

What's News

Business & Finance

- ◆ **Russia's central bank** pushed up its key interest rate at an emergency meeting to stem a sharp selloff in the ruble and resurgent inflation, a response to the mounting financial costs of Moscow's war in Ukraine. **A1**
- ◆ **Americans boosted** their retail spending last month at the fastest pace since the start of the year, as consumers continue to bolster the resilient U.S. economy. **A2**
- ◆ **Home Depot expects** cost inflation to ease in the back half of the year as pandemic-era pressures that plagued its supply chain finally recede. **B1**
- ◆ **A wild swing** in government-bond yields weighed on U.S. stock indexes, helping to depress the S&P 500, Nasdaq and Dow by 1.2%, 1.1% and 1%, respectively. The yield on the 10-year Treasury note ended at 4.220%. **B11**
- ◆ **TSG, which helped** finance hits including "Avatar: The Way of Water" and the "Deadpool" franchise for Twentieth Century Fox, sued the studio and its Disney parent for breach of contract. **B1**
- ◆ **The UAW said** labor negotiations with the Detroit automakers have been sluggish and the union would hold a strike authorization vote next week. **B3**
- ◆ **Private jet membership** company Wheels Up reached a deal to receive a \$500 million rescue financing package from Delta and investors with turnaround experience, the airline said. **B3**
- ◆ **Tesla released** cheaper versions of its U.S. Model S and Model X vehicles that cost \$10,000 less and cover fewer miles per charge, the company's website said. **B4**

World-Wide

- ◆ **The indictment in Georgia** against Trump for racketeering and a dozen other alleged offenses represents the most ambitious and sweeping case brought against the former president, and is likely to pose unprecedented legal challenges, both for him and the prosecutors. **A1, A4-5**
- ◆ **The court fight over Hunter Biden's** botched plea deal intensified, as prosecutors blamed the implosion on defense missteps and a lawyer for the president's son stepped down. **A3**
- ◆ **The U.S. is in talks** with Turkey, Ukraine and Kyiv's neighbors to increase the use of alternative export routes for Ukrainian grain, officials said, after Russia pulled out of a deal that guaranteed the safety of food shipments across the Black Sea. **A16**
- ◆ **A former high-level FBI** counterintelligence agent pleaded guilty to accepting secret payments from Russian oligarch Oleg Deripaska. **A16**
- ◆ **British police arrested** five people, including at least three Bulgarian nationals, believed to have been living undercover in the U.K. while working for Russian intelligence. **A16**
- ◆ **The Missouri Supreme Court** upheld a law that allows parents to be jailed if their children don't attend school regularly, which the court defined as every day class is in session. **A3**
- ◆ **Neuroscientists** reconstructed a classic rock song from recordings of the brain activity of 29 patients who had heard it while undergoing brain surgery. **A3**

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India Independence Day's Sweet Spot



BITE SIZE: Members of the Indian Border Security Force give each other sweets in a celebration of the country's 77th Independence Day on Tuesday at the India-Pakistan Wagah border post.

Russia Boosts Key Rate in Bid To Stanch Economic Turmoil

By GEORGI KANTCHEV AND CHELSEY DULANEY

Russia's central bank jacked up its key interest rate at an emergency meeting to stem a sharp selloff in the ruble and resurgent inflation, a response to the mounting financial costs of Moscow's war in Ukraine. The bank raised the rate to 12% from 8.5% on Tuesday, a day after the currency temporarily fell past 100 to the U.S. dollar for the first time since the weeks after Russia invaded Ukraine. The ruble recovered somewhat in anticipa-

tion of the decision but remains down by nearly a quarter this year, placing it among the world's worst-performing currencies. While it fell into a recession last year, the Russian economy was able to weather the wave of Western sanctions because of a windfall of oil-and-gas revenue, hefty government stimulus and the country's swift ability to divert trade to Asia from Europe. But the ruble's recent slide is an indication that the interlude of relative stability in the economy has passed. Russia is

caught between fast-rising inflation and a government that needs to borrow and spend to keep up the war effort in Ukraine. It also faces the mounting impact of sanctions and a drastic labor shortage. Russia's macroeconomic stability is "now in a more vulnerable position than at any point since the early stages of the war," said Liam Peach, senior emerging-markets economist at Capital Economics. Fast-rising imports and slower exports this year, coupled with capital outflows and

Georgia Case Holds Pitfalls For Both Sides

Trump indictment is most sweeping yet, but prosecutors will still face challenges

By CORINNE RAMEY AND JAMES FANELLI

The indictment in Georgia against Donald Trump for racketeering and a dozen other alleged offenses represents the most ambitious and sweeping case brought against the former president, and is likely to pose unprecedented legal challenges—both for Trump and the prosecutors. The case, brought by Fulton County District Attorney Fani Willis, centers on allegations that Trump, along with 18 others, participated in a crimi-

nal enterprise to change the 2020 presidential election in his favor, in violation of the state's antiracketeering law. Trump, a Republican, has denied wrongdoing. The former president has called Willis partisan and said he didn't tamper with the election. The Georgia law is modeled on the 1970 federal Racketeer Influenced and Corrupt Organizations Act, which gave federal prosecutors a new tool to pursue the Mafia by tying mob bosses to the conduct of subordinates within their criminal organizations. Prosecutors in New York and elsewhere suc-

- ◆ **Lengthy timeline** awaits Georgia case..... **A4**
- ◆ **Criminal charges** fuel Trump's campaign..... **A5**

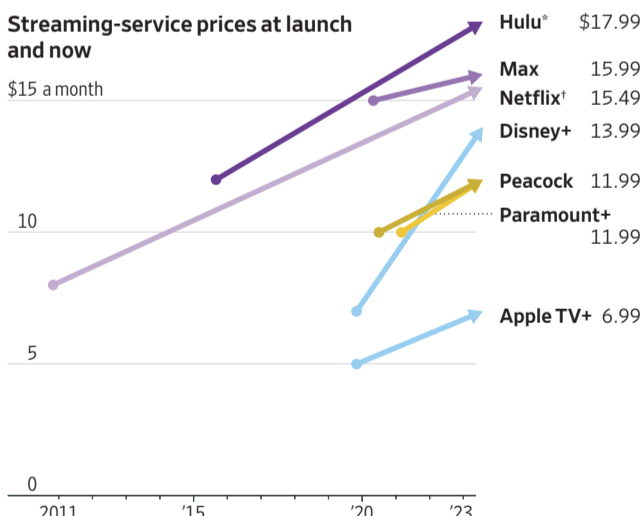
Giuliani Is Caught Up In a Law He Wielded

By ARUNA VISWANATHA AND JIMMY VIELKIND

Mr. RICO just got RICO-ed. In the 1980s, Rudy Giuliani all but reinvented an underused 1970 law against racketeering. He made it his mission in a two-year stint as the No. 3 official at the Justice Department to hire prosecutors across the country who would ferret out and prosecute criminal enterprises of all shapes and sizes. Then, as Manhattan's top federal prosecutor, he wielded the Racketeer Influenced and Corrupt Organizations Act with huge success against Mafia dons, corrupt politicians and financiers. Now Giuliani, 79 years old, is on the other side of the law that was the essential scaffold-

ing of his own career. He was accused alongside former President Donald Trump and 17 others in an indictment late Monday of operating a criminal enterprise that sought to overturn Joe Biden's electoral victory in Georgia, in violation of Georgia's RICO Act, which is modeled on the federal law he once championed. He was also charged with other counts, including soliciting public officials to violate their oaths, making false statements and conspiracy. "I'm the same Rudy Giuliani that went after the Mafia," Giuliani said Tuesday afternoon on WABC radio. "The same quest for justice. Gosh almighty, if Donald Trump committed a crime, love him

Streaming Giants Bet Price Increases Won't Scare Off Customers



*Launch info for first ad-free plan. †Launch info for first streaming-only plan. Note: Monthly prices for the most popular ad-free versions in the U.S. and as of Aug. 10, except for Hulu and Disney+ prices, which go into effect Oct. 12. Max was known as HBO Max until May 2023. Sources: the companies

Call it streamflation. The average cost of watching a major ad-free streaming service is going up by nearly 25% in about a year, according to a Wall Street Journal

By Robbie Whelan, Joe Flint and Nate Rattner

analysis, as entertainment giants bet customers will pay up or switch to their cheaper and more-lucrative ad-supported plans. Disney raised the price of its Disney+ and Hulu streaming services last week for the second time since last fall, after similar announcements by the owners of Peacock, Max, Paramount+ and Apple TV+. The wave of price increases signals a new phase in the streaming wars. After years of charging bargain-basement

prices in pursuit of fast growth, most of the big players face a financial reckoning, with tens of billions of dollars in losses piling up. Now, in a push for profitability, they are testing the loyalty of their customers, betting that increasing prices won't lead more people to cancel service, an industry phenomenon known as churn. "Can you raise prices by 30% and not increase churn? That's the big question," said Rich Greenfield, an analyst with LightShed Partners. The price increases come as streaming services are enjoying a larger audience than ever before. Streamers captured a record 38.7% of Americans' viewing time last month.

◆ **TV now makes up less than 50% of U.S. viewing**..... **B1**

More Workers Are Getting Hurt On the Tarmac

As travel rebounds, injuries rise among airport ground crews

By BENJAMIN KATZ

Courtney Edwards carried an orange safety cone when she set out to meet an aircraft that had just pulled off the runway at Montgomery Regional Airport in Alabama. Moments later, the entire aircraft shook violently. Edwards, a 34-year-old mother of three, had been pulled off her feet and sucked into the airplane's left engine after coming too close to the turbine's powerful spinning

blades. The ramp worker died instantly. An investigation by the federal Occupational Safety and Health Administration determined that her employer's training and procedures were at least partly responsible for her death on New Year's Eve. In June, the company, Piedmont Airlines, a subsidiary of American Airlines, was fined \$15,625, the maximum penalty for a severe violation of OSHA's safety standards. The aviation industry is rebounding from

Stand Outside for Health?

Fans try barefoot 'earthing'—watch out for bees

By ALEX JANIN

When Sara Jean Meyer got a text from her mom that said, "I have a surprise for you," she assumed it would be a free bubble tea. Instead, her mother showed up with a roll of foil tape, a long copper pipe, an electrical wire and a rod clamp. They were all supplies required to "ground" Meyer's bed. Grounding is what proponents call the process of connecting to the earth's natural electric charge, often by physically touching it or connecting to the grounding system built into most U.S. homes.

Salesforce. #1 CRM.

Ranked #1 for CRM Applications based on IDC 2022 Revenue Market Share Worldwide.

Source: IDC, Worldwide Semiannual Software Tracker, April 2023.

salesforce.com/number1CRM

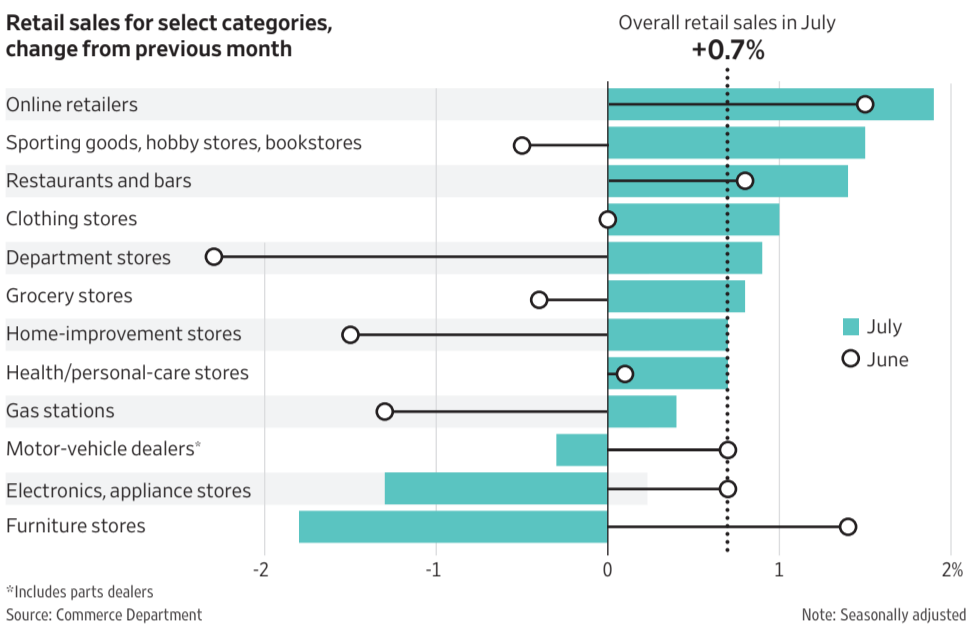
U.S. NEWS

Retail Sales Rise Is Fastest Since January



A CVS store in Miami. Back-to-school-related items sold briskly last month.

Retail sales for select categories, change from previous month



July increase of 0.7% reflects consumers' spending on food, clothing and gasoline

By HARRIET TORRY AND CHRISTIAN ROBLES

Americans boosted their retail spending last month at the fastest pace since the start of the year, as consumers continue to bolster the resilient U.S. economy.

Shoppers spent more at bars and restaurants and on back-to-school categories, such as clothing and books, despite the Federal Reserve raising interest rates to try to cool the economy and bring down inflation.

Retail sales—a measure of spending at stores, online and in restaurants—rose a seasonally adjusted 0.7% in July from the prior month, the Commerce Department said Tuesday.

The retail sales gain also was higher than the 0.2% increase in consumer prices last month, a sign that Americans' spending is outpacing inflation.

"The fact that the labor market is still strong is a sup-

port for spending," said Richard Moody, chief economist at Regions Financial. Nonetheless, he expects consumer spending to slow after the summer months in categories such as travel, entertainment and recreation.

Wyatt Link, a marketing manager from Jacksonville, Fla., and his wife have been traveling in recent months, attending weddings in Hawaii and London, trips that also included shopping and theater and museum visits.

"I still think there's a legacy that Covid shut down everything," the 34-year-old said. "You've got to take advantage of these opportunities while you can."

In July, shoppers also increased their outlays at grocery and hardware stores. A measure of online spending rose 1.9% in July, a month that saw Amazon.com's Prime Day summer promotion.

Sales declined at auto dealerships and electronics and furniture stores, which are sensitive to higher borrowing costs.

Retail sales aren't adjusted for inflation and reflect price differences as well as purchase amounts.

Gasoline sales rose 0.4% in July. Gasoline prices ticked up to \$3.76 a gallon at the end of July from \$3.54 at the start of the month, according to energy-data provider OPIS, and have risen further in August.

The retail-sales report mainly captures spending on goods rather than most services such as travel, housing and utilities. The Commerce Department will release its monthly report that includes more complete spending figures later this month.

Consumer confidence has been relatively robust in recent months, thanks to lower inflation and a strong labor market. The Federal Reserve Bank of New York's Survey of Consumer Expectations found perceptions about households' current financial situations improved in July.

Still, some retailers are bracing for uncertainty in the months ahead.

Home Depot on Tuesday reaffirmed its forecast that revenue would decline this year for the first time since 2009, saying consumers are shifting to smaller projects and deferring larger ones as they contend with unpredictability in the economy.

"There's uncertainty with respect to where the consumer goes in the second half, and obviously with the Fed moves, we're waiting to see what kind of impact that might have on spending," finance chief Richard McPhail said.

—Dean Seal contributed to this article.

U.S. WATCH

HAWAII Death Toll in Maui Fires Surpasses 100

A mobile morgue unit arrived Tuesday to help Hawaii officials working painstakingly to identify the remains of people killed in wildfires that ravaged Maui, as the death toll rose above 100 and teams intensified the search for more victims in neighborhoods reduced to ash.

many survivors started moving into hundreds of hotel rooms set aside for displaced locals, while donations of food, ice, water and other essentials poured in.

Crews using cadaver dogs have scoured about 32% of the area, the County of Maui said Tuesday. Just three bodies have been identified, according to Maui Police Chief John Pelletier, who renewed an appeal for families with missing relatives to provide DNA samples.

The governor warned that scores more bodies could be found.

—Associated Press

ARKANSAS State, College Board Clash Over AP Class

Arkansas said the Advanced Placement African American Studies course may be unlawful, leaving schools and students in limbo.

The Arkansas Department of Education said the course may not meet graduation requirements or qualify for college credits. State law also contains provisions prohibiting certain topics.

It said it doesn't want teachers to inadvertently violate the law, and can't approve it as an AP class. It didn't specify what in the

course could violate state law.

Arkansas is one of more than a dozen Republican-led states that have passed laws limiting discussion of race in public schools.

In a statement, the Arkansas education department said it "encourages the teaching of all American history and supports rigorous courses not based on opinions or indoctrination."

The College Board, the organization that created AP African American Studies, said it "rejects the notion that the AP African American Studies course is indoctrination in any form."

—Joseph De Avila

WEST Water Cuts From Colorado River Ease

Federal officials said they will ease water cuts for Western states reliant on the Colorado River in 2024, because of a slightly improved outlook.

The river serves seven U.S. states, Native American tribes and two states in Mexico. It also supports a multibillion-dollar farm industry in the West and generates hydroelectric power. Years of overuse by farms and cities, and the effects of drought worsened by climate change, has meant much less water flows today through the Colorado River than in previous decades.

The U.S. government announces water availability for the coming year months in advance so that cities, farmers and others can plan. The reductions announced on Tuesday are in the same "Tier 1" category that were in effect in 2022.

Nevada receives far less water than Arizona and California. Its reduction will be down slightly from this year. California hasn't faced any forced water cuts yet, based on its legal status as a high-priority user.

—Associated Press

CORRECTIONS & AMPLIFICATIONS

A Page One photo in some editions Tuesday showed Judge Robert McBurney handing a document to the Fulton County clerk after a grand jury in Atlanta issued an indictment of former President Donald Trump and 18 others.

Tesla's Model Y is a crossover sport-utility vehicle. A Business & Finance article on Tuesday about Chinese stocks incorrectly described the Model Y as Tesla's top-end car.

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

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Streamers Gamble With Prices

Continued from Page One according to Nielsen data released Tuesday, which showed television viewing fell below 50% for the first time.

Streaming inflation could drive more people to cycle in and out of subscriptions—just to catch their favorite shows—and to switch to lower-cost service options that come with ads.

When the monthly cost of the ad-free Disney+ service officially goes up to \$13.99 in a few weeks, the service will cost twice its 2019 introductory price of \$6.99.

There is one category of streaming platforms that Disney left untouched: the advertising-supported versions of Disney+ and Hulu, which will be \$6 and \$10 cheaper, respectively, than the ad-free alternatives once the latest increases go into effect on Oct. 12.

"We're obviously trying with our pricing strategy to migrate more subs to the advertiser-supported tier," Disney Chief Executive Bob Iger said last week during a call with investors to discuss the company's quarterly results.

In recent months, Disney and rivals including Netflix and Max parent Warner Bros. Discovery said the ad-supported versions of their streaming platforms generate more money per user than their ad-free counterparts, as

the advertising revenue more than offsets the lower subscription cost.

Netflix, which has stood out by not raising prices over the past year, last month stopped offering its basic \$9.99-a-month ad-free tier in the U.S., which had the effect of significantly expanding the price gap between its \$15.49 standard ad-free plan and its \$6.99 ad-supported tier.

Overall, the price of most major ad-free streaming platforms is about twice as high as their ad-supported alternatives, with Max being the sole exception: At \$15.99 a month, its ad-free tier carries a 60% premium over the \$9.99 Max with ads.

Raising prices is only part of the strategy to narrow losses in streaming.

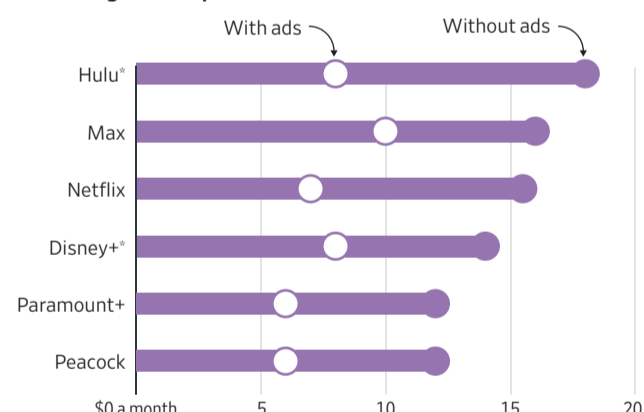
Many of these ad-supported plans aren't yet a year old. Netflix and Disney+ have seen their subscriber numbers in North America stagnate in recent quarters, and offering a more affordable ad-supported option gives them a chance to appeal to price-conscious customers.

