film has amused and confused some of its younger viewers.

Quinn Berry, a 10-year-old New Yorker, saw "Barbie" with her parents and a friend. She didn't recognize the Indigo Girls on the soundtrack and was confused by a montage featuring the cast and crew's loved ones. But she perked up during the scenes featuring a villainous toy-company executive.

"There's this movie called 'Elf,' and the actor who was the elf was the Mattel guy," Quinn said, referring to Will Ferrell.

Her favorite part of the movie? "The whole movie was my favorite part," she said.

Mattel bet big on "Barbie," with a marketing campaign that involved more than 100 brand collaborations. Now it's the summer's biggest box-office hit, with over \$1 billion in ticket sales and moviegoers still lining up in pink to get seats. Much like the dolls themselves, the film has parents divided. Some aren't so sure a Barbie experiencing body dysmorphia and thoughts of death is right for kids, even if some of the finer points go over their heads.

Common Sense Media, a nonprofit that rates films and TV shows for age-appropriateness, says "Barbie" is suitable for children 11 and older. On average, parents who submitted reviews on the site said 12 and up. Common Sense notes that the film has a sophisticated message, suggestive references and "a couple of big brawls with silly weapons."

"It's not going to harm younger kids, but there's a lot that they probably just won't get, which could be frustrating," said Betsy Bozdech, the nonprofit's editorial director.

In the film, Barbie journeys to Los Angeles on a quest to quell her thoughts of death. Once she reaches the real world, she faces a bit of Barbie Land whip-lash: It turns out the real world isn't a matriarchy. On the

streets of Venice Beach, Barbie faces catcalling and cruel comments about her clothes, while Ken watches men receive constant positive feedback.

Leo Ewing, 8, was confused to see the movie depict a world where men dominate the positions of power. He was also upset by the opening sequence, inspired by the dawn-of-man scene in "2001: A Space Odyssey," where little girls violently destroy their baby dolls as soon as they learn about Barbie. He made a chart of his likes, dislikes and problems from the movie.



▲ 'Barbie' perplexes viewers young enough to still play with the dolls.

Ryan Gosling's Ken was funny to Leo, but he didn't fully grasp the off-color jokes about the character.

"He's talking about 'beach' all the time. Like, I wanna challenge you to a beach-off. I don't even know what that is!" Leo said, as his mom and aunt cracked up.

Grayson Maiselman, a 9-year-old in Washington, D.C., also missed some of the jokes and references meant for adults. She said she would have trimmed down some of Barbie's voyage to the real world—a sequence that includes references to "The Wizard of Oz," such as a pink-brick road.

Young theatergoers who came to Barbie after Mattel started diversifying the doll were surprised to see how the movie incorporated a previous generation's criticism of Barbie's unrealistic standards of beauty.

Adele de Segundo, 11, expected the movie to be about the doll's happy adventures. "I kind of thought it would be just like Barbie life in the Dreamhouse," she said. Adele saw the movie in Missoula, Mont., with her parents and 7-year-old sister, Imogen. But she thought Barbie's real-world odyssey made the story more interesting.

Imogen wore a pink nightgown for the family's film outing. "My dad didn't have much [to wear]," she said, but she ended up styling him in some pink swim trunks.

Hannah Goldstein, 11, saw "Barbie" with her grandmothers. Growing up, she said, "My mom had a firm rule, no Barbies. And that made me really mad." She really enjoyed the movie ("It was just amazing"), but after seeing it, she understood where her mother was coming from.

"They teach girls that girls' bodies should look a certain way and

that there's one way to look," she said of the dolls. "And there's so many different ways to look that are so beautiful." Mattel, for its part, has invested in shifting Barbie's image, making dolls that represent a wider range of backgrounds.

Overall, Grayson loved the movie and its message. "Girls can do anything they want, but you have to put your mind to it," she said. "You have to never give up. You have to be noticed—you can't just sit there in the shadows saying, 'Oh, I wish I could rule the world.'"

She did, however, think the ending was cringey. "The last clip was a little weird," she said. "[Barbie] said, 'I'm here to talk to... I forgot what it's called.' She was looking for the word 'gynecologist.'"

"I understand why they put that part in," she said. "She had to somehow get one to be human. It's just that the end of it isn't very appropriate for younger kids."

## ARTS IN REVIEW

By KAREN WILKIN

ART REVIEW

## Sculptures in the Rough

An exhibition surveys Antonio Canova's studies in clay for his sleek marble masterworks

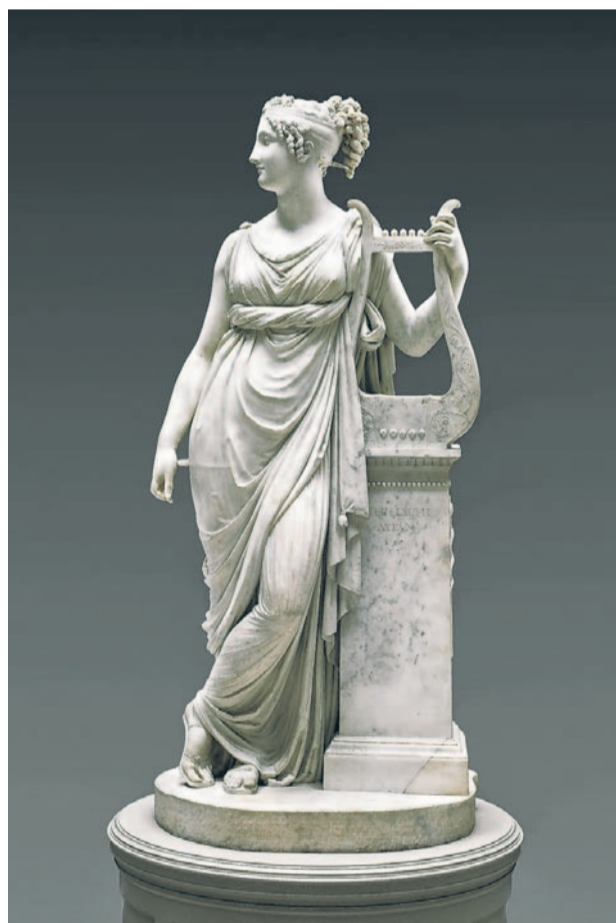
Washington  
 Around 1800, the sculptor of choice for ambitious collectors was the Italian virtuoso Antonio Canova (1757-1822), acclaimed as the greatest carver of marble since Phidias. His works were eagerly acquired by the rich and powerful, including Napoleon and his family, European nobility and British aristocrats; a portrait by Canova equaled status. Recognized early, he received his first public commission—a funerary monument for Pope Clement XIV in Santi Apostoli, Rome—in 1783 at age 26. Pope Clement XIII's funerary monument in St. Peter's soon followed, as well as a memorial to Titian, for the Frari, in Venice (unrealized, but the design was later adapted for the tomb of the Austrian Archduchess Maria Christina, in Vienna), and a life-size portrait of George Washington, as a Roman senator, for the North Carolina State House.

Canova's name is inextricable from sleek marble statues that define Neo-Classicism by updating Greek sculpture of the Golden Age. Animated by his ability to turn stone into evocations of transparent fabric, smooth flesh and twining hair, they nevertheless remain reticent and cool. Yet anyone who has visited the Museo Gipsoteca Antonio Canova, the museum established in the sculptor's honor by his stepbrother, in Possagno, his Veneto birthplace, has encountered another Canova: the author of impassioned *bozzetti* (sketches) in responsive, malleable clay. These lively works, made not for exhibition, but to probe ideas, embody his first thoughts about a subject. (Fired to stabilize the clay, they become terracotta—literally “cooked earth.”)

“Canova: Sketching in Clay,” at the National Gallery of Art, assembles about 30 of these intimate, expressive studies, plus several more finished terracotta portraits, along with larger plasters that were the next stage in developing the marbles, and a few of the suave stone sculptures that established and sustained the artist's international reputation. Jointly organized by the National Gallery and the Art Institute of Chicago, the exhibition is curated by the National Gallery's C.D. Dickerson III and Chicago's Emerson Bowyer. It is accompanied by a comprehensive, beautifully illustrated catalog, the first monograph devoted to the clay works, that also details Canova's process.

Divided into three thematic sections—“Portraiture,” “Myths and Legends” and “Monuments and Faith”—the exhibition is fascinating, illuminating and exhilarating. The rough, nervous but wholly convincing *bozzetti* capture the speed and intensity with which Canova modeled them; we follow the thrusts and swipes of his tools and the insistent pressure of his fingers as he pressed on balls of clay. At the start, his working method is revealed, from *bozzetto* to life-size marble, by a seated portrait of Napoleon's mother. (Unlike Napo-

leon's sister Pauline, in Canova's celebrated reclining portrait in the Villa Borghese, Rome, Madame Mère—Letizia Ramolino Bonaparte—is fully clothed.) We see Canova changing the position of an arm and varying the drapery in speedily modeled clay, without any attempt at likeness. The plaster version, cast from a clay model twice the size of the sketch, retains the generic Neo-Classical head, above a figure wrapped in



‘Adam and Eve Mourning the Dead Abel’ (c. 1818–22), top; ‘Immaculate Virgin’ (c. 1818–22), far left; ‘Terpsichore Lyran (Muse of Lyric Poetry)’ (c. 1814–16), left

for untouchable purity, but the terracottas I would most like to live with are three wrenching versions of “Adam and Eve Mourning the Dead Abel” (c. 1818-22).

Like the “Immaculate Virgin,” they are thought to be studies for works intended for the memorial church Canova planned for himself—the chilly, monumental Tempio Canoviano, in Possagno, designed by the artist and completed after his death. Each *bozzetto* is a broad-based pyramid, with Adam and Eve framing their supine son. In the most poignant, Eve bends to touch her cheek to Abel's, his head cradled in her lap. Adam throws his head back in anguish. A few fierce stabs of the modeling tool turn a blob of clay into the tortured head of a devastated father. The eloquent little sculpture seems to take shape as we watch, inert clay magically becoming musculature, hair and agonized expressions, while somehow retaining its identity as a primordial lump.

The exquisite marble “Terpsichore Lyran (Muse of Lyric Poetry)” (c. 1814-16), also in the show, presents the Canova we know, with its transparent drapery and incredibly subtle modulations of form. I'd love to have seen the *bozzetto*.

**Canova: Sketching in Clay**  
 National Gallery of Art, through Oct. 9

*Ms. Wilkin is an independent curator and critic.*

leon's sister Pauline, in Canova's celebrated reclining portrait in the Villa Borghese, Rome, Madame Mère—Letizia Ramolino Bonaparte—is fully clothed.) We see Canova changing the position of an arm and varying the drapery in speedily modeled clay, without any attempt at likeness. The plaster version, cast from a clay model twice the size of the sketch, retains the generic Neo-Classical head, above a figure wrapped in

voluptuous cloth, but the marble (made by Canova's assistants, with details and surface nuances carved by him) gives us a distinct individual, an older woman with a double chin, in the guise of a Roman matron. The entire process, including casting in plaster and scaling-up to marble, is recapitulated in an accompanying video.

The terracottas range from expediently modeled sketches that appear to test possibilities at high

speed, as if Canova's ideas were outracing his hand, to more finished, perhaps final conceptions of ideas. While the delicacy of modeling and drapery in the refined *bozzetti* is admirable, the most urgent, roughest little sculptures—especially the groups of multiple figures—are, to my eye, the most compelling. The meticulousness of the fine vertical striations of the “Immaculate Virgin” (c. 1818-22) makes them read like a metaphor



# SPORTS

By LINDSEY ADLER

They're the three little words every baseball nostalgic secretly loves to hear: Complete game loss. A relic of another era in baseball, when appearances by relief pitchers were more of a suggestion than a certainty, the experience of a starting pitcher staying in to complete a game his team is losing is rare in today's game.

There are still a handful of pitchers like Kansas City Royals starter Jordan Lyles, who pitch a lot of innings, give up a lot of runs and lose a lot of games. Lyles has a 6.13 ERA in 22 game starts and over 126 innings this season, with a win-loss record of 3-13.

Yet by taking the ball every time it's his turn, for a club that's rebuilding, Lyles may be one of the most strangely valuable team players in baseball. He's the paragon of a lost archetype in modern baseball: A starter in the back end of the rotation who works a lot of innings, takes a lot of pain, and gets losing teams through their fallow years—even if it isn't pretty.

In a start against the Red Sox in Boston last Wednesday, Lyles showcased the ultimate expression of this ethic. He allowed four runs in eight innings on 102 pitches and wound up with the loss. Yet no other Royals pitcher had to work that night, so in some regards it was a win.

It isn't the most glamorous experience a pitcher can have on a major-league baseball field, but it is a virtuous effort in the dog days of a long regular season.

"As you run through some stretches in this game when your bullpen gets taxed, we can very regularly count on him to eat up some innings," Royals manager Matt Quatraro said. "Sometimes I think that has a negative connotation—'innings eater'—but when he goes out there, he's kept us in pretty much every game he's been in."

Lyles has one of the most anomalous careers of any active pitcher in the game right now. He's a 32-year-old who made his debut at age 20, who over a 13-year career sports a 5.20 ERA and 69-102 record. He's earned over \$40 million dollars in his career and has been more effective by adjusted earned-run average than a league-average starter in exactly one season. Yet the Royals are paying Lyles \$8.5



Jordan Lyles of the Kansas City Royals has a 6.13 ERA in 22 game starts and over 126 innings this season, with a win-loss record of 3-13.

## A Strangely Valuable Pitcher

The Royals' Jordan Lyles works a lot of innings and helps his team win in the long run by losing

million for his season's worth of services—the same salary they'll pay Zack Greinke, the generational pitcher who is riding out his career with the club that drafted him.

Baseball, however, has a particular appreciation for someone like Lyles, at a time when starters are managed to minimize risk and rarely accumulate the type of innings workload he has put up over the past few years. Lyles is on his third rebuilding team in three years, previously making 32 starts for the Texas Rangers in 2021 (5.15 ERA) and 32 starts for the Baltimore Orioles in 2022 (4.42 ERA). When the Orioles declined Lyles's \$11 million option for 2023, the Royals signed him to a two-year, \$17 million deal.

A team like the Royals, who were out of contention early in the season, still has to cover 162 regu-

lar season games' worth of innings. Kansas City has used 17 pitchers to start games through this point in the season, the most of any team in MLB this season, and higher than the league-median of 11 different starters. Lyles has 126 1/3 innings, just two innings shy of Brady Singer, the Royals' innings leader. Lyles is one of only 57 starters who have qualified for the ERA title by innings this season, and boasts the highest ERA amongst this limited cohort.

"It's important because your performance in a start affects the organization and the team," Lyles said. "If you're able to get innings, the next day is going to be easier for the manager and for the guys in the bullpen."

In an era when starting pitchers are more likely to be micromanaged than allowed to make mistakes,

Lyles stands out amongst the field. There's not much individual glory in what Lyles provides to a wayward ball club like the Royals, but there is a certain nobility to it.

"The term 'innings eater' is to me, kind of like 'game manager' in the NFL," Quatraro said. "Jordan is a 13-year veteran as a major-league pitcher and that in itself is extremely rare. There should be no negative connotation to a career like that. "But when you're not a superstar, it can get murky. But there's respect that should be paid to what he does and has done for a long time."

Lyles said the question he gets most from pitchers around him is how to effectively work through a lineup when facing them for the third time in a start. Statistically, a pitcher is likely to fare worse when facing a batter more than twice,

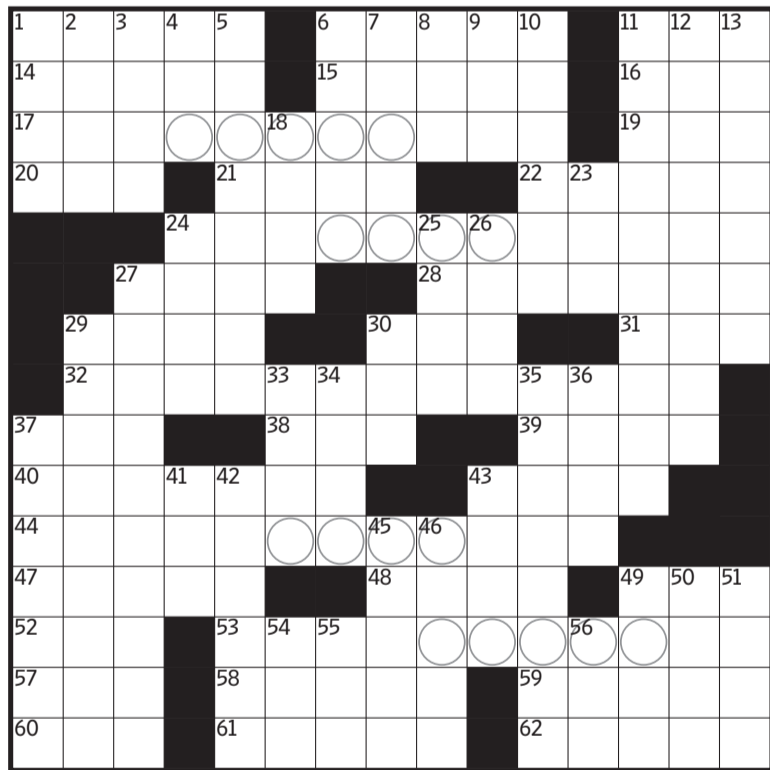
and the concern around the consequences of those matchups are one of the primary reasons starters aren't allowed to pitch deep into games anymore.

When asked if he would find more satisfaction in a five-inning, scoreless outing or a five-run complete game, Lyles didn't hesitate.

"Give me a complete game," he said. "Nine innings times thirty-two [starts], that's a big number."

Six runs times 32 is also a big number, but Lyles has demonstrated that he is not pitching for the glory of a low earned-run average. He's pitching to cover innings and to exercise his competitive inclinations. Durability over results is an uncommon sight in today's game, but as Lyles's continued standing in the game proves, it can still be a valued skill set for a starting pitcher.

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



- 25 Pres. Biden title
- 26 Danish shoe brand
- 27 Woos, in a way
- 29 Wheat storehouses
- 30 Garnet or topaz
- 33 Jack in Tom Clancy stories
- 34 Lee whom "nobody doesn't like"
- 35 Prop for Mary Poppins
- 36 Knight's neighbor
- 37 Authoritative cloaks
- 41 Numeral at the right side of a clock face
- 42 Hit the jackpot
- 43 "\_\_\_ Croft: Tomb Raider"
- 45 TV host Gibbons
- 46 March 14, as celebrated by math fans
- 49 Italian bubbly
- 50 Assemble-it-yourself retailer
- 51 It's orbited by Phobos and Deimos
- 54 Lawyers' org.
- 55 Novak of "Vertigo"
- 56 Feel sick

### BACKPEDALING | By Karen Steinberg & Paul Steinberg

- Across**
- 1 Pale gray
  - 6 Garlic-seasoned mayonnaise
  - 11 Turntable abbr.
  - 14 Cook-off dish
  - 15 Playwright Chekhov
  - 16 It might follow you
  - 17 Dairy case items
  - 19 Walker, on a street sign
  - 20 "Digin!"
  - 21 Olfactory stimulus
  - 22 "Me too"
  - 24 Like people who think their culture is best
  - 27 Coasted
  - 28 Summer quencher
  - 29 "Hollaback Girl" singer Stefani
  - 30 Retail supplements chain
  - 31 Where a texter might rather meet
  - 32 Do the opposite, and a punny hint to this puzzle's circled letters
  - 37 West of "Klondike Annie"
  - 38 Tuber that may be candied
  - 39 Bons \_\_\_ (witty sayings)
  - 40 Like many 1960s protests
  - 43 Wall St. takeovers
  - 44 Arches, e.g.
  - 47 Prepare for competition
  - 48 The Emerald Isle
  - 49 Desired result
  - 52 Name starter for many 11-Down
  - 53 Meringue-covered dessert
  - 57 Cry of alarm
  - 58 Resort island east of Spain
  - 59 Soda bottle size
  - 60 Sound upon opening a soda bottle
  - 61 Fruity red wine
  - 62 Art Vandelay, for George Constanza
- Down**
- 1 Pinnacle
  - 2 Branch of Islam
  - 3 Sword part
  - 4 Yellowstone grazer
  - 5 Addictive stimulant
  - 6 Judge of the Yankees
  - 7 Opening words
  - 8 Ear: Prefix
  - 9 Chilling Chaney
  - 10 Absurd, as an idea
  - 11 Drake and Dre, for two
  - 12 Some red-carpet events
  - 13 Drama genre for "Grey's Anatomy"
  - 18 Condition that might include fidgeting, for short
  - 23 Sex ed class topic, for short
  - 24 Peak fig.