Disney said since it launched the ad-supported tier of Disney+ late last year, 40% of new subscribers selected the version with ads.

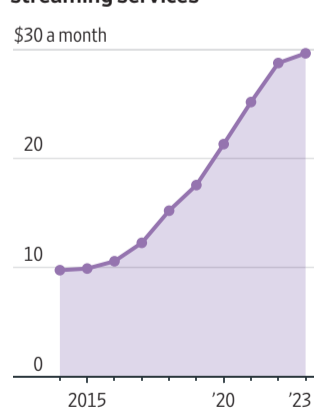
During Disney's previous round of increases—when the company offered users of its \$7.99-a-month ad-free Disney+ plan the option to stay on the ad-free plan but pay \$10.99 or keep paying \$7.99 but be served ads—few customers defected.

Disney said about 94% of

Streaming-service prices

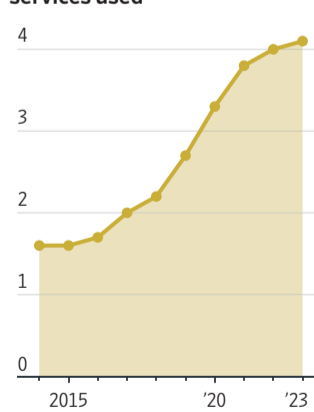


Monthly spending on streaming services



*Ad-free prices beginning Oct. 12. †Average among U.S. households that subscribe to at least one streaming service; 2023 data as of August. Notes: Monthly prices for each individual service in the U.S. Figures as of Aug. 10, except for Disney+ and Hulu; ad-free prices are for the most popular versions. Sources: the companies (prices); S&P Global Market Intelligence (spending, number of services)

Number of streaming services used



thing really good," he said. "You need a lot of hits, and to get them, you have to take a lot of trips to the plate," Price said.

U.S. households that have at least one streaming platform subscribe to an average of 4.1 services, for which they pay \$29.64 a month, according to S&P Global Market Intelligence—nearly twice as much as in 2018, just before the streaming wars began in earnest.

Over the course of a few months between the fall of 2019 and the summer of 2020, four major streaming services—Disney+, Peacock, Apple TV+ and the platform now known as Max—were launched.

Greenfield said the risk that customers will hop on and off between services when they are done watching a specific show is likely to increase given the growing cost of each platform.

"It's just so easy to just cancel and rejoin streaming services," he said. "You subscribe to Disney+ for 'The Mandalorian,' or to Max for 'House of the Dragon,' then cancel once you watch it."

One way that companies can partly shield themselves from customer defections is by bundling their streaming offerings. Data provider Antenna, which tracks consumer spending habits in the U.S. on products including streaming services, has long noted that churn in the Disney bundle, which includes Disney+, Hulu and ESPN+, is consistently lower than competitors.

Disney said on Wednesday it was creating a new bundle, offering access to the ad-free versions of Disney+ and Hulu for \$19.99 a month.

Iger said last week that Disney grew its streaming business very fast, "before we even understood what our pricing strategy should be or could be."

U.S. NEWS

Hunter Biden Plea Deal Fight Intensifies

BY SADIE GURMAN

WASHINGTON—The court fight over Hunter Biden's botched plea deal intensified Tuesday as prosecutors blamed the implosion on defense missteps and a lawyer for the president's son stepped down, saying he would testify as a witness in future battles over the now-defunct agreement.

The outcome of the dueling filings appeared to increase Hunter Biden's legal jeopardy. They came as both sides tried to move forward after prosecutors said last week that plea talks were at an impasse, 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 moves prolong and magnify Hunter Biden's legal problems as his father, President Biden, campaigns for re-election in 2024.

Prosecutors are now seeking to dismiss a previously filed tax case, saying they need to try it elsewhere, such as in California, where Biden lived during the years at issue in the case. Defense attorneys argue the Justice Department "reneged" on the previously agreed-upon terms and that a provision—known as a diversion agreement—that would have allowed Hunter Biden to skirt prosecution on a gun charge should stand.

On Tuesday morning, Chris Clark, the defense attorney who has long represented Hunter Biden in the probe, withdrew from the case, citing the recent developments.

"It appears that the negotiation and drafting of the plea agreement and diversion agreement will be contested, and Mr. Clark is a percipient witness to those issues," a new lawyer for the younger Biden said in a court filing. Earlier this week, Abbe Lowell, a veteran of Washington legal circles who has defended many politicians over the years, filed court documents signaling he would now represent Hunter Biden.

Later Tuesday, prosecutors filed a response insisting they hadn't reneged on the terms of the plea agreement. They said defense attorneys fumbled when they said in court that the younger Biden at first intended to plead guilty because the diversion agreement on the gun charge included a provision granting him immunity from future prosecution on any crimes resulting from his activities during that time. But that clause wasn't in the separate plea agreement, prompting questions from the judge, who refused to sign off on it.

"This was a problem entirely of their own making and not one that resulted from the drafting of the proposed plea or diversion agreements," assistant special counsels Leo Wise and Derek Hines wrote in the filing.

The back-and-forth Tuesday was an extension of disagreements between prosecutors and defense lawyers that spilled into public view at a hearing last month, when Hunter Biden had been 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.

Weiss's team and defense lawyers kept trying to shore up the agreement during the weeks after the July 26 hearing, but they couldn't overcome differences about the extent of the immunity from potential future prosecution Hunter Biden would receive, a person familiar with the talks said. Weiss regarded the plea agreement as a draft that could be changed, even though it had been signed by one of his top prosecutors, the person said.

In Tuesday's filing, prosecutors considered defense proposals "but did not believe they were in the best interests of the United States" and submitted counteroffers that Hunter Biden's team rejected.

Blaze Rips Through Church in New Jersey, Roof Collapses



PDF NEWSPAPERS and MAGAZINES: WWW.XSAVA.XYZ
 DAMAGED: A fire broke out at Grace Presbyterian Church in Montclair, N.J., on Tuesday. Four firefighters were treated for minor injuries at a nearby hospital.

Song Reconstructed From Brain Activity

BY DANIELA HERNANDEZ

In a scientific breakthrough, researchers have gotten one step closer to developing devices that say aloud what people are thinking.

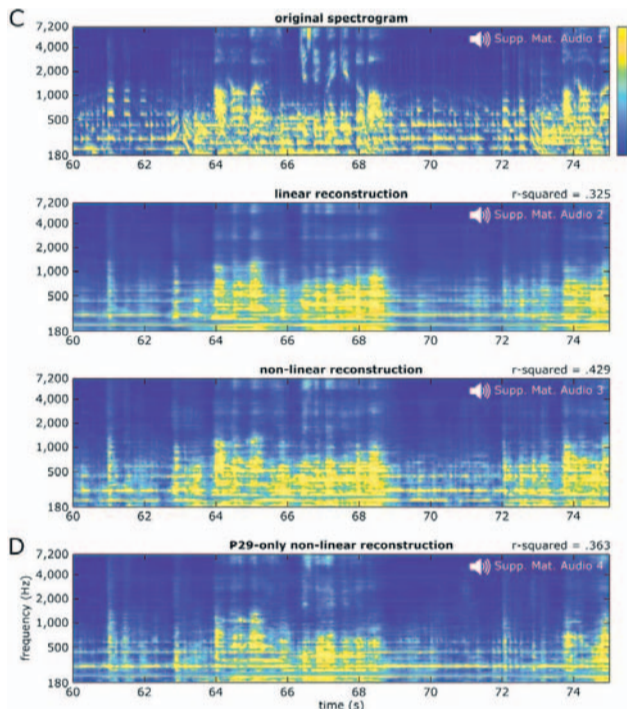
With further development, this could give patients who have lost the ability to speak—because of a stroke or other brain injuries—the power to communicate in a way that sounds more natural and less robotic.

Neuroscientists at the University of California, Berkeley reconstructed Pink Floyd's classic rock song "Another Brick in the Wall, Part 1" using recordings of the brain activity of 29 patients who heard the song while undergoing brain surgery. Though less polished than the band's version, the reconstructed tune was recognizable.

The study was published Tuesday in the journal PLOS Biology.

The ability to re-create complex musical elements from brain-activity patterns advances the development of therapeutic technologies to help patients regain the ability to communicate.

"It's very exciting. What they're showing is that they can get pretty high performance with a relatively low



The reconstructions from neural activity (bottom three panels) are visually similar to the original song (top panel).

amount of data," said Dr. Edward Chang, a neurosurgeon at the University of California, San Francisco's Weill Institute for Neurosciences who studies music and language perception. Chang wasn't involved in the study but has previously worked with the study authors.

As computer models and artificial intelligence have become more sophisticated, similar studies using brain-computer interfaces—devices that interact with the brain—have re-created images and produced simple language from neural data.

Last year, Elon Musk's

Neuralink, for instance, showed a video of "telepathic typing" from a monkey with a Neuralink brain implant, which contains threadlike electrodes—the equivalent of microphones for neural activity—that penetrate the brain. The animal wasn't typing into a keyboard but was able to move a cursor to images of letters.

In the new study, researchers took recordings from different regions of the brain using a grid-like pad studded with electrodes placed on the organ's surface as patients underwent surgery for treatment-resistant epilepsy. Each heard the Pink Floyd song a single time.

The researchers then homed in on key brain areas, like the superior temporal gyrus in the auditory cortex, which is responsible for processing sounds. The activity there—monitored by only a handful of electrodes—tracked most closely with the hit song. The team found they could largely tune out the rest of the data and still get recognizable, if somewhat garbled, playbacks.

Visual versions of the original and reconstructed songs—which look like a mashup of a heat map and an audio waveform—also resem-

bled each other. That was the case for individual patients and all 29 in aggregate.

"Some of the richness of the original audio frequencies isn't there in the reconstructions, but it looks like a pretty good approximation, even visually," said Dr. AZA Allsop, a musician and assistant professor of psychiatry at Yale University and Howard University who wasn't involved in the study.

The researchers' goal is to leverage the technology to develop neural prosthetics that can give patients back the ability to speak more naturally, according to Dr. Robert Knight, a UC Berkeley neuroscientist and an author on the new study. Currently, "the output of these devices has a monotonic, kind of robotic quality" he said. "Music, given its strong emotional and rhythmic components, would allow us to add an effectual component to [computer-generated] speech."

The new algorithms were also able to sing back partial vocals. The playback of one patient's brain activity, for example, contained a few discernible words, including "all," "was" and "just a brick," according to the study.

Missouri Court Upholds Truancy Law

BY SHANNON NAJMABADI

The Missouri Supreme Court on Tuesday upheld a law that allows parents to be jailed if their children don't attend school regularly, which the court defined as every day class is in session.

The litigation centered on two single mothers in Lebanon, Mo., who were sentenced to jail after their elementary-school-age children each missed about 15 days of class in the 2021-22 school year. The mothers called in to explain some of the absences, but officials at the Lebanon R-III School District, a southwestern Missouri district with about 4,500 students, referred both to prosecutors.

The district's handbook, which parents must acknowledge reading, says students should maintain an attendance rate of at least 90% to prepare children for adulthood and professional life and ensure continuity of learning.

State law, however, is more vague.

Missouri's compulsory education statute requires children to attend school on a "regular basis," which attorneys for the Lebanon mothers

argued is unconstitutionally vague.

The mothers weren't told that illnesses, even when called in by a parent, were counted as unverified absences unless a doctor's note was presented, their attorneys argued.

"Lot of you all have had kids in school. Nobody thinks that they are going to be prosecuted for this," said Ellen Flottman, the appellate public defender who argued the two mothers' cases before the state Supreme Court.

The Missouri Attorney General's office said that even minor offenses are violations of the law, and that the school district followed up with the parents as absences accrued.

In its decision, written by Judge Robin Ransom, the court said that based on common understanding, "no Missouri parent would conclude attendance 'on a regular basis' means anything less than having their child go to school on those days the school is in session."

The court acknowledged the implication of its decision "if taken to the extreme" but said prosecutors and school officials have discretion not to

enforce marginal cases.

"This Court is bound by its duty 'to ascertain the intent of the legislature from the language used and to consider the words used in their plain and ordinary meaning,'" Ransom wrote.

Five Supreme Court judges concurred with Ransom. A final judge didn't participate.

The decision comes as school attendance rates have plummeted since the pandemic. Chronic absenteeism—which most education experts equate to missing about 18 days in a 180-day school year—disrupts learning for students and their peers, if teachers frequently need to revisit past material.

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

Madeline Sieren, a spokeswoman for the attorney general's office, said, "We're pleased with the court's decision, as it recognized the importance of education for Missouri's children."

Jacy Overstreet, a district spokeswoman, previously said the district involves the court system as a last resort. She didn't respond to a request for comment Tuesday.

Flottman declined to comment.

Parents can be jailed if their children don't attend school regularly.

U.S. NEWS

Lengthy Timeline Awaits New Trump Case

State prosecution is expected to overlap with federal probe into election plot

BY SADIE GURMAN

Donald Trump was indicted in Georgia on charges of racketeering and a dozen other offenses. The indictment painted a picture of a sweeping criminal enterprise to undo Joe Biden's 2020 victory in the state.

Here's what to watch as the case goes on:

When will Trump surrender?

Fulton County District Attorney Fani Willis gave Trump and the other 18 defendants 10 days, until Aug. 25, to voluntarily surrender. In the three other criminal cases against Trump, no mug shot was taken. But experts said that would be a departure from standard practice in Georgia, where he will also be fingerprinted.

Veterans of the Georgia court process said Trump's lawyer will likely request what is known as a consent-bond, which would allow Trump to immediately be released on certain conditions. The alternative is to appear within 72 hours for a bond hearing, where a judge will decide whether he is a flight risk or otherwise poses a danger to the community.

How would court proceedings take shape?

A defendant in Georgia can

move to waive his or her arraignment. If Trump does this, he wouldn't be required to appear at an early hearing where a prosecutor formally presents the charges against him.

From there, the defendants are virtually assured to file a number of pretrial motions that could delay the case—and change its contours. They may request to have some of the counts against them dismissed, leading to pretrial hearings.

Some legal experts expect Trump's lawyers will request to have the case moved to federal court on the grounds that it involves actions that Trump took while serving as president. Experts say that would have several advantages for Trump, including a larger and more politically diverse jury pool from outside of Democratic-leaning Atlanta. Willis's prosecutors could still try the case in the federal venue.

But such requests, made within the first 30 days of charges, haven't been granted to Trump in the past. A judge in July declined to move his New York state hush-money prosecution to federal court, finding that he wasn't carrying out his presidential duties when allegedly reimbursing money paid to silence a porn star.

When would a trial start?

Willis said Monday that she wants to try all 19 defendants within six months, which legal experts say is highly unlikely,



Fulton County District Attorney Fani Willis spoke to the media in Atlanta late Monday.

what they say could be used against them in Georgia, legal experts said.

The two cases happening at roughly the same time also makes witness availability to testify challenging.

Trump's lawyers could also try to use discovery evidence shared with them by prosecutors in Georgia to try to weaken Smith's case. For example, they could focus on inconsistencies in witness statements before the Georgia grand jury when questioning those same witnesses during Trump's trial before Smith, legal experts said.

Willis on Monday wouldn't say whether she had been in touch with Smith's team but had previously suggested they had been operating independently.

"It could go very smoothly if Willis and Smith work well together, and they understand they both have one goal, and that's justice," said Barb McQuade, a former U.S. attorney for the Eastern District of Michigan. "But they have genuine strategic differences of opinion, so they will have to work together to try to figure out what's best going forward."

What has Trump said about the case?

Trump, on social media, declared the investigation a witch hunt and said Tuesday that he would hold a news conference next week to present a report on the election in Georgia.

Pitfalls Loom for Both Sides

Continued from Page One

cessfully used the federal RICO law throughout the following decades to bring down several prominent Mafia families and other criminal enterprises.

Georgia's law is in some respects broader than the federal version, as it includes a longer list of underlying offenses that can qualify as a basis for alleging that a group of defendants engaged in a joint criminal enterprise.

"Georgia's RICO statute, because of the breadth of it, allows the prosecutor to tell the whole story: the who, what, when, where and how," said Gwen Keyes Fleming, a former DeKalb County, Ga., district attorney who is now at law firm DLA Piper.

Special counsel Jack Smith's recent federal indictment of Trump for allegedly seeking to overturn the 2020 election hits some of the same themes as the Georgia case, but with a concise, targeted approach.

By contrast, Willis's indictment, put forth chronologically

in a series of alleged "acts," lays out a vast and sprawling conspiracy to subvert the election, with Trump the alleged political equivalent of a mob boss.

"If Jack Smith's tightly focused indictment against Trump is Hemingway, Fani Willis's sweeping 19-defendant, 41-count charging document is Dickens," said Norm Eisen, a senior fellow at the Brookings Institution. "It's as large and complex as the alleged conspiracy itself was."

The large number of alleged participants in the scheme also potentially gives Willis, a Democrat, more leverage. In a typical RICO case, prosecutors often look to secure plea deals from some defendants in exchange for their testimony against the highest-profile targets. Monday's 98-page indictment suggests prosecutors already have cooperating witnesses, including some people identified in the document as unindicted co-conspirators.

Other defendants might also eventually decide to cooperate, especially when they know an immediate pardon is unavailable if convicted, said

John Horn, a former Atlanta U.S. attorney and partner at King & Spalding. "The risk to the primary defendants in this case is much greater," he said.

Another prominent feature of Georgia's racketeering law: A conviction comes with a mandatory minimum sentence of five years.

"If he gets convicted, he's going to jail," said Jerry Froelich, a former federal prosecutor and Atlanta-based criminal defense lawyer.

In some past cases, judges have allowed convicted defendants to serve at least parts of their sentences on probation rather than behind bars.

If Trump wins the next presidential election, he could attempt to pardon himself in any federal case or steer the Justice Department to retreat from Smith's charges. In Georgia, he would lack the ability to wipe away a state conviction or prison term. Even if Trump were to seek a state pardon, he wouldn't be eligible to do so until after serving a sentence for any conviction. In Georgia, any such pardon would be determined by a

state board, not the governor.

Willis, however, also faces challenges. She has said she would seek a trial date within the next six months, but defense attorneys said such a timeline was likely unrealistic. The large number of defendants could bog down trial scheduling, delaying any proceedings. Jury selection could drag on for months, due to the political nature of the case and the anticipated length of a potential trial.

Will the Georgia charges impact Jack Smith's case?

Possibly. Smith's recent federal indictment of Trump for allegedly seeking to overturn the 2020 election hits some of the same themes as the Georgia case, and it relies on many

of the same witnesses and facts. Several of the people charged in Georgia, including Trump-allied lawyers Rudy Giuliani, John Eastman and Sidney Powell, are easily recognizable as co-conspirators who haven't been charged in Smith's case. Other people, such as Trump's former chief of staff Mark Meadows, testified before Smith's grand jury but only were charged in Willis's case.

The overlap creates a situation where some witnesses, if summoned to testify in the federal trial, may invoke their Fifth Amendment right against self-incrimination, knowing

with a large number of defendants can be logistically challenging and move slowly. He has already argued weeks of pretrial motions on behalf of Williams and still has 50 more left to be heard by a judge. "And that's just me, that's just my client," Steel said.

Trump could seek to move the case to federal court, further delaying proceedings. Such a move would require the approval of a judge. The former president made a similar request in his New York prosecution, involving the payment of hush money to a porn star. It was rejected, on the grounds that Trump wasn't carrying out his presidential duties in the alleged hush-money scheme. Some lawyers said Trump might have stronger arguments for moving the Georgia case, because it is much more directly tied to the presidency.

Trump has now been indicted in four separate cases. He pleaded not guilty to the other indictments and accused the prosecutors of seeking to interfere with his electoral prospects.

Watch a Video



Scan this code for a video on Trump's legal and campaign strategies.

Charges Posted Early by Error

The Fulton County, Ga., court clerk said Tuesday that she accidentally posted a sample document that outlined criminal charges against former President Donald Trump on Monday, hours before the actual indictment was made public.

Fulton County Superior Court briefly released a document listing several charges that appeared related to election interference, before the document was taken down. The charges were the same ones he was indicted on later in the day.

Clerk Ché Alexander's office said the release was of a "sample working document related" to Trump. It was running a test of the system "in anticipation of issues that arise with entering a potentially large indictment."

Reuters reported the midday post Monday, later walking back its reporting.

—Suryatapa Bhattacharya

Trump would lack the ability to wipe away a state conviction or prison term.

Giuliani Ensnared By RICO

Continued from Page One

through I do, I'd put him in jail."

The indictment punctuates a remarkable fall from grace for Giuliani, who parlayed his success taking on the mob and Wall Street miscreants into two high-profile terms as New York City's first Republican mayor in decades. His dramatic efforts in reducing crime were widely copied elsewhere, and his resolute response to the Sept. 11, 2001, attacks earned him the nickname "America's mayor."

Giuliani always had his critics, however, and they multiplied once he started working as Trump's personal attorney, disseminating conspiracy theories, including efforts to push Ukraine to investigate now-President Biden that led to Trump's first impeachment.

By 2020, Giuliani had become the butt of late-night jokes, including for a last-minute Philadelphia news conference in front of a landscaping business with extravagant allegations of fraud after Biden was declared the winner of the presidential election.

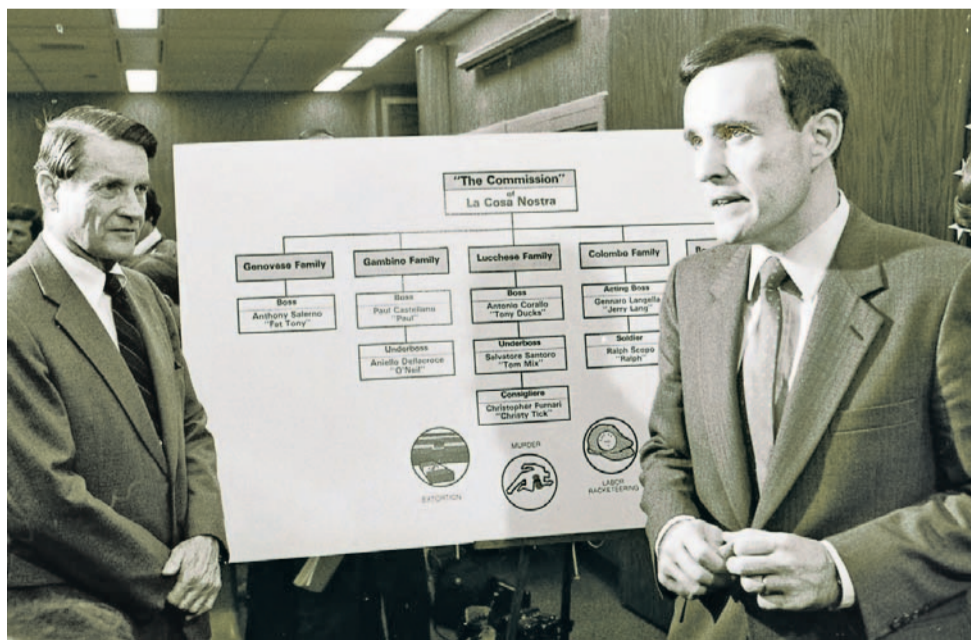
"He rose to prominence as the most honest of them all—

the only one who could take down organized crime, get the gangsters off New York's streets and make the world safe," said Hank Sheinkopf, a veteran Democratic New York political consultant. "Now he's going down into the sewer as a guy who's undermining democracy."

Giuliani is mentioned more than 50 times and charged with 13 counts in the new indictment, which accuses him of leading the effort to keep Trump in power and change election results in battleground states. It details Giuliani's public and private efforts to push unsubstantiated claims about voter fraud in the aftermath of the 2020 election, including in news conferences in which he and others claimed international collusion and in calls with Arizona and Pennsylvania officials in which he allegedly pressed them to act on his false allegations of fraud.

It also details his efforts in Georgia, including falsely telling lawmakers there that dead people and felons had improperly voted, that at least 96,600 mail-in ballots were counted in the election without records of them having been returned, and that thousands of ballots were illegally counted by Fulton County election workers.

Last month, Giuliani said he wouldn't contest the claim by two of those workers who sued him for defamation. A New York court suspended his law license there in 2021. And in a



Rudy Giuliani, shown in 1985 when he was U.S. attorney in Manhattan, displayed a chart of people with alleged mob ties, as then-FBI Director William Webster looked on.

separate decision, a District of Columbia-based disciplinary panel recommended last month that Giuliani be disbarred.

On the witness stand in December in Washington, Giuliani asserted he had witnessed voter fraud firsthand.

"My role was to show how Pennsylvania involved the same set of eight or 10 suspicious actions—illegal actions, whatever you want to call them, irregular actions—that could not be the product of accident," Giuliani testified.

As the U.S. attorney for the Southern District of New York,

Giuliani used RICO to attack the leadership of New York's major organized-crime families. In 1987, after three Mafia "bosses" and four associates his prosecutors convicted each received 100-year prison sentences, Giuliani said that without the RICO law, the convictions and sentences "might not have been possible."

He also pioneered its use in securities-related fraud, working with regulators to build a strong enough case against Drexel Burnham Lambert in connection with the misdeeds of junk-bond king Michael

Milken that the Justice Department approved racketeering charges against the firm. (The firm later pleaded guilty to six lesser felony counts; Milken pleaded guilty to several securities-law violations in 1990, served 22 months of a 10-year prison sentence, and was pardoned by Trump.)

The law turned out to be so effective, experts said, in part because it allowed prosecutors to pull together lesser criminal acts and allege a pattern of racketeering punishable by as much as 20 years in prison for each count.

After his election as mayor, Giuliani and NYPD Commissioner Bill Bratton implemented a program to direct police resources to places where more crimes were occurring, reducing major crimes by more than 50% between 1993 and 2001, according to NYPD data. Critics faulted the mayor's tactics, which included a focus on lower-level offenses. Giuliani greatly expanded stop-and-frisk practices that were later ruled unconstitutional because they had a disproportionate impact on people of color.

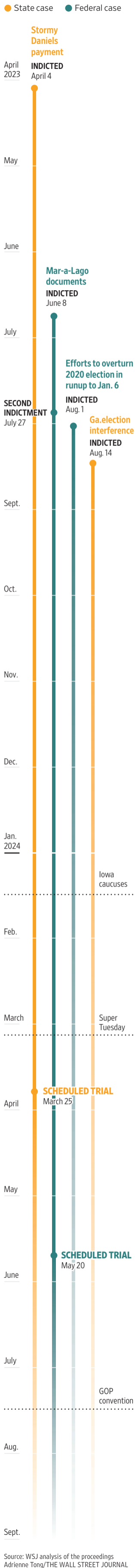
"As mayor, Giuliani claimed to be a law-and-order kind of guy, but he ran roughshod over the civil rights of Black and brown New Yorkers with his policing policies and practices," said Donna Lieberman, executive director of the New York Civil Liberties Union. "If ever there was a public fall from grace, it's name is Rudy Giuliani, but he'll have his day in court."

By 2019, some of Giuliani's friends were telling him to keep a low profile as federal prosecutors probed his business dealings and his client, then-President Trump, was undergoing an impeachment inquiry. He instead escalated his push for Ukraine to conduct investigations into Biden and worked on a TV series about it. That year, Giuliani told New York Magazine: "My attitude about my legacy is 'F— it.'"

—Erin Ailworth
contributed to this article.

U.S. NEWS

Criminal prosecutions of Donald Trump



Former President Donald Trump on Saturday appeared at the Iowa State Fair in Des Moines, where he received an enthusiastic reception by his supporters.

Criminal Cases Fuel Trump Campaign

Legal jeopardy helps pitch in the primary but is seen as a risk in general election

Donald Trump faces a dilemma as his criminal cases pile up and his first presidential primary contest nears: how will he divide his time between campaigning and fighting in court?

By Alex Leary, Eliza Collins and John McCormick

Instead of deciding, he is merging the two: The courtroom is now central to his campaign.

It is a strategy that has worked well for him so far—he has risen in the Republican primary standings since the first criminal case against him in the spring. But it carries risks if he makes it to the general election, where independent voters will be critical in determining the presidential winner in November next year.

For now, the various criminal proceedings in New York, Washington, Florida and Georgia are drowning out his primary challengers and fit a message that Trump has been preaching to the party faithful for eight years: that the Washington bureaucracy, which he regularly describes as the Deep State, isn't just out to get him but is out to get his supporters too.

"If these illegal persecutions succeed, if they're allowed to set fire to the law, then it will not end with me... They'll come for YOU," read a Trump fundraising email sent Monday night, moments after he and 18 alleged co-conspirators were charged in Fulton County, Ga., with racketeering and other alleged crimes in pursuit of overturning Joe Biden's 2020 victory in the state.

That message resonated with voters like Deborah Rena, a retired salon owner who lives in suburban Des Moines, Iowa. "I'm going to vote for the guy with the most indictments," she said, vowing to back Trump in the caucuses that start the presidential nomination voting on Jan. 15.

GOP rivals hold back

Other Republicans seeking the presidential nomination have largely tried to avoid upsetting Trump's supporters, so they hold back on directly criticizing his alleged behavior, join in on attacks of the prosecutions and repeat calls for investigations into President Biden and his son, Hunter.

"We see the legal system being weaponized against political opponents. That is un-American and unacceptable," Sen. Tim Scott (R, S.C.) told reporters at the Iowa State Fair on Tuesday. "I hope to be the president of the United States where we have an opportunity to restore confidence and integrity" in the Justice Department, he said.

But Trump's strategy of using his criminal charges as a political weapon carries risks. His aggressive words toward prosecutors and judges are already causing challenges for his lawyers. "I think it's a little



'The former president is a unique individual in that he's able to take these things that to others are debilitating and turn them into a positive.'

Jennifer Beidel, a former federal prosecutor

bit different than our standard case where we would pull our hair out" over such comments, attorney John Lauro recently said. "He feels strongly that he needs to speak out."

Continuing to do so, however, could result in limits on what Trump can say publicly and hinder his chance of acquittals. The cost of defending himself and dozens of aides pulled into investigations has drained tens of millions from his campaign.

"He's very skillful at playing the victim, and it's helping," said GOP strategist Mike

DuHaime, who is an adviser to former New Jersey Gov. Chris Christie, one of Trump's challengers and most vocal antagonists. "But that is not winning him back anybody he lost between 2016 and 2020. It's a short-term sugar high."

Campaign shifts gears

Trump's team is mapping out ways for him to remain in public view, should he be tied up in court. Plans include using social media, including live evening events and prerecorded policy videos. Trump

said Tuesday that he would hold a news conference next week to present a report on the election in Georgia. "They never went after those that Rigged the Election. They only went after those that fought to find the RIGGERS," he said.

A large share of Republicans believe there was widespread fraud in the 2020 presidential election even though no evidence has emerged after many investigations and lawsuits.

Trump often schedules political rallies on the weekends, when courts are closed. Even his court appearances have turned into made-for-TV events, with networks carrying live footage of his motorcade and sticking for hours to court procedural events, such as arraignments, that can last barely minutes.

"The former president is a unique individual in that he's able to take these things that to others are debilitating and turn them into a positive," said former federal prosecutor Jennifer Beidel. Still, she said the time commitment could be intense. A client helping attorneys respond to a motion, or sorting through discovery material, could spend 20 or 30 hours in a given week.

"Facing a felony indictment is an all-consuming experience for most people. It drains their resources, their money and their time. Donald Trump is facing four of them," said Renato Mariotti, a former federal prosecutor.

In addition to Georgia, Trump has been charged federally for conspiring to undo the 2020 election results in which he lost to Biden as well as the improper storage of classified documents at his Florida estate, and he faces Manhattan charges related to hush-money payments to a porn star. Together they amount to 91 criminal counts. He has pleaded not guilty in the two federal cases and the Manhattan cases; he has yet to be arraigned in Georgia.

Cody Hall, an adviser to Georgia Republican Gov. Brian Kemp and who also advises the campaign of Florida Gov.

Ron DeSantis on communications strategy, said the Atlanta case will dominate headlines for months in a state that Biden won by roughly 12,000 votes. "Georgia is not a state that has a lot of room for error in statewide elections. I would qualify dozens of charges as errors," Hall said.

Alice Stewart, a Republican strategist and former adviser to Texas Republican Sen. Ted Cruz's 2016 presidential campaign, said the indictments are extremely problematic in a general election: "General elections are not won in the fringes, they're won with independent and moderate voters, and Donald Trump does not have that electorate."

In Arizona, for example, independent voters recently surpassed Republicans and Democrats as the state's largest voting bloc, a signal that voters are moving away from the state's longtime Republican status. Nagging inflation likely will help the Republican nominee against Biden, the anticipated Democratic nominee, but the indictments will weigh on Trump if he is the GOP pick.

"The indictments are not a deal breaker for Trump because suburban Republicans' dissatisfaction with Biden will always make it winnable for Republicans, but the indictments will make it difficult, no question," said Chris Baker, a Republican strategist working for Phoenix-area Rep. David Schweikert, who represents one of the most competitive districts in the country.

Baker said the indictments are "another brick in the wall that he has built between himself and suburban Republicans."

Risk of sitting out

The biggest risk for Trump is that voters might stay home instead of supporting him, said Ryan O'Daniel, who ran the 2016 re-election campaign of the late Sen. John McCain in Arizona. He believes disaffected voters contributed to Biden's 2020 win over Trump in the state by just over 10,000 votes.

Scott Case, 47, a Phoenix resident who works in hospitality, is the type of voter Republicans could lose in a general election. Case twice voted for Trump and liked his actions as president, but he is ready for the party to move on. "He's not the nicest individual, he can be nasty," he said.

Case said if it is Trump versus Biden he may stay home, but he won't vote for Biden. Still, he thinks that the indictments are politically motivated and that Trump doesn't deserve to be prosecuted.

For now, though, many of the GOP faithful are sticking with the former president.

"What they're doing to Donald Trump is absolute crap," said Ann Conder, a 69-year-old retired counselor from Moncks Corner, S.C.

"Everybody has a little something they did at some point in time whether knowingly or unknowingly that might have been illegal, everybody has," she said. "But I don't see President Trump being nefarious and guilty of any crime."

Source: WSJ analysis of the proceedings. Adrienne Tong/THE WALL STREET JOURNAL

Our friend and colleague, **Evan Gershkovich**, was detained by Russia on March 29 during a reporting trip and accused of espionage. Evan, The Wall Street Journal and the U.S. government vehemently deny the allegation and have called for his immediate release.

Evan's colleagues, friends and family will be sharing stories about him each week.

To show support for Evan, please follow the latest updates at [WSJ.com/Evan](https://www.wsj.com/Evan) and add the hashtag **#IStandWithEvan** across social media.



Evan doesn't just make friends—he builds communities. His innate ability to connect diverse circles and build bridges where none existed has been a defining trait throughout his life.

At Bowdoin College, this trait shone brightly. Whether it was his friends, housemates, soccer teammates, kitchen colleagues, or fellow philosophy majors, Evan wove a tapestry of connection and created bonds among diverse groups.

In New York City post-graduation, Evan seamlessly drew together friends from different stages of life—high school, college, professional life, and even fleeting friendships from his international travels—creating a unique, diverse, and tightly knit community that was truly “Evan-esque.”

When Evan moved to Russia, the scale of his influence increased exponentially. He no longer created bridges just among social circles. Through his journalism, he has connected Russia to the world, fostering understanding among vastly different cultures and ideologies.

The abrupt and unjust detention of Evan is hard to fathom. A key link has been severed from a vibrant, intricate network of relationships.

Yet, the bridges Evan built still stand strong. The connections he formed persist. And we are united and resolute in our mission: to ensure the return of our friend, our colleague, our brother. We will not stop until Evan, the living bridge that connects so many, is home again.



Sam Silverman
Evan's Friend and College Roommate

#IStandWithEvan

THE WALL STREET JOURNAL.

WORLD NEWS

China Struggles to Halt Economic Slide

Officials cut interest rates, move to hide data on high youth unemployment

By Jason Douglas and Stella Yifan Xie

China's authorities responded to another burst of dire economic news with a well-honed playbook: They cut interest rates and withheld some potentially embarrassing data. The trouble, say investors and economists, is that lower borrowing costs and greater opacity aren't what China needs to reignite growth and restore vanishing confidence. China's economy is staggering under challenges, including a drawn-out real-estate crunch, worsening relations with the U.S.-led West and difficulties in nurturing a consumer-led expansion while the usual growth engines of investment and exports misfire. Gauges of consumer spending, industrial production and public and private investment in China missed expectations by a wide margin in July, data showed on Tuesday. At the same time, China's statistics bureau said it would suspend pub-

lication of data on youth unemployment in China, citing plans to revisit the methodology. For investors and economists, the abrupt suspension fits a worrying pattern of increasing haziness around key aspects of China's economy. They warn that Beijing's moves to stifle the flow of information may further depress fragile confidence and undermine China's appeal as a destination for investment—just when Beijing is talking up the importance of attracting foreign capital. China also has expanded its anti-espionage law and raided offices of international business consulting firms including Bain & Co., which foreign business executives who have met with Chinese authorities say is part of an effort by Beijing to exert greater control over how the rest of the world views China. China's rocketing youth unemployment rate in recent months became the focus of considerable domestic and international attention. More than one fifth—21.3%—of China's 16- to 24-year-olds in urban areas were out of work in June, according to the latest available official data. As recently as December the figure was 16.7%. Economists were anticipating another nudge higher in



People attend a job fair in Beijing. More than 21.3% of China's 16- to 24-year-olds in urban areas were out of work in June.

youth unemployment as the latest crop of graduates completed their studies this summer when the statistics bureau was expected to publish the data Tuesday. But that never happened. Instead, China's National Bureau of Statistics said it would hit pause on publishing the data while its statisticians looked at how the figures are compiled and whether students in particular should be counted among the unemployed if they are still studying while seeking work.

The headline measure of overall joblessness, the urban surveyed unemployment rate, moved higher for the first time since February, rising to 5.3% in July, from 5.2%. Tuesday's batch of data revealed an economy struggling across the board. Figures last week showed consumer prices in China fell in July from a year earlier, while demand for loans from households and businesses evaporated. On the international front, foreign direct investment in

China in the second quarter touched its lowest level in decades and exports crumbled as Western consumers continued to pare spending. "The message is loud and clear: China is experiencing all-out deflation," economists at Société Générale said in a note to clients. On Tuesday, Fu Linghui, a spokesman for China's statistics bureau, said China hasn't seen deflation and won't see it, repeating official rhetoric aimed at dispelling fears of a sustained decline in prices. China's economy expanded just 0.8% in the second quarter compared with the first three months of the year, or a healthier-looking 6.3% when compared with the same quarter a year earlier, when Shanghai and other cities were hit by lockdowns. Some economists worry that without more-forceful action to turn the economy around, China risks falling into a downward spiral of weakening growth as sagging business and household confidence reinforce declines in spending, hiring and investment. On Tuesday, Barclays lowered its full-year GDP forecast to 4.5% from 4.9%, citing broad-based weakness in the

economy and the absence of meaningful stimulus. The investment bank's new projection undershoots Chinese policy makers' official GDP target of about 5% this year, a goal many economists had regarded as conservative. An especially pressing task for policy makers is to salvage the property sector, which in recent years has accounted for as much as a fifth of China's total economic output. Home sales tumbled in June and July while one of China's biggest real-estate giants, Country Garden Holdings, faces rising risk of debt default. Monetary easing probably won't be sufficient to arrest the slowdown in the economy, said Ting Lu, chief China economist at Nomura in Hong Kong. Lu and other economists say Beijing must consider bolder moves to revive flickering growth, such as propping up ailing real-estate developers and easing homebuying restrictions in major cities to stabilize the property market, or writing checks to consumers to drive spending. —Xiao Xiao and Grace Zhu contributed to this article.