**Previous Puzzle's Solution**

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

The contest answer is **SAD MOOD**. Change a letter in each word of the starred answers to form a pair of antonyms: WARM/COOL, NIGHT/DAY, LOST/FOUND, SELL/BUY, TALL/SHORT, DUSK/DAWN, FAIL/PASS. Use these changed letters plus another letter to form three-letter grid answers: WCS, NDA, OFD, SYM, THO, SAO, and FSD. Those added third letters spell the contest answer, itself an example of the theme (BAD/GOOD).

## Backup Goalkeeper Emerges As a Star at the World Cup

By RACHEL BACHMAN

*Auckland, New Zealand*

A fusillade of shots was fired at Sweden's goal with escalating intensity. The U.S. women's soccer dynasty was on the line. And the Swedish goalkeeper trying to stop the Americans was a career backup with very little big-game experience.

But as U.S. stars like Alex Morgan and Lindsey Horan fired one attempt after another, across 120 scoreless minutes of regulation and extra time last Sunday, Zecira Musovic didn't flinch.

"She made some saves that not many goalkeepers in the world can make," said U.S. coach Vlatko Andonovski after Musovic's heroics sent the Americans packing in a penalty shootout.

Musovic and Sweden will face a fast-rising Spain team on Tuesday in the Women's World Cup semifinals, with the winner advancing to play for its first title. With three penalty shootouts already deciding results in the knockout round, including Australia's epic outlasting of France to reach its first semifinal, goalkeeping figures to be crucial.

The surprise is that Sweden's hot goalkeeper has barely figured into the plans of either Sweden or Chelsea, the English club and reigning Women's Super League club she plays for.

At Chelsea, Musovic is teammates with stars like Australia's Sam Kerr and injured England midfielder Fran Kirby. But she doesn't regularly start. She played just seven matches for the club last season, out of 22, behind No. 1 goalkeeper Ann-Katrin Berger of Germany.

Until recently, Musovic didn't even start for world No. 3 Sweden. Even with her four World Cup appearances, she has just 14 appearances all time for the national team. Musovic made the Women's World Cup roster after long-time goalkeeper Hedvig Lindahl, who had played nearly 200 matches for Sweden,

wasn't selected.

Even then, Musovic was in competition with teammate Jennifer Falk for the starting job.

"I've never experienced such equality between two goalkeepers as we have here on the national team," Sweden coach Peter Gerhardsson told FIFA. "I can't say exactly why

thing that is more appropriate for a girl," she wrote on her website.

"It was me and all the boys," she wrote. "Nothing I really reflected upon back then much because I enjoyed it and wanted to do it. When that is the case, nobody can really stop me."

While Musovic, now 27



Goalkeeper Zecira Musovic and Sweden are set to play Spain in the semifinals of the Women's World Cup on Tuesday.

Zecira was chosen now, but small margins have pushed her ahead of Jennifer Falk."

Despite being thrown into the fire, the 5-foot-11 Musovic exudes easygoing confidence. After all, her family has seen much more intense drama. Her parents fled the war in Yugoslavia in the 1990s with her one brother and two sisters, according to her personal website, and Musovic was later born in Falun, 2 1/2 hours northwest of Stockholm.

She started playing soccer because of her brother, Huso, who she said had wished for a brother to play with but got her instead.

When she went back to Bosnia to visit for the summer, her soccer boots were the first thing she packed—even as many people around her wondered when she would "quit and start doing some-

years old, hasn't always been a starter, she's played with some of the world's best. By age 20 she was with FC Rosengård in Sweden's top-division Damallsvenskan league, lining up with Dutch standout Lieke Martens, along with defender Amanda Ilestedt and midfielder Caroline Seger—who Musovic now plays with on Sweden's national team.

Musovic said she prepares for games not only physically but with visualization exercises. Ahead of the U.S. game, Musovic said she had a good feeling—and a chat with her mom, who told Musovic she believed in her.

"She's very confident in what she's doing, and very confident in her development and process," said Rasmus Liljebäck, a sports psychologist for the Swedish team.

## OPINION

## Disney's Mickey Mouse Mistake



INSIDE VIEW  
By Andy Kessler

Is Disney a haunted mansion? Squishy earnings. Writer and actor strikes. A woke fight with Florida Gov. Ron DeSantis. Indiana Jones bombed, and Marvel is mostly milked. But these are nothing compared with the age-old trap Disney has voluntarily walked into: When growth stops, raise prices to make up for lower volume.

The company's earnings release last week says it all: "Lower affiliate revenue resulted from a decline in subscribers, partially offset by higher contractual rates." And after losing subscribers, Disney raised Disney+ and Hulu ad-free streaming prices 20% last week. You can't raise prices to infinity and beyond. Consumers eventually break.

Sure enough, attendance appears down this summer at Disney theme parks. No wonder. Tickets can cost \$169 a day; 2-Day Park Hopper Disneyland tickets are \$345 plus \$30 a day for parking. Then add \$8 pizza slices, \$6 lemonade and \$5 churros. Dinner at the River Belle Terrace might include less-than-mouthwatering bargains such as \$19 BBQ Tofu or \$22 Pimento Mac and Cheese. The Disneyland Hotel charges \$425 a night, though you can find rooms for \$200 outside the park. Add \$20 embroidered Mickey Ear hats,

and I calculate the tab can be more than \$1,600 a day for a family of five. It's "The Happiest Place on Earth," except if you're paying for it.

Disney CFO Christine McCarthy said in May that ticket prices track inflation. That's not quite true—the New York Post reported last year that Disney theme park ticket prices are up 3,871% in 50 years, well above inflation. Ms. McCarthy cited spending on other stuff: "It's T-shirts and hats, but also build your own light saber. Not cheap. But people tend to spend the money. That is consumer choice." It seems consumers are choosing not to show up. Can you blame them?

The cable business may be worse—cord-cutters are killing it. Disney-owned ESPN has around 70 million paid subscribers, down from some 100 million 10 years ago. PwC thinks that number will drop to 50 million by 2027. One reason is constant price increases. ESPN now costs \$9.42 a month per subscriber for cable operators, vs. 49 cents for the average channel in the basic-cable bundle. Many cable subscribers don't even watch sports. Like clockwork, whenever ESPN and cable raise fees, athlete salaries and ticket and beer prices go up. It's a virtuous circle for everyone but consumers.

The business model of professional sports is quickly deteriorating. After Disney bought 21st Century Fox in March 2019, it divested 21 regional sports networks to Sin-

clair Broadcast Group for \$10 billion. A Sinclair subsidiary named Diamond Sports holds 19 sports networks and \$8 billion in debt. Much like ESPN, Diamond pays exorbitant rights fees, which teams use to pay even more exorbitant salaries to athletes. Manny Machado of the San Diego Padres has a \$350 million, 11-year contract, exceeding teammate Fernando Tatis Jr.'s \$340 million, 14-year deal.

**The company is raising prices as consumers choose to cut cable and skip park visits.**

In March, Diamond Sports filed for bankruptcy and stopped making payments to the Padres. Major League Baseball took over some local broadcasts. Diamond made a late rights payment to the Cincinnati Reds and a court ordered it to make payments to the Diamondbacks, Guardians, Rangers and Twins. But for how long? Have athlete salaries peaked?

ESPN is in the same bind, holding rights deals with the National Football League, National Basketball Association, Major League Baseball, National Hockey League, tennis and golf associations, and Formula 1. How is it going to pay rights fees with dwindling subscribers? Double prices for streaming? Disney's gambling deal last week with Penn Na-

tional smells of desperation and will dilute ESPN's brand.

The entire pricing structure of sports is being called into question. How will the Padres pay Messrs. Machado and Tatis in the long term? I doubt rights fees are going up. Beers at the ballpark already cost \$16—about \$1 a sip. So raise ticket prices? Ask Disney about that. "That is consumer choice," and customers are savvy and fickle.

I'll repeat former General Electric CEO Jack Welch's best line: "Any idiot can raise prices." Spotify raised prices \$1 a month. Netflix raised most plan prices 10%. Peacock raised the price of its premium streaming plan by \$1, to \$5.99. Warner Bros. Discovery's Max is up a buck. Heck, the price of a first-class stamp is now 66 cents as volumes dwindle. Welch might have meant "many" instead of "any." Tesla is starting to learn about high prices, having discounted its electric cars this summer to move excess inventory.

Disney CEO Bob Iger implied he might sell a minority stake in ESPN. Disney could also free it from cable through a stand-alone app, though it would probably have to charge \$40 to \$50 a month to match today's revenue. Not likely. Disney's stock is back where it was in August 2014. Customers aren't dumb. They vote with their feet (or clicks). Disney's CFO was right: That is consumer choice. Raise prices at your own peril.

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

BOOKSHELF | By Naomi Schaefer Riley

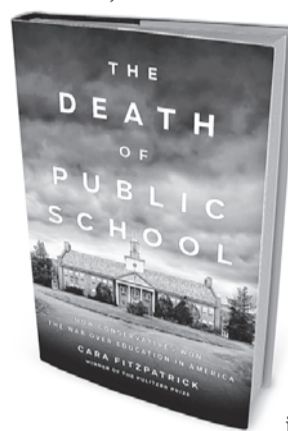
## Trying to Find A Place to Learn

The Death of Public School

By Cara Fitzpatrick  
(Basic, 375 pages, \$32)

What is a public school? Is it an institution that is paid for by the public? One staffed by government employees? One that teaches a publicly approved curriculum? One that educates a broad swath of the public's children? In the view of Cara Fitzpatrick, the author of "The Death of Public School," it possesses all of these qualities, and properly so. That more than a few parents don't agree—or have become disenchanted with the idea of public schools altogether—is a source of concern for her.

For Ms. Fitzpatrick, a veteran reporter and an editor at the education site Chalkbeat, the public school's death—or at least its decline—is attributable mostly to conservatives, who have, as her subtitle has it, "won the war over



education in America." They have advanced their attack, as she sees it, by supporting school choice, school vouchers and charter schools.

Ms. Fitzpatrick's not-very-sympathetic history of these alternative policies and institutions starts with the segregationists of the 1950s. She shows how the people who opposed racial integration in the civil-rights era lined up behind the idea that parents should get to choose their children's school—with the goal, in that era, of avoiding black

children. She notes that within four years of *Brown v. Board of Education*—the 1954 Supreme Court ruling that desegregated schools—some Southern states had "taken steps to abandon public schools if necessary" and "created grants that students could use to pay tuition at private schools." Ms. Fitzpatrick says that such moves were "the first steps toward creating a school voucher system" similar to the one that Milton Friedman notably proposed in 1955.

Though Ms. Fitzpatrick doesn't accuse Friedman of sharing the motives of the Southerners—she quotes him saying that he despised segregation and racial prejudice—she says that his views on vouchers seem "either naive or willfully ignorant of the racial oppression in the South." Friedman had argued that a private system—with vouchers helping families pay for tuition—would offer a range of voluntary associations: exclusively white, exclusively black and mixed schools. Rather than force parents to send their children to one kind or another, he said, people opposed to racial prejudice should "try to persuade others of their views." If they were successful, "the mixed schools will grow at the expense of the non-mixed, and a gradual transition will take place."

Whether such an idea was naive is hard to say; it certainly wasn't ignorant or baleful, as Mr. Fitzpatrick seems to imply. At the time, there were high-quality institutions devoted exclusively to black students, notably the Rosenwald schools set up in the South by the philanthropist Julius Rosenwald in the first decades of the 20th century. If black parents had been given the vouchers needed to support them, such schools might well have continued to flourish.

Of course, people have supported school choice for more than one reason. Some have favored limited government, feeling that, when it comes to the education of children, the state should yield to the preferences of parents. Some have favored more resources for religious schools. Virgil Blum, a Jesuit professor at Marquette University, wrote an article in the late 1950s calling for "educational benefits without enforced conformity," by which he meant that children shouldn't be denied access to either public or private schools for lack of funds. In part, he wanted to make the system of Catholic schools an even more robust alternative to public schools, which were sometimes run by Protestants intolerant of religious dissent.

**Democrats from Bill Clinton to Barack Obama favored charter schools and school choice until teachers unions threatened to end their support.**

How good is the education that results from school choice or vouchers—or from charter schools, which function outside government strictures and teacher-union rules while receiving public funds? Ms. Fitzpatrick says that the jury is still out. She cites various studies, with mixed conclusions. She doesn't mention the astronomically improved test scores of students who have attended Success Academy, a network of New York City charter schools founded in 2006 and now serving more than 20,000 students in grades K-12.

Debates over education can make for strange bedfellows. Ms. Fitzpatrick tells the story of the alliance in the 1990s between the Milwaukee-based black Democratic legislator Polly Williams, who favored private-school vouchers, and Wisconsin's white Republican Gov. Tommy Thompson. After helping to implement the country's first voucher program, Williams turned on Thompson because he wanted vouchers to be universal and she wanted them to go only to the poor.

Ms. Fitzpatrick seems to feel that Democratic-leaning black parents are getting played by white, Republican-leaning advocates who push for alternatives to public schools. Such advocates say they care about the best interests of inner-city children—whose public schools are often miserable—but Ms. Fitzpatrick implies that they really want to engage in religious indoctrination (with church-defined curriculums) or to make money by ultimately privatizing public schools. She uncharitably describes Clint Bolick—who argued many of the first school-voucher cases—as "never one to miss a good public relations opportunity."

For someone who seems inclined to question the motives of those who favor school choice, Ms. Fitzpatrick doesn't seem much interested in why others oppose it. Democrats from Bill Clinton to Barack Obama at first favored charter schools and school choice but backed away when teachers unions threatened to withdraw their political support.

It is a shame, then, that with the exception of a few words in the introduction, Ms. Fitzpatrick's analysis ends in 2019. The pandemic of 2020-21 laid bare the deficiencies of public schools to parents from a variety of geographic areas and political allegiances, especially as teacher recalcitrance kept children from classrooms and caused them to fall behind. At least five states have passed universal school choice in the past two years. If Ms. Fitzpatrick thought public schools were dead before, wait until she sees what happens next.

Ms. Riley is a senior fellow at the American Enterprise Institute.

## Biden Does Putin's Dirty Work in Guatemala



AMERICAS  
By Mary Anastasia O'Grady

After Vladimir Putin sent henchmen to Guatemala a decade ago to have a Russian businessman and his family jailed, hedge-fund manager William Browder

helped expose the Kremlin's malfeasance.

Mr. Browder's April 2018 testimony before the Helsinki Commission in Washington outlined how Igor Bitkov and his wife, Irina, were victims of attempted extortion by Mr. Putin and had fled Russia with their daughter, Anastasia. Mr. Browder said that when he learned what happened to the Bitkovs in Guatemala, he recognized Mr. Putin's trademark vengeance, which he had experienced as a successful investor in Russia.

More than eight years after the Bitkovs' arrest, the fraudulent case against them has fallen apart. The family is out of prison. But they are still under domestic detention and remain tied up in the byzantine Guatemalan legal system. Worse, their Guatemalan tormentors, who took up Team Putin's request to prosecute them as criminals, have a chance at a comeback if presidential candidate Bernardo Arévalo wins the Aug. 20 runoff election against populist Sandra Torres.

The Biden administration is enthusiastic about Mr. Arévalo and his coterie of social-justice warriors. The official talking point is that an Arévalo presidency would fight corruption

and champion democracy. This is ideology trumping real life.

Forget about the forged signatures and identities of dead people that Mr. Arévalo's party, Semilla, was found to have used to register with the electoral body. Or that Semilla counts some slimy business elites as supporters. The campaign is flush with political figures who endorsed, and still endorse, the state terror used against the Bitkovs and many innocent Guatemalans.

Guatemala brought CICIG—the U.N.'s International Commission Against Impunity in Guatemala—into the country in 2007 to help local judicial authorities dismantle clandestine security groups. But when Colombian leftist Iván Velásquez got the job of CICIG commissioner in 2013, he recognized the body's absolute power and weaponized it for political purposes.

Mr. Velásquez's fellow travelers in Guatemala applauded the denial of due process and ugly police-state tactics as necessary steps toward fighting corruption. Suspects were dragged from their homes, held for days in cages to ensure plenty of public ridicule, and imprisoned for years without a conviction. U.S. Ambassador Todd Robinson, an activist foreign-service officer, was often photographed with the inquisitors: Mr. Velásquez, Attorney General Thelma Aldana and special prosecutor Juan Francisco Sandoval.

But "justice" was selective. When Oxfam International Chairman Juan Alberto Fuentes Knight, a former Guatemalan finance minister, was arrested on corruption allega-

tions in 2018, he was released in less than a month on \$66,000 bail.

CICIG's mandate expired in 2019—and Mr. Velásquez is now defense minister in the Colombian government of former M-19 terrorist Gustavo Petro.

When Ms. Aldana lost CICIG protection, she fled to the U.S. Mr. Sandoval soon followed. The new attorney general, Consuelo Porras, received scores of criminal complaints against the two and launched

**The U.S. is protecting former prosecutors who illegally jailed Kremlin targets.**

lawful investigations. Her office has since put out arrest warrants for both former officials, and Guatemala has requested their extradition from the U.S.

The Biden administration refuses to extradite them, and the attorney general's office says that asking for a reason is "like talking to a wall." Meantime, the U.S. accuses Ms. Porras of corruption—without evidence. Her visa has been revoked. Nevertheless, the by-the-book Guatemalan prosecutor continues to comply with Washington's extradition requests. The Justice Department says Ms. Porras's office has been instrumental in its fight against transnational criminal organizations.

Ms. Aldana and Mr. Sandoval, co-conspirators in the effort to ruin the Bitkov family,

are icons of the Arévalo campaign's anticorruption narrative. But their obsession to destroy the family has never been explained.

As Mr. Browder testified in 2018, a Putin surrogate from Russian state-owned VTB Bank went to Guatemala and tried, without proof, to frame the family for fraud. The charge couldn't be sustained, so the Kremlin rep persuaded CICIG and local prosecutors to "go after" the Bitkovs for migration violations.

The family had picked up their papers at the migration office in Guatemala, which had led them to believe they were legal. But the Bitkovs had been defrauded by human traffickers inside the migration office. Under international law this made them victims. But Ms. Aldana and Mr. Sandoval refused to grant the protection they were due and instead convicted them as part of the trafficking network. The law firm that duped them was never investigated. Ms. Aldana recruited the migration official who signed Anastasia's fraudulent papers.

The Bitkovs got the CICIG "cage" treatment for public consumption, and Igor and Irina's 3-year-old Guatemalan-born son was thrown into an orphanage. Anastasia was a minor at the time of the document issuance, but all three received prison sentences of 14 years or more.

Joe Biden says he's taking on Mr. Putin. But don't ask him to choose between the truth about CICIG and his dream of more socialism for Latin America.

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

## The Constitution Protects 'Harmful' Speech

By Rachel Chiu

The Senate is considering a bill that poses serious risks to free speech. The Senate Commerce Committee recently advanced the Kids Online Safety Act by unanimous vote. It would empower government officials—state attorneys general and the Federal Trade Commission—to challenge social-media companies when they fail to prevent "harm to minors." Invigorated with greater statutory authority, the already aggressive enforcement agencies would have the means to deem any speech unlawful and limit it under the guise of promoting child safety.

According to the text of KOSA, a state attorney general could bring a civil lawsuit against a platform if it doesn't take down content that falls under the bill's definition of harmful. For instance, a state could sue Instagram for violating the

act's duty of care if it doesn't take down posts that make a child feel more anxious.

Like hate-speech laws, the bill would give officials the authority to skirt the First Amendment and censor protected content. After a mass shooting in Buffalo, N.Y., last year, New York swiftly passed

**The Kids Online Safety Act would be a license for censorship.**

a law to curb hateful speech on social media sites. A federal judge granted a preliminary injunction, writing that the "First Amendment protects from state regulation speech that may be deemed 'harmful' and generally disfavored regulation of speech based on its content." KOSA would similarly encourage authorities to

pressure companies into removing posts the government considers "harmful."

Under KOSA, New York could accomplish what it was prevented from doing with its own law. Ari Cohn, a First Amendment lawyer, says the state attorney general could file a lawsuit alleging that a platform failed to prevent "physical violence" that might affect a young user.

The categorization of content as "harmful" is ripe for political misuse. Partisan state attorneys general have been eager to exert power over online discourse. California Attorney General Rob Bonta supported a similar bill in Sacramento that would, if passed, similarly hold social-media companies liable for children's mental health. If states bring these cases before a judge, they will need to demonstrate that their actions aren't impeding upon the edi-

torial discretion of platforms and users' free speech. At best, KOSA enforcement won't pass legal muster. But that still means costly litigation at taxpayers' expense. In the interim, social-media companies would have an incentive to take down content that would—absent government intervention—remain on the platforms.

Ultimately, protecting children from online harm should be up to parents, schools and communities. KOSA would result in censorship and the politicization of what constitutes appropriate content for young users. Amid calls from both outside and within the government to curb controversial or unpopular views, lawmakers have a duty to protect Americans' constitutional rights.