◆ Heard on the Street: China's contract frays... B12

Brutal Summer Heat Tests Energy Exporters at Home

By Chao Deng

CAIRO—Energy-rich countries across the Middle East and North Africa are struggling to keep power flowing to their own citizens during intense summer heat, with Egypt the latest to impose rolling blackouts. The outages here have prompted concerns that Cairo's domestic gas supply is running low. Iran and Iraq, both oil exporters, also are facing blackouts as blistering temperatures

envelop the region, with the thermometer reaching 122 degrees Fahrenheit in Baghdad, buckling aging power grids. A lack of electricity to run air conditioners, refrigerators and fans led to small protests on the streets of Baghdad this month. Similarly, in some cities in Iran, where electricity usage hit a record in July, the weight of demand has caused power networks to collapse in recent weeks. The Iranian government shut banks and public offices for two days to discourage

residents from going outside, and officials have urged people to consume less electricity. In Egypt, analysts say extreme summer temperatures have been exacerbated by a lack of maintenance of some power stations, rising demand from a fast-growing population and falling output at the country's largest gas field. "It's very likely that Egypt has a shortage in gas," said Timothy Kaldas, deputy director of the Tahrir Institute for Middle East Policy, a Washington-based nonprofit. "Produc-

tion is down and there are no exports at a time when they're desperate to export." The Egyptian government denies it is facing a gas shortage and says power cuts are necessary because of rocketing demand during the heat wave. Blackouts this summer have been especially painful. Temperatures topped 114 degrees Fahrenheit in late July, according to the Egyptian Meteorological Authority. Still, Egypt's gas exports, which peaked in December, according to commodities data

firm Kpler, fell to zero in June and rose only slightly in July. Problems with power and gas supplies were among the grievances that contributed to the downfall of President Mohammed Morsi in 2013. Electricity outages persisted after President Abdel Fattah el-Sisi came to power, leading him to spend enormous sums to increase the capacity of the country's power network. The 2015 discovery of a mammoth gas field in the Mediterranean, known as Zohr, allowed Egypt at one point to increase gas pro-

duction and decrease imports. But pressure by the government to accelerate the development of Zohr caused water-infiltration problems that have persisted and which are in part responsible for lower gas output this year, Egyptian officials familiar with the matter said. In a speech in October, Sisi said he had told Eni—one of the developers of the Zohr gas field—it had 18 months to develop the reservoir, compared with the five-year timeline the Italian firm had proposed.

Russia Aims To Stem Turmoil

Continued from Page One political uncertainty in the aftermath of the aborted Wagner mutiny in June, have pushed the ruble lower in recent weeks.

The ruble's decline, some analysts said, points to a growing realization: The war and Russia's isolation will drag on, possibly for years. Such a scenario envisions Russia's economy pinned down by an expanded military footprint and Western sanctions for the long term.

"The ruble fall reflects the fundamental imbalance in the Russian economy because of the war," said Alexandra Prokopenko, a former Russian central-bank official who is now a nonresident scholar at the Berlin-based Carnegie Russia Eurasia Center. "Fundamentally, the central-bank rate can't change the trend."

For Russia's economy, a longer war means higher inflation as the government spends more on weapons and social measures to placate the population at home. A weaker ruble makes imports more expensive.

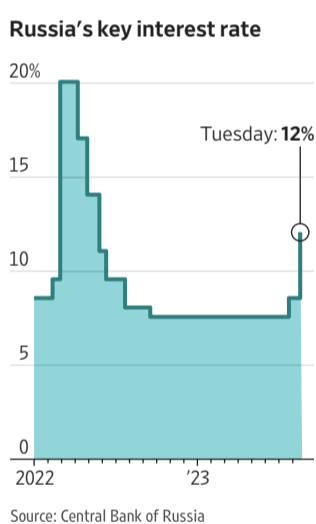
Prolonged sanctions mean that Russia's international supply chains will remain disrupted, adding further pressure on prices.

Currently, Russia is able to import many of the goods that the West has banned—from iPhones to cars to computer chips—but it does so via third countries, a roundabout that increases prices.

"Inflationary pressure is building up," the central bank said. "The pass-through of the ruble's depreciation to prices is gaining momentum and inflation expectations are on the rise."

The central bank's move on Tuesday follows a larger-than-expected rate increase in July. The bank's next planned meeting is in September.

For the Kremlin, the deterioration in the economy presents a fresh set of challenges as its military fights off Ukrainian advances in the field of



battle. Long wars are often won and lost based on the ability of nations to maintain and project economic strength. Western nations have spent billions of dollars to shore up Ukraine's economy and supply its war effort.

The central bank has attributed the ruble's decline to the country's deteriorating trade position. Moscow sells its crude at a discount to global prices and has stopped natural-gas deliveries to much of Europe, traditionally its biggest market.

Russia's current-account surplus, a broad measure of funds flowing into the economy, shrank to \$25.2 billion in the first seven months of the year, an 85% fall compared with the same period last year, central-bank data showed last week.

Some of the weakening in Russia's trade position stems from an increased reliance on imports from places like China and Turkey.

In Russia's war economy, domestic demand has outstripped Russia's capacity to produce, particularly in industries that have been hit by the withdrawal of Western firms and sanctions.

Russian imports of goods rose 18% in the first seven months of 2023 compared with a year earlier.

Political turmoil will also continue to undermine the ruble as the war drags on. The currency's slow decline since the start of the year picked up pace after the Wagner mutiny created uncertainty around President Vladimir Putin's grip on power. The currency's gyrations

have also provided a rare window into the tensions between the government and the central bank over how to manage the economy. A senior Kremlin aide on Monday blamed the weak ruble on loose monetary policy.

Some saw the public finger-pointing as a sign that tensions have continued to build within Russian political circles since the failed mutiny led by Yevgeny Prigozhin, the leader of the Wagner mercenary group, in late June.

"This may be an extension of the elite battles, like with Prigozhin and Wagner, to the economic technocrats in the administration," said Timothy Ash, a senior emerging-market strategist at BlueBay Asset Management. "It shows generally a lack of confidence in leadership at the top."

A loss of confidence is a major risk to the value of the ruble. Russians withdrew about \$1 billion from Russia's banks in the days after the Wagner mutiny, adding to a steady stream of outflows since the war began as they opt for cash and stash money abroad. The ruble's decline, the rise in inflation and growing political division all could encourage more capital flight, which would in turn fuel more pressure on the ruble, some analysts said.

Another option for the Kremlin to steady the ruble: the reimposition of capital controls to prop up demand for rubles.

That formula of much higher rates and restrictions on money leaving the country helped stabilize the ruble after it plunged in the months after the start of the war in 2022.

"In the short term, they can slow the bleeding with large rate hikes like this but it doesn't fundamentally alter the picture for the ruble," said Peach of Capital Economics.

Higher rates will make it more attractive for local savers to keep their money in rubles, but it will also weigh on Russia's already-muted economic growth by driving up the cost to borrow and investment.

There is another complication: It will also make it more expensive for the Russian government to service its domestic debt.

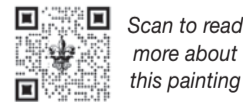


HIGH GLAMOUR GIOVANNI BOLDINI

Iconic subject. Timeless elegance. Important artist.



Italian master Giovanni Boldini composed this exceptional portrait of French actress Lucie Gérard. The original pastel on canvas is a stunning example of Boldini's specialty: capturing the allure and grace of elegant women. At once traditional and modern, the work is exemplary of Boldini's highly distinctive style that was greatly admired by his fashion-conscious clientele. Circa 1890. Signed "Boldini" (lower right). Canvas: 22 1/4" h x 18 5/8" w. Frame: 29 5/8" h x 25 7/8" w. #31-5664



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FROM PAGE ONE

Injuries Rise at Airports

Continued from Page One

its pandemic-era hibernation at such a chaotic pace that workplace injuries are rising among the army of ground staff who refuel planes, handle baggage and help move aircraft around the tarmac, according to interviews with executives, workers, union representatives, safety specialists and aviation consultants.

While passengers and aviation regulators are typically more focused on safety in the air, people who work under the belly of an aircraft on the side of the runway face a multitude of risks. Workers have fallen off the vehicles, known as tugs, that push back aircraft; inexperienced staffers have caused aircraft to collide; others have had limbs crushed by falling containers.

Understaffed and inexperienced ground crews regularly didn't receive adequate training for their roles, the interviews show. That problem has been compounded by a lack of investment during the pandemic that left many workers using faulty heavy machinery. For ground workers, scenes on the tarmac and in baggage rooms have often been chaotic.

Last summer, when the industry restarted, "I think everyone just went, 'Right, let's just go for it,'" said Warwick Brady, chief executive of Swissport, the world's biggest ground-handling company. "The airports weren't prepared properly, the ground handlers weren't prepared properly," he said.

Piedmont, which employed Courtney Edwards, said its existing policies exceed industry standards and actively address the concerns laid out in the citation issued by OSHA. A spokeswoman said, "Our thoughts and prayers continue to go out to Courtney's family and friends and the aviation community who have been impacted." The company is contesting the fine.

Across the entire U.S. aviation industry, rates of injuries per 100 employees that led to at least one day away from work increased 17% last year compared with 2019, according to an analysis of OSHA data by The Wall Street Journal. That figure includes all aviation-related jobs—including ground handlers, cabin crew, check-in agents, security guards and maintenance workers. It only includes companies that reported their data to OSHA.

Company-specific data shows more alarming increases among ground-handling operations. Southwest Airlines' ground-handling units recorded a 64% rise in the rate of such injuries compared with 2019, according to the analysis. Rates rose 25% at Unifi, which is 49% owned by Delta Air Lines and is the biggest ground-handling contractor in the U.S. And dnata, one of the world's biggest aviation-services companies, reported a 54% jump in the U.S. Southwest said training and new operational tools are helping lower the total number of injuries among workers. Unifi said it was investing in its training and "since the recovery of air travel, our safety numbers are showing year-on-year improvement."

A dnata spokesman said it actively encourages employees to report safety incidents and near misses, over 10,000 of which were internally reported in the last financial year.

Although aviation companies operating in the U.S. are required under federal law to self-report injuries each year, the data aren't perfect. Some fail to report, have different attitudes toward reporting, miss deadlines or file for only part of their operations. OSHA last year announced a program to crack down on missing filings and in July expanded requirements for next year.

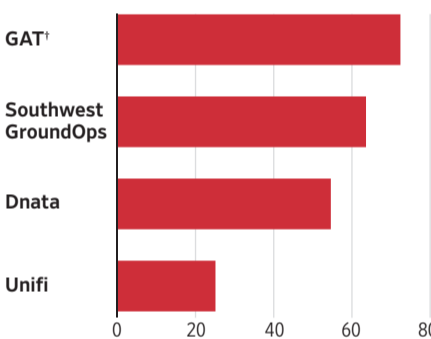
This summer, the aviation industry is even busier. Delays, which put increased pressure on ground handlers, are even worse than last year in the U.S. and Europe.

About 60% of ground-handling professionals across the globe don't have enough qualified staff to ensure smooth



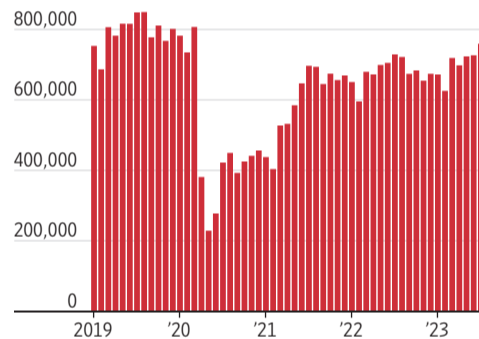
Ground handlers manage a variety of tasks at airports, from refueling planes to handling baggage and helping move aircraft around the tarmac.

Change in injury rate* for U.S. airport ground workers between 2019 and 2022, by select aviation services companies



*Injury rate is the number of injuries that led to at least one day away from work for every 100 fulltime workers; Occupational Safety and Health Administration data is self reported by companies. †GAT Airline Ground Support ‡Data show total flights scheduled. Sources: WSJ analysis of OSHA data (change in injury rate); Cirium (departures)

Total number of departures from U.S. airports each month†



operations, according to a May survey by the International Air Transport Association, a trade body. More than a third expected staffing shortages to continue beyond 2023.

Moving aircraft

Ground handlers are required to navigate a ballet of moving aircraft and vehicles on the tarmac, operate heavy machinery, and do it all under immense time pressure.

In Austin in April, Michal Ingraham, a worker at American Airlines, died after a tug he was driving began accelerating, hit an airport jet bridge and left him trapped between the two, denting his skull and crushing his abdomen, according to a report by the Austin Police Department.

Police discovered the vehicle had been involved in a separate collision 10 days earlier when its brakes failed. When asked by police, London-based Menzies Aviation, which was responsible for the tug, didn't provide evidence that maintenance work was conducted after the incident. Detectives referred the matter to OSHA which is investigating. The findings were earlier reported by the Austin-American Statesman.

Menzies Aviation said it is fully cooperating with the investigation. American said it is "heartbroken by the accident" and fully cooperating with the investigation.

Limited oversight

Regulatory oversight of ground staff in the industry is limited, in contrast to the tightly monitored regulations across most of the aviation sector. In most cases, oversight falls to airlines.

In July, in its 928-page bill setting out the Federal Aviation Administration's renewed mandate, the House of Representatives issued a "call to action" for the safety of ground workers. If it becomes law, it

would give the FAA 180 days to begin a review of the sector and later present measures to improve safety, including developing new training and requiring on-site instruction to protect workers from running engines.

Industry executives say the majority of safety incidents arise because workers are fatigued, inexperienced or have been rushed onto the tarmac without sufficient training.

Workers say training modules have shifted online in some cases, are required to be done outside work hours and aren't supplemented with on-the-ground training.

"What we've been taught doesn't match what is being done on the field," said Ernest Tanga, who has worked for Swissport at Washington Dulles International Airport for a year and a half. "You don't want to be blamed for delaying the plane, so you work at a speed that could make you hurt yourself."

Tanga is one of a number of Swissport's U.S. staffers who filed OSHA complaints covering six of its locations, which raised concerns including inadequate forklift training and faulty equipment, including tugs that don't have seat belts or properly working brakes.

Swissport said the health and safety of all its employees is its highest priority, and that it fully complies with all applicable labor regulations. Injury data from Swissport for 2022 was missing from publicly available OSHA filings.

Jermani Thompson, 27, died in August last year when her hair was caught in a conveyor belt, causing her neck to snap, as she was unloading bags from a Frontier Airlines aircraft at New Orleans Interna-



"Airlines feel no responsibilities regarding their handling companies," the presentation said. It criticized airlines for prioritizing cost over safety by not paying for conveyor-belt baggage-loading equipment, exposing workers to long-term physical damage.

Airlines for Europe, a Brussels-based lobby group, said in a written statement, "Every stakeholder, from airports, to ground handlers and airlines, must maintain rigorous training and safety standards." The group said airlines "meticulously" audit the safety of service providers.

'Really frightening'

After Courtney Edwards's death, an initial report summarizing the incident by the National Transportation Safety Board showed there had been safety briefings before the aircraft arrived and said she was warned by colleagues that the engine she was approaching was on.

During its investigation, an OSHA representative reviewing video footage noticed something strange, according to people familiar with the investigation: At about the same time that she moved into the left engine's "ingestion" zone, her colleague, Mariko Dean, on the right-hand side of the aircraft, had done the same.

Had the pilot not moments earlier shut down that engine, the OSHA investigator determined it was likely Dean also would have died, people familiar with the probe said.

A spokesman for OSHA said the regulator isn't able to comment on cases that are being contested.

The finding prompted an investigator to ask other Piedmont workers a basic question: What is the safe distance to stand from an operating aircraft engine? Of more than a dozen staff asked, most gave different answers, ranging from 2 feet to 30 feet. The correct answer, according to the airline's operating manual, is 15.

"It was really frightening...it could have went a different way for either of us," said Dean, who had been working for Piedmont for about two months at the time.

It wasn't clear to the investigator whether Edwards, who had been at the company for about a year, and her colleagues clearly understood that the technical terms used in the earlier safety briefings

meant they would be meeting an aircraft with active engines, according to people familiar with the investigation.

When OSHA issued its penalty, it criticized Piedmont

for failing to provide proper on-the-job instruction. After a week-long training course in an office setting, Dean said he was told to learn from other workers.

"Honestly, I was trained by somebody who didn't know what they were doing either," Dean said. "I finally found out that I wasn't learning anything that I was supposed to be learning once we met with OSHA."

Dean was suspended without pay after Edwards's death for failing to follow safety procedures. He said he was dismissed in April over an unrelated incident, which he said he chose not to appeal.

Piedmont said safety is its top priority, adding that it provides "a safe work environment through robust initial, recurrent and supplemental training along with regular briefings."

Edwards's mother said she had frequently told her daughter to find another job. "You need to leave that airport," Natalie English, now guardian to Edwards's three young children, recalled telling her daughter again two days before her death.

On a phone call with the president of Piedmont and the CEO of American Airlines after her daughter died, English said she raised her concerns about workers juggling too many tasks, the intense time pressure, the low pay and the dangers they face.

A fundraiser was started by Edwards's union to help support her children. It raised close to \$125,000, about eight times more than the OSHA fine.

'I was trained by someone who didn't know what they were doing either.'

handling companies, including low staffing levels, financial pressures, and the rapid promotion of new employees to supervisory roles.

The percentage of workers that had been with GAT for more than a year fell from 68% before the pandemic to 22% in 2022, Hough said.

"Wages and turnover went through the roof at a time when people needed us to go from around 1,800 team members back up to about 5,000 in a period of 30 to 60 days," Hough said. "It was a madhouse."

GAT's serious injury rates rose 72% last year compared with 2019, according to the OSHA data reviewed by the Journal. Hough said the company's injury rate in 2022 was broadly in line with previous years, and that 2019's rate was lower than average.

"This summer feels much more palatable," he said.

Hourly workers

Competitive pricing, inflation and tight labor markets have meant ground-handling companies have battled to pay enough to lure workers to a job that requires manual labor and months waiting for mandatory security checks.

Ground workers are typically hourly employees, who start at or near minimum wage.

Airlines are putting huge cost pressure on these service providers, ground-handling companies say.

"Some of the airlines think, 'Well I need to have prices back to 2018 levels because I'm struggling.'" Swissport's Brady said. "I'm like, 'Guys, I don't know what planet you're living on, but if you want a quality, safe, consistent service, you're going to have to pay us for what we do.'"

At a closed industry meeting in April, a safety manager at the parent company of Frankfurt Airport showed a picture of an employee stacking suitcases in the belly of an aircraft, likening it to an image of Welsh coal miners from the 1930s, according to a copy of the presentation reviewed by the Journal.

tional Airport. She worked for GAT Airline Ground Support, an aviation-services company headquartered in Georgia with operations at more than 70 airports across North America.

OSHA's investigation found GAT violated standards for machine operations and fined the company its maximum penalty of \$15,625. GAT is contesting the penalty.

GAT's CEO, Mike Hough, called the incident a highly improbable accident. Thompson had been fully trained, the equipment she was using was three months old, the flight was on time, and her station was fully staffed, Hough said. Thompson was following a company policy that all workers have their hair tied behind their back while working machinery, he said.

"It's just that she had such long hair and she was moving so quickly that it was swinging behind her and it got caught," Hough said. "It was a crazy set of circumstances."

Hough said GAT in general is wrestling with similar challenges facing other ground-



Courtney Edwards in a photo posted to her Facebook page in December 2021.

CLOCKWISE: LAURA BUCKMAN/BUCKMAN NEWS; LINSEY NICHOLSON/UNIVERSAL IMAGES GROUP/GETTY IMAGES; MIKE BLAKE/REUTERS; CRISTOBAL HERRERA/ULASHEVICH/PAUL SHUTTERSTOCK



ELIZABETH BERNSTEIN

Brady Gray was hoping to meet “the one” when he composed his social-media post.

“Married couple looking for friends to hang out with in middle TN, just a little north of Nashville,” he wrote recently on Reddit. “We are early 40’s, pretty laid back, no kids. We really enjoy board games.”

Gray and his wife had moved to the area a few months earlier.

They were eager to meet a couple who might join them for dinner out, a pitcher at a local brewery, or a game of Catan.

He waited anxiously for responses for weeks. No one replied.

It can be tricky to find the right couple match. Building a couple friendship is a lot like dating, except all four people have to click. There are political differences, geographical barriers and personality incompatibilities that can ruin a coupling before it starts.

But the effort is worth it. Couples who have more couple friends are happier in their own relationships and more likely to stay together, research shows. Hanging out with another couple can provide social support and help you see your partner in a new light.

“Couple friends can help you to better appreciate your partner,” says Richard Slatcher, a psychology professor at the University of Georgia who studies couple friendships. When you see other people enjoying your partner’s company, he says it can make you think: “My partner is pretty great.”

It gets tougher to make any new friends as we get older. We have less time to get together. We no longer have a ready-made pool of potential friends as we did when we were in school. We’re more inhibited, too. Gone are the days when we can approach a new kid in the sandbox and happily just start playing together.