Ms. Chiu is a visiting fellow at the Independent Women's Forum and a contributor for Young Voices.

## OPINION

## REVIEW &amp; OUTLOOK

## The Biden-Iran Hostage Deal

Readers of a certain age will remember the uproar when the Reagan Administration was caught trying to trade arms for hostages with Iran. Well, the Biden Administration seems prepared to hand over \$6 billion to Iran's ruling mullahs in return for five Americans it has taken prisoner to get precisely this kind of ransom. Iran keeps raising the price for its hostage-taking, and the U.S. keeps paying it.

The White House said late last week that Iran has moved four Americans to house arrest from Evin Prison. A fifth American was already under house arrest. "We will continue to monitor their condition as closely as possible. Of course, we will not rest until they are all back home in the United States," White House spokeswoman Adrienne Watson said.

"Until that time, negotiations for their eventual release remain ongoing and are delicate. We will, therefore, have little in the way of details to provide about the state of their house arrest or about our efforts to secure their freedom," she added.

This is good news for the unjustly detained people and their families. But if they are released, the mooted price will be steep. Leaks from the Administration suggest that Iran will gain access to \$6 billion of its frozen assets in an account in South Korea. That's \$1.2 billion a hostage.

White House spokesman John Kirby told CBS News on Thursday that Iran will only be able to use the \$6 billion for "humanitarian purposes," such as food and medicine. The Administration also says there will be no sanctions relief in this hostage deal.

But that's a semantic distinction without much of a difference. Why were the funds frozen if not as a sanction against Tehran? That's certainly how Iran sees it. "The decision on how to utilize these unfrozen resources and financial assets lies with the Islamic Republic of Iran," said the foreign ministry in Tehran.

Money is fungible, as the White House knows, and its "humanitarian purposes" line is best understood as political cover to justify the money-for-hostages deal. In a competition for the funds between the Islamic Revolutionary Guard Corps and the public health of the Iranian

people, who do you think wins?

Iran will use the cash the same way it did the money it received from the Barack Obama-John Kerry 2015 nuclear deal—to spread mayhem in the Middle East and beyond.

Some of it will go to finance the Shiite militias in Iraq that have targeted and killed Americans. Some will likely go to build more drones and missiles that Iran is delivering to Russia to use against Ukraine. The White House recently dispatched more aircraft and 3,000 Marines and Navy personnel to the Middle East to deter Iranian seizures of commercial ships.

The hostages deal would in effect finance Iranian aggression against the U.S. and its allies that the U.S. is spending billions of dollars to counter. It's no accident that one of the five Americans currently held by Iran, Siamak Namazi, was snatched not long after that 2015 deal was struck. Tehran was grabbing new chits for its next ransom demand. "We've been taken for one reason and one reason only—and that's because we're U.S. citizens," Mr. Namazi told CNN this year.

The hostages deal may also be the first step toward a larger agreement to revive at least some of the 2015 nuclear pact. That mooted agreement would ease sanctions on Iran in return for an Iranian promise to freeze its enrichment of uranium, which has been proceeding toward weapons-grade.

It isn't clear from the Administration's media leaks whether Iran would allow any new or more intrusive inspections of its nuclear sites, but don't count on that. Iran knows Mr. Biden wants to push any crisis over Iran's nuclear program past the 2024 election. This new informal nuclear deal sounds like a less enforceable version of the 2015 pact. Call it money and sanctions relief for promises, and don't expect Congress to have any say in approving it.

The plight of imprisoned Americans is awful, and the decision of what to give up in return for their release is difficult for any President. We've been forgiving of prisoner swaps. But rewarding Iran with money for hostages amounts to financing its malign activities and encouraging it to take more American prisoners.

## The U.S. is poised to hand over \$6 billion for five Americans.

## Covid Lockdowns and Cancer

The damage from Covid lockdowns continues to appear, and another example is an increase in more lethal cancers. A new study in the *Lancet* finds that patients were more likely to be diagnosed with advanced cancer in 2020 following delays and disruptions in non-Covid healthcare.

Researchers from the American Cancer Society compared the change in the stage of new cancer diagnoses in the U.S. in 2019 versus 2020. Early in the pandemic, routine healthcare was disrupted as hospitals prepared for a surge of Covid patients that didn't materialize in most places. States also suspended "elective" care, including cancer screenings.

While most physician offices reopened in summer 2020, many faced a backlog of patients, which delayed screenings, exams and treatment. Some patients also delayed doctors' visits for symptoms that may have been caused by undiagnosed cancers because they were afraid of catching Covid.

As a result, patients were 5.4% less likely to be diagnosed with a stage 1 cancer and 7.4% more likely to be diagnosed with a stage 4 cancer in 2020 than in 2019, according to the *Lancet* study. The biggest relative increase for

stage 4 disease occurred for liver (13%), stomach (13%), prostate (14%) and thyroid (19%) cancers.

The study also notes that "due to safety concerns, guidelines often recommended postponing elective outpatient procedures for patients deemed to have less aggressive disease, and most endoscopy centres mandated patients to have COVID-19 tests before procedures after their reopening," which "might have created additional obstacles for patients."

Survival rates are much higher when cancers are caught early, and they can often be treated without chemotherapy and radiation. The five-year survival rate for stage 1 prostate cancer is nearly 100% compared with 32% if the disease has spread to other areas of the body.

The impact of late diagnoses is evident in more cancer deaths. Age-adjusted cancer mortality increased 1.7% in 2021 after falling 17% between 2009 and 2020. Cancer deaths were 2.8% higher during the first six months of this year than in the same period in 2021.

This is more evidence that the lockdown enthusiasts Americans mistakenly trusted during Covid lost sight of the costs in lost livelihoods, learning and lives.

## Late diagnosis and delayed care have led to more stage 4 disease.

## A Free-Speech Lesson for J.B. Pritzker

Democrats are eager to make their states havens for abortion, and in Illinois they're willing to violate free-speech rights along the way. That's the finding of a federal judge who has enjoined a law to silence groups that run pregnancy help centers.

Gov. J.B. Pritzker recently signed a law amending the state's Consumer Fraud and Deceptive Business Practices Act to sweep in pregnancy centers that counsel women against abortion. The law, drafted by Illinois Attorney General Kwame Raoul, regulates the antiabortion groups on grounds they engage in "deceptive business practices."

The law "is both stupid and very likely unconstitutional," federal Judge Iain Johnston wrote in an Aug. 4 order granting a preliminary injunction. "It is stupid because its own supporter admitted it was unneeded" and had no evidence supporting its claims of deception," he wrote. "It is likely unconstitutional because it is a blatant example of government taking the side of whose speech is sanctionable and whose speech is immunized."

The speech of abortion providers is "specifically excluded from being sanctioned under the Consumer Fraud Act," Judge Johnston wrote. Regulating pregnancy centers for deceptive practices while exempting abortion providers is viewpoint discrimination. In *Reed v. Town of Gilbert* (2015), the Supreme Court held that laws regulating speech based on content are "presumptively unconstitutional" and violate the First Amendment.

The law was challenged by the National Institute of Family and Life Advocates and others. John Jansen, a project coordinator for Pro-Life Action League, submitted a Freedom of Information Act request to the AG's office seeking information about what fraudulent or misleading conduct by pregnancy centers had prompted the

AG's crackdown. His declaration to the court says the FOIA found no patient had "ever lodg(ed) an actual complaint with the Attorney General against an Illinois pregnancy help ministry, much less for a violation of the Consumer Fraud and Deceptive Business Practice Act."

Messrs. Raoul and Pritzker know that the sidewalk counselors and pregnancy centers aren't engaged in commercial transactions. Sidewalk counselors are typically volunteers and often from religious organizations. "There is no remuneration of any kind and there is no economic motivation of any kind," the judge noted in his order.

Mr. Pritzker is gaining a reputation as a hard-left culture warrior who is happy to silence political opponents. He told CNN that the law is "just like the case against President Trump. You have a right to free speech, but you don't have a right to lie."

But special counsel Jack Smith's indictment specifically says Mr. Trump has a right to lie. Mr. Pritzker apparently thinks that invoking the name Trump is a justification to get away with saying or doing anything. Not under the U.S. Constitution.

## LETTERS TO THE EDITOR

## There's a Reason the Homeless Flock to San Fran

Many advocates claim that providing a welcoming environment for camping and drugs doesn't attract the homeless, and that only more subsidized housing can solve homelessness. San Francisco shows the folly of those arguments ("Why San Francisco Is a Homeless Mecca," *Review & Outlook*, Aug. 7). According to the city's own statistics, almost 30% of the homeless moved there after they had already lost housing. Another 17% lived in the city for less than a year before becoming homeless. As Mayor London Breed admits, one reason people are coming is easy access to drugs.

The claim that enough subsidized housing will solve the homelessness problem is belied by San Francisco's efforts. In the past 15 years, the city has created more than 7,000 perma-

nent housing units, enough to house every homeless person at the beginning of the period, but the problem has grown worse. That 11% of the homeless population was already living in subsidized or government housing before becoming homeless—again, most likely—shows that more housing is insufficient to stop the crisis.

Although the Ninth Circuit Court of Appeals has put limits on what cities can do to remove encampments, some cities under its jurisdiction, such as Las Vegas, have managed to expand existing laws against street camping and provide affordable shelter alternatives. Unless San Francisco is willing to do the same, it will continue to be a mecca for the homeless.

JUDGE GLOCK  
Research director, Manhattan Institute  
Austin, Texas

## Public-Union Payouts Bleed Illinois Families

The letters "In Defense of Illinois's Public-Union Contract" (Aug. 8) omit some salient facts. Illinois Rep. Raja Krishnamoorthi writes of Gov. J.B. Pritzker's big re-election win. He doesn't say that Mr. Pritzker spent millions on preprimary ad buys to ensure that the most radical Republican would be nominated as his opponent.

In praising the governor's fiscal management, he also doesn't mention Illinois's unsustainable pension debt, caused in great part by the state's Democratic governors caving to union demands in return for financial contributions and manpower. That would be a criminal offense in the private sector, which is a strong argument for banning public-sector unions.

ROB KLEIN  
Deerfield, Ill.

Rep. Krishnamoorthi writes that rating agencies have upgraded Illinois's credit rating eight times under Mr. Pritzker's leadership. Left unsaid is that, according to the *State Journal-Register*, "Illinois continues to have the lowest rated general obligation bonds of any state." Its sluggish growth hasn't helped.

As to the union pay increases, Lee Saunders and Roberta Lynch of Afscome seem to forget that those increases and the attendant pension payouts are,

to borrow their words, "putting the squeeze on working class people"—just not those who enjoy public-union protection. Illinois has the second-highest property-tax rate in the country in large part because it has the second-highest level of unfunded public pension obligations, amounting to \$41,656 for every man, woman and child in the state.

Our public-union employees retire quite well. I wish I could say, "You're welcome." Meanwhile, Illinois continues to be a most unattractive place to put down roots and raise families. The state lost a record 104,000 people from July 2021 to July 2022.

LOU BURY  
Plainfield, Ill.

I'm a retired teacher who is enjoying the six-figure pension the teachers unions imposed on the taxpayers of Illinois. What I gave in pension payments over my 34 years paid less than 5% of the money I have received in the 20 years collecting my pension. The unions, in league with the Democrats, will bankrupt the state because no one represents the taxpayers. Mr. Pritzker has raised taxes and fees 24 times as governor. Thank goodness I escaped to North Carolina.

JOHN ALLEN  
Hendersonville, N.C.

## Climate Anxiety Isn't a Snowflake Proposition

Allysia Finley's assertion that climate anxiety is a product of leftist ideology ("Climate Change Obsession Is a Real Mental Disorder," *Life Science*, July 31) does a disservice to Americans' legitimate fears about climate change and its effects. It's un-

## Why U.S. Drones Don't Cut It for the Ukrainian Fighters

Seth's Cropsey's "Ukraine Needs American Drones" (op-ed, Aug. 7) aims in the right direction but misses the core problem. U.S. companies don't mass produce the cheap, expendable drones Ukrainian troops need. Since these firms sell to governments and business customers, their advanced drones start at around \$16,000.

U.S. defense-tech firms have spent months testing their drones in Ukraine, but some now leave their drones in storage because they couldn't perform perfectly in Ukraine's harsh battlefield conditions. U.S. firms don't have a mass-market consumer drone that costs only a few thousand dollars, which is what Ukraine needs to replace DJI's Mavic-3, the ubiquitous Chinese tool on the front line. The Pentagon or Commerce Department could encourage U.S. firms to enter the cheaper drone market, but they can't buy drones that don't exist at scale.

AUSTIN GRAY  
Kyiv, Ukraine

Mr. Gray, formerly a U.S. Navy intelligence officer, works in product development at a drone factory.

## Democracy Must Come First

In "This Trump Indictment Imperils the Presidency" (op-ed, Aug. 3), David Rivkin Jr. and Lee Casey are right to say that "the stakes here are far greater than [Donald Trump's] fate." But they reach the wrong conclusion. Protecting the presidency is unquestionably important, but protecting democracy itself is even more so.

The former president's motivation may be difficult to use as a basis for conviction. His actions, however, were an overt attempt to overturn a national election—an attack on our democracy. If that won't support a conviction, then it probably won't be the last such attack.

VINCENT P. FLOOD  
Evanston, Ill.

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## How Can Biden Be Believed?

Devon Archer's testimony ("Devon Archer's Full Biden Story," *Review & Outlook*, Aug. 4) merely confirmed what common sense dictated: Hunter Biden had nothing to offer his clients but influence peddling. The idea that the president knew nothing of his son's business dealings brings to mind the saying, "I was born at night, but not last night."

ROBERT M. SUSSMAN  
Paradise Valley, Ariz.

## Pepper ... And Salt

THE WALL STREET JOURNAL



"The star next to the Big Dipper is a satellite monitoring this conversation."



## OPINION

## The Fire in Maui and the Lesson of Greece

By Costas Synolakis

What went wrong in Maui? Last week a fire burned the historic city of Lahaina to the ground and killed at least 93 people, the deadliest U.S. wildfire in more than a century. Some local politicians have called the fire the worst natural disaster in Hawaii's history, and compared it with the 1960 tsunami in Hilo, although a 1946 tsunami in Hilo, caused by an earthquake in Alaska, killed 158.

Critics are questioning the emergency response and the effectiveness of evacuations. As in other disasters, comparisons with practices elsewhere are helpful and provide perspective.

Consider Rhodes, Greece, an island roughly the same length and width as Maui. Its economy depends almost entirely on tourism, with about 2.5 million visitors in 2022, about the same number as Maui. Maui is a typical tropical Polynesian island; Rhodes is subtropical, and by Eastern Mediterranean standards, quite wooded and wet.

## Athens learned the lessons of a 2018 blaze that killed 104. In Rhodes last month, only one person died.

Last month several fires broke out in Rhodes, and there were big differences in crisis management. In Maui, about 11,000 tourists were evacuated, mainly from two locales. In Rhodes, between 20,000 and 30,000 people were evacuated from 12 locales in a single day. The fires in Maui burned for two days, in Rhodes for about eight. In Rhodes about 1,500 were evacuated from beaches, in Maui fewer than 20. In



Firefighters on the scene in Maui (left) Aug. 11, and Rhodes July 26.

Rhodes, local residents, the Red Cross and Greek Civil Protection delivered humanitarian supplies to evacuees. In Maui some survivors reportedly had to buy their own mattresses and pillows.

In Rhodes there was only one casualty, a volunteer firefighter. There were evacuation orders from the Greek emergency communications service, known as 112. In addition to being a single emergency number like 911, the 112 service encompasses a national integrated public alert and warning system, which provides emergency information to the public through mobile and landline telephones. The service doesn't require an app or subscription; the messages go to all cellphones in an area at risk, in Greek and in English.

In Maui, many people didn't receive timely warnings from the local system, which "relied on a series of sometimes confusing social media posts," according to the Associated Press. Some survivors have reported receiving no warning messages before the fire reached them, while

others said messages appeared and then disappeared from their mobile phones and they couldn't find instructions. In a state that rolled out sirens and emergency alerts for tsunamis more than 60 years ago, and where sirens are tested every month, there were reportedly no sirens in the melee that followed the fire and the power and communication outages.

Emergency personnel have reported that it was impossible to foresee the combination of strong winds, a fire advancing within minutes in a densely populated area with few escape routes, and possible sparks from power lines.

Compare what happened in Lahaina with another Greek fire, in Mati, in 2018. Photos of the disasters are eerily similar. In both cases, apparently winds descended from the mountains with speeds up to about 60 miles an hour in Mati and 80 in Lahaina. In Mati, the fire took about half an hour to spread about half a mile from the nearest highway east of the town to the sea. There was no



warning, and 104 people were killed. In Lahaina, there was some semblance of warning, and the fire took a bit less time to spread about a quarter-mile from the local highway, west toward the beach. In both cases, firefighting resources were spread thin, as responders were fighting other fires.

In Mati, the fire took two hours to spread from where it started to the nearest beach. In Maui, it is still unclear. In Lahaina all of its about 1,800 buildings completely burned; in Mati, fewer than 300 did. In both places, people were burned in their cars, in Mati some because of flawed crisis traffic management that directed drivers to the inferno, while in Lahaina possibly because of delays in evacuation and confusion.

Similar conclusions could have been drawn from the Camp Fire in Paradise, Calif., in 2018, as I argued in these pages. There are no obvious excuses yet for not foreseeing the consequences of a fire attacking Lahaina, with descending strong winds in dry conditions. It was a worst-case

scenario, and one that had played out elsewhere in the world, with deadly consequences.

After the Mati fire, in which 104 people died, I led a group of U.S., Japanese and Greek scientists in running fire- and evacuation-simulation models. It was clear that there would have been enough time to evacuate the entire population of the hamlet, had there been warning. Our study led the rollout of the revamped 112 service in spring 2020 in Greece, saving hundreds of lives.

Preventing or mitigating such disasters will require advanced technology to detect fires (some already in trials in California), improved emergency alert systems with fast projections of fire spread and intensity, better first responses, forest management that adapts to changing weather conditions, and analysis of the lessons from other catastrophic fires around the world.

*Mr. Synolakis is a professor of engineering at the University of Southern California.*

## Eric Adams and the Self-Imposed Crisis of a Sanctuary City

LIFE SCIENCE  
By Allysia Finley

New York politicians often believe the rest of the country cares about their problems. But the only time most people give a thought to the Empire State's largely self-inflicted woes is when they relish the schadenfreude of seeing progressives pay for misguided policies. The Big Apple's migrant mess is a case in point.

Mayor Eric Adams last week groused that local hotels and shelters are overrun with migrants whose care will cost the city about \$5 billion this fiscal year. As New York politicians do, he's begging the feds and ordinary city-dwellers to open their wallets. "This is not Mayor Adams's job. This is the job of the people of the city of New York," he said last week. "We need every New Yorker that has something to offer to play a role."

Apparently, paying the nation's highest taxes isn't enough. Mr. Adams recently floated the idea of sheltering migrants in private homes. How rich considering that city regu-

lations set to take effect next month will effectively prohibit New Yorkers from renting out their apartments on Airbnb. The home-sharing site estimates the new "de facto ban" will eliminate 95% of its revenue in the city.

Naturally, the result will be higher demand and prices for rooms at hotels, including those where the city is paying \$256 a night on average to shelter migrant families. Some hotels, like a Holiday Inn Express in Brooklyn, are making upward of \$300 a night housing migrants. This doesn't include the cost of food, medical care and social services, which adds another \$127 a day per migrant family.

A New Yorker would have to make around \$280,000 a year before taxes to afford what the city is spending on each migrant family. No wonder they're coming by the bus load.

Gone are the days of styling New York as a sanctuary city. Mr. Adams is now telling migrants to stay away. "Please consider another city as you make your decision about where to settle in the US," says a flier that the city plans to distribute at the U.S.-Mexico border.

New York's wealthy might sympa-

thize. Mr. Adams once promised to make them feel welcome. "I want my high-income earners right here in this city," he told a crowd of business people last year. Yet the city hasn't done anything to make them want to stay, and they keep fleeing to states with lower taxes and safer streets.

## High-tax, overregulated New York is too costly for the middle class and now asks migrants to stay away.

Maybe the migrants will also eventually decamp to Florida when they can't find adequate employment in New York's overregulated and overtaxed economy.

Given the city's mass exodus—more than 500,000 people left between April 2020 and July 2022—you'd think it would be able to accommodate the 100,000 or so migrants who have arrived since last spring. The trouble is that the rich who have left have taken jobs with them.

Mr. Adams complains that migrants have to wait five months before applying for work permits, so they must live on the government dole until then or work in the underground economy. Undocumented immigrants have traditionally been able to find jobs off the books as nannies, housekeepers or day laborers, but it's become harder in the absence of many high-earning families.