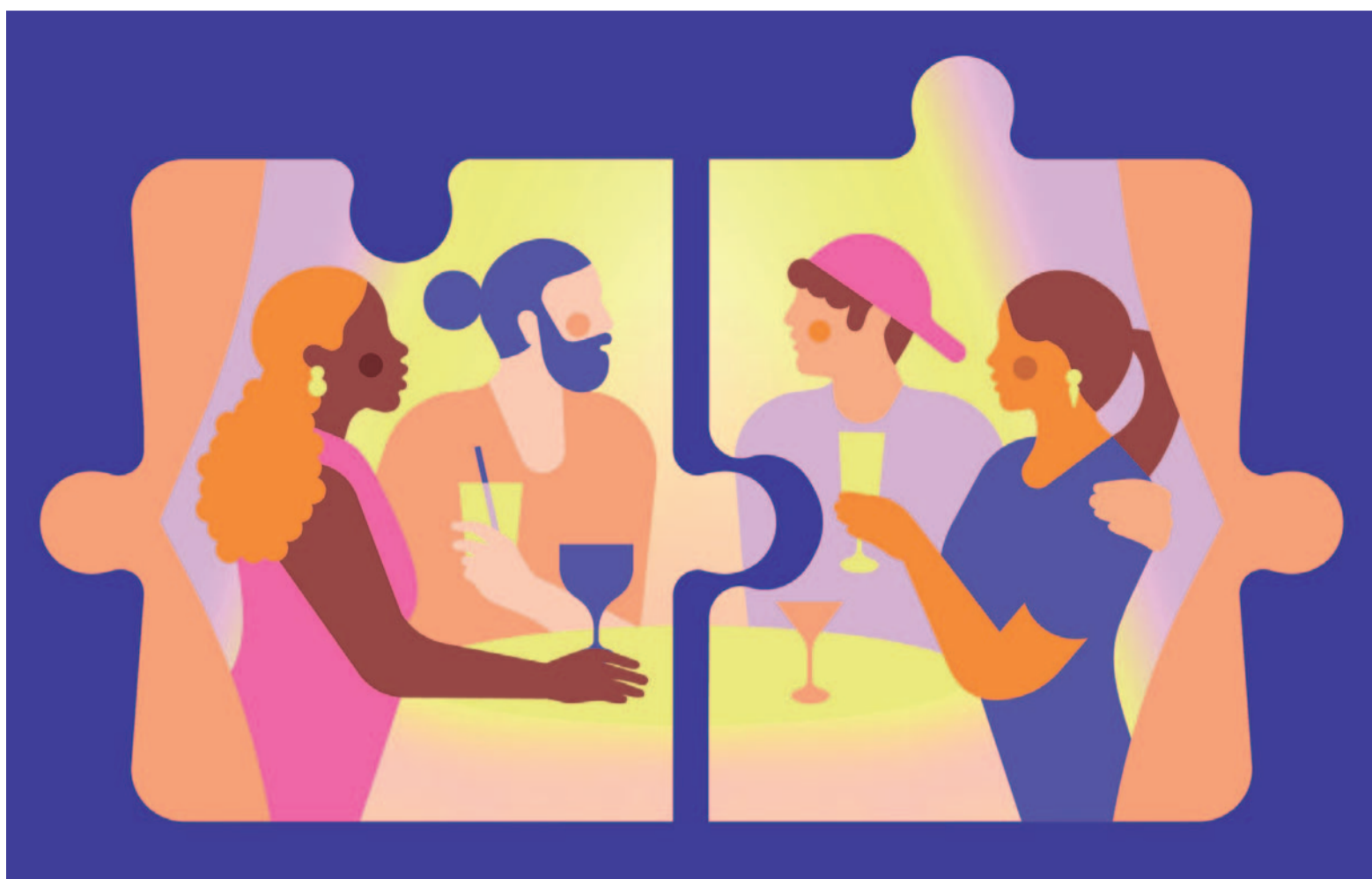
Couple friendships can be scary in some grown-up ways, as well: envy, extramarital attraction, listening to a couple on the rocks bicker through dinner.

Gray, 44 years old, and his wife, Tasha Erickson, 42, who have been married 14 years, have endured a number of challenges in their quest to find compatible couple friends, including several conversations

so “generic and awkward” they politely said goodbye and left early.

“It was disappointing,” says Gray, who lives in Portland, Tenn., and is the general manager of a landscaping company.

While they’re still looking for friends near their new home, they have a backup plan: Begging their bestie couple friends from back home to move closer. (So far, no luck.)



Couples Who Have Couples As Friends Benefit All Around

Making compatible four-way friendships can be tricky and takes time, but is worth it



▲ Sean and Lauren McLarnon recently joined a social club in their search for couple friends.

Psychologists say there are ways to develop couple friendships more quickly. Researchers have come up with a set of 31 questions that in a lab have helped couples become close in under an hour. It’s an adaptation of a similar questionnaire created by research so-

cial psychologist Arthur Aron, called “Fast Friends,” designed to help people develop interpersonal closeness.

The questions start out slightly personal. (“Would you like to be famous? In what way?” “What would constitute a ‘perfect’ day for you?”) Then they slowly become more intimate. (“How do you feel about your relationship with your mother?” “Of all the people in your family, whose death would you find most disturbing? Why?”) All four partners answer all questions.

The gradual disclosure is key. It gives people a chance to respond to each other’s revelations, which is important for bonding, Aron says.

Here’s some advice to help you find the right couple friends.

Confer with your partner.

Do you both want new couple friends? It’s important to be on the same page because making friends takes time.

Discuss what you’re looking for. Some people like to keep their couple friendships light and fun while others prefer a deeper emotional bond, says Geoffrey Greif, a professor at the University of Maryland School of Social Work and co-author of “Two Plus Two: Couples and Their Couple Friendships.”

Put yourself out there.

You need to create opportunities to meet other couples, the University of Georgia’s Slatcher says.

Join a club or volunteer. You’ll meet like-minded folks. If you’re invited to a party or gathering, go.

Be brave and host a dinner party or invite another couple out to dinner. “Food always helps build relationships,” Slatcher says.

Ask questions and share.

Research shows that couples who discuss personal issues bond more closely than couples who stick to small talk.

It’s important to open up slowly, though, says Aron. Start with topics that are lighter and less emotional and go from there. You don’t want to scare them off!

Carry your part of the conversation.

Don’t let others do all the work. That can be annoying to your partner and intimidating to the other couple. Let the other couple get to know you.

Don’t hog the limelight, either. “One-sided relationships are usually ultimately doomed,” Slatcher says. So let everyone have a chance to shine.

Sean and Lauren McLarnon, both 31, have been searching for couple friends since they moved to Duncan, S.C. They’ve struck up conversations with other couples at sports bars, street fairs and farmers markets.

One couple they met via an app turned out to be “as interesting as drywall,” Sean says. And when he posted in a chat group that the couple had two free Bon Jovi tickets and were looking for people to join them, no one answered. They took Lauren’s mom.

The McLarnons have met one couple they like and the wives have become best friends. The husbands, while friendly, don’t have a lot in common, though.

They’ve recently joined a local social club to continue their search. “We will keep our hearts open,” Sean says.

Travelers Are Thinking Twice About Cancún

By Allison Pohle

American travelers are having fun in the sun, but they’re thinking beyond old standbys like Cancún.

U.S. travelers put the brakes on trips to Cancún and neighboring Riviera Maya this spring, turning their attention to destinations like Europe, Japan and other parts of the Caribbean. The number of U.S. travelers flying nonstop to Cancún—the biggest Mexican resort region—fell slightly compared with the same period a year before, according to data from the U.S. Department of Commerce’s International Trade Administration. Hotels and airlines say they also have noticed occasional drops in demand.

“I’m kind of Mexico-ed out,” says Khayla Morris, a 28-year-old content creator from Charlotte, N.C. Morris traveled to Cancún with her sisters in May 2022, and went in 2017 and 2018.

Travel companies that operate in the Cancún region are lowering prices in the short term, and airfare has also dropped compared with last year as air carriers have bet on the long term and increased routes.

Executives from Spirit Airlines and Playa Hotels & Resorts said in re-

cent earnings calls that demand for Cancún and the surrounding region has fluctuated in recent months.

Ryan Hymel, Playa’s chief financial officer, said during the company’s earnings call that this is due to “destination fatigue.” Mexico was the place to be in 2021 and 2022, but it became less of a priority as people could travel to Europe or other Caribbean spots, he said. Playa CEO Bruce Wardinski said travelers have many options in the high season.

U.S. travelers still love Mexico. The tourism board for Quintana Roo, the Mexican state that is home to Cancún and the Riviera Maya, says U.S. visitor numbers for the region were up about 12% from January to June, compared with the first six months of 2019. That means the spring figures represent a slowdown in

pandemic-era growth, not a decrease in the U.S. visitor market, the tourism board says.

U.S. nonstop passenger numbers to Cancún picked back up in June and July, exceeding those from the previous year, International Trade Administration data shows.

Many U.S. tourists chose Mexico early in the pandemic. Unlike other major destinations, the country didn’t require proof of vaccination or a negative Covid test to enter.



▲ Travel companies that operate in Mexico’s Cancún region are lowering prices in the short term.

Mexico’s tourism business council has cited a few reasons for the drop in U.S. visitors this spring, including the appreciation of the Mexican peso to its strongest level in nearly eight years, which makes Mexico more expensive. Other factors include more competition from other destinations and traveler concerns about security.

Drug-related violence caused the homicide rate in parts of Mexico to reach record levels in recent years. More police officers have begun patrolling Cancún in recent months.

Vacationers feel more anxious about traveling to Cancún due to reports of violence, but many ultimately end up traveling there anyway because they stay in the tourist-centric hotel zone and Riviera Maya, says Christine Hardenberger, owner of Modern Travel Professionals, a travel agency based in Fredericksburg, Va. They find their money goes much further compared with other international destinations.

Expect bargains

Travelers should expect deals this fall as hotels compete for their business, says Tulio Baruch, director of sales marketing for the upscale Viceroy Riviera Maya.

U.S. travelers booked 15% fewer rooms at the Viceroy Riviera Maya last quarter, compared with a year earlier, Baruch says, adding that vacationers opted for Italy, Greece and Japan.

Baruch says a number of new luxury resorts have opened in the area in recent years. The combination of declining demand and more supply meant hotels had to lower rates, he says. Last quarter, U.S. travelers to his resort paid about \$626 a night, \$45 cheaper than a year earlier, he said.

The average round-trip economy flight to Cancún this month costs \$424, a 10% decrease from last year, according to data from travel search engine Kayak.

Spirit’s flights to Cancún were sold out in April, even at higher prices, says Matt Klein, the airline’s executive vice president and chief commercial officer. But in June, revenue fell in the “very high double-digit numbers” compared with the year before, he said in the company’s earnings call. “The demand just fell off,” he said. Spirit lowered fares to address the drop-off.

Many travel executives think the drop in demand is temporary and are betting on long-term interest by adding flight capacity. United Airlines recently said it would fly its larger, Boeing 777-200s on three routes to Cancún starting in late October.

—Anthony Harrup contributed to this article.

PERSONAL JOURNAL.

When Vacationers Should Buy —Or Skip—Travel Insurance

More travelers are opting for coverage as weather and other threats put expensive trips at risk



When it comes to your own health, pre-existing conditions aren't covered by default in most plans, says Rachel Kelso, a travel adviser at AAA in Round Rock, Texas. She says most plans will waive that restriction if you buy insurance within two weeks of booking your trip. Travel agents warn: The pre-existing condition exclusion extends to nontraveling family members in some plans. Reading the fine print is crucial here.

Bad weather

Canceling a trip because you're worried about major storms typically won't entitle you to a refund, says Shelby Dziwulski, founder of the Denver-based luxury-travel company Authenteco.

"Something bad has to happen in order for you to use the policy," she says. Sweltering heat in your destination won't usually get you a refund on your flight or hotel if the plane you booked a seat on is still running.

If your flight is canceled for a reason covered in your plan, most insurance providers will refund you for any prepaid, nonrefundable deposits you made and lost, Dziwulski says, like for a missed cruise or a night's stay at a resort.

What are the alternatives?

Refundable airfare is one, but it won't insure the cost of your whole trip. Some travel agents caution against this route, as most airlines offer some flexibility with nonrefundable tickets, such as offering a credit.

The premium on refundable airfare can also be much higher than adding insurance to your trip. Refundable fares on domestic flights cost 49% more than nonrefundable ones during the past three months, on average, according to the booking site Hopper. For international flights, refundable fares cost 66% more than nonrefundable ones over the same period.

Premium credit cards can provide some travel insurance for people who book their travel with the card and must cancel for a reason that is covered. Carmen Balber, executive director of the nonprofit Consumer Watchdog, encourages people to check their credit cards before assuming they'll need insurance.

She also warns against buying travel coverage for short domestic trips, because the cost of rebooking the ticket with the airline might be cheaper or cost nothing at all.

Travel advisers caution that credit cards often provide insurance up to a certain dollar limit, usually less than what insurance providers will guarantee. Kelso, the AAA agent, says one client turned down insurance because she thought her credit card provided coverage.

When the client had to cancel the trip, she found out that her credit card would only cover \$5,000 of the \$20,000 down payment she lost.

By ETHAN M. STEINBERG

The travel insurance business is booming, as vacationers worry about a bevy of incidents that could stop their trips cold.

The wildfires on Maui, which decimated the tourist town of Lahaina, is one example of why travelers worry more now about less predictable trips.

Airline meltdowns, inflation and Covid sickness have also played a factor.

InteleTravel, a company with a network of more than 70,000 travel advisers, says the number of clients who bought coverage with **Allianz**, its largest insurance partner, rose 48% through June from a year earlier. The company's insurance-based revenue increased 75% during that period, Executive Vice President Tara Minson says. Customers are also buying costlier, more comprehensive plans.

But while consumers dig deep into their wallets to protect themselves with some form of insurance, they remain confused about exactly what is covered and whether the policy is worth it. Costs for policies can vary widely—from less than \$50 to thousands of dollars. And learning every nuance of the fine print is overwhelming.

This lack of clarity can leave consumers uncomfortable even when they have insurance. Here's

when travel advisers and veteran travelers say you need it—and when you definitely don't.

You're traveling internationally

Cinneah El-Amin, a 29-year-old personal finance coach in New York, was in Mexico last year when her mother got food poisoning and had to pay \$635 for a doctor to visit their villa. While El-Amin was insured, her mother wasn't.

She says experiences like that led her to invest in an annual travel insurance plan for \$249.

The top reason travelers buy insurance is for medical coverage, according to Stan Sandberg, co-founder of TravelInsurance.com. He says the average plan costs 4% to 10% of the trip it is covering. A 24-year-old taking a weeklong trip for \$2,000 can get insurance for less than \$100, while a 75-year-old on the same trip would have to pay anywhere from \$131 to \$654, Sandberg says.

Often, it works out. Emily Carson, sales director at adventure-travel agency MT Sobek in the San Francisco Bay Area, tested positive for Covid six days into a 12-day tour of the Alps last July. She scrambled to book a new hotel and postpone her flight—her insurance covered most of those extra costs.

But filing a claim isn't always easy.

Angela Hughes, founder of Florida-based Trips and Ships Luxury Travel, says she wrangled



Airline delays can wreak havoc on plans—and are prompting more people to buy travel insurance.

with Allianz for over six months about \$7,157 in claims she filed.

Her husband tested positive for Covid in Ireland last year, just before the couple was set to board a cruise to Greenland. Hughes says that Allianz initially didn't pay her for the price of the cruise she missed because her husband hadn't seen a doctor. Their tour's wellness director had administered the test.

Allianz paid two of Hughes's three claims after The Wall Street Journal inquired about the case. A

company spokeswoman says lacking documentation is the top reason claims are denied. She says the company recommends following up any self-administered diagnoses with a doctor or pharmacy.

A relative becomes ill

Canceling a vacation before it starts because you're sick is something many plans cover. So is canceling to care for a sick relative or for the unexpected death of a family member. Knowing that someone in your life is sick, travel agents say, is one reason to invest in coverage no matter how expensive the trip.

'Earthing' Fans Stand Barefoot

Continued from Page One

The wellness practice is gaining, well, ground, among alternative-health fans, who claim it cures headaches, helps them sleep and reduces inflammation. Some go basic by simply standing barefoot in their yards. Others try more complicated, do-it-yourself approaches to maximize time spent grounding—even while indoors.

Luis Rios, a pilot based in Los Angeles, says grounding, also known as earthing, helps ease joint pain in his knees after long flights. He mostly does it outdoors, with his feet touching the ground, though it can be difficult to find places to hike or stand barefoot at travel destinations.

During a recent trip to Savannah, Ga., he stood in a park across from a stretch of restaurants and businesses on a tree with an exposed root while two tour buses drove by.

"I felt like I was kind of like the main attraction, they were looking at me like, 'What is this guy doing?'" says Rios, 58. "I feel like an oddball, but if it works, it works."

Grounding merchandise proliferates, and in July 2023, TikTok searches for the hashtags #ground-

ing, which has 529 million views, and #earthing, which has 163 million views, reached peak popularity from the previous three years.

Some pro athletes dig grounding: Baseball player Spencer Turnbull said in a 2021 MLB talk-show interview that the practice helps him get loose, focused and "just kinda wakes me up."

Karamvir Bhatti, 30, a model and freelance graphic designer in New York, purchased a \$30 earthing mat which arrived with a cable to plug into the bottom hole of any three-pronged outlet. The bottom or grounding hole connects to a wire that runs into a service panel that connects to the ground. These wires are installed around most newer buildings to prevent electric surges.

Earthing researchers—some of whom have connections to companies that sell products such as yoga mats and bedsheets—say the habit can reduce oxidative stress, a condition linked to various conditions. It does so, they contend, by dissipating static electricity buildup in the body and syncing with the earth's natural negative electric charge.

"We surmise, but don't have direct research, that earthing will help slow the aging process," says Gaetan Chevalier, director of the nonprofit Earthing Institute, which funds re-



Luis Rios plants his feet on the ground. 'I feel like an oddball, but if it works, it works,' he says.

search and education about earthing and grounding.

Most traditional doctors and scientists say the benefits of grounding aren't grounded in evidence. Dozens of studies have popped up on the subject, but many have limitations including small sample sizes, self-reported or subjective outcomes and conflicts of interest.

"At the most basic physics level, a

fifth-grader should be able to debunk this," says Dr. Steven Novella, a neurologist at the Yale School of Medicine and editor of the website Science-Based Medicine.

Like many adopters of earthing—sometimes dubbed "earthers"—who hope the practice will relieve chronic pain, Meyer hoped her husband would find some relief from rheumatoid arthritis when she tried grounding a bed.

She laid out a grid of the tin tape on the mattress pad, popped out her bedroom window screen to run the wire through it, hammered the copper rod into the ground outside and attached the stripped wire to the clamp.

"It's a little crazy. I was curious what my neighbors might think if they see us out there pounding a hole into the ground," says Meyer, 35, a stay-at-home mom in Cottage Grove, Minn. "I just kept telling myself, if it works, great, and if it doesn't, we tried."

Grounding the bed didn't dissipate her husband's pain, she says, but they both generally slept better despite some poking and prodding from the metallic tape. Eventually, she ordered two earthing mats from Amazon to replace the homespun system.

Many earthers concede the placebo effect could be at play in health

improvements they experience. Stress reduction as a result of spending more time away from screens, or meditating, as some earthers do outside or on earthing mats, can have benefits, doctors say.

And connection to nature likely accounts for some benefits people say they experience after earthing outdoors, says Dr. Brent Bauer, who directs Mayo Clinic's Complementary and Integrative Medicine Program.

Despite a lack of solid scientific evidence, even skeptics largely concede: What is the risk in trying?

(Not zero. Websites that sell grounding products that plug into wall outlets warn users to disconnect their devices during lightning and thunderstorms to protect against electrical surges.)

Not everybody earths unscathed. Thomas Ichim, 47, chief executive of a psychiatry biotechnology company in San Diego, Calif., walks 10,000 barefoot steps almost every day as part of his earthing routine. He has built up some calluses—but they weren't enough to protect him one day last month.

About halfway through, just as he started to feel the earthing "energy," he says, he stepped on a bee. "I said a couple of bad words to myself."

Despite the sting, Ichim is still walking barefoot most mornings. He says it help him feel more energized, more creative and put him in a better mood. "The placebo effect, if it does something good for you, then who cares?"

FROM TOP: ROSS D. FRANKLIN/ASSOCIATED PRESS; MARIO TAMIA/GETTY IMAGES

LUIS RIOS

ARTS IN REVIEW



OPERA REVIEW

From Baroque to Leonard Bernstein

This year's Glimmerglass Festival includes a riveting rendition of Handel's 'Rinaldo' and a vivid staging of 'Candide'

By HEIDI WALESON

Starting in the 1990s, the Glimmerglass Festival pioneered baroque opera in the U.S., staging numerous titles over many summers in its ideally sized 900-seat theater. This season, in a project originally planned for 2020 but upended by the Covid-19 pandemic, the company mounted a riveting production of Handel's "Rinaldo" with the renowned countertenor Anthony Roth Costanzo, this year's Artist-in-Residence, as its star. Director Louisa Proske's concept places this tale of Crusaders and sorcery in a children's hospital, where a boy recovering from a brain operation imagines his way out of the total powerlessness of childhood and illness by adopting the storybook role of knight and rescuer.

Streamlined by some score cuts and aided by the design team—Matt Saunders (set), Amith Chandrasher (lighting), Montana Blanco (costumes), Jorge Cousineau (projections)—the production morphed elegantly between hospital room and fantasy land while remaining grounded in the universe of a child's imagination. A large central window became both a portal and a backdrop for animations of the imagined world. Crusaders burst through it and used medical supplies to outfit the boy/Rinaldo (Mr. Costanzo) with their red-crossed uniform. As the captured maiden Almirena (Jasmine Habersham) lamented her fate (here she was a critically ill patient sharing Rinaldo's room), her dancer double underwent a brain scan, with its CT images flashed on the window. To rescue her, Rinaldo and the Crusaders transformed the boy's hospital bed into a boat and sailed off, violently buffeted by the winds (the aria is Rinaldo's "Venti, turbini, prestate"). The elaborate storybook costumes of the villains—the Saracen general Argante and the sorcer-



Emilie Kealani (center) in 'La Bohème,' above; Korin Thomas-Smith, Keely Futterer and Anthony Roth Costanzo in 'Rinaldo,' left

ess Armida—contrasted smartly with the modern technology of the hospital; a trio of leaping black-clad dancers, choreographed by Jorrell Lawyer-Jefferson, intensified Armida's witchiness.

Mr. Costanzo's distinctive, muscular sound was arresting in Rinaldo's calls to battle, and softened effectively in laments such as "Cara sposa"; he was convincing throughout as a child. Keely Futterer was a thrilling whirlwind as Armida, ornamenting wildly and unafraid to take high notes into shriek territory. Korin Thomas-Smith (Argante) was announced as indisposed before the show. He got through his florid opening aria, "Sibillar," with only a few wobbles in his imposing baritone, but after intermission he walked the role while his cover, Jason Zacher, capably sang from the side of the stage. Ms. Habersham was an affecting Almirena; Kyle Sanchez Tingzon displayed a powerful countertenor as Goffredo, the Crusader king, contrasting effectively with Nicholas Kelliher's lighter countertenor as the Sorcerer. Conductor Emily Senturia's stylish reading was much enhanced by

the work of the continuo group and some excellent solo instrumentalists.

E. Loren Meeker's production of Puccini's "La Bohème" stuck to the original period with simple but effective sets by Kevin Depinet and attractive costumes by Erik Teague. The Café Momus scene was especially colorful, thanks to some banners, awnings, and a trio of ruffled can-can dresses; the detailed directing made the horse-play scenes in the garret seem authentic. Tenor Joshua Blue was a charmingly shy Rodolfo and Teresa Perrotta a robust Mimi. Both have large, well-controlled instruments; their conclusion of the Act 3 quartet was especially moving. Darren LeKeith Drone (Marcello), Emilie Kealani (Musetta) and conductor Nader Abbassi made solid contributions.

This is the first season for Rob Ainsley, Glimmerglass's new general and artistic director. But one of the shows was a revival of Leonard Bernstein's "Candide," originally directed by its previous leader, Francesca Zambello, in 2015. This vivid staging, which has traveled extensively, was re-

mounted this season by its choreographer, Eric Sean Fogel. The splendid underwear-clad dance ensemble that tied the show together was a tribute to his work, and to Ms. Zambello's decade-long project of mounting classic musicals with appropriate casting and no amplification at Glimmerglass.

"Candide" exists in multiple versions; this one, which runs a bit long and includes some unfamiliar lyrics, emphasizes the darkly satirical nature of the source material as expressed through Bernstein's effervescent score. Brian Vu's light tenor made for a poignant Candide, hanging on to his optimism through episodes of war, death, flogging, betrayal, and more. Katrina Galka's brittle coloratura soprano was perfectly suited to Cunegonde, who blithely sells herself to survive; Meredith Arwady captured the Old Lady with her booming contralto and big personality; actor Bradley Dean ably did the honors as the narrator Pangloss/Voltaire. Big-voiced standouts in smaller roles included Jonathan Patton as the pessimist Martin, Jonathan Pierce Rhodes as Candide's friend Cacambo, and Ms.

Futterer as the slave trader Vanderdendur—her high E-flat in "Bon Voyage" brought back memories of her Armida the previous night. Joseph Colaneri was the ebullient conductor.

The weekend's finale continued another of Ms. Zambello's initiatives: the commissioning of operas designed to be performed by children and teenagers along with a few of the company's young artists. "The Rip Van Winkles," with music by Ben Morris and libretto by Laura Fuentes, is a witty, hour-long modern take on the Washington Irving story, dealing with a rural town (not unlike Cooperstown) in which the adults have blocked cell service to protect their children from the evils of constant connection to the internet.

Performed in the company theater, with an attractive set by James F. Rotondo III, directed by Brenna Corner, and conducted by Kamna Gupta with piano accompaniment, the piece deftly showcased the young performers in music of appropriate difficulty for each age group. The catchiest number of the evening came from the ensemble of grandparents: Performed by the youngest children, bent over walkers, their disco-inspired theme song urged the nervous parents to remember that "You have to live a little while you're a kid." The audience of enthusiastic adults and children was a testament to Glimmerglass's efforts to be not just an artistic powerhouse, but a centerpiece of its upstate community.

Ms. Waleson writes on opera for the Journal and is the author of "Mad Scenes and Exit Arias: The Death of the New York City Opera and the Future of Opera in America" (Metropolitan).

TELEVISION REVIEW | JOHN ANDERSON

A Norwegian Village Among Wolves

The campaign to reintroduce apex predators into their old hunting grounds has led to bared fangs on both sides of the issue: Conservationists want to reboot a food chain out of whack; farmers, reasonably, don't want their sheep devoured. Each side has its points. But throw a child into the mix—as happens in the absorbing, six-part "Fenris"—and rationality goes into hibernation.

The wolves circulating unseen around the deeply forested village of Østbygda may not be so big and so bad, but whether they are innocent bystanders is the question plaguing Emma Salomonsen (Ida Elise Broch), a wolf scientist doing lab work in Oslo. Her father, Marius (Magnus Krepper), a controversial wildlife researcher back in their small hometown, has managed to establish a "wolf zone" that has agitated almost everyone of any importance. These include breeders of livestock, moth-



ers of children, and the interests behind a proposed lodge that promises to bring tourist dollars to backwoods Norway—but not if there are human-eating wolves going unhunted. When the old man's young acolyte, Daniel (Alfred Vatne), disappears, and a jacket is found bearing both Daniel's blood and the hair of an alpha male



Ida Elise Broch, left; Magnus Krepper and Viljar Knutsen Bjaadal, above

wolf, Marius starts scrambling. Emma, summoned back home, is baffled: None of what seems obvious makes sense.

Ms. Broch is playing a rather ferocious character herself in "Fenris," which is the name of the suspect male wolf and of the latest effort by Simen Alsvik, also a director on the popular "Lilyhammer," which starred Steven Van Zandt and featured Ms. Broch. Østbygda is the kind of out-of-the-way place that exemplifies why so much fictional death takes place in so many rustic and unlikely settings:

The characters may have to be introduced to us, but they don't have to be introduced to each other. Everyone knows everyone else and there are very few human secrets, including, in this case, why Emma moved away from town as a little girl. She experiences recurring flashbacks of a traumatized childhood for which her father seems to be to blame, at least at first. While the complete facts of her life will be revealed little by little, one of the more emotionally satisfying aspects of "Fenris" is the relationship between Emma and her father—she

has followed in his footsteps, after all—and between Marius and Emma's son, Leo (Viljar Knutsen Bjaadal).

Leo is a typically diffident pre-teen who is addicted to his cell-phone, but after Marius gives him a tutorial on wolves and their habitat, the kid suddenly has a real interest, and displays a real instinct for judging animal behavior that Marius acknowledges—to Leo's delight, and ours: Maybe there is a cure for screens. Maybe it's in Norway. It is easy to see how the slightly older Daniel became impassioned about wolves, and the fear that they also led to his demise haunts the action and all the waking moments of Daniel's mom, the barely functioning Kathinka (Julia Schacht, giving a very convincing portrayal of a mother falling apart). Her boyfriend, Knut Ove (John Emil Jørgensrud), seems more interested in hunting wolves than finding Daniel, but one of the intriguing things about the thoroughly engrossing "Fenris" is the multitude of possible motives among the villagers. And the varieties of their animal instinct.

Fenris
Thursday, Viaplay

Mr. Anderson is the Journal's TV critic.

SPORTS

JASON GAY

Why College Football Can't Help Itself

Conference chaos continues, without regard for geography or the larger picture



California linebacker Evan Weaver attempted to tackle Stanford tight end Colby Parkinson, right, during a Pac-12 game in the 2019 season.

Silly me. I spent a few idle moments thinking the collapse of the Pac-12 would help college sports. This plainly ridiculous chaos would provoke school presidents, trustees and conference officials to finally step up and stop the madness. How naive can a sports columnist be? It was like hoping a poker table would turn into a turkey sandwich. I should ask the Journal's ace columnist Dan Neil if he wants to trade jobs. I'll drive Lambos in the Alps, and Dan can enjoy the pageantry of Oregon at Rutgers. College sports can't help it. The television money's too good, the hubris too hubris-tastic, so the hypocrisy flourishes, and the wrecking ball pushes on. This week the realignment cir-

cus moved over to whether or not Stanford and Cal—two of the four lonely teams still left in the Pac-12—should join the ACC. That's right: The Atlantic Coast Conference. When you think of the East Coast of the United States, you think of Maine lobster, the Cyclone roller coaster at Coney Island, the wild horses of the Outer Banks...and Palo Alto and Berkeley. Then again, if we've previously reworked the U.S. map to install Los Angeles, New Jersey and Maryland in a historically Midwest athletic conference, what is the big deal about Stanford in Miami? It has been amazing to see some college football surrogates tally up the aeronautical miles and claim it's really not a big deal, it isn't as much additional travel as you would think. Is that so? In a couple of years,

please hop on a call and explain this to a volleyball player cramming for two exams in six hours and is wedged in the middle seat of a transcontinental flight. Does anyone think the chaos ends here, that schools will stop lily-padding from conference to conference, and deal to deal? Wait until TV contracts come up years from now, and networks start talking about programs that aren't carrying their weight. There will always be greener artificial turf. As Stanford and Cal mull ACC life, current ACC member Florida State is ready to leave—they're on the front steps with a windbreaker on, an Uber on the way. Don't they want to play in a half-empty former Pac 12 stadium before they rush out the door? I hope everyone got a chance to

read the deeply-reported Journal piece last week from the Journal's Melissa Korn, Andrea Fuller, and Jennifer S. Forsyth about the runaway spending which has consumed college campuses. This is college in general, not college sports. Convinced they're in an arms race with the competition, schools spend, spend, spend, and trustees approve, approve, approve, because that's what you do, and if you don't do it, students will go somewhere else. Sound familiar? It's the same pretzel logic of college athletics, a trap the schools themselves created and now refuse to challenge. As long as the bill is being sent elsewhere—to future administrations, to students and families being saddled with debt, the spending continues apace.

We have to do it, because everyone else is doing it. Doesn't every parent have at least one conversation with a child in which we admonish them against this type of thinking? Schools impress the holistic idea that college football keeps a larger athletic ecosystem going—that without it, nonrevenue programs will go overboard, in particular women's sports. (This idea is also frequently deployed to argue against comp for athletes in revenue sports.) But colleges are already cutting teams. And the NCAA itself reported that its Division I schools currently spend twice as much money on men's college athletics as women's athletics—a gap that is even more pronounced at Football Bowl Subdivision schools. Last week, UCLA coach Chip Kelly became the latest to suggest an idea that's kicked around for a while: What if big time college football programs just broke away from the rest of their athletic programs and become their own thing? Just an independent college football association, nothing else. Notre Dame, writ large.

There's logic to it, which, as the L.A. Times's J. Brady McCollough argued, is why it will never happen. Colleges in thriving conferences seem loath to break up the party. They're busy battling for "name, image and likeness" regulation and restricting athletes who want to bolt via the transfer portal. They're freaked at the idea of collective bargaining and athlete revenue sharing. Easier to keep the control of the status quo. Over the past week, I have heard from many of you on this topic, and I am grateful for all the feedback. Lots of you relayed personal experiences with college football—some of you were even good enough to play—and what makes it great. A few of you told me how much you enjoyed it when your team beat my beloved Wisconsin. Almost everyone told me how the game made you feel, as a student, as a player, as an alum, as a fan in the stands on any given Saturday. You worry it's getting lost—or is already lost. And yet college football set itself on this path long ago. This is the obvious outcome. They can't help it. So it continues..

The WSJ Daily Crossword | Edited by Mike Shenk

1	2	3	4	5	6	7	8	9	10	11			
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- 18 Blue state
- 22 Printer's measures
- 24 Set setting
- 26 Polio vaccine developer
- 27 "Jeopardy!" rating
- 28 Advice to Junior's "I'm bored!"
- 29 Daring swingers
- 30 Pub order
- 31 15th-century Florentine painter
- 35 "Have a Little Faith in Me" singer/songwriter John
- 36 Tailor, often
- 38 NBC sci-fi series "La ___"
- 39 Creative class
- 40 Lisa Simpson's instrument
- 44 Blue state gov., probably
- 45 Exam for a would-be atty.
- 46 Impressionist master
- 48 Give rise to
- 49 Coastal fliers
- 53 IM or DM, e.g.
- 54 Subway fare?
- 56 Stoner greeting
- 57 Boardwalk cupfuls
- 58 The thing I'm pointing to
- 60 Pigeon sound
- 61 Tiara sparkler

IN THE CAN | By Seth Bisen-Hersh

- Across**
- 1 Preteen explorer
 - 5 Grungy spot
 - 8 Movie buff's collection, maybe
 - 12 Frank
 - 13 Supporting
 - 14 Bonnie in the Rock and Roll Hall of Fame
 - 16 Place for virtual clutter
 - 19 "___mio"
 - 20 Overcharge
 - 21 Broad brogue indication
 - 23 Squiggly letter
 - 25 Button to move items from
 - 16-Across
 - 27 Shots taken before a basketball game, perhaps
 - 32 "Coriolanus" quintet
 - 33 Peace sign
 - 34 Java neighbor
 - 35 Berry in films
 - 37 Humorous trading card series introduced in 1985
 - 41 Sorrowful song
 - 42 Begin to fall?
 - 43 NYC subway letters
 - 44 Christine who's the protagonist in "The Phantom of the Opera"
 - 45 Where a cat may go that a human doesn't?
 - 47 Online marketing techniques
 - 50 Il secondo numero primo
 - 51 Miss Piggy, self-referentially
 - 52 Pinkish yellow
 - 55 Advice from a relationship counselor, maybe
 - 59 Sesame Street resident who'd appreciate this puzzle's theme
 - 62 NYC neighborhood with kimchi and bibimbap
 - 63 We might precede it
 - 64 Mental spark
 - 65 Some Mother's Day card senders
 - 66 Male mouser
 - 67 Take it easy

- Down**
- 1 Where belts are earned
 - 2 Composer's work
 - 3 Gambling center near Lake Tahoe
 - 4 High-tops hide them
 - 5 Aah, there's where to get the rub!
 - 6 Sine language?
 - 7 "Carpe diem" acronym
 - 8 Jason Momoa's "Game of Thrones" role
 - 9 Worker outside a restaurant
 - 10 "What I ___ for Love"
 - 11 Hiker's challenge
 - 15 Paid for
 - 17 Produce carrier, perhaps

Previous Puzzle's Solution

A	C	E	S	P	A	T	E	R	T	H	U	S	
P	R	A	M	E	M	I	L	E	V	E	N	T	
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C	A	E	S	A	R								
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S	P	R	I	Y									

With Neymar Set to Depart, PSG's Superteam Collapses

By JOSHUA ROBINSON

THE PARIS SAINT-GERMAIN experiment of recent seasons was supposed to be a plan so lavish and so ambitious that it would bend all of European soccer to PSG's will. By the summer of 2021, the club had acquired the most expensive player in the world, the brightest young talent in the world and one of the greatest players of all time. That trio of Neymar, Kylian Mbappé, and Lionel Messi had cost more than half a billion dollars to assemble. But PSG's owner, an arm of the sovereign-wealth fund of Qatar, calculated that it would all be worth it once the team started winning Champions League titles and breaking records.

Instead, PSG succeeded only in breaking PSG. Now, two years later, the club's era of the *Trois Fantastiques* is over. Messi has already rushed out the door as soon as he could and is now installed at Inter Miami. Then on Tuesday, PSG said that Neymar will move to Saudi club Al Hilal. Only Mbappé is set to remain in the French capital for another season, despite Paris's best efforts to sell him in yet another turbulent transfer window. The relationship between Mbappé and the club appeared broken once he refused to sign a contract extension beyond next year, while insisting that he would play for PSG this season. The possibility that the club would punish Mbappé with 10 months on the bench seemed very real—at least until this week when the situation thawed and new manager Luis Enrique brought him back into the fold.

Enrique over the weekend refused to comment on Neymar's impending departure or the conversations he had with the 31-year-old Brazilian playmaker that he once coached at Barcelona. "But," he added, "the ac-

tions I take will make it clear what I'm thinking." Those actions were to sign off on PSG's decision to cut Neymar loose, six unhappy years after the club made a single wire transfer of \$220 million to bring him to France from Barcelona. Neymar had joined the club hoping to escape Messi's shadow, win the Ballon d'Or award as the world's best player, and lift the Champions League trophy. He will leave having failed to achieve any of those.

he was ready to leave. And in June, he did. Mbappé, 24, was also thinking about his future and announced this summer that he hoped to leave as a free agent when his contract was up next June. That led to a standoff with PSG's directors, who had no intention of letting him leave without receiving a nine-figure transfer fee for him. But as the club shopped him around this summer, no serious buyer emerged. During the weeks-



Neymar, left, is set to move to Saudi club Al Hilal, while Kylian Mbappé, right, said he plans to leave PSG next year.

How the PSG superteam project collapsed as quickly as it came together stands as one of the strangest case studies in modern soccer. Though the club put together a once-in-a-generation front line, the drop-off in quality at other positions was plain to see. PSG burned through two managers in two years, because neither could work out a system to get the most out of the squad. Despite winning the French league twice in 2022 and 2023, PSG couldn't advance past the Champions League round of 16. Of the three situations, Messi's was the simplest. He arrived in Paris past his prime and quickly grew frustrated at PSG once it became clear that it was still short of being a European contender. He also became visibly uninterested in French domestic soccer this past season once he won the World Cup with Argentina. Messi, 36, let it be known that

long Cold War, Mbappé was left out of PSG's preseason tour to Japan and was forced to practice with the reserves. Only on Monday, following PSG's 0-0 draw with Lorient in its Ligue 1 opener, was Mbappé summoned back to train with the starters. Neymar reached no such agreement. Once he understood that he was surplus to requirements, there were only two places he might end up. A return to Barcelona was one option, only the Spanish giant appeared too cash-strapped to pay his enormous salary. But for the Saudi Pro League, that wasn't a problem. So now, Neymar is set to jump on a gilded wave that began with Cristiano Ronaldo's decision to join Al Nassr in January and has since carried more than a dozen top-tier talents to the Kingdom on astronomical contracts.

OPINION

Why Are Carbon Emissions Up?