Even when migrants get work permits, they still may struggle to find jobs. New York City's economy never fully recovered from its prolonged Covid lockdowns and in recent months has shown signs of weakening. Its unemployment rate in June was 5.4% compared with a national average of 3.6% and 1.8% in Miami.

Mr. Adams can't blame migrants for that. Unemployment in Hidalgo County, Texas, along the Mexican border, has returned to pre-pandemic levels, and overall employment is 7.3% higher than before the pandemic. New York City's employment is still 3.5% lower. Employers aren't adding enough jobs to absorb the influx of migrants.

Even with a job, migrants will

have to contend with sky-high rents, which have climbed 20% to 30% since 2019. The median rent was \$4,400 in Manhattan last month and only slightly lower in Brooklyn (\$3,950) and northwest Queens (\$3,641), according to a survey last week.

Brokers blame the state's 2019 tightening of rent control for spurring landlords to remove from the market tens of thousands of units that have become unprofitable. The apartments now sit empty. Perhaps the city will offer to pay these landlords market rate to shelter migrants. If only this were a joke.

Meantime, to prevent evictions from soaring rents, the City Council last month voted to expand housing vouchers, which will cost as much as \$36 billion over five years. State Comptroller Thomas DiNapoli last week warned the city could face a \$40 billion budget shortfall over the next three years—most of which doesn't stem from costs of caring for migrants.

What Mr. Adams wants is for Americans in the rest of the country to help underwrite the city's progressive folly. Sorry, not our job.

## Blame Biden's Hesitancy for Stalling Ukraine's Offensive

By John Bolton

Ukraine's spring offensive, now well into the summer, isn't making the headway some proponents had forecast. The Ukrainians aren't lacking in bravery or tenacity, and they've achieved eye-catching successes, such as the recent crippling of Russia's Olenegorsky Gornyyak, a roll-on/roll-off landing ship. Nevertheless, it should be a wake-up call for Washington that its strategy needs reformulating.

The solution isn't a cease-fire and negotiation, as some in the West advocate. If Vladimir Putin were to agree to it, he would do so at a time of his choosing, not ours. He will likely propose a cease-fire if Moscow contains Kyiv's attacks by early autumn, with the goal of trying to

win through negotiations what Russia's armed forces have failed to take on the battlefield. Accepting this offer would lead to Ukraine's de facto partition—an unacceptable proposition for Kyiv and its Eastern European neighbors.

Far from being inevitable, the Ukrainians' inability to achieve major advances is the natural result of a U.S. strategy aimed only at staving off Russian conquest. Instead, President Biden needs to start vigorously working toward Ukrainian victory.

Ukraine's offensive failures and Russia's defensive successes share a common cause: the slow, faltering, nonstrategic supply of military assistance by the West. The serial debates over whether to supply this or that weapons system, the perpetual fear that Russia will escalate to war against the North Atlantic Treaty

Organization, and occasional Kremlin nuclear saber-rattling have instilled a paralyzing caution in Western capitals. Although the U.K. under Boris Johnson wasn't deterred, NATO has seemed unwilling to fulfill its commitment to restore Ukraine's full sovereignty and territorial integrity.

This hesitancy is a product of successful deterrence by the Kremlin, not American strategic necessity. There is no evidence that Russia has the conventional military capability to threaten NATO or the will to launch a nuclear strike. Despite Moscow's repeated nuclear threats, the intelligence community has affirmed in congressional testimony that Russia's nuclear capabilities haven't once shifted toward operational status. Mr. Putin has been bluffing. That could change, but succumbing to bluffs gives him exactly what he wants cost-free.

The administration's timid, haphazard approach to aid has fractured U.S. public support. Mr. Biden has compounded this problem with his insistence that the war is about Wilsonian abstractions of democracy vs. authoritarianism. Wilsonian principles have never motivated U.S. majorities, even when preached by the genuine article. There are compelling arguments that assisting Ukraine serves our strategic interest, but the president isn't making them. He and Donald Trump both undercut Republican support for aid.

The West—particularly Washington—also needs to rethink sanctions policy radically. Theories about

price caps on Russian oil have failed, and Western sanctions generally remain piecemeal and seriously underenforced. These defects aren't confined to the Ukraine conflict and should prompt NATO institutionally to review how it conducts enforcement. Proclaiming sanctions is great PR, but enforcement is hard, tedious

## Paralyzed by fear of Russian escalation, the administration has sought only to stave off defeat.

and necessarily done clandestinely where possible. The U.S. and its allies need a massive overhaul and upgrade of our sanction-enforcement instruments, procedures and personnel.

The White House and NATO also both need to take more seriously China's role in Ukraine. The West should be imposing sanctions directly on Beijing given China's enormous support to Moscow, including hydrocarbon purchases, laundering of Russian financial transactions, and supplying of dual use and non-lethal military equipment. Beijing has denied providing lethal assistance, but a recent U.S. intelligence report said that Chinese companies have shipped Russian defense firms parts for fighter jets as well as drones.

It's also important that the West see through any Chinese ploy to "mediate" the conflict. Such an offer

from Beijing would undoubtedly seem positive to some who don't yet appreciate the long-term threat China poses. And because the White House is obsessed with achieving climate-change agreements with Beijing, it would find European Union blandishments to appease China dangerously appealing.

China's involvement makes it important that Washington actively involve key Indo-Pacific allies in the Biden administration's new strategy on Ukraine. Mr. Biden's impending trilateral summit with Japan and South Korea provides an excellent opportunity for such engagement, but much more is necessary. While some NATO members may resist including "outsiders," this is the moment for the alliance to thrash out the global nature of the threat we all face from the rising China-Russia axis. Ukraine is precisely the kind of crisis that requires global collaboration.

More Ukrainian military progress may come as the offensive continues, but it's vital that the Biden administration start formulating a new strategy. The White House must make midcourse corrections to its strategic errors of the past 18 months if it's to bolster domestic U.S. support for Ukraine and revitalize and broaden the anti-Russia coalition. It's time to get moving.

*Mr. Bolton is author of "The Room Where It Happened: A White House Memoir." He served as the president's national security adviser, 2018-19, and ambassador to the United Nations, 2005-06.*

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## WORLD NEWS

## Beijing Eyes Taiwan's U.S. Stopover

Aggressive response could stoke tensions with Washington, backfire in Taipei vote

After Taiwan's president traveled through the U.S. this spring, China responded with three days of live-fire military drills and a barrage of condemnations asserting its claims to the self-governing island.

By Chun Han Wong,  
Joyu Wang  
and Charles Hutzler

Now, with Taiwan's vice president, Lai Ching-te, who touched down in New York on Saturday night, China's leaders have more to think about as they weigh a response.

Beijing repeatedly warned the U.S. against allowing Lai to stop in the U.S. on his way to and from Paraguay, denouncing the route as provocative. China's military stepped up sorties into the airspace and waters near Taiwan in the days leading up to Lai's trip, and its state broadcaster released a documentary that featured soldiers expressing a willingness to die in an attack on the island.

Yet Beijing could limit its response for a range of reasons, Taiwanese officials and political analysts said.

One is fear of upsetting a delicate effort to ease tensions with Washington. Another is the potential effect on Taiwan's presidential election in January. Lai is the current front-runner in the race and a provocative action could boost his popularity.

"Any maneuvering by Beijing, based on past experiences in the last few years, may just help Lai to score points," said a senior Taiwanese official, referring to past elections in which



Taiwan's Vice President Lai, second right, greeted supporters early Sunday after he arrived in New York on a stopover.

aggressive Chinese action boosted the ruling party's candidate. "This holds no benefits for Beijing."

Lai's transit comes as Washington and Beijing try to ease tension with tentative efforts to manage friction over Taiwan, the war in Ukraine, espionage and technology controls. For Beijing, easing tensions would help reduce external pressures weighing on China's economy, though officials have also stressed to American counterparts that they won't compromise on their core interests, including the goal of unifying Taiwan with the mainland.

Lai was scheduled to depart for Paraguay on Sunday evening as part of a seven-day trip

to attend the inauguration of Paraguay's incoming president. In keeping with past precedent for such trips, Lai won't go to Washington but is due to stop by San Francisco on his way back to Taiwan.

The passage of Taiwanese officials through the U.S., officially referred to as transits, are part of deliberated arrangements made between Washington and Taipei to allow its leaders to engage with the other side on American soil after the two governments cut formal diplomatic ties in 1979.

The arrangements around Lai's transit don't differ from previous practices and shouldn't be used as a pretext by China to engage in provocations, Taiwan's

Foreign Ministry said in July.

Recent opinion polls suggest that Lai, the ruling Democratic Progressive Party's presidential candidate, is leading the race to succeed President Tsai Ing-wen next year, though observers say the three-way contest is too volatile to pick a favorite, with months to go before the election in January.

Ahead of Lai's trip, Chinese state media blasted Lai as a separatist bent on stoking tensions. Beijing considers him a more fervent advocate of Taiwan independence than Tsai. That is partly because of previous remarks he has made, including in 2017 when he described himself as a "pragmatic" worker for Taiwan

independence.

Lai has said, if elected, he wouldn't seek to change the status quo between Taiwan and the mainland. Discussing his 2017 remarks in a television interview aired last Monday, Lai said he was referring to how he would work to protect Taiwan's sovereignty. "The fact is Taiwan is not part of the People's Republic of China," he said.

Some political analysts said they expect China to further step up military activities near Taiwan in response to Lai's trip.

Beijing "will not overreact, but react they certainly will," said Dylan Loh, an assistant professor at Singapore's Nanyang Technological University who studies China's foreign policy.

## Biden Sets Security Talks for Tokyo, Seoul

They have done the diplomatic courtship. Now the U.S., Japan and South Korea are trying to make their three-way relationship more permanent—in particular on military matters with annual joint exercises.

By Alastair Gale in  
Tokyo and Timothy W.  
Martin in Seoul

Two years ago Tokyo and Seoul were barely on speaking terms. How much has changed will become clear on Friday when President Biden is set to host South Korea's president, Yoon Suk Yeol, and Japanese Prime Minister Fumio Kishida at Camp David.

Countering China and North Korea is the main aim of the three-way meeting, which is marked by a pair of firsts. It is the first time Biden is greeting foreign leaders at the presidential retreat in rural Maryland, and the first time leaders of the three countries have held a stand-alone summit, instead of gathering at another event.

The three leaders are set to announce that their countries will hold joint military exercises every year across a range of forces, and they also plan to make their summit an annual event, officials said.

National-security advisers from the three nations are set to meet twice a year, and a hotline for the three leaders is in the works. They are also planning tighter economic cooperation as they try to shield supply chains from China-related risks.

"When the U.S., Japan and Korea are in lockstep, it changes the strategic landscape in a fundamental way," said Rahm Emanuel, the U.S. ambassador to Japan.

China, North Korea and Russia are forging their own closer military ties, including a recent joint naval patrol by Beijing and Moscow near Alaska. North Korea is advancing its nuclear program through frequent test launches.

Closer relations between Seoul and Tokyo, driven by Yoon, have opened an opportunity for the two longtime U.S. allies to work more closely together. Already, Yoon and Kishida, fellow conservatives, have visited each other's country, and dozens of three-way meetings involving top officials have taken place.

Biden has said he is running next year for re-election but could be succeeded by someone less committed to global alliances, while the South Korea-Japan rapprochement has historically been prone to abrupt backsliding.

Locking in the gains now to keep the three-way relationship strong will be an essential goal at the Camp David summit, said Tongfi Kim, a professor of Asian geopolitics at the Brussels School of Governance. "So, basically make the breakup more difficult."

The annual military exercises will include training to track and destroy ballistic missiles by knitting together radar, satellites and weapons systems, officials involved in the planning said.

## Argentines Back Far-Right Outsider

By RYAN DUBE

Javier Milei, a far-right outsider in Argentina who pledges to close ministries and slash spending if elected president, rocked the political establishment on Sunday by beating out both conservatives and the ruling Peronist coalition in a primary that defines who will vie for the presidency in October's election.

With more than 80% of the votes counted, Milei, a congressman who pledges to dollarize Argentina's economy and dissolve the central bank, took the most votes, with 31% as he capitalized on anger against the political class. The country of 46 million is living through its worst economic crisis in a generation, with the economy hobbled by inflation at 116% and four of every 10 people living in poverty, struggling to survive with a currency that is increasingly worthless.

Milei, a long-haired, 52-year-old economist, rails against the ruling class in interviews and darts across the stage in speeches, promising to wash away both institutions and the politicians who are in office. He calls himself an anarcho-capitalist who would slash spending, cut taxes and end a bloated state.

Milei not only received the most votes individually, but he



Javier Milei took 31% of the votes cast in the primary.

stunned pollsters by taking more votes than both of the traditional political coalitions on the left and right that have governed in recent years and failed to solve Argentina's economic problems.

The center-right opposition coalition, Together for Change, received about 28% support. Voters Sunday selected candidate Patricia Bullrich, a hard-on-crime conservative and former security minister, as the coalition's candidate in the October election, which serves as the first of two rounds in which Argentines will select their next leader. The Peronists, which have governed Argentina for most of the last 75 years, received 26.69%.

—Silvina Frydlewsky and Juan Forero contributed to this article.

## Assassinated Candidate's Friend Takes His Place in Ecuador Race

By RYAN DUBE

Christian Zurita, a well-known investigative journalist, said Sunday he will run for president of Ecuador in place of his close friend and colleague Fernando Villavicencio, who was assassinated Wednesday by gunmen.

Wearing a bulletproof vest, Zurita said he would continue the fight against organized crime and drug trafficking that has turned the once-peaceful Andean nation of 18 million people into one of Latin America's most violent countries.

"Fernando Villavicencio's project is intact and we will fight for him," said Zurita during a press conference in Quito. "We aren't going to sit down and negotiate with any mafia. We just aren't going to do it."

Zurita's candidacy for the Movimiento Construye political party still needs to be approved by Ecuador's electoral authority, which analysts say should be a formality.

Zurita has a long career as an investigative reporter in Ecuador, where he often wrote about political corruption. He worked closely with Villavicencio, who was also a journalist and who made a name for himself by uncovering graft. The men collaborated on numerous investigations and wrote books together.



Christian Zurita, who succeeds Fernando Villavicencio as a presidential candidate, and running mate Andrea González.

Zurita, who accompanied Villavicencio during the campaign, was one of the first people to make public that Villavicencio was shot. He posted videos of the chaotic aftermath that showed people screaming and huddling on the floor.

"They killed my friend," Zurita wrote Wednesday on X, the site formerly known as Twitter, shortly after posting the video.

Unlike Villavicencio, who was elected to congress before he decided to run for the presidency, Zurita doesn't have political experience. And with the presidential vote on Aug. 20, he will have little time to make his name known to voters be-

fore candidates need to end their campaigns on Thursday.

"The votes that the candidate receives are going to be driven by the sympathy that has emerged from the assassination," said Sebastian Hurtado, president of Profitas, a Quito-based political risk consulting firm.

Villavicencio, who was shot in the head on Wednesday while leaving a campaign event in Quito, had pledged to go after the powerful drug traffickers responsible for a surge of homicides. Homicides in Ecuador have quadrupled since 2019, reaching a record 4,800 last year, according to the Interior Ministry.

## WORLDWATCH



PONY UP: A horse rears up amid a sea of cheering spectators Sunday during the festival of Sant Llorenç in Alaior in Spain's Minorca island. An equestrian procession is a highlight of the day.

## PAKISTAN

## Senator Appointed Interim Premier

A senator known for solid links to Pakistan's powerful military was named Saturday as the interim prime minister, meant to oversee the period leading up to the next election, but the timing of those polls remains unclear.

Anwaar ul Haq Kakar has a business background and a reputation as a smart operator in Pakistan's tumultuous, military-dominated politics.

Departing Prime Minister Shehbaz Sharif dissolved Parliament on Aug. 9, setting the clock ticking on elections.

In recent months, Pakistan has seen a crackdown on the country's main opposition leader, former Prime Minister Imran Khan, and his party, raising questions about how fair the next elections will be.

—Saeed Shah

## IRAN

## Gunman Kills One In Attack on Shrine

A gunman opened fire Sunday night at a prominent shrine in southern Iran, killing one person and wounding eight others in an attack that followed another assault there months earlier, authorities said.

Officials offered no motive for the attack in the city of Shiraz at Shah Cheragh, which draws Shiite pilgrims to its domed mosque and the tomb of a prominent member of the faith from its earliest days.

However, Iran has faced attacks in the past from the Sunni extremists of the Islamic State group, who view Shiites as heretics. Iran also faces lingering unrest and economic turmoil amid tensions with the West.

—Associated Press

## POLAND

## Government Plans Vote on Immigrants

The ruling party wants to ask voters in a referendum whether they support accepting "thousands of illegal immigrants from the Middle East and Africa" as part of a European Union relocation plan, Prime Minister Mateusz Morawiecki said on Sunday, as his conservative party seeks to hold power in an October parliamentary vote.

His party, Law and Justice, made migration a campaign focus that helped it take power in 2015.

Poland is hosting more than a million primarily white and Christian Ukrainian refugees, but officials have made clear they consider Muslims and others from different cultures to be a threat to the nation's cultural identity and security.

—Associated Press

## Stock Rally Stalls Despite Strong Earnings Season

Companies beating estimates aren't getting much reward from market

By HANNAH MIAO

Companies are beating Wall Street's earnings expectations. Investors just aren't impressed.

With second-quarter earnings season coming to a close, companies have exceeded analysts' estimates at a greater rate than usual. Of the roughly 90% of companies in the S&P

500 that have reported results, 79% topped analyst estimates, compared with the five-year average of 77%, according to FactSet.

Yet investors aren't rewarding positive earnings surprises. Companies that have beat expectations have seen shares rise 0.5% on average in the trading session following the report, compared with a 10-year average of 1.6%, according to Bespoke Investment Group analysis. Investors are also punishing companies that miss or meet earnings estimates by a greater degree than usual.

**United Parcel Service** last week topped analyst estimates for profit, but its shares dropped about 1% the following session. **Apple** beat expectations for earnings and revenue this month, yet the stock dropped 4.8% the next day. And **PayPal** plunged 12% the day after a better-than-expected report.

The lackluster response to earnings has contributed to the pause in this year's stock-market rally. The S&P 500 has dropped 2.7% in August, cutting the index's expectation-defying 2023 gains to 16%.

Earnings season has been a

reality check for investors, according to Amanda Agati, chief investment officer for PNC Asset Management Group.

"This has been a very delusional market rally," Agati said. "At some point the fundamentals have to matter."

Stocks have stormed higher this year even as the biggest companies in the U.S. are logging a third consecutive quarter of declining profits. Market bulls have built their case on data suggesting a resilient economy and hopes that the Federal Reserve is poised to

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## U.S. Steel Rejects Cleveland-Cliffs Takeover Offer

By BOB TITA

**U.S. Steel** rejected an unsolicited offer from rival **Cleveland-Cliffs**, stopping for now a deal that would significantly reshape the domestic steel industry.

Cleveland-Cliffs said on Sunday it offered U.S. Steel \$17.50 a share in cash and 1.023 shares of Cliffs stock, which would value U.S. Steel at more than \$7 billion. Cleveland-Cliffs said the implied value of the offer is \$35 a share. U.S. Steel stock closed at \$22.72 on Friday.

According to Cleveland-Cliffs, U.S. Steel's board rejected the offer, calling it "unreasonable." U.S. Steel said Sunday that it was reviewing "strategic alternatives."

Combining Cleveland-Cliffs and U.S. Steel would reduce the major steelmakers in the U.S. to three from four. Such a deal would strengthen Cleveland-Cliffs' position in major steel-consuming industries, particularly appliances and automotive, where Cliffs is already the largest supplier of steel by volume.

"We expect to create a lower-cost, more innovative and stronger domestic supplier for our customers," Cleveland-Cliffs Chief Executive Lourenco Goncalves said.

Created in 1901 by J.P. Morgan, Andrew Carnegie and others, U.S. Steel played an integral role in the country's industrialization in the 20th century, supplying steel for everything from railroads to automobiles and skyscrapers. It is no longer one of the largest American companies but remains a major player in the steel industry.

U.S. Steel, Cleveland-Cliffs, Nucor and Steel Dynamics account for most of the steel produced in the U.S. But Cleveland-Cliffs and U.S. Steel are considered the high-cost producers in the pack. Most of their steel mills are older and more expensive to operate than Nucor and Steel Dynamics' plants. U.S. Steel and Cleveland-Cliffs' mills are also mostly staffed by members of the United Steelworkers.

U.S. Steel said Sunday it was considering offers for all steel by volume.

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## Yield Curve Draws More Scrutiny

By SAM GOLDFARB AND PETER SANTILLI

Wall Street is growing confident the U.S. can avoid a recession. But one key market indicator is still sending seemingly bleak signals.

Right now, yields on longer-term U.S. Treasuries remain far below those of shorter-term bonds, an anomaly known as an inverted yield curve that has earned fame as a harbinger of downturns.

That has left many investors questioning what the inversion means now. Here is a look at the possible answers:

### The basics

A yield curve shows the annualized percentage return, or yield, that investors can get on Treasuries, from the three-month bill to the 30-year bond, if held to maturity.

Yields largely reflect investors' expectations for what short-term interest rates set by the Federal Reserve will average over the life of a bond—often plus a little extra for the risk of holding bonds for longer.

### A warning signal

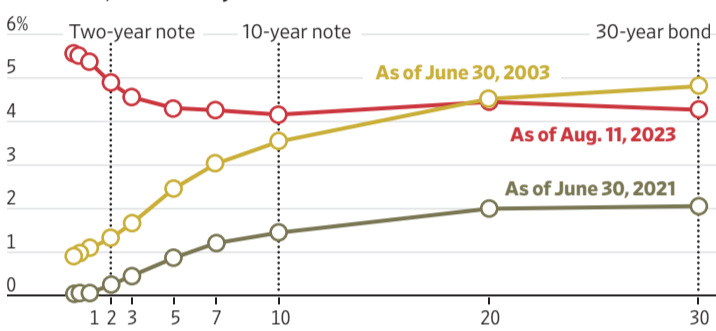
Inverted yield curves have taken on almost mythical status on Wall Street because of their recession-predicting record. One popular measure is the gap between yields on 10-year and two-year notes, known as the 2-10 spread.

### Is this time different?

The simplest message sent by inverted yield curves is that investors think that

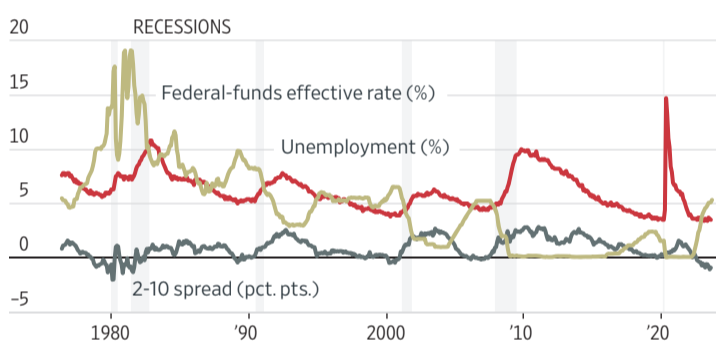
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Yield curve, U.S. Treasuries



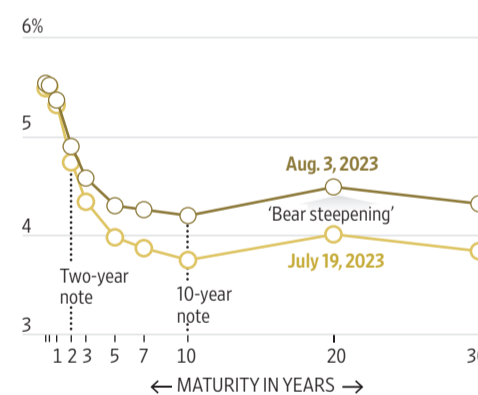
Two decades ago, yields formed a classic upward-sloping curve. Two years ago, yields were much lower with rates near zero, but the curve still had a normal upward slope. Today investors are betting on falling rates, creating one of the most inverted curves on record.

Spread between two-year and 10-year Treasury yields, with the federal-funds effective rate and unemployment rate, monthly\*



Whenever the 2-10 spread has turned negative for at least two months, a recession has followed within the next year-and-a-half. Only the unusual pandemic recession wasn't preceded by an inversion of that length. Yield curves invert when the Fed is raising rates to cool the economy.

Yield curve, U.S. Treasuries



\*Unemployment rate is seasonally adjusted. Source: Treasury Department (2003, 2021 and Aug 11 yield curves); Federal Reserve Bank of St. Louis (spread, effective rate, steepening yield curves)

## Executives Split on Odds of Soft Landing

By INTI PACHECO

Is a soft landing in sight? Maybe if you sell burgers or bleach. For videogame makers and real-estate firms, that scenario looks out of reach.

Big companies are split on whether the Federal Reserve will be able to tame inflation without tipping the U.S. economy into a full-blown recession.

Restaurant companies are upbeat. They say consumers are feeling better and that if there is a recession, it would be mild. Some advertising, media and technology companies said they have been mired in a recession for months. Real-estate firms are feeling the sting of high rates and low supply as home sales continue to decline.

"I'm in the camp that we'll have at best a mild recession, maybe no recession at all," Wendy's Finance Chief Gunther Plosch said Wednesday during the company's earnings call. Executives at the restaurant chain said consumers

continue to face a lot of pressures but Plosch said he has seen improvement in how much disposable income people have.

"We've been in a recession for the better part of 18 months," Take-Two Interactive Chief Executive Strauss Zelnick said Tuesday. He said the market for entertainment that people consume at home has been challenging for a while and throughout all of 2022, but that conditions were improving for the videogame company.

Talk of a recession has been tempered on recent earnings calls by signs that the Fed is succeeding. A string of interest-rate increases have pushed up borrowing costs to levels that typically lead companies to slash jobs and consumers to sharply curtail spending. While employers have slowed their hiring, many are making a priority of holding on to workers, who in turn are continuing to spend.

U.S. economic growth accel-

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**MANAGEMENT**  
Tesla's revolving C-suite adds to the succession challenges at the EV maker. **B4**



**HEARD ON THE STREET**  
China's top contract chip maker hits a rough patch. **B10**

## Price of Green Power Is on the Rise

By PHRED DVORAK

Wind and solar power grew rapidly in part because the price fell for years. Now that trend has halted, and companies and utilities are paying more for green electricity.

Witness the San Juan solar-and-battery farm in the desert of northwest New Mexico, which was supposed to come online last year with enough

electricity to power 36,000 homes.

The project was part of a plan to retire a big coal-power plant and replace the electricity with renewables to help the state decarbonize its grid by 2045.

But over the past three years since the project's contract was signed, solar components got harder to procure and costs for everything from

panels to financing have soared. Under pressure, the current project owner, a unit of New York based investment firm **D.E. Shaw**, renegotiated the terms.

The amended contract calls for the San Juan project to start up next year—two years late—and to sell its electricity at a price that is nearly 28% higher than originally agreed to, according to public docu-

ments filed with New Mexico's utility regulator.

After the coal plant went offline last year, the D.E. Shaw unit's customer, a New Mexico utility, had to buy replacement electricity at higher market rates until the San Juan project and a handful of other delayed solar farms are completed.

"We used to see the power price just drop every year on

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## Crypto Mystery: Who Controls TrueUSD?

By VICKY GE HUANG AND ALEXANDER OSIPOVICH

A \$3 billion mystery is gripping the crypto market.

TrueUSD is one of the fastest-growing stablecoins—cryptocurrencies pegged to real-world money such as the U.S. dollar that investors use to trade in and out of the digital-currency market. Its market value has more than doubled to about \$3 billion since March, making it the fifth-

largest stablecoin, according to CoinGecko data. Its share of stablecoin volume on centralized crypto exchanges climbed to 20% from less than 1% at the start of the year, according to the data provider Kaiko.

No one is sure who controls it. The crypto entrepreneurs Rafael Cosman and Daniel Jaiyong An created TrueUSD in March 2018 as co-founders of the San Francisco startup TrustLabs. The company,

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## Messi Boosts Business

The arrival of soccer superstar Lionel Messi in Miami has sparked a soccer craze in South Florida, boosting business for local bars and restaurants and driving ticket prices to new levels. Resale tickets for home games now cost \$282 on average, up from \$31 before Messi's arrival. **B2**

ALEXIA FODERE FOR THE WALL STREET JOURNAL

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## Companies Split on Soft Landing

Continued from page B1

erated in the second quarter and inflation has cooled. Consumer prices ticked up in July, the Labor Department reported on Thursday, but the data showed underlying price pressures remained modest.

Wall Street appears confident that the Fed can pull off a soft landing, as stocks have been on a steady climb. Big banks said that consumers and businesses continue to spend and borrow despite the rate increases.

Cheesecake Factory finance chief Matt Clark said sales for the restaurant chain continue to improve quarter to quarter so he thinks the consumer is in good shape. "The sort of talk and the news has switched in the past month as well away from doomsday to maybe soft landing," he said in early August.

McDonald's executives said consumer sentiment was improving but that it still wasn't at the level it was in 2019. Consumers are trading down and the burger chain is gaining a share of the people who aren't going to casual-dining venues. Lower-income consumers are still going to the company's restaurants but they are downsizing their orders, looking for more core and value items, executives

said in July.

Clorox executives are projecting a mild recession in the first half of 2024. "This year coming up is kind of a tale of two halves," Clorox CEO Linda Rendle said during a call with analysts earlier this month. The executive said the company, which makes Kingsford charcoal and Hidden Valley dressing, will increase prices in the second half of this year to deal with higher production costs and said that things would be tougher for consumers after that.

The Fed's moves are hitting industries in different ways as consumers become choosier about how they spend their money.

CVS Chief Executive Karen Lynch said the pharmacy chain saw some volatility in June and signs of a potential recession. "We saw a little bit of pullback in consumer behavior," she said.

There might be talk of the U.S. economy avoiding a recession, but the furniture and home-furnishings industry already had one, Overstock.com CEO Jonathan Johnson said in July. "There's still some glut of inventory out there. There's still liquidation going on. I can't predict how quickly we're going to get out of this and we get back to normal," Johnson said.

The apparel industry has been in a similar position for several quarters. Executives at clothing and footwear retailers have been talking about clearing out excess inventories and competing for consumers' wallets in a competitive marketplace where every company is discounting products to deal with the glut.



CVS Chief Karen Lynch warned of a retail pullback, but Take-Two's Strauss Zelnick expects the videogame sector to improve.

## U.S. Steel Rejects Bid By Rival

Continued from page B1

or parts of the 122-year-old company from multiple parties, but only identified Cleveland-Cliffs by name. U.S. Steel Chief Executive David Burritt said the company has "commended a comprehensive and thorough review of strategic alternatives."

Goncalves said Cleveland-Cliffs submitted its offer for U.S. Steel to the company's board on July 28. He said over the following weeks he had no further engagement with U.S. Steel until receiving notifica-

tion by a letter Sunday that said its board had rejected the offer. He said he decided to "make our proposal public to help expedite substantive engagement between our two companies."

U.S. Steel responded by releasing the letter it sent to Cleveland-Cliffs, which said U.S. Steel wouldn't go forward with negotiations unless Cleveland-Cliffs signed a non-disclosure agreement between the two companies.

U.S. Steel said Cleveland-Cliffs refused unless U.S. Steel accepted the economic terms of Cleveland-Cliffs' offer in advance. Cleveland-Cliffs had no comment.

Consolidation of the steel market has coincided with a major run-up in steel prices caused by pandemic-related shortages and supply-chain problems.

## BUSINESS & FINANCE

# Messi Mania Hits South Florida

By JOSEPH DE AVILA

Lionel Messi has ignited South Florida.

Since coming to the U.S., Messi has lifted the hopes of Inter Miami CF, the worst team in Major League Soccer, dazzling fans with his goal-scoring prowess. His arrival has also sparked a soccer craze in South Florida, boosting business for local bars and restaurants and driving ticket prices to new levels for the league.

Bars and entertainment venues said Messi is creating new soccer fans excited at the prospect of watching the World Cup winner play in the U.S. Winning games with last-second goals has added to the buzz.

The infatuation with Messi has driven up resale prices for Inter Miami home games. Resale tickets for home games now cost \$282 on average, up from \$31 before Messi's arrival, according to SeatGeek.

"It's the vortex of soccer mania here in South Florida," said Dean Trantalis, mayor of Fort Lauderdale, the home of Inter Miami's DRV PNK Stadium.

Prison Pals Brewing Co.'s taproom in Oakland Park, located less than 5 miles from DRV PNK Stadium, hosts



The infatuation with Messi has driven up ticket prices.

watch parties and after-parties during home games. The events draw patrons who are natives of Argentina, where Messi is from, as well as other parts of South America and the U.S.

"This phenomenon of Messi helped this super slow season," said Juan Pipkin, chief executive of Prison Pals Brewing, which operates tap rooms in Oakland Park, Florida City and Doral.

South Florida hasn't seen an athlete of Messi's caliber since NBA star LeBron James played for the Miami Heat

treme version of this that I have ever seen," Leyden said.

Resale home ticket prices for Inter Miami are now higher than the \$251 fans paid on average for an NFL game last season, he said. The average price of Inter Miami's away tickets is \$400, about 59% more than the average NFL game.

The timing for Inter Miami landing Messi also worked out well, said Adam Budelli, a spokesman for StubHub. Messi was already considered by many to be the greatest soccer player of all time. Then, he capped that off by winning the World Cup with Argentina in December, the greatest prize in international soccer and the only major tournament that had previously eluded him.

"That's why we've seen a drastic increase in excitement to see a player of that caliber," Budelli said. The buzz has spilled over into fast-growing downtown Fort Lauderdale, said Jenni Morejon, chief executive of the city's Downtown Development Authority. "It's a different energy level," she said.

About 30 miles south in Miami, bars and entertainment venues are also embracing Messi mania.

"We became a soccer town now," said

## Stock Rally Stalls

Continued from page B1

clude its aggressive campaign of raising interest rates, which crushed stocks in 2022.

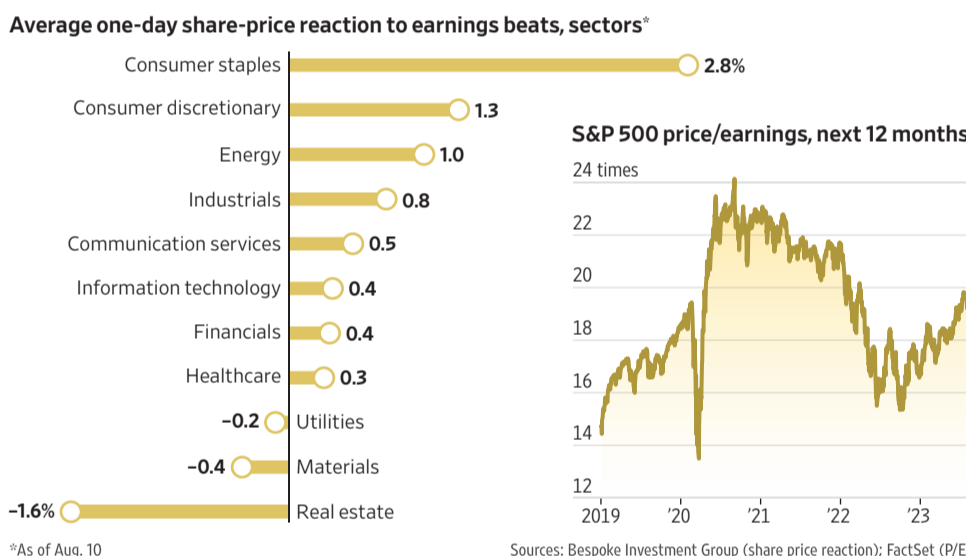
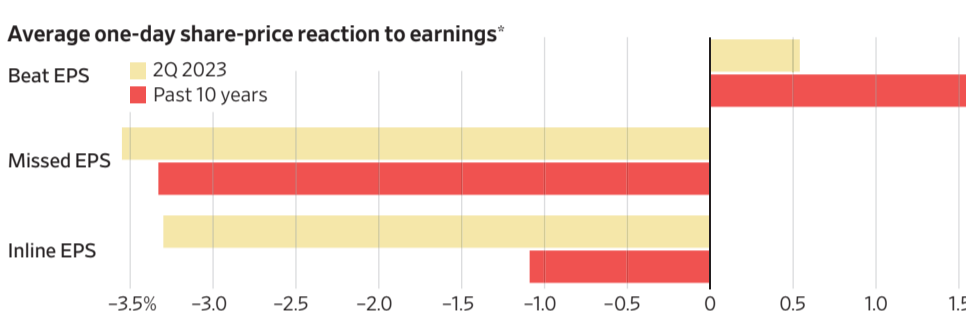
Yet skeptics have plenty to worry about. Stocks look expensive historically, and some investors worry earnings could keep deteriorating as the Fed's rate increases work their way through the economy. Elevated bond yields make risk assets like stocks look less relatively attractive. And some still anticipate a recession could hit later this year or early next.

In the week ahead, investors are awaiting earnings reports from big-box retailers such as Home Depot, Target and Walmart for insights into the state of the American consumer. They will also parse data on retail sales and housing starts, as well as minutes from the Fed's last policy meeting.

Companies have had a low bar to clear on profit expectations, making an earnings beat less notable in some investors' eyes. At the end of last year, analysts expected 2023 second-quarter earnings from S&P 500 companies to slip less than 1% from the year prior. By the beginning of the reporting season, Wall Street had changed its expectations to a roughly 7% decline. Profits were actually down about 6%, according to a FactSet aggregate for companies that have reported results.

"The earnings that we saw were mostly based on lowered expectations to begin with," said Seth Cohan, vice president and executive director of the Wealth Alliance.

Wall Street analysts have cut their earnings expecta-



\*As of Aug. 10



tions for the second half of the year, too. Earnings are now expected to be roughly flat in the third quarter before jumping more than 7% in the fourth quarter, according to FactSet.

Cohan suggests a cautious approach to stocks at the moment, favoring defensive sectors like healthcare and consumer staples.

Reports from consumer-focused companies have shown signs of inflation fatigue among customers. Companies for the past several quarters have dealt with elevated costs by passing them on to customers through price increases, but customers are pulling back on purchases.

**International Flavors & Fragrances**, which makes flavors and fragrances in cosmetics, foods and household products, cut its revenue outlook for the year, driven en-

tirely by an expectation for lower sales volumes.

"Consumer demand remains soft," Franklin Clyburn, CEO of International Flavors & Fragrances, said on the company's earnings conference call last week.

Adding to worries about the health of the consumer: Credit-card balances increased to a record \$1.03 trillion in the second quarter, according to a Federal Reserve Bank of New York report released last week. Customers, flush with cash and stimulus during the pandemic, are again tapping debt.

"We could be looking at much softer consumer strength in the second half," said Chris O'Keefe, lead portfolio manager at Logan Capital Management. "All that power behind the consumer may be coming to an end."

After this year's rally,

stocks look fairly pricey relative to history. Investors often use the ratio of price to earnings as a gauge for whether stocks appear cheap or expensive. Companies in the S&P 500 are trading at around 19 times projected earnings over the next 12 months, up from a multiple of roughly 17 at the beginning of the year and above the five-year average of 18.6.

O'Keefe, who heads Logan Capital's dividend-growth strategy, said he is looking to buy more healthcare stocks. The sector has underperformed the broader market this year, making shares look more attractive to him versus other segments.

"We've watched valuation creep up here. Investors are concerned that the market has run a little bit ahead of itself," O'Keefe said.

## Yield Curve Scrutinized

Continued from page B1

short-term interest rates will be lower in the future than they are now. But that doesn't mean that a recession is guaranteed.

There have, in fact, been times when the Fed first raised, then lowered, rates and managed to skirt a recession. That might have even happened after it cut rates in 2019, if not for the pandemic.

Investors and economists have become more optimistic in recent months because inflation has subsided even as unemployment has remained near a five-decade low. That is true even of the Fed's preferred inflation gauge, which strips out volatile food and energy categories:

As the Fed sees it, short-term rates, adjusted for short-term inflation expectations, are currently above a neutral level and therefore working to push inflation down.

Notably, bond yields and Fed forecasts both suggest that real rates will fall gradually over years before leveling off, a sign that investors and officials don't see a sharp economic downturn.

Fed officials have also said that they might cut rates partly just to offset falling inflation, which would drive up real rates if they didn't take any action.

### What to watch for

The economy doesn't typically enter a recession when the yield curve is inverted. Rather, the curve uninverts shortly before a recession, with short-term bond yields falling because the Fed is cutting rates or is on the verge of doing so.

Analysts call this a "bull steepening" because bond

prices are rallying, causing yields to fall, while the curve is getting steeper or uninverting.

Recently, though, the bond market experienced a "bear steepening," in which longer-term yields rose sharply but short-term yields edged only slightly higher.

The curve was becoming less inverted but not in the normal way: Investors were growing more optimistic about the economy and scal-

ing back bets on interest-rate cuts.

Going forward, analysts see a decent chance that the yield curve could stay inverted longer than normal, given the unusually large yield-gap and the strength of the economy.

But the inversion will end eventually and how it ends will be telling—whether the main cause is falling interest rates or new bets that the economy can withstand higher rates than previously believed.

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## BUSINESS NEWS

## Restaurants, Grocers Battle for Diners

Supermarkets expand prepared meals, as eateries aim to defend turf

By JAEWON KANG  
AND HEATHER HADDON

Supermarkets and restaurants are stepping up their tug of war for Americans' stretched food budgets.