**BUSINESS
WORLD**
By **Holman W.
Jenkins, Jr.**

Hooray, the climate problem is solved. At least if the new spending estimates under Joe Biden's Inflation Reduction Act are matched by similar expected declines in emissions. The estimated spending has tripled, to \$1.2 trillion, so the estimated benefits must have tripled too. Instead of a 40% drop, U.S. emissions will be down 120%. We'll be sucking CO2 out of the air.

I'm joking, of course, but so were the original estimates by three private groups touted last year by the White House. All three ignored the price effect: When certain consumers are subsidized to use less fossil energy, others in the U.S. and world will take advantage of lower prices to consume more.

One outfit, the Rhodium Group, lamely said it was putting off consideration of such "energy system outcomes" for a future "deeper dive." Another, EnergyInnovation.org, lost itself in the weeds of Mr. Biden's domestic oil and gas leasing policies.

Least dishonest was the Princeton University-connected REPEAT Project. It omitted the effect of lower fuel prices on emissions but included them as a side benefit for fossil-fuel consumers. (If the person reading over your

shoulder is cackling, she's an economist.)

Even the White House Office of Management and Budget couldn't conceal a guilty conscience. In trumpeting the private studies, it noted that "complicated economic interactions" might affect "real-world" emissions.

How are Americans supposed to evaluate the policies of their government if even supposedly independent private analysts enlist in the cause of propaganda? Good question.

Meanwhile, a censorious report on National Public Radio, citing a poll, accuses Republican voters of being content to "do nothing" about climate change. In fact, neither party proposes to do anything about climate change. Democrats propose to spend a lot more money doing nothing.

It helps to be realistic about our energy economy, including the term "alternative" energy. As much wood is burned in the U.S. today as in 1885, when coal surpassed it to become our largest energy source. Wind and hydropower were in use centuries before fossil fuels arrived and never stopped growing. Solar voltaic has grown like topsy since its invention in the 1950s.

There's only "additional" energy and no upward limit on humanity's willingness to consume it except through the workings of price. If energy were cheap enough, we'd have flying cars, supersonic air-

lines and space travel for the middle class. You would open your windows in the winter to enjoy the benefit of fresh air and heat at the same time. Energy is convenience. Energy is control over our environment. Humans will consume all the energy it makes sense to consume at the available price.

When President Obama launched today's worldwide gush of green-energy subsidies in 2009, his allies in Congress

Green subsidies aren't working when CO2 is growing faster than energy consumption.

added financing for a National Academy of Sciences study, which would later conclude, at a length of 198 pages, that such subsidies were a "poor tool for reducing greenhouse gases and achieving climate-change objectives."

The numbers bear this out. Worldwide investment in renewable energy, by some dubious measures, has exceeded investment in fossil fuels in recent years, yet this merely testifies to how inefficient such investments are in producing energy output. Cut to the chase: global CO2 emissions actually grew 12% faster in 2022 than energy consumption did.

With deployments goosed by Obama-like handouts

around the world, wind and solar still accounted for less than 2.4% of humanity's total energy consumption. Their annual increase was still a small fraction of the annual increase in fossil-fuel consumption. They remain functionally additive to humanity's energy budget, rather than displacing coal or oil on a global basis.

I've referred in the past to the problem of "sophisticated state failure." Miracles can't be expected, but there's no reason democratic societies can't improve their ability to address complex problems. Needed is a news media able to think and communicate in multi-variable terms rather than single-variable terms (e.g., green energy = good).

In the absence of a carbon tax, green-energy subsidies mainly stimulate more energy consumption overall. In the presence of a carbon tax, they're redundant and make carbon-saving decisions less efficient than they would otherwise be.

This isn't hard but it's too hard for today's media, and the output is Team Biden's Inflation Reduction Act.

At least one honest climate advocate works in the administration—whoever was responsible for its recent endorsement of research into geoeengineering, or injecting particles into the atmosphere to slow warming even as our green subsidies uselessly accumulate in the pockets of green-energy lobbyists like Al Gore.

BOOKSHELF | By Marc Levinson

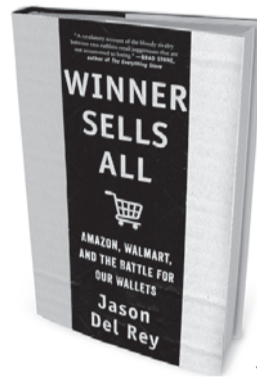
The Battle of Bricks and Clicks

Winner Sells All

By **Jason Del Rey**
Harper Business, 304 pages, \$32

In 1995, a startup called Amazon.com began selling books on the World Wide Web from the garage of a house near Seattle. A few months later, Walmart, the world's biggest retailer, tiptoed into the future by offering holiday gift baskets on the web. Neither venture enjoyed instant success. Amazon, wildly burning cash to build its business, would not book substantial earnings for another two decades. Walmart would churn through strategy after strategy as it struggled to mesh online retailing with its very profitable base of almost 5,000 U.S. stores.

Jason Del Rey's "Winner Sells All: Amazon, Walmart, and the Battle for Our Wallets" offers an engrossing account of the clash between these two giants. This is no bird's-eye view: The author knows both companies well, and he is not afraid of plumbing the details of their attempts to meet their



customers online. While retailing is his nominal topic, Mr. Del Rey's real subject is the difficulty of driving change in a large organization. His book will fascinate anybody who is trying to run one.

In its earliest days, Amazon

seemed more of a nuisance than a challenger to executives at Walmart's Bentonville, Ark., headquarters. Although Amazon

poached key Walmart technologists as early as 1997,

Walmart's annual revenue that year

was nearly 700 times Amazon's and

growing at a double-digit rate. David Glass, then Walmart's

chief executive, rejected proposals to invest heavily in

selling online. Walmart.com, Glass predicted, would never

become a meaningful part of the company's business.

Walmart's lack of interest was partly cultural: Its

executives were trained to cut costs, not to take gambles,

and many of its customers lived in rural areas where high-speed

internet service was years in the future. The high-tech

precincts of Silicon Valley and Seattle were a foreign

country. When executives from down-to-earth Bentonville

visited Walmart's flashy e-commerce headquarters on San

Francisco Bay, one interviewee told Mr. Del Rey, it was

"like they were walking into a porn shop."

But there were also good business reasons for Walmart

to move slowly. "Online sales could siphon sales from the

cash machine that was its Supercenter stores," Mr. Del Rey

observes. Store managers and division executives feared

their performance and compensation would take a hit from

online sales. If the quickest way to deliver an item ordered

online was to pluck it from the shelves of a brick-and-mortar

store near the customer's home, would the stores division or

the online division receive the credit? If a store employee

was assigned to gather an online grocery order for customer

pickup, which division would bear the labor cost?

Within the corporate bureaucracy, such issues took years

to resolve. As late as 2020, Walmart asked customers

placing orders via smartphone to use an orange-colored app

to buy groceries and a blue one for general merchandise. If

the customer mistakenly typed "Legos" into the grocery

app, Mr. Del Rey reports, the software would respond that

the product was not available rather than filling the order.

Not that things were going seamlessly for Amazon. At one

point, it offered customers the choice of three different

virtual shopping carts, sometimes displaying different prices

for similar items. It committed to matching Walmart's

famously low prices, even tracking prices on competitors'

websites, but its price-matching never quite worked. An app

that allowed a shopper to scan a product bar code in any

store and immediately compare Amazon's price incited a

nationwide uproar amid claims that Amazon was spying on

Is China Past Its Peak?



**POLITICS
& IDEAS**
By **William
A. Galston**

At the risk of looking ridiculous five years from now, I want to pose a question: Have we seen peak China? I'm not suggesting that the threat China poses to the American-led economic and security system will abate soon. I'm wondering, rather, if China's economic model, which delivered such dramatic growth between 1990 and 2020, can continue to produce over the next three decades.

This question has a history. In the 1970s and '80s, we were told that first Japan and then Germany were supposedly on track to displace the U.S. as the world's fastest-growing economy. Economists and social-policy experts studied the advantages Japan gained from tight relations among government planners, banks and leading manufacturers. In a similar vein, these experts examined how Germany used its apprenticeship system and networks of medium-size businesses to grow its exports of advanced-manufacturing products. America's failure to adopt these practices, some argued, would reduce our capacity to meet the challenges of an emerging order no longer defined by the unchallenged pre-eminence we enjoyed after World War II.

We know what happened next. After a period of rapid asset inflation, the Japanese

stock market crashed in the early 1990s, initiating what became known as the "Lost Decade" of deflation and slow growth. Then Germany suffered a period of economic stagnation and high unemployment.

Is China next?

This year, India's population surpassed China's for the first time, not only because India is growing rapidly, but also because China is declining. Long-term projections suggest that China's population, which now stands at about 1.4 billion, will drop below one billion by 2080 and 800 million by 2100. China's working-age population, which peaked in 2011, is projected to decline nearly a quarter by 2050. Meanwhile, the number of elderly Chinese will rise from 200 million to 500 million at midcentury, and providing for their needs will be a mounting challenge for China's workers and policy makers.

While these demographic trends will cause issues in the future, current problems are challenging the playbook that China has used to maintain growth in recent decades—infrastructure development, housing production and exports.

Burdened by rising debt, local governments are finding it difficult to sustain their current pace of infrastructure investment. Meanwhile, China's housing sector looks desperate. Dozens of developers have defaulted on bonds and other financial obligations in the past two years.

Last week, Country Garden, one of China's largest remaining developers, missed interest payments on debt with a face value of \$1 billion, sending new shock waves through the sector. The monthly value of new home sales by China's 100 largest property developers has fallen more than 80% since late 2020. Looking forward, annual housing demand is estimated at between nine million and 10 million units, well below the peak (much of it speculative) of 14 million purchases in 2021.

Its rising debt, aging population and sinking housing market suggest it is.

China's export-driven growth model is also in trouble. Over the past year, the country's exports dropped 14.5%. Its exports to the U.S. accounted for just 13.3% of U.S. imports during the first half of 2023, the lowest share in 20 years, and its exports to the European Union sagged as well. President Biden's recent executive order banning new U.S. investment in Chinese technologies that could be used to enhance Beijing's military will worsen this decline.

The intensifying struggle between the two superpowers has led companies in the U.S. and elsewhere in the West to reconfigure their supply chains, a process that they aren't likely to reverse without

a fundamental improvement in U.S.-China relations.

These developments are reducing domestic demand, threatening China's debt-ridden economy with deflation and hurting China's labor market. Since 2000, the number of Chinese students graduating from universities annually has soared from fewer than one million to 11.6 million this year. Until recently, China's rapidly growing technology and export sectors provided these graduates high-paying jobs with opportunities for advancement. But the urban unemployment rate for young adults hit a record 21.3% in July, and the country's educational and political leaders are urging recent graduates to reduce their expectations and accept jobs—including factory work—that they hoped their degrees would help them avoid. Xi Jinping has said that young people should work hard jobs and learn to "eat bitterness." China's press is filled with reports of young people who are "lying flat" (dropping out), and the country's think tanks worry openly about disruptive social and political consequences.

None of this means that the odds of a confrontation with China over Taiwan will diminish. Indeed, the odds may increase if China's leaders increase nationalist appeals to deflect attention from the country's economic woes. But China's prospects of ever reaching U.S. levels of household income are certainly dimmer than they seemed at the beginning of the decade.

Why Lawmakers Should Pass the SALT

By **John Tamny**

As lawmakers debate the state and local tax deduction, it is important to remember that when Congress taxes away our earnings, representatives don't sit and stare admiringly at the dollars. When Congress spends, politicians substitute themselves for the marketplace, which directs goods, services and labor to its highest purposes.

Every dollar the federal government collects or borrows expands the government's control over the U.S. economy. In this way, a federal tax on New Yorkers or Californians doesn't sap only their freedom or economic prospects, but everyone's. Republicans should favor anything that limits that control—even SALT.

SALT thus protects not only rich blue-staters but all of us. It allows taxpayers who itemize to deduct certain state and local taxes

against federal taxes paid. The 2017 tax overhaul instituted a \$10,000 limit on that deduction, slated to run through 2025. On Capitol Hill, a fight is brewing over whether to increase the amount that can be deducted beyond \$10,000.

Keep unchecked government in New York and California.

It's now accepted wisdom among conservatives that Republicans should stand firm against blue-state representatives—including some GOP members—who want to raise the SALT cap. It would be more consistent with conservative principles to remove the cap altogether.

Republicans should embrace any measure that localizes taxation and government spending, as SALT does. GOP opponents characterize SALT

as subsidizing wasteful spending in California and New York, but if Californians and New Yorkers want lots of government, they should be free to pay for it.

SALT opponents argue that it gives rich coastal elites too much of a break. But isn't a tax cut for the rich what growth-focused conservatives should want? You can't prize prosperity while shunning reduced taxation on those with the most. The rich are most capable of powering growth because they have the most unspent wealth to save and invest. Full deduction would foster the capital formation that forms companies and creates jobs.

Republicans also worry about undercutting federal revenue when we're struggling with a rising debt of \$31 trillion. Yet substantial and rising government revenue is what enables all the borrowing. Just as rich people and businesses can borrow in

great amounts, so can governments with taxing power over the rich. If we limit the taxes paid by the richest, basic bond math tells us we'll limit the federal government's ability to borrow.

Moreover, preserving the \$10,000 cap is the GOP's unwitting way of maintaining a higher flow of tax revenue to the federal government from the very Americans most comfortable with a more expansive federal government in the first place. Conversely, eliminating the SALT cap would keep lots of money out of Washington, and by extension would sideline coastal notions about the role of the federal government. In short, a revived SALT would keep support for unchecked government power in the high-tax states where it belongs.

Mr. Tamny is president of the Parkview Institute, editor of RealClearMarkets and author of "The Money Confusion."

Walmart executives were initially skeptical of online retail's future. They were used to cutting costs, not making risky investments.

mom-and-pop shops. With Walmart's prices typically lower in stores than on Walmart.com and varying by location, Amazon couldn't figure out which price to meet—and how to adjust for its delivery costs. Eventually, Amazon abandoned its claim to match all prices and had its website declare an item out of stock when Walmart's price was too low to match profitably.

Walmart hoped its 2016 acquisition of Jet.com, a year-old online retailer, would revive its lagging online operation. Walmart paid \$3.3 billion and put Jet's founder, Marc Lore, in charge of Walmart.com. Within a year, Walmart swallowed internet-oriented fashion retailers Bonobos and ModCloth, footwear website ShoeBuy, and outdoor-gear store Moosejaw; opened an outlet called Store No. 8 to test new ideas; and beat Amazon to offer to-the-fridge grocery delivery. Its share price soared, along with its online sales. "The pace of action and change was astounding for a company like Walmart," Mr. Del Rey writes. Perhaps too much so. After Walmart.com repeatedly failed to meet its financial targets, Mr. Lore departed, and most of the acquisitions were sold off. Only in 2020 did Walmart belatedly merge its online and in-store sales efforts into a single business.

Both companies have struggled to profitably expand into new product lines, such as healthcare and video. And both have spotty records abroad: Amazon.com was pushed out of China and managed to gain a retail foothold in South Korea only through a deal with a local online retailer, while Walmart has exited Japan, Germany, Brazil and South Korea. "Winner Sells All" makes no mention of Alibaba, the Chinese merchandising and cloud-computing giant, and Coupang, which is dominant in South Korea, but these and other foreign-based companies may have the scale and know-how to threaten both Amazon's and Walmart's positions in online retailing.

Mr. Del Rey thinks that Amazon's aggressive instincts and quick execution are winning the battle with Walmart. But while Amazon has more online customers—168 million U.S. households pay annual fees to Amazon Prime—its profits come mainly from cloud-computing services, and its North American retail business consistently underperforms Walmart's (measured by operating income as a percentage of sales). Amazon's attempts to compensate for Walmart's enormous fleet of physical stores by building high-tech stores of its own have flopped. Despite massive investments, including the 2017 acquisition of Whole Foods Market, Amazon poses little threat to Walmart's leadership of the U.S. grocery market. The intense contest that Mr. Del Rey so vividly portrays is by no means over.

Mr. Levinson's books include "The Great A&P and the Struggle for Small Business in America."

OPINION

REVIEW & OUTLOOK

Indictment Four: Trump as Racketeer

The fourth indictment of former President Donald Trump reads like an exercise at throwing everything at the jury to see what might stick. Fani Willis, the Democratic district attorney in Fulton County, Ga., has assembled a 98-page charge sheet with 41 counts and 19 defendants, yet little fresh evidence regarding Mr. Trump.

Alleging a RICO conspiracy makes the case less credible.

The big news is the DA's use of the state's Racketeer Influenced and Corrupt Organizations Act, or RICO. It treats Mr. Trump's attempt to reverse the 2020 election as if it were a mafia operation rather than bumbler who controlled no election machinery in Georgia or anywhere else. The alleged behavior was rotten, but inflating it into a RICO conspiracy makes the case less credible, not more.

We should add that these columns criticized the use of RICO for uses other than against organized crime when then U.S. Attorney Rudy Giuliani used it against Wall Street in the 1980s. Now Mr. Giuliani, in an irony noticed by the New York Sun, is charged with violating RICO. Its use now is no better than it was then.

Unlike the federal indictment from special counsel Jack Smith, the Georgia filing doesn't address Mr. Trump's free speech under the First Amendment. Every half-baked tweet from Mr. Trump is presented as another RICO act: "DONALD JOHN TRUMP caused to be tweeted from the Twitter account @realDonaldTrump, 'The Vice President has the power to reject fraudulently chosen electors.' This was an overt act in furtherance of the conspiracy." Ms. Willis is reading genius calculation into desperation.

Mr. Trump is also charged with soliciting a public officer to violate his oath, based on his infamous call urging Secretary of State Brad Raffensperger to find enough votes to overturn the Georgia result. The worst part of the call was Mr. Trump's warning that Mr. Raffensperger was taking "a big risk," because failing to report fraud, "that's a criminal offense."

But can Ms. Willis prove that Mr. Trump's conduct was criminal, not delusional? "I didn't lose the state, Brad," Mr. Trump said. "People have been saying that it was the highest vote ever. There was no way." He was bewildered that other Republicans hadn't lost, while he had. "They had people in Georgia, for instance, that won, and I was way ahead of them," Mr. Trump told a state investigator on a December 2020 call. "They call it coat tails, right, and we pulled them across, and they say, 'there's no way I beat you by 15 points.'"

The obvious answer is that a decisive share of suburban Republicans didn't want Mr. Trump

for four more years. A hand recount of wards in Wisconsin found areas where 10.5% of ballots for President Biden went GOP for Congress. Mr. Trump lagged Wisconsin's five Republican Congressmen by 63,547 votes, as Mr. Biden ran ahead of Democrats in those races by 64,880. In Milwaukee Mr. Trump actually improved his margin, to 19.6% of the vote, from 18.4% in 2016.

But Mr. Trump had serpents whispering the opposite into his ears. "There was no point in time," former Vice President Mike Pence said last week, "that the President ever told me that he knew he had lost."

Mr. Trump's lawyers will first seek to move the case out of Georgia to a federal court, and they have a point. Many of the alleged RICO acts relate to events in Pennsylvania, Arizona and other contested states.

As with the Smith indictment, Mr. Trump also has a reasonable claim of "absolute immunity" for actions taken related to his duties as President, including trying to uncover voter fraud. See the Supreme Court's 1982 ruling in *Nixon v. Fitzgerald*. The press corps is ignoring this defense, but then they are often caught by legal surprise.

The most damaging parts of the indictment are the counts alleging that lawyer Sidney Powell hired a Fulton County contractor to travel to Coffee County, where the team apparently met up with the sympathetic then-elections supervisor. The intent, says the indictment, included "tampering" with election equipment and "removing voter data." Physical security of voting machines is crucial, but those counts don't include Mr. Trump and could be filed as separate indictments for computer crimes.

* * *

The Georgia indictment is unlikely to move public opinion, in part because of its breadth and timing. Ms. Willis spent two-and-a-half years investigating. Now she wants a trial in six months, smack in the middle of the 2024 primaries. After watching prosecutors, especially New York's Alvin Bragg, stretch the law to encircle Mr. Trump, many Republicans rallied to his side. That hasn't changed with more indictments.