Grocery chains are revamping prepared meals in delis and buffets, expanding menus and offering more discounts, seeing a chance to woo diners away from restaurants. Retail executives say that U.S. consumers have gotten more discerning about eating out, an opportunity for grocers to offer potentially cheaper, faster alternatives.

"There's been resistance from the consumer for the prices that they were paying at restaurants," said Mark Van Buskirk, who oversees merchandising at Save Mart Supermarkets. The California-based retailer has introduced a new line of gourmet sandwiches and added more packaged meals in recent months.

"We think we have an advantage," he said.

Restaurants are fighting back, designing new menu items they say would be tough to replicate at home. Executives at **Chipotle Mexican Grill**, **Domino's Pizza** and **Taco Bell** parent **Yum Brands** dismiss the idea that cash-strapped consumers will give up professionally prepared meals for food made at a grocery store or in their own kitchens.

"My kids are like, 'You are putting chicken on the grill, why don't you just get Chipotle?'" the chain's chief executive, Brian Niccol, said in an interview. "I don't know what they are saying about my grilling technique."

Inflation has upended the typical economic dynamic between eating at home versus going out. Grocery prices increased at a faster rate than



Grocery chain Kroger is broadening into pizza and other products for its Home Chef meal-kit.

restaurants in 2022—a phenomenon that hadn't occurred in decades—until it flipped in March. The price gap has since widened, with grocery prices rising 3.6% while restaurant prices increased by 7.1% in July compared with the same month a year earlier, according to the Labor Department. Overall food prices have moderated in recent months as inflation has eased.

U.S. consumers' budgets remain under pressure. The federal government reduced food-stamp benefits in March that it had increased earlier in the pandemic. People have been buying cheaper items and fewer products at supermarkets, executives have said, and they are eating out at restaurants less often, or ordering less when they do visit.

In supermarkets, sales of prepared meals grew 8.3% in dollar terms and remained relatively steady in terms of units sold over the past year, according to research firm Circana Group. Overall food and beverage unit sales declined by 3% over the same period.

Cassie Sorensen, a 45-year-old stay-at-home mom from Arizona, said she occasionally gets prepared food from Costco as restaurant prices have gotten increasingly expensive.

"They have great dinner options and those are a lot more affordable for a family of four rather than eating out," Sorensen said. She still eats out for date nights or evenings with friends, but she would rather make a meal at home and enjoy the leftovers, too.

McDonald's, Denny's and other chains have told investors that they don't expect to keep raising their menu prices as steeply in coming months as their U.S. costs have started to stabilize. Restaurant companies said they are investing in new food items to sell meals that consumers wouldn't quickly or easily make on their own.

Burger King, Domino's and other restaurants are pushing their franchisees to overhaul their kitchen operations to improve service. Chipotle is testing new grills it hopes will make the cooking of its chicken and steak more consistent, juicier and with a sear that executives said can't easily be re-created at home.

Taco Bell is now selling a burrito with cheese grilled on top, and KFC just introduced hand-breaded nuggets, said Chris Turner, chief financial officer of parent company Yum Brands. "The craveability is impossible to replicate at home," Turner said.

Retailers aim to carve out a

larger piece of the pizza market, too. Casey's, a convenience-store operator and already one of the country's biggest pizza sellers, is expanding its pizza menu; Wawa gas stations started selling pizza in July.

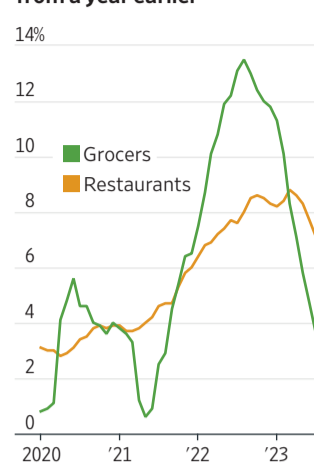
Restaurant-quality pizza can't be re-created in a home kitchen, Turner said. Russell Weiner, CEO of Domino's, said in an interview that plenty of people choose to eat at home instead of ordering restaurant food, but they aren't just substituting a frozen Tombstone pizza for his chain's made-to-order pies.

A spokeswoman for **Nestlé**, which makes Tombstone, said the company's frozen meals offer a great-tasting and affordable alternative to takeout.

**Kroger**, the largest grocery operator in the U.S., said it has been expanding its meal offerings, including chicken meals bundled with sides, beverages and rolls, along with ready-to-make pizza and chicken and steak taco kits. It is broadening into pizza and other products for its meal-kit business, Home Chef.

When Giant Eagle began a storewide promotion program in May, prepared meals garnered a bigger increase in sales than other sections of the store. This fall, it will tri-

Consumer price index, change from a year earlier



Note: Seasonally adjusted  
Source: Labor Department

ple the number of prepared meals and quadruple deli items in discount programs, said Brian Ferrier, the company's senior vice president of merchandising.

"There's pent-up demand and interest," he said.

Some grocers are studying their recipes to appeal to more shoppers. Midwest-based Festival Foods changed the chicken in its chicken salads in response to customer feedback, while Good Food Holdings, the owner of Bristol Farms and Lazy Acres Natural Market chains, is adding new ingredients to menus of prepared meals.

Zachary Belcher, a facilitator in Chicago, said he has been trying to eat at home more because of high prices. While he generally considers restaurant cuisine higher quality, in many cases, he said, the supermarket-made meals are just as good.

"It's pretty much all the same thing," he said.

—Wendy Guzmán  
contributed to this article.

## Watch a Video



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## CBS News Chief Exits, Takes Role At Parent

By JOE FLINT

Neeraj Khemlani, who is president and co-head of the unit that houses both CBS News and its television station holdings, is resigning and has entered into a content and development deal with parent company **Paramount Global**.

CBS Chief Executive George Cheeks said in a memo to staff that new leadership and structure for the unit is in the works.

Wendy McMahon, who ran the unit with Khemlani, is expected to take on greater responsibilities in the new structure, which is expected to be unveiled this week, a person familiar with the matter said.

Under their partnership, Khemlani was in charge of the CBS network news operations, including shows such as "60 Minutes" and "CBS Evening News," while McMahon's focus was the station group.

Khemlani is leaving his post after less than three years in the job. In a memo to staff, he said that his new deal will provide an "opportunity that will allow me to write, report and develop stories that I've long wanted to pursue."

During his tenure, Khemlani developed a reputation for being an exacting leader who at times could be brusque with colleagues and subordinates, people familiar with his management style said.

Khemlani didn't respond to a request for comment.

He joined CBS in 2021 from Hearst Corp., where he spent a dozen years and held several leadership positions, including deputy group head of its newspaper unit.

McMahon didn't respond to a request for comment.

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## TECHNOLOGY

WSJ.com/Tech

# Changing Tesla C-Suite Adds to Its Challenges

CFO's move to step down at EV maker is latest example of high-level churn

By TIM HIGGINS

Tesla's surprise turnover in the CFO chair is yet another reminder of a looming challenge facing Elon Musk in preparing the automaker for the next generation: succession.

Zach Kirkhorn, by many accounts, had been a calming influence at the electric-vehicle maker after years of turbulence surrounding the mercurial leader.

As Kirkhorn served more than four years as chief financial officer, a complementary public portrait of the two men emerged. Musk offered the big picture; Kirkhorn handled the details. Musk blustered; Kirkhorn reassured. Musk could afford to get distracted—whether it be with Twitter-turned-X, the OpenAI rival xAI or talk of cage-fighting Mark Zuckerberg—because he had Kirkhorn minding the store back at Tesla headquarters.

Then Monday's announcement of Kirkhorn's departure showed cracks in the support system that the 52-year-old Musk had been touting and became part of the pattern of churn among the company's senior leaders.

It is too soon to say how disruptive—if at all—the change might be. But it isn't a good omen ahead of the Cybertruck launch, which is sup-

posed to begin initial deliveries within the next seven weeks, and a push to build out global manufacturing capacity.

The 38-year-old Kirkhorn, who had been considered a possible successor to Musk, will be the second named officer to leave since the spring of 2021. Chief Accounting Officer Vaibhav Taneja was tapped as Kirkhorn's replacement.

Grooming a next generation of successful leadership under a strong CEO is a common challenge. See, for example, Disney, Ford Motor, General Electric and Starbucks.

While Musk's SpaceX has benefited from a No. 2 who has been at the rocket maker from its earliest days, Musk has said he has struggled to find somebody to play the role of Tesla's No. 2 or take over as chief executive officer.

And unlike many other business leaders, Musk is managing a sprawling business empire of stand-alone companies across industries. Despite his tech prowess, he hasn't cracked a way to create more hours in a day.

Musk's lifestyle often has him shuttling between the companies he oversees, including Tesla, SpaceX and the social-media platform X, formerly Twitter.

He doesn't sleep much and has suffered from neck and back pain for years, an issue that resurfaced in recent days.

Musk had suggested this could be a reason he would avoid going head-to-head with the increasingly swole Face-

book co-founder Mark Zuckerberg after challenging him recently to a physical duel. On Friday, Musk tweeted that testing showed his spine wasn't a problem but he would require minor surgery on his right shoulder blade. "Recovery will only take a few months," he said.

Given all of the distractions in Musk's life, it is understandable that Kirkhorn's center-stage appearance in March at a shareholder day helped soothe jittery investors worried that his boss wasn't focused enough on Tesla. They are betting the company can execute on Musk's aims of transforming Tesla into the world's bestselling car company by decade's end.

Kirkhorn helped orchestrate the event, trotting out colleagues to describe how Tesla could pursue dramatic growth while keeping its high levels of profitability.

"When we were preparing for today, folks were asking, 'Well, Zach, what should we talk about?' And really, the only guidance we gave folks is: talk about the things that you're working on," Kirkhorn told investors.

"What did almost everybody talk about today in great detail? All of the work that they're doing to take cost out. Because in this industry, in this business, you survive or you die based upon the ability to manage our costs."

That is the kind of corporate speak investors like to hear and the sorts of "boring, bonehead" discussions that



Zach Kirkhorn with Elon Musk at an event for investors in Austin, Texas, in early March.

have irked Musk in the past.

Kirkhorn's rise came toward the end of a painful period in Tesla's history that saw more than 50 senior executives depart in the midst of the troubled launch of the Model 3 sedan. Musk was sleeping on the factory floor in 2018, and the executive churn stoked concern that his leadership bench was too small.

Kirkhorn's promotion to CFO in March 2019 from backbencher in the finance department also marked a new era in the makeup of Tesla's top ranks, one of relatively less turnover.

His ascent came a few months after another longtime loyalist, Jerome Guillen, rose to the highest levels of the company as president of automotive operations. Then, a few months following Kirkhorn's promotion, engineer Drew Baglino essentially assumed the role of chief tech-

nology officer when co-founder JB Straubel departed. (Straubel joined Tesla's board this year.)

Together, the three became Tesla's only named corporate officers beyond Musk. Today, of the three, only Baglino remains. Guillen left in 2021.

Their rise felt fitting. They were homegrown leaders, people who had been in the trenches from the early days, gaining increasing levels of responsibilities and, more important, Musk's trust.

After years of big-name hires from the likes of Apple and Google, Tesla was finally turning inward to find experienced hands for its most important jobs, helping guide it to the status of the world's most-valuable automaker and to become consistently profitable.

Whatever the reason, outsiders hired to big Tesla jobs from corporate shops, with few exceptions, haven't lasted.

As time went on, insiders, even if they lacked the résumés, increasingly had something that outsiders sorely lacked: experience managing up to Musk. Or so it seemed.

Between Kirkhorn's stepping down on Aug. 4 and Tesla's announcing the move the following Monday, Musk took to tweeting cryptically again regarding a longtime hobbyhorse, belittling the kinds of job titles corporate soldiers spend a lifetime trying to attain.

It is the kind of comment that informs how Musk has long run Tesla.

"CEO is fake title. You need a president, a controller and a secretary for a C Corp, but all the chief [whatever] officer stuff is superfluous," he wrote during the wee hours of Sunday Aug. 6.

Still, the next day, Musk mused about his own limitations, when he added: "No-body lives forever."

# At This Show, AI Hackers Are Invited to Give It Their All

By ROBERT McMILLAN

LAS VEGAS—Chatbots beware.

This past weekend an expected 3,000 hackers kicked the tires on some of the crown jewels of generative AI, including software built by Alphabet's Google, Meta and OpenAI. In a giant conference hall just off the Las Vegas Strip, they aimed to find previously undiscovered bugs in the AI technologies behind those products, which garnered buzz for their human-like conversation.

Defcon is an annual conference where attendees are warned not to trust the wireless networks and hackers can attend anonymously—no photographs are allowed without permission, and to register, you plop down \$440 cash at the door. It is the kind of place where you can learn how to build your own coaxial cable, try your hand at lock-picking or hack a satellite.

By 10 a.m. Friday, when Defcon's AI Hacking Village opened, the line to get in was close to 100 people long. Inside, attendees sat down in front of about 150 Chromebook computers and were each given 50 minutes to do their worst: They could try to get the chatbot to falsely claim it was human, or tell them how to follow somebody

without that person's knowledge.

Or they could try out a new type of cyberattack, called a prompt injection, that could essentially reprogram the system.

By noon, one of the most popular challenges was getting the system to cough up a secret credit-card number it had stored, according to Brad Jokubaitis, a program manager at the AI company Scale AI, who was monitoring the results. He clicked on one of the submissions, made by a hacker claiming to have obtained the number. "This is not the credit-card number," he said.

Jokubaitis said in another popular challenge, people were trying to find ways to get the AI systems to say they were humans, something they aren't supposed to do.

Technology companies spend significant amounts of money testing their products. But, because of the way AI systems are designed—they are mathematical models built upon billions of data points—they can't be taken apart and analyzed for bugs like traditional software.

"People say it's a black box, but that's not really true," said Sven Cattell, one of the event's organizers. "It's chaos."

Chip maker Nvidia has a



People who wanted to attend the annual Defcon hacking conference must pay \$440 in cash at the door.

group of about four engineers who probe its large language model AI software for bugs, a process called red-teaming, said Daniel Rohrer, the company's vice president of software security. "But four guys' perspective on what is important is not the same as 3,000," he said.

Luke Schlueter, an engineer from Omaha, Neb., wearing a black T-shirt that said "ChatGPT #1 Fan," showed up hours early, hoping to beat the line and be one of the first to hack an AI system.

"There's got to be some vulnerability," he said. "If there's a way to read code,

then there's got to be a way to get it to execute code," he said, meaning to run software that it isn't supposed to run.

Schlueter was handing out stickers featuring an intense fire-yellow cat that read "cyber cat 2023." They were made by his mom, he said, who also works in technology, and had to cancel her Defcon plans at the last minute.

Father-and-son team Rick and Daniel Bird, of Arizona, arrived a few hours later. Rick, the dad, and a programming instructor at DeVry University in Phoenix, said he was there to learn more about AI and how to break into it.

AI systems introduce new security problems, but it isn't clear what the most significant of these will be. Some fear AI will introduce bias into the algorithms that increasingly govern our lives. Others feel these technologies will be harnessed for a new wave of disinformation and cyberattacks. And yet others worry AI systems will somehow pose a threat to human existence in the future.

In May, Biden administration officials met with AI companies and began developing a national AI strategy, which could result in tighter regulation for the products being hacked this week.

The Office of Science and Technology Policy, a depart-

ment of the U.S. government, helped coordinate the hacking event.

"There's enormous benefit to be gained and we absolutely want to make sure that we seize AI and use it for all of the hard problems in the world and the big opportunities," said Arati Prabhakar, director of the office. "But to do that we have to start by managing all of its risks."

Prabhakar toured the AI village and talked to students and other participants, according to conference organizers.

"I'm really interested to see how different people approach this challenge," she said in an interview.

AI has been around for decades, but in recent years, new algorithms, called generative AI systems, have generated a lot of buzz for their ability to string sentences together, write code and create images.

That has generated concerns about AI's possible misuse, but it has led to some overblown assessments of AI's potential harms, said Ari Herbert-Voss, founder of the AI security company RunSybil.

By getting hands-on time with these systems, the people at the show will get a clearer sense of their capabilities, he said. "A lot of people are freaking out for no reason."

# Green Power Gets Pricier

Continued from page B1

year," said David Zwilling, chief executive of the unit, D.E. Shaw Renewable Investments. "We're not going back to that" if interest rates stay high, he said. Zwilling declined to comment on specific projects.

After more than a decade of declining prices for wind and solar power, the cost of renewables has been ticking up, pushed by everything from macroeconomic forces to countries' attempts to take control of their energy-supply chains.

The cost of large-scale solar and wind power rose as much as 20% last year versus the year before in most of the world, the International Energy Agency said in a June report. In the U.S., financial-services company Lazard's widely

watched report on the cost of power generation logged its first increase for renewables this year since it started tracking it nearly 15 years ago.

The whiplash has been particularly bad among renewables developers in the U.S., many of whom have rewritten contracts to stay afloat. The price they are charging long-term buyers for their electricity has doubled since the pandemic and risen nearly 30% in the past year alone, according to clean-energy marketplace LevelTen Energy.

While industrial-size buyers of electricity are feeling the impact, the extent to which the price increases trickle down into consumer bills might come down to how long the inflation persists.

"How long [costs] continue to rise is a big question for all of us," said Mark Noyes, CEO for the U.S. operations of German energy company RWE, a renewables developer.

For years, manufacturers—largely in China—reduced the cost of making everything from solar panels to battery

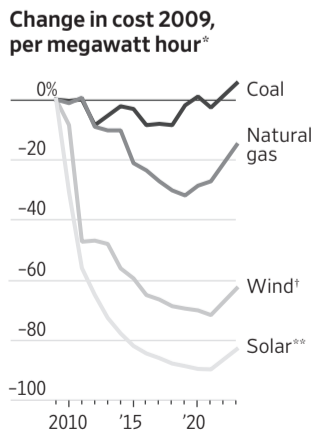
cells, helping drive down power prices.

Between 2010 and 2021, the lifetime cost of electricity produced by onshore wind facilities dropped around 63% while solar declined 87%, according to the International Renewable Energy Agency, an intergovernmental clean-energy tracker. That plunge made generating electricity from solar and wind in most cases cheaper than from fossil fuels.

The pandemic delivered the first blow to that trend by disrupting manufacturing and shipping in Asia, where most of the world's clean-energy equipment is made—sending the cost of goods soaring. Costs rose further as Russia's invasion of Ukraine last year prompted fossil-fuel shortages, driving up energy prices.

The U.S. has other challenges, including policies that make it harder and more costly to import solar panels and other clean-energy components. Rising labor costs and delays in permitting or getting projects hooked up to the power grid have made

The cost of renewable power over the lifetime of a plant is ticking up.



\*Onshore \*\*Utility scale  
Source: Lazard's Levelized Cost of Energy report

building solar and wind projects more expensive.

Meanwhile, higher rates have pushed financing costs for solar projects up as much as 30% versus a few years ago, said Desri's Zwilling.

Some energy trackers say

the rise in the cost of renewable power is temporary and are forecasting a downturn. The rise in the price of solar- or wind-power purchase contracts is slowing or reversing in the U.S. as inflation eases and supply chains normalize, LevelTen and other data trackers say.

New solar and wind-power generation is still cheaper than natural gas or coal in the U.S., and demand for renewable energy remains strong, they say.

Massive U.S. subsidies for renewable power from climate legislation passed last year should also ultimately help keep costs in check. Technology advances combined with a big expansion in production of solar, wind and battery equipment should reinstate steady cost declines, said Stephen Byrd, head of global sustainability research at Morgan Stanley, which forecasts renewable costs will drop globally by a third by 2030 and even more by the U.S.

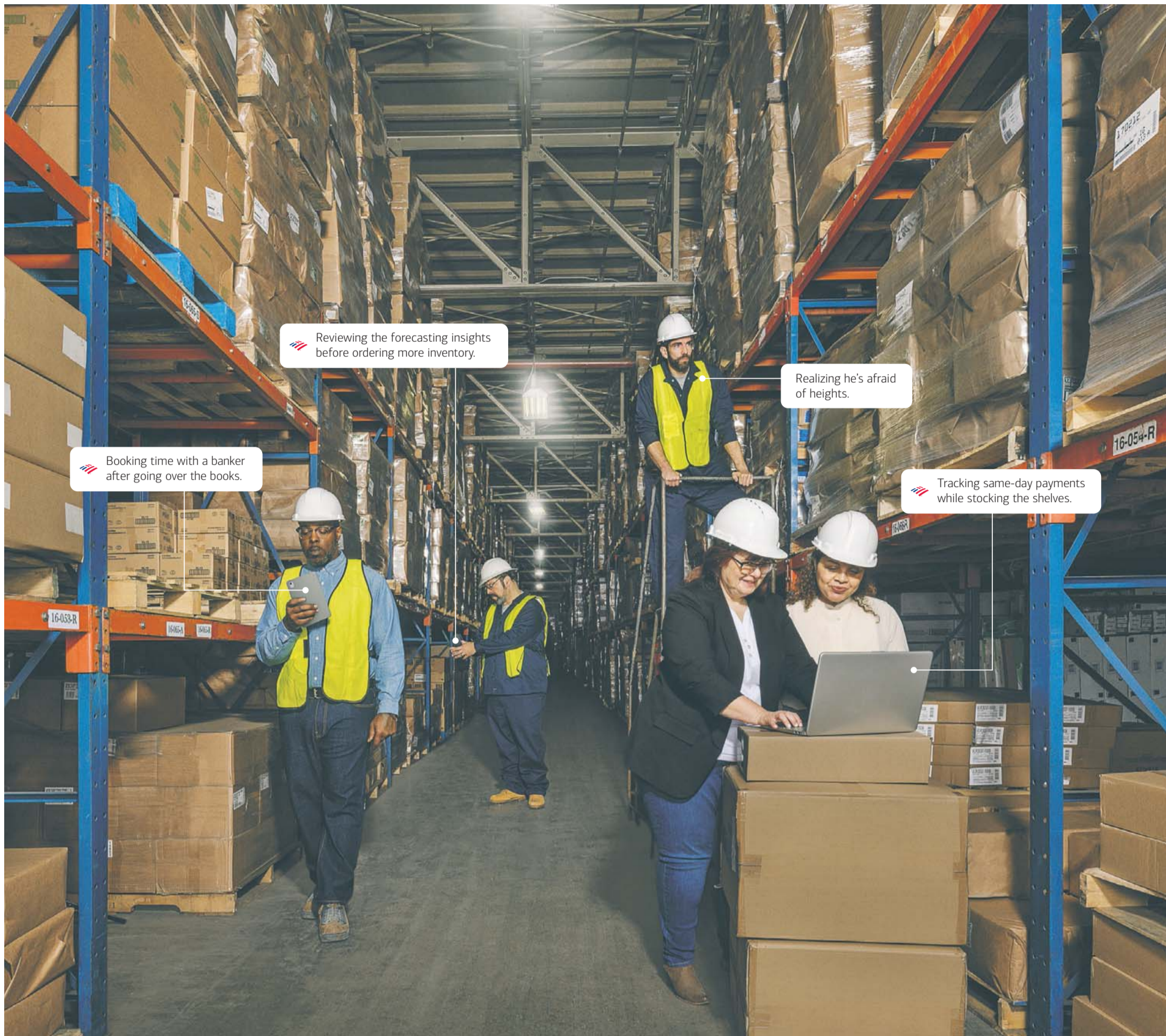
Desri's New Mexico projects show how severe the combined disruptions have

been. Public Service Company of New Mexico originally contracted to buy electricity from the Arroyo and San Juan solar projects in 2019 and 2020.

Typically such contracts set terms and prices for the electricity to be generated, and let developers proceed with financing and building the project. But a cascading set of problems meant neither project could get started on time, according to documents filed with New Mexico's utility regulator.

U.S. trade crackdowns and investigations on Asia-made solar panels stalled procurement for Desri's projects further. A Chinese solar-panel supplier for the San Juan project defaulted on its obligations.

As delays mounted, costs began rising. Expenses had risen so much for the San Juan project that Desri negotiated an increase in the price of the electricity it would generate to \$33.55 per megawatt-hour from \$26.31. PNM said it managed to keep most of its solar-power contracts at the initially agreed prices and limit any impact on consumer bills.



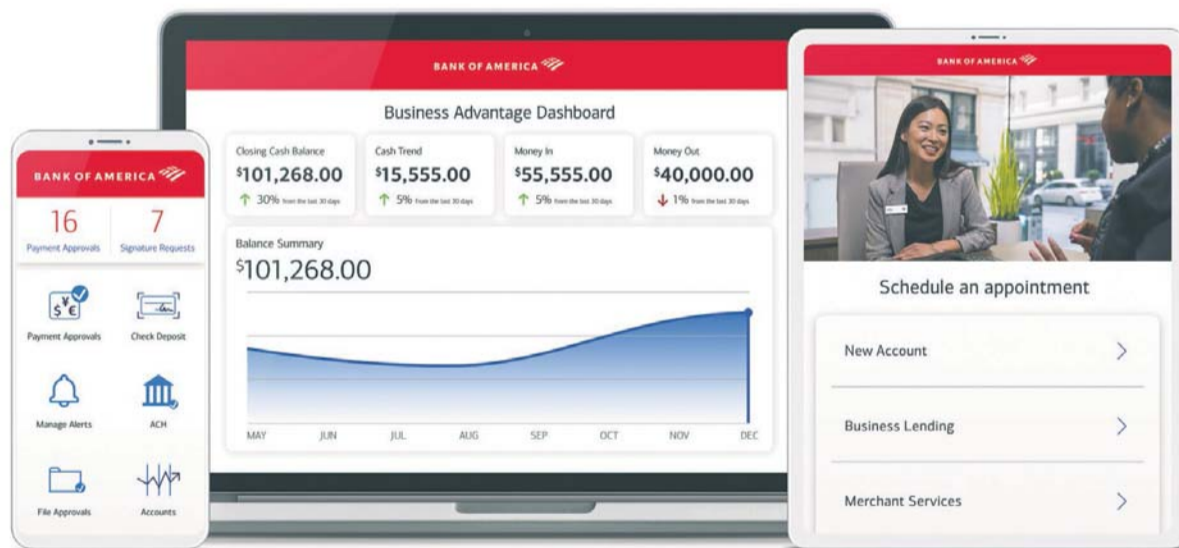
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BUSINESS & FINANCE

# China's Home Buyers Wait Out a Slump

By CAO LI

After a short-lived sales rebound earlier this year, China's property market has fallen back into a deep slump, developers are having more cash-flow problems and Chinese authorities are trying more ways to revive housing demand.

Potential home buyers are expecting prices to fall and think better deals will emerge if they sit and wait.

Real-estate agents in China and economists say home sales are declining again because Chinese citizens have come to expect more property-purchase subsidies from local governments, price cuts from developers and cheaper mortgages from banks.

That is making the situation worse, because real-estate developers desperately need to sell more homes to bring in cash and avoid defaulting on debt. **Country Garden**, the country's biggest surviving developer, said recently that it is having liquidity problems after its apartment sales fell for four consecutive months. The company's distress sent fresh tremors through the property market, which will likely further delay its recovery.

"It's not that they don't want to buy houses. They have the purchasing demand, but they are just waiting," Yan Songsheng, a sales manager at a Chinese state-owned developer, said of his clients.

The deepening property slump is complicating Beijing policy makers' attempts to revive economic growth. China is struggling with high youth unemployment, falling exports and a deflationary environment. "Home buyers' increased aversion toward the sector could also weaken effects of any potential supportive measures by the government to stabilize property sales," credit-ratings firm Moody's Investors Service said in a report on Friday.

China's housing market has been in a downward spiral for two years. Last month, the country's 100 largest property developers sold new homes worth the equivalent of \$49 billion—the lowest monthly sum in three years, according to China Real Estate Information, a private industry tracker. The sales were down a third from June and from the same period a year ago. They were 59% less than the total in July 2021.

July tends to be a slower

month for new-home sales in China because developers often try to boost June sales to report better first-half results. In June, a developer in the eastern city of Hangzhou offered to give people 2.2 pounds of gold—worth the equivalent of about \$70,000—if they purchased homes exceeding 1,000 square feet in floor area.

The magnitude of the latest declines was surprising. Country Garden's July contracted sales plunged 60% from a year ago, a far bigger drop than in the past few months.

The wait-and-see attitude of home buyers is worrying, say economists, as it could prolong the recovery in the housing market and correspondingly, the Chinese economy. China has slipped into deflation, which could be damaging if falling consumer prices make people expect to pay less for a range of goods.

To draw home buyers, property developers have been doling out perks like free parking and household appliances. Property agents said that has trained people to expect such freebies, and sales decline whenever the deals go away.

Chinese commercial banks have slashed rates on home

loans to the point that the average mortgage rate is now below China's five-year loan prime rate, the benchmark that longer-term debt is typically pegged to. The national benchmark has also been lowered several times in the past two years.

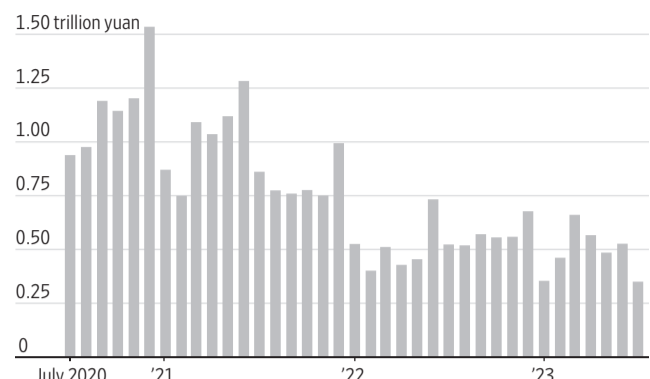
Average prices of new and resale homes across 70 major Chinese cities declined in the past few months, and policy makers have become more vocal about the need to support the housing market.

China's annual housing demand is estimated to be between nine and 10 million units a year, according to Robin King, chief China economist at Morgan Stanley, versus a peak of 14 million units a year in 2021—a level that included speculative purchases. The pace of sales this year has fallen short of the estimated normalized demand, King said.

Until the housing market turns, home buyers have little incentive to take action, said Bruce Pang, chief China economist at Jones Lang LaSalle.

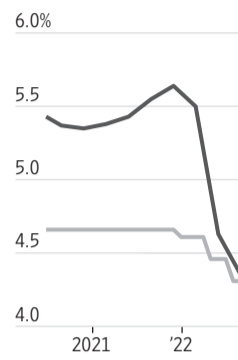
"The more it falls, the more people lose confidence. The more confidence is lost, the less likely people are to make a purchase," he said.

New home sales by China's top 100 property developers, monthly



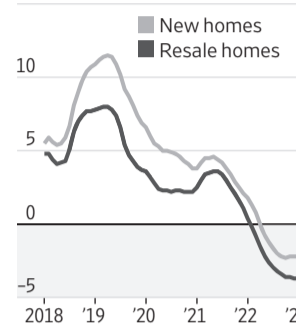
Interest rates in China\*

■ 5-year loan prime rate  
■ Average mortgage rate



Home price indexes across 70 major Chinese cities, change from a year earlier

■ New homes  
■ Resale homes



\*Shows the weighted average interest rate for mortgages offered by banks. Note: 1 trillion yuan=\$138.6 billion Sources: China Real Estate Information Corp. (new home sales); Wind (interest rates); National Bureau of Statistics, via Wind (home price indexes)

## A Mystery Around a Stablecoin

Continued from page B1

which was later rebranded as **Archblock**, raised funding from Peter Thiel's Founders Fund, Stanford University-affiliated StartX, Andreessen Horowitz and Jump Trading.

Archblock sold the intellectual-property rights of TrueUSD to a company called **Techteryx** in December 2020, but Archblock operated the token and was responsible for

managing its reserves, working with banking partners and overseeing compliance until July.

Regulators have pushed for greater transparency in stablecoins, in part, because they are backed by traditional assets such as short-dated U.S. Treasury notes and are susceptible to customer runs. If holders sell them in bulk, the companies backing the tokens would have to sell traditional assets to return clients' money, potentially sparking a fire sale that could bleed into other parts of the financial system. There has been concern that some stablecoins aren't backed by the assets their issuers claim to have.

"Anytime the governance of

a stablecoin is unclear, that is a big cause for concern," said Clara Medalie, director of research at Kaiko.

What is more, the co-founders of TrueUSD are locked in a bitter dispute over the circumstances surrounding An's departure. In a recent lawsuit, An said the crypto tycoon Justin Sun negotiated a deal to buy TrueUSD in 2020, but An was pushed out as chief executive of the stablecoin's parent before the deal was finalized.

His statements added fuel to speculation that Sun is the mastermind behind TrueUSD's sudden growth.

Sun repeatedly denied any involvement with TrueUSD or Techteryx. He is well-known

in crypto circles as the founder of the blockchain company Tron. He is the effective leader of Huobi, a major crypto exchange originally based in China.

Sun has grabbed headlines for other reasons, including potentially running afoul of U.S. securities regulations. The Securities and Exchange Commission sued Sun and three of his companies in March for allegedly offering unregistered securities and manipulating the price of his Tronix, or TRX, cryptocurrency. He has said the suit lacks merit.

A spokesman for Tron said Sun wasn't a party to the TrueUSD acquisition and declined to comment further.

TrueUSD rose from relative obscurity in March after Binance, the world's largest crypto exchange, removed spot bitcoin trading fees for the stablecoin. That sparked huge demand for TrueUSD as investors rushed to buy the stablecoin to enable free bitcoin trading. The exchange controls more than 90% of all TrueUSD tokens in circulation, according to Arkham Intelligence data.

Binance has maintained that it hasn't signed an agreement with Sun or anyone else to promote TrueUSD. Its push to boost the token comes as it has been scaling back under growing financial and regulatory pressure. It had been focused on expanding its stable-

coin, Binance USD, and by last fall had all but delisted rivals.

In February, the SEC threatened to sue Paxos, which issued Binance USD, and New York regulators banned new issuance of the token. Since then, Binance USD's market cap has fallen to \$3.4 billion from more than \$23 billion at its peak.

Binance recently said it would remove spot bitcoin trading fees for a stablecoin called First Digital USD, which is issued by Hong Kong-based First Digital Labs.

A spokesman said Binance favors stablecoins "that are transparent, regulated, and have strong relationships with banking institutions in markets that support innovation."



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The entire market was thrilled when the U.S. Mint brought the Morgan Silver Dollar back in 2021, in honor of the popular, vintage coin's 100th anniversary.

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The program was a huge success, and the relatively small mintage instantly sold out at the mint. Buyers loved the fact that these new coins were the first legal-tender Morgans in 100 years, and that they were struck in 99.9% fine silver—instead of the 90% silver/10% copper alloy of the originals.

But with only 175,000 coins struck, many buyers were left empty-handed, and frustrated by the instant sell-out. If you were able to acquire a 2021 for the 100th anniversary—congratulations!

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Then last year, the entire market was left empty-handed because—although these modern Morgans were intended to be an annual release—the U.S. Mint was caught off-guard by the global shortage of the silver blanks required to strike the coins, and cancelled the 2022 release! No silver? No Morgans!

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we looked up from our  
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to all the kids who joined us for News Corp Bring Our Kids to Work Day 

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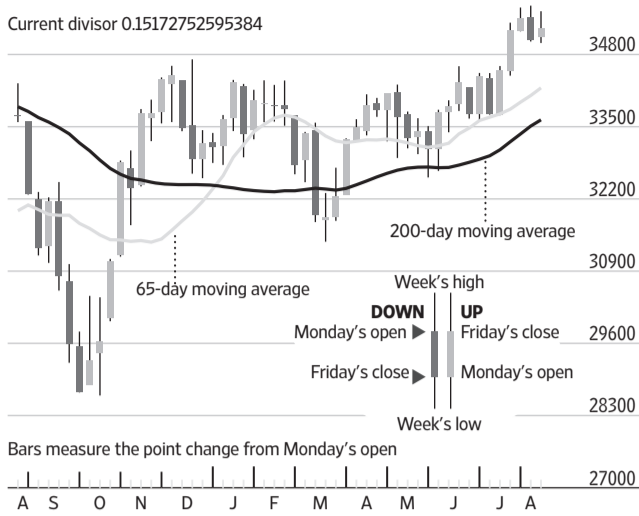
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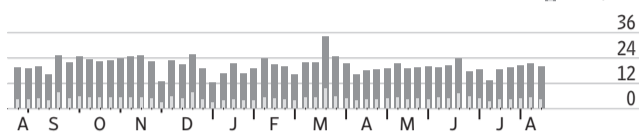
# MARKETS DIGEST

## Dow Jones Industrial Average

**35281.40** ▲215.78, or 0.62% last week  
 Trailing P/E ratio 25.81 19.90  
 P/E estimate \* 19.18 17.90  
 Dividend yield 2.05 2.11  
 All-time high 36799.65, 01/04/22



## NYSE weekly volume, in billions of shares



\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; †Based on Nasdaq-100 Index

## Major U.S. Stock-Market Indexes

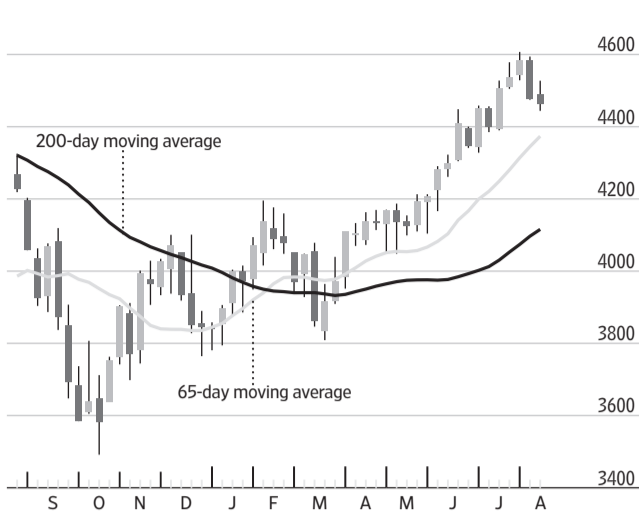
	High	Low	Close	Net chg	% chg	Low	52-Week Close (●)	High	% chg	YTD	3-yr. ann.
<b>Dow Jones</b>											
Industrial Average	35578.58	35007.41	<b>35281.40</b>	215.78	0.62	28725.51	●	35630.68	4.5	6.4	8.4
Transportation Avg	16495.76	16150.80	<b>16209.85</b>	-109.94	-0.67	11999.40	●	16695.32	7.0	21.0	14.2
Utility Average	900.81	879.13	<b>894.06</b>	7.99	0.90	838.99	●	1061.77	-14.2	-7.6	2.8
Total Stock Market	45237.65	44412.75	<b>44606.89</b>	-234.22	-0.52	36056.21	●	45969.67	3.2	15.8	9.5
Barron's 400	1029.24	1010.61	<b>1013.94</b>	-6.80	-0.67	825.73	●	1036.97	2.0	10.2	11.6
<b>Nasdaq Stock Market</b>											
Nasdaq Composite	13997.15	13609.98	<b>13644.85</b>	-264.39	-1.90	10213.29	●	14358.02	4.6	30.4	8.2
Nasdaq-100	15410.85	14973.67	<b>15028.07</b>	-246.85	-1.62	10679.34	●	15841.35	10.8	37.4	11.4
<b>S&amp;P</b>											
500 Index	4527.37	4443.98	<b>4464.05</b>	-13.98	-0.31	3577.03	●	4588.96	4.3	16.3	10.2
MidCap 400	2704.32	2651.47	<b>2660.55</b>	-21.03	-0.78	2203.53	●	2728.44	1.7	9.5	11.0
SmallCap 600	1267.43	1238.83	<b>1243.65</b>	-15.86	-1.26	1064.45	●	1315.82	-3.4	7.4	10.6
<b>Other Indexes</b>											
Russell 2000	1961.49	1914.10	<b>1925.11</b>	-32.35	-1.65	1655.88	●	2021.35	-4.5	9.3	6.9
NYSE Composite	16319.90	16025.37	<b>16143.38</b>	72.32	0.45	13472.18	●	16427.29	2.1	6.3	7.9
Value Line	585.38	574.84	<b>577.09</b>	-5.88	-1.01	491.56	●	606.49	-3.3	7.6	6.1
NYSE Arca Biotech	5277.73	5145.47	<b>5232.98</b>	54.19	1.05	4390.11	●	5644.5	3.6	-0.9	-1.9
NYSE Arca Pharma	917.22	860.37	<b>912.77</b>	52.40	6.09	737.84	●	912.77	13.3	5.2	11.5
KBW Bank	88.94	85.23	<b>86.67</b>	-1.23	-1.40	71.96	●	115.55	-24.5	-14.1	2.7
PHLX <sup>®</sup> Gold/Silver	119.61	116.12	<b>119.28</b>	-0.35	-0.30	91.40	●	144.37	6.9	-1.3	-5.5
PHLX <sup>®</sup> Oil Service	95.87	90.03	<b>94.51</b>	1.347	1.45	56.08	●	94.51	36.0	12.7	33.1
PHLX <sup>®</sup> Semiconductor	3740.41	3504.64	<b>3514.55</b>	-184.65	-4.99	2162.32	●	3861.63	14.6	38.8	17.7
Cboe Volatility	18.14	14.84	<b>14.84</b>	-2.26	-13.22	12.91	●	33.63	-24.0	-31.5	-14.8

<sup>§</sup>Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

## S&P 500 Index

**4464.05** ▼13.98, or 0.31% last week  
 Trailing P/E ratio \* 20.37 22.75  
 P/E estimate \* 20.41 18.69  
 Dividend yield \* 1.54 1.54  
 All-time high 4796.56, 01/03/22



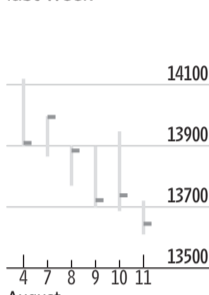
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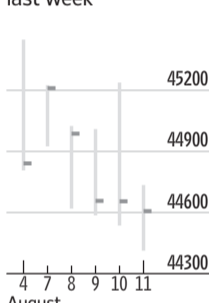
## Nasdaq Composite

▼ **264.39**, or -1.90% last week



## DJ US TSM

▼ **234.22**, or -0.52% last week



## Commodities and Currencies

	Last Week Close	Net chg	% chg	YTD % chg
DJ Commodity	998.42	-3.75	-0.37	-4.79
Refinitiv/CC CRB Index	279.74	0.28	0.10	0.72
Crude oil, \$ per barrel	83.19	0.37	0.45	3.65
Natural gas, \$/MMBtu	2.770	0.193	7.49	-38.10
Gold, \$ per troy oz.	1912.90	-26.70	-1.38	5.12
U.S. Dollar Index	102.85	0.84	0.82	-0.65
WSJ Dollar Index	97.66	0.96	0.99	1.14
Euro, per dollar	0.9135	0.0053	0.58	-2.24
Yen, per dollar	144.92	3.19	2.25	10.53
U.K. pound, in dollars	1.27	-0.0053	-0.42	4.94
	Low	Close (●)	High	% chg
DJ Commodity	930.59	●	1113.32	-8.74
Refinitiv/CC CRB Index	253.85	●	301.75	-9.66
Crude oil, \$ per barrel	66.74	●	97.01	-4.68
Natural gas, \$/MMBtu	1.991	●	9.680	-68.41
Gold, \$ per troy oz.	1623.30	●	2048.00	6.35
U.S. Dollar Index	99.77	●	114.10	-2.63
WSJ Dollar Index	94.37	●	105.14	0.33
Euro, per dollar	0.8897	●	1.0422	-6.29
Yen, per dollar	127.86	●	150.15	8.59
U.K. pound, in dollars	1.07	●	1.31	4.60

Go to [WSJMarkets.com](https://WSJMarkets.com) for free access to real-time market data.