There's no defending Mr. Trump's awful conduct after the 2020 election, and it would be a mistake for Republicans to try. But most Republicans look at these indictments, and the pass for Hillary Clinton and Hunter Biden, and see partisan prosecutions and double standards. Four indictments later, prosecuting Mr. Trump, instead of leaving the judgment to voters and history, still seems like a bad idea for the country.

LETTERS TO THE EDITOR

Federal Judges Deserve Due Process, Too

Greg Dolin and Philip Hamburger's op-ed "Judges Attack Judicial Independence" (Aug. 11) in defense of Judge Pauline Newman of the Federal Circuit is exactly right. Judge Newman is a brilliant, capable jurist as well as a friend of mine.

Except for short and precise periods, no Article III federal judge can be removed from judicial duties other than by congressional impeachment proceedings. As the chief judge of the U.S. Court of Appeals for the Fifth Circuit, I had significant experience with federal judicial discipline. I presided over two matters, involving extrajudicial misconduct by federal district judges, that led our circuit's Judicial Council to recommend impeachment.

One judge was removed after impeachment and conviction, and the other resigned. Thankfully, such outcomes are rare in federal judicial history. In each case, we scrupulously followed the statutes and regulations that protect judges from preemptory, biased and ill-considered punishment.

Neither judge was removed from a docket involuntarily pending the conclusion of our lengthy investigations.

But in Judge Newman's case, it appears that career-ending removal from her judicial duties is being imposed by her court, with no time limit and with little heed for the regulations and case law. At odds with fundamental due process, members of her own court sit in inherently conflicting positions as prosecutors, judges, jurors and witnesses.

To obviate unethical conflicts and provide objectivity, the normal application of judicial misconduct rules requires that a matter about a circuit-court judge be transferred to another circuit's chief judge and Judicial Council. The chief justice and a committee of the Judicial Conference of the U.S. could enforce this norm. Why the usual practice wasn't followed here is inexplicable.

JUDGE EDITH H. JONES
*U.S. Court of Appeals for the Fifth Circuit
Houston*

U.S. Nuclear Umbrella May Be Getting Smaller

Israeli Foreign Minister Eli Cohen argues that "Korea Is A Model For Middle East Peace" (op-ed, Aug. 9), citing the U.S. commitment to defend South Korea, with nuclear weapons if necessary. His proposal would dissuade Saudi Arabia from acquiring its own nukes in favor of sheltering under the U.S. nuclear umbrella. There is reason to be skeptical it will work.

The Biden administration plans a vast reduction in the role of nukes in U.S. defense posture, reducing the need to even retain them. This explains our desultory nuclear modernization efforts to date. How many countries can shelter under a shrinking umbrella?

As the U.S. nuclear arsenal shrinks, quantitatively and qualitatively, relative to those of our adversaries its deterrent effect weakens.

The belief that large numbers don't matter in nuclear deterrence is false. We've avoided a third world war because of an acknowledged, powerful American nuclear posture. As U.S. nuclear power shrinks, other countries start believing that we won't risk New York for Seoul or Riyadh. They're correct.

This is why Britain and France strove to avoid war with Hitler in the 1930s. They had awakened to the fact that decades of military atrophy had weakened them relative to Germany. Even an assertive stance was thus deemed too provocative.

Mr. Cohen's security proposal requires paradigm shifts in U.S. policy and years of funding increases, both of which are very unlikely. He needs to find another umbrella.

PETER WOLF
Sedona, Ariz.

Before We Change the Global Monetary System

Brian Brooks and Charles Calomiris make an interesting case for expanding dollarization of the world economy through stablecoins ("Stablecoins Can Keep the Dollar the World's Reserve Currency," op-ed, Aug. 10).

I have two questions for them. First, do we really want to create a world where a permanent and increasing structural U.S. budget deficit would be necessary to support the global payments infrastructure? Mass adoption of stablecoins would require a significantly increased supply of short-term Treasury securities to support stablecoins, while also filling existing market demand for the only-theoretically "zero risk" asset. So much for deficit reduction?

Second, which countries will greet positively the elimination of their ability to manage their own national economies (for better or worse) because domestic payments and savings

shift to dollar-backed stablecoins?

I sincerely doubt that stronger economies would view attempts to encourage dollar-stablecoin adoption in their territories as anything other than an attack on national sovereignty. It is only the weak who would have a hard time resisting, and they won't be happy about it either. Despite the potential benefits for individuals, there is more than a small scent of neocolonialism (and a big scent of opportunism) in the idea that it is America's destiny to lift up the world's poor by disintermediating their governments through privately issued, profit-making blockchain cryptocurrency.

Any plan to dollarize the financial infrastructure of weak countries through stablecoins deserves a much wider discussion. We should take whatever time is needed to ensure that we get it right by designing a system that supports our wider national goals, not merely those of crypto promoters.

TODD H. BAKER
*Richman Center, Columbia University
Berkeley, Calif.*

My Experiment With Audio

Brenda Cronin's op-ed "Books Resist Digital Domination" (Aug. 11) highlights how books demand singular concentration, whereas digital versions promote multitasking. I have experimented with audiobooks and concluded it as a costly failure. True, you can do something else with your hands while listening to an audiobook, but that is less multitasking than plain distracting, while I'm occupied by another task as the narrator drones on.

I end up not focusing on and missing entire passages, which become background noise. This forces me to skip back, searching for what I've missed, or restart whole chapters again. Even as books are less portable, they remain more convenient.

ROBERT FRAZER
Salford, England

Spending and Borrowing Is A Bargain for the Treasury

Your editorial "A Peacetime Fiscal Blowout" (Aug. 9) laments that deficits make it "much harder to raise spending on national defense," but it is possible to increase that spending by 50% (to \$1.15 trillion annually) simply by increasing gross sovereign debt by 1.1%. Spending for one item doesn't preclude spending on other items. The Office of Management and Budget projects net interest on \$36.8 trillion of sovereign debt in fiscal year 2025 will be 2.3%—quite a bargain to leverage growth for the benefit of the American people.

The low rate reflects Treasury's ability to issue a trillion dollars of new debt this year at lower short-term rates, and then refinance that debt at maturity, with longer maturities when long-term rates are lower. A bookkeeper's mentality would miss it, but this is a win-win for the American people.

ROBERT DE PORRES-RAS
Oak Brook, Ill.

Justice, Thou Shalt Pursue

Reader Michael Zappas feels it is important to investigate former President Donald Trump and his attempt after the 2020 election to "co-opt the Justice Department" ("How to Balance Two Great Political Scandals?" Letters, Aug. 12). I agree wholeheartedly; we need to understand why Mr. Trump failed and President Biden has been so successful at it.

JIM WOOD
Jensen Beach, Fla.

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



"I knew she was feral from the first cigarette."

Brian Kemp's Election Reality Test

One myth that Democrats and the press continue to peddle about Donald Trump's effort to overturn the 2020 election is that it came close to succeeding. But as the latest indictment in Georgia shows, it never really had a chance.

The frantic, bumbling efforts of the alleged Trump conspirators were stymied at every turn—by Republican officeholders. Former Vice President Mike Pence refused to stop the counting of electoral votes. The scheme to have states choose alternative slates of electors in favor of Donald Trump in states won by Joe Biden failed miserably in every state.

In Georgia, the stalwarts included Gov. Brian Kemp and Secretary of State Brad Raffensperger, who were privately leaned on and publicly denounced by Mr. Trump.

On Tuesday after the new indictment, Mr.

Kemp didn't gloat but he did get to the heart of the political matter for Republicans:

"The 2020 election in Georgia was not stolen. For nearly three years now, anyone with evidence of fraud has failed to come forward—under oath—and prove anything in a court of law. Our elections in Georgia are secure, accessible, and fair and will continue to be as long as I am governor. The future of our country is at stake in 2024 and that must be our focus."

Mr. Kemp will take abuse from the Trump chorus, but he's right and deserves credit for saying it. Meanwhile on Tuesday, Mr. Trump promised he will soon have an "Irrefutable REPORT" proving he won in 2020. GOP voters may think the indictments against Mr. Trump are partisan. But if they want to lose again in 2024, they'll dive down Mr. Trump's 2020 rabbit hole instead of facing Mr. Kemp's reality.

China's Young, Restless—and Jobless

U.S. stocks took a header on Tuesday after fresh economic data showed a continued softening in China's economy. Another reason for investor unease is the Chinese government's suspension of youth unemployment data, which comes amid a Communist Party campaign to limit transparency.

China's collapsing real-estate bubble is raising investor worries about financial contagion as Country Garden, one of its largest developers, edges toward default. Press reports said Monday that trust companies affiliated with one of China's largest financial firms, Zhongzhi Enterprise Group, missed payments owed to clients.

But unknown risks are usually more worrisome than those that are known. In recent months Beijing has been tightening the clamp on economic information shared with the public. A newly amended counterespionage law criminalizes sharing sensitive economic information. For "sensitive," read negative. Not surprisingly, Chinese economic analysts have become tight-lipped.

Domestic law firms have been told by securities regulators to censor negative language about China from investor disclosures. Rather than discuss "adverse changes" in the economy, companies are to describe it as "evolving." The Orwellian wordplay would be comically Communist if it didn't bespeak a government-wide campaign to limit access to material economic information.

That's also how to read Beijing's decision to stop publishing the youth unemployment rate while it does what the government calls "further optimization" and research on the statis-

tic. China's official youth unemployment rate has doubled since 2019 to 21.3% amid President Xi Jinping's zero-Covid policy and regulatory crackdown on its tech industry and others that threaten the Communist Party's political control.

China's major tech companies have shed more than \$1 trillion in market value and laid off hundreds of thousands of workers over the past two years. For years the government boosted favored industries like real estate and electric vehicles, but these are now deflating. Several hundred EV startups have gone bust in the past few years.

Many young, highly educated Chinese who can't find jobs in their chosen fields have dropped out of the labor force, which they describe as "lying flat." One Peking University economist estimated that youth unemployment would have hit 46.5% this spring if the millions of workers who have stopped looking for work had been counted.

The government is telling college graduates to settle for lower-paying, blue-collar jobs. "The more ambitious you are, the more down to earth you need to be," the Communist Party's People's Daily said last month. The censorship of unemployment data is aimed at preserving social stability amid a growing class of educated, disillusioned and restless young people who could become a source of political unrest.

But the price of this lack of transparency is less confidence in Chinese financial markets. Especially in times of economic weakness, a lack of transparency can feed financial panics. The government is trying to attract more foreign investment, but it's giving investors another reason to run away.

Beijing won't publish youth unemployment data as it grows worse.

OPINION

Rent Control Is Constitutionally Vulnerable

By Alexander Talel

Is rent control constitutional? To look at the case law, the answer would appear to be yes. The Supreme Court “has consistently affirmed that States have broad power to regulate housing conditions in general and the landlord-tenant relationship in particular,” as Justice Thurgood Marshall put it in *Loretto v. Teleprompter Manhattan CATV Corp.* (1982).

But the justices have also acknowledged that the rules have to be “appropriate” and that “if regulation goes too far, it will be recognized as a taking for which compensation must be paid,” as Justice Oliver Wendell Holmes wrote in *Pennsylvania Coal Co. v. Mahon* (1922). New

New York’s 2019 law is so onerous that the Supreme Court may revisit the issue for the first time in years.

York state’s Housing Stability and Tenant Protection Act of 2019 amended New York City’s rent-stabilization regime in a way that makes it ripe for a constitutional challenge.

New York’s Rent Stabilization Law, originally enacted in 1969, compels certain city landlords to accommodate de facto permanent tenants at well below-market rental rates. Before 2019, however, landlords could exit the rent-stabilization scheme under certain conditions. The 2019 law eliminated those exceptions.

A group of landlords sued and

lost. In February, the Second U.S. Circuit Court of Appeals affirmed the trial court’s decision that rent stabilization, even in its 2019 version, isn’t a government taking, which would require compensation under the Fifth Amendment. The landlords have petitioned the justices to hear an appeal.

The 1969 law was followed by the Emergency Tenant Protection Act in 1974, which allowed the state to renew rent stabilization on declaration of a housing “emergency.” The state has since regularly made that declaration, preventing rent stabilization from expiring, although 1993 amendments allowed landlords to escape rent stabilization when an apartment became vacant or a tenant’s income and the monthly rent both rose above a certain threshold. The 2019 law effectively eliminated both deregulation and the “sunset provision”—the date by which rent stabilization expires absent an “emergency” declaration—thereby ensuring that rent stabilization will apply forever to every covered apartment.

After several unsuccessful legal challenges to previous iterations of the law, *Community Housing Improvement Program v. City of New York* challenged the 2019 version. The Second Circuit applied *Penn Central Transportation v. New York City* (1978), a Supreme Court decision involving a challenge to the city’s landmarks-preservation law. *Penn Central* encourages courts reviewing a takings claim to engage in “essentially ad hoc, factual inquiries” by considering several factors, including the statutory scheme’s economic impact on a landowner, the extent to which the scheme interferes with a landowner’s investment-backed expectations, and



MICHAEL M. SANTAGIOTTE IMAGES

An April 2022 tenant protest in New York City.

the character of the governmental action. The Second Circuit held that rent stabilization doesn’t invariably do economic harm to landlords and that the Legislature’s judgment was entitled to broad deference.

But that formulaic determination gives short shrift to the economic harm of rent regulation—which other policies implicitly acknowledge. New York state offers a tax abatement for residential construction developers who have allowed a portion of new units to be rent-stabilized. If government is compensating property owners who voluntarily provide below-market rental apartments, how can it refuse to compensate those it compels to do so? The onerosity of the taking effected by rent stabilization undermines its stated purpose of increasing the availability of affordable housing units. Owners of buildings with rent-stabilized apartments have begun “warehousing” them—keeping them

vacant to prevent permanent occupation by commercially damaging tenants.

Instead of *Penn Central*, the appellants had urged the Second Circuit to apply a more context-specific standard set out by Justice Antonin Scalia. Writing in *Pennell v. San Jose* (1988), Scalia argued that where a price regulation designed to cure a social ill encumbers a property whose owner has neither created nor contributed to that ill—in this case the hardship to which a market rent subjects a tenant—the regulation amounts to a taking. Scalia’s opinion in *Pennell* was joined only by Justice Sandra Day O’Connor.

The Second Circuit’s opinion cites Scalia’s proposed standard in a lengthy footnote, which concludes as follows: “We decline to employ a test that has never been adopted by the Supreme Court.” That was the right thing to do; appellate courts are obligated to follow the precedents of

the Supreme Court. The petition for appeal is an opportunity for the justices to take another look.

Scalia’s standard cuts against the notion that a legislature’s “broad authority” to regulate the landlord-tenant relationship insulates such regulation from serious constitutional scrutiny. “The fact that government acts through the landlord-tenant relationship,” he wrote, “does not magically transform general public welfare, which must be supported by all the public, into mere ‘economic regulation,’ which can disproportionately burden particular individuals.”

Scalia further pointed out that the “traditional manner in which American government has met the problem of those who cannot pay reasonable prices for privately sold necessities—a problem caused by the society at large—has been the distribution to such persons of funds raised from the public at large through taxes, either in cash (welfare payments) or in goods (public housing, publicly subsidized housing, and food stamps).”

New York’s rent-stabilization scheme is at heart a public-welfare program. It may be a worthy one. But it uses private property for a public purpose. The Constitution therefore requires its cost to be borne by the general public, whether through a tax benefit or some equivalent compensation applicable to all affected buildings.

Mr. Talel is an attorney in private practice. He served as law clerk to Judge Jon O. Newman of the U.S. Court of Appeals for the Second Circuit and to Judge Sidney H. Stein of the U.S. District Court for the Southern District of New York.

A Prosperous Year for the Inflation Reduction Act

By Janet L. Yellen

When I gave my first major climate speech in the late 1990s, many still regarded the effects of climate change to be abstract and remote. No longer. Today, no one can ignore the mounting evidence of climate change’s destabilizing effect on our planet and on our way of life.

Americans are witnessing it firsthand this summer. From Phoenix to Miami, the past few months have featured extreme heat. Major parts of the country have been shrouded in smoke from wildfires abroad, while others are experiencing floods and droughts.

These phenomena have a serious economic cost, both in lost productive capacity and in their potential long-term threat to macroeconomic stability.

One year ago, President Biden signed the Inflation Reduction Act into law. It’s the boldest climate action in the nation’s history—one that pushes us toward a net-zero economy by 2050. Over time, the Inflation Reduction Act will drive down

the cost of clean energy technologies, which will boost their adoption and reduce emissions globally.

The law is also designed to advance two other goals: economic opportunity and resilience. It’s already delivering on both fronts.

The demand for electric cars has spurred a ‘battery belt’ of new factories in the Midwest and South.

Building a clean-energy economy is among the biggest economic transformations of our lifetimes. Global investment in clean energy has reached more than \$1 trillion a year. For too long, the U.S. lacked a concerted strategy to lead the development of low-carbon technologies and other industries of the future. With the Inflation Reduction Act, we are delivering on what I call “modern supply-side” economics: a policy framework that animates much of Bidenomics. It includes government

investment to mobilize private capital, spurring economic growth and helping the U.S. reach its climate goals.

Since the Inflation Reduction Act’s passage, we’ve begun providing the long-term certainty that businesses need to invest at scale. With expanded demand- and supply-side tax incentives, companies in the clean-energy industry are finding an even greater commercial case to invest in the U.S., creating high-quality, well-paying American jobs. The Inflation Reduction Act is helping power a boom in U.S. factory construction spending, which has doubled in real terms since the end of 2021. Since President Biden took office, companies have committed more than \$500 billion in investments in clean energy and manufacturing.

I am seeing these green shoots emerge around the country. In Las Vegas this week, I spoke with members of an electrical workers union that has called the Inflation Reduction Act a “historic win.” The law requires companies to pay prevailing wages and abide by apprenticeship

requirements to reap the full value of many of its incentives. The law promotes investment in low-income communities and those historically dependent on fossil-fuel jobs and revenue. As one example of the law’s early impact, commentators are now dubbing the Midwest and the South as the new “Battery Belt” because of the rise in electric-vehicle battery factories there.

Expanding economic opportunity isn’t only morally right—it’s also good economics. Research has shown that investments in underserved communities can deliver a bigger bang for the buck. That means that taxpayer resources are spent more productively and the benefits to the overall economy are magnified.

The Inflation Reduction Act is also strengthening our economic resilience. While oil prices have declined significantly in the past year, their spike after Russia’s brutal invasion of Ukraine caused significant hardship for many families. Building a clean-energy economy means reducing U.S. dependence on fossil fuels and exposure to the autocratic regimes that control them, providing

greater certainty for families and businesses on their energy costs. The Inflation Reduction Act aims to make this transition easier for households through cost savings on electric vehicles, heat pumps and other energy-efficient appliances.

But our strategy is more ambitious than that. Advancing U.S. energy security also means reducing the risks of overconcentration in our critical clean-energy supply chains, which create potential choke points and heighten the likelihood of disruption. The Inflation Reduction Act’s two-pronged approach begins with building up our industrial base, while also encouraging companies to work with trusted trading partners on secure global supply chains for clean-energy inputs and products. In the past year, we have begun establishing formal mechanisms to facilitate these efforts.

The Inflation Reduction Act is a turning point in the national effort to preserve the planet and to shape a prosperous, inclusive and resilient economic future.

Ms. Yellen is Treasury secretary.

A Sanitized ‘French Connection’ vs. the Hip-Hop Gutter



UPWARD MOBILITY
By Jason L. Riley

A highlight of moving to New York City after college 30 years ago was the second-run movie houses that afforded me the chance to see classic films—

“Lawrence of Arabia,” “Ace in the Hole,” “Rear Window,” “Sweet Smell of Success”—on the big screen, as they were intended to be viewed.

Some showings were packed with fellow film buffs while others were oddly deserted for a city of more than seven million. One evening in the late 1990s I caught “The Exorcist” at a multiplex on 42nd Street. Maybe a dozen other people showed up. The only thing more surprising than the near-empty theater was how much I disliked the film, especially given its reputation as one of the all-time greatest horror flicks. The acting seemed fine, and the special effects were impressive for a film released in 1973. Still, I found the story about a 12-year-old girl

possessed by the devil far more repulsive than spooky.

The movie’s most famous scenes are when the girl, Regan, vomits into the face of a priest and when she slowly rotates her head until it’s facing backward. Elsewhere in the film, however, she urinates on a carpet in front of guests at a dinner party, defaces a statue of the Virgin Mary, and stabs herself repeatedly in the crotch with a crucifix