## New to the Market

### Public Offerings of Stock

#### IPOs in the U.S. Market

Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Expected pricing date	Filed	Issuer/business	Symbol/primary exchange	Shares (mil.)	Pricing Range(\$)	Low/High	Bookrunner(s)
8/16	4/25	Nature Wood Group Forest company that operates forest management and harvesting, wood-processing and distribution.	NWGL Nq	7.3	9.00/11.00		AMTD Group, Prime Number Capital

### Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Lockup expiration	Issue date	Symbol	Offer price(\$)	Offer amt (\$ mil.)	Through Friday (%)	Lockup provision
Aug. 13	Feb. 14, '23	NFTG	4.15	7.0	-83.3	180 days

### IPO Scorecard

Performance of IPOs, most-recent listed first

Company	SYMBOL	IPO date/Offer price	Friday's close (\$)	Offer price	% Chg From 1st-day close	Company	SYMBOL	IPO date/Offer price	Friday's close (\$)	Offer price	% Chg From 1st-day close
LQR House	LQR	Aug. 10/\$5.00	3.00	-40.0	-23.1	Janover	JNVR	July 25/\$4.00	1.44	-64.0	-62.3
NeurAxis	NRXS	Aug. 9/\$6.00	6.15	2.5	2.5	Keen Vision Acquisition	KVAC	July 25/\$10.00	10.11	1.1	0.3
Fitell	FTEL	Aug. 8/\$5.00	2.52	-49.6	-50.1	Turnstone Biologics	TSBX	July 21/\$12.00	12.00	...	9.1
MIRA Pharmaceuticals	MIRA	Aug. 3/\$7.00	6.83	-2.4	-8.0	ODDITY Tech	ODD	July 19/\$35.00	52.38	49.7	10.2
Cheetah Net Supply Chain Service	CTNT	Aug. 1/\$4.00	2.60	-35.0	-62.3	Apogee Therapeutics	APGE	July 14/\$17.00	21.67	27.5	2.1
Hanyu Holdings	HRVU	Aug. 1/\$10.00	4.67	-53.3	-40.1	Nabors Energy Transition II	NETDU	July 14/\$10.00	10.17	1.7	0.6
SharkNinja	SN	July 31/\$30.05	32.02	6.6	-24.3	Sagimet Biosciences	SGMT	July 14/\$16.00	16.00	...	0.3
ParaZero Technologies	PRZO	July 27/\$4.00	1.42	-64.5	-60.6	Bowen Acquisition	BOWNU	July 12/\$10.00	10.17	1.7	0.4
Surf Air Mobility	SFRM	July 27/\$20.00	1.35	-93.3	-57.1	Prestige Wealth	PWM	July 6/\$5.00	9.14	82.8	69.3
Haymaker Acquisition 4	HYAC	July 26/\$10.00	10.16	1.6	0.4	Intensity Therapeutics	INTS	June 30/\$5.00	6.11	22.2	2.6

Sources: Dow Jones Market Data; FactSet

## Cash Prices | wsj.com/market-data/commodities

Friday, August 11, 2023  
 These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Friday	Friday
<b>Energy</b>		
Coal,C.Aplc,12500Btu,1.2502-r,w	66.250	
Coal,PwdRvrBsn,8800Btu,0.8502-r,w	14.300	
<b>Metals</b>		
<b>Gold, per troy oz.</b>	1917.00	
Engelhard industrial	1915.80	
Handy & Harman base	2126.54	
Handy & Harman fabricated	*1920.10	
LBMA Gold Price AM	*1920.90	
LBMA Gold Price PM	*1920.90	
Krugerrand,wholesale-e	2000.76	
Maple Leaf-e	2048.62	
American Eagle-e	2048.62	
Mexican peso-e	2470.02	
Austria crown-e	1879.69	
Austria phil-e	2010.33	
<b>Silver, troy oz.</b>	22.7500	
Engelhard industrial	22.6740	
Handy & Harman base	28.3430	
Handy & Harman fabricated	*17.8500	
LBMA spot price (U.S.\$ equivalent)	*22.8000	
Coins,wholesale \$1,000 face-a	19835	
<b>Other metals</b>		
LBMA Platinum Price PM	*901.0	
Platinum,Engelhard industrial	915.0	
Palladium,Engelhard industrial	1340.0	
Aluminum, LME, \$ per metric ton	*2161.5	
Copper,Comex spot	3.7145	
Iron Ore, 62% Fe CFR China-s	n.a.	
Shredded Scrap, US Midwest-s,m	n.a.	
Steel, HRC USA, FOB Midwest Mill-s	n.a.	
<b>Battery/EV metals</b>		
BMI Lithium Carbonate EXW China -99.2%-v,w	36975	
BMI Lithium Hydroxide EXW China -56.5%-v,w	35800	
BMI Cobalt sulphate EXW China ->20.5%-v,m	6090	
BMI Nickel Sulphate EXW China -22%-v,m	4638	
BMI Flake Graphite, FOB China, -100 Mesh, 94-95% -v,m	620	
<b>Fibers and Textiles</b>		
Burlap,10-oz,40-inch NY Yrd-n,w	0.7200	
Cotton,1.1/16 std lw-m/Chicago-s	0.8629	
Contolok 'A' Index-t	*95.90	
Hides,hvy native steers piece fob-u	n.a.	
Wool,64s, staple, Terr del-u,w	n.a.	
<b>Grains and Feeds</b>		
Barley,top-quality Mnpls-u	n.a.	
Bran,wheat middlings, KC-u,w	145	
Corn,No.2 yellow,Cent IL-bp,u	5.0700	
Corn gluten feed,Midwest-u,w	157.3	
Corn gluten meal,Midwest-u,w	549.8	
Cottonseed meal-u,w	n.a.	
Hominy feed,Cent IL-u,w	145	
Meat-bonemeal,50% pro Mnpls-u,w	438	
Oats,No.2 milling,Mnpls-u	4.3900	
Rice, Long Grain Milled, No.2 AR-u,w	37.25	
Sorghum,(Milo) No.2 Gulf-u	2000.76	
Soybean Meal,Cent IL,rail,ton48%-u,w	434.30	
Soybeans,No.1 yllw IL-bp,u	13.7000	
Wheat,Spring14%-pro Mnpls-u	9.1500	
Wheat,No.2 soft red,St.Louis-u	5.8675	
Wheat -Hard -KC (USDA) \$ per bu-u	7.9575	
Wheat,No.1 soft white,Portld,OR-u	7.0000	
<b>Food</b>		
Beef,carcass equiv. index choice 1-3,600-900 lbs-u select 1-3,600-900 lbs-u	286.03	
Broilers,National comp wtd. avg-u,w	261.59	
Butter,AA Chicago-d	1.0668	
Cheddar cheese,blk,Chicago-d	2.6900	
Cheddar cheese,blk,Chicago-d	182.50	
Milk,Nonfat dry,Chicago lb-d	199.00	
Coffee,Brazilian,Comp-y	111.00	
Coffee,Columbian, NY-y	1.5861	
Eggs,large white,Chicago-u	1.9129	
Flour,hard winter KC-p	11.150	
Hams,17-20 lbs,Mid-US fob-u	1.01	
Hogs,Iowa-So. Minnesota-u	99.88	
Pork bellies,12-14 lb MidUS-u	n.a.	
Pork loins,13-19 lb MidUS-u	1.2431	
Steers,Tex.-Okla. Choice-u	n.a.	
Steers,feeder,Okla. City-u,w	274.75	
<b>Fats and Oils</b>		
Degummed corn oil, crude wtd. avg-u,w	n.a.	
Grease,choice white,Chicago-h	0.6500	
Lard,Chicago-u	n.a.	
Soybean oil,crude,Cent IL-u,w	0.6798	
Tallow,bleach,Chicago-h	0.6800	
Tallow,edible,Chicago-u	n.a.	

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=Spotland Publishing; R=SNL Energy; S=Platts; T=Trifolium Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. \*Data as of 8/10

Sources: Dow Jones Market Data



# HEARD ON THE STREET

FINANCIAL ANALYSIS &amp; COMMENTARY

## Scary Math Is Behind the Safest Assets

Washington has laid the seeds of a crisis that Wall Street can no longer ignore

“Bizarre” was the word Biden administration officials used to describe the timing of Fitch’s downgrade of America’s credit rating.

Yet we might look back at 2023 as a pivotal year and the agency’s move as a wake-up call. The Federal Reserve’s fight against inflation amplified the risk of an unthinkable fiscal crisis made possible by decades of Washington dysfunction. As a result, the investments that stand the best chance of providing shelter from that storm happen to be unusually attractive right now.

Investors have historically paid a steep penalty to hunker down in supersafe short-term government securities. For example, \$100 invested in three-month Treasury bills in 1928 grew to \$2,141 by the end of last year while it became \$46,379 invested in medium-grade corporate bonds and \$624,534 if invested in stocks, according to data from New York University finance professor Aswath Damodaran. Especially in the years following the financial crisis, anything short-term and safe paid next to nothing.

Ray Dalio, founder of the world’s largest hedge fund, **Bridgewater Associates**, didn’t coin it, but he became perhaps most associated with the phrase

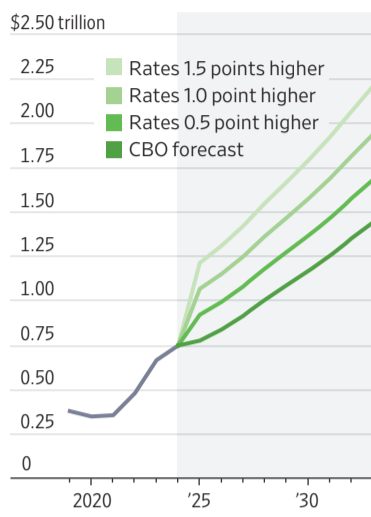
“cash is trash” during that period. He changed his tune in a CNBC interview early this year: “Cash used to be trashy. Cash is pretty attractive now. It’s attractive in relation to bonds. It’s actually attractive in relation to stocks.”

T-bills not only pay more than they have since before the financial crisis but also more than longer-term notes or bonds. The latter would suffer much larger paper losses if interest rates kept heading higher. And, as Dalio suggested, frothy stock valuations make a guaranteed 5%-plus return on bills tempting.

But there is a more disturbing reason cash might be king: Although they were called “certificates of confiscation” in the inflationary 1970s, longer-term Treasuries have been the go-to asset in times of crisis. The 10-year note’s yield is literally the risk-free rate used to value all other securities.

Now, though, the government’s pile of debt has swelled following the War on Terror, the global financial crisis and the Covid-19 pandemic. Low interest rates and Fed bond buying masked the strain: Interest costs recently were no higher than in the early 1990s as a share of federal spending. But the Treasury barely seized the op-

### Projected net interest on federal debt held by the public



Source: CBO; WSJ calculations

portunity to lock in rock-bottom rates by issuing more long-term notes and bonds.

Now it is too late. The Congressional Budget Office regularly updates its long-term budget forecasts and says U.S. debt held by the public will surpass gross domestic product this fiscal year and that interest on that debt will equal about three-quarters of discretionary, nondefense spending.

By 2031, it will be as large.

Medicare, Social Security and, of course, interest are legally non-negotiable. Military spending isn’t really optional either. No wonder the federal government is described as “an insurance company with an army.”

Yet the CBO’s forecast actually looks too optimistic. It envisions the net interest rate paid on that debt barely topping 3% in coming years even though short-term bills and notes yield more than 5% today. The swelling pile of debt means minor changes in assumptions now have major consequences.

Consider that around three-quarters of Treasuries must be rolled over within five years. Say you added just 1 percentage point to the average interest rate in the CBO’s forecast and kept every other number unchanged. That would result in an additional \$3.5 trillion in federal debt by 2033. The government’s annual interest bill alone would then be about \$2 trillion. For perspective, individual income taxes are set to bring in only \$2.5 trillion this year.

Compound interest has a way of quickly making a bad situation worse—the sort of vicious spiral that has caused investors to flee countries such as Argentina and

Russia. Having the world’s reserve currency and a printing press that allows it to never actually default makes America’s situation far better, though not consequence-free.

Just letting rates rise high enough to attract more and more of the world’s savings might work for a while, but not without crushing the stock and housing markets. Or the Fed could step in and buy enough bonds to lower rates, rekindling inflation and depressing real returns on bonds.

A harder-to-quantify complication of a future fiscal squeeze would be Washington’s limited room to maneuver as interest costs become uncomfortable. The ability to do things such as bail out banks, underwrite lifesaving vaccines, subsidize cutting-edge technologies or even fight a war would be curtailed. An America with tight purse strings would be one with a more volatile economy, diminished international prestige and, ultimately, less-attractive assets.

Predicting when markets get seriously concerned about that is hard—budget scolds have raised countless false alarms over the years. For now, though, playing it safe in cash is a lot more appealing than it used to be.

—Spencer Jakab

## Chip Champion Of China Is Taking It From All Sides

China’s chip champion is fighting a nasty hangover after a long, pandemic-era high.

The West’s semiconductor restrictions on the country will challenge the company’s ambitions. China’s economic slowdown could prove to be a bigger problem.

China’s top contract chip maker, **Semiconductor Manufacturing International Corp.**, or SMIC, is slogging through a rough patch—like most other big chip manufacturers. On Thursday, it reported an 18% year-over-year decline in revenue for the quarter ended in June. Earnings took an even bigger hit: Operating profit fell 85% from a year earlier.

Sales improved slightly compared with first quarter 2023, but were lower than the peaks of 2022. After the chip shortage of the pandemic, SMIC’s profit margin has normalized. Gross profit margin last quarter was 20%, almost half that of a year earlier. SMIC was a key beneficiary of the chip shortage of the past two years—which was especially acute for chips

made using more mature technology, which is SMIC’s wheelhouse.

The easing of that shortage has led to a lower utilization rate at its plants, which stood at 78% last quarter. While that was up from the 68% notched in the first quarter, it’s far below a year earlier, when SMIC factories were running full tilt.

Rising depreciation costs are another drag, as the company has been pouring money into new plants. SMIC’s capital expenditure in the past four quarters combined was \$6.8 billion—compared with around \$2 billion in 2019. As a result, its depreciation and amortization costs last quarter were more than twice the amount four years ago.

The Biden administration’s curbs on exports of advanced chip equipment—joined by Japan and the Netherlands—will no doubt make it harder for SMIC to upgrade its operations.

But it is spurring China to localize its chip supply as much as possible—especially for those applica-



China’s SMIC is slogging through a rough patch—like most other big chip manufacturers.

tions that don’t require the most cutting-edge technology. Electric vehicles, which have more semiconductor content than traditional cars, could be a bright spot for SMIC, as they don’t require the most advanced chips. China is the biggest EV market in the world, and its carmakers have grown to dominate the sector.

But SMIC’s continued heavy spending on more mature technology will keep dragging on the company’s earnings. China’s economic slowdown will hurt, as weak demand for consumer electronics takes a toll. Smartphone sales there fell 4% year on year last quarter, translating into the lowest second-quarter shipments

since 2014, according to Counterpoint Research.

SMIC is facing a rougher landscape after the smooth ride in the past couple of years. It occupies an enviable perch in China’s chip market, but the boom days of 2021 and early 2022 could be a long time in returning.

—Jacky Wong

## MARKETS

## Student Loans Are Set to Put a Crimp on Stock Buying

By AMINA NIASSE

Playing the stock market no longer has the appeal for newbie investors it once did. The latest reason? Many would-be day traders are about to start paying their student loans again.

The retail-trading fire of 2020 and 2021 has been just smoldering for months now. Drops in crypto and stocks in 2022 turned off many amateur traders. High inflation left many with less cash to play with. The resulting jump in interest rates gave them lots of options for relatively risk-free ways to earn returns.

Now, student-loan payments, set to restart in October, are another bucket of cold water on the fire.

Emanuel Rodriguez, who is 22 years old and graduated this year from the University of Southern California with a communications degree, has enjoyed some success in his nascent investing foray. In 2021, he said, he cashed out a profit of about \$4,500 after investing in dogecoin.

But now, Rodriguez says he is being more cautious. He is keeping some money in cryptocurrencies, but he deleted the Robinhood app from his phone and focuses more on saving.

The recent Supreme Court ruling, which knocked down President Biden’s student-debt forgiveness plan, helped seal his decision.

“My loans have been looming over me,” said Rodriguez, who is working as a page at NBC in Los Angeles and said he has about \$5,000 in student loans. “If they were wiped, I would feel more comfortable investing.”

He hopes to re-enter active investing someday, but only after paying off his debt and learning more about investing outside of crypto.

Loan payments have been paused since March 2020, when the Covid pandemic hit the U.S.

The restart could have implications across the economy. Retailers, for one, could be hurt as potentially billions of dollars each month start flowing back to student debt.



Emanuel Rodriguez enjoyed some success with dogecoin.

The impact on the stock market itself might be limited. Young adults who lost money during their short trading ca-

reers could feel particular pressure to pull back.

A lot of amateur investors have “probably been losing

money to more sophisticated traders in the market over time,” said Benjamin Edwards, a law professor at the University of Nevada, Las Vegas. “The only way they’re able to keep trading is by continuing to put money in. It’s going to be players who get hot at the table but Vegas still wins.”

People of all ages embraced day trading in the depths of the pandemic, when they were stuck at home and the market mostly zoomed higher. The pause in student-loan payments didn’t hurt either.

Many of the younger new traders have never known a world in which trading can’t be done with a few clicks on an app—or, for that matter, a world where they have to pay money toward their student loans each month.

A survey released this year by the Financial Industry Regulatory Authority and the CFA Institute found 56% of Gen Zers in the U.S., ages 18 to 25, had at least one investment. That included workplace-sponsored plans such as 401(k)s. The median amount

invested was \$4,000.

Gen Z investors tend to favor cryptocurrencies and individual stocks, according to the survey.

Of course, staying in the market through both good times and bad is the best way to build long-term wealth, financial advisers say. But that doesn’t always help people who need money right away.

The return of student-loan payments could mean a big hit to many people’s monthly cash flow. The Bank of America Institute estimates it will cost the median affected household about \$180 a month.

People who were able to save up during the student-loan moratorium are now going to have to spend down some of their savings, said David Tinsley, senior economist at the Bank of America Institute.

They might also have to put off saving for a home or storing up for retirement.

“People need to start saving for retirement relatively young,” Tinsley said. “These are quite impactful decisions on individuals.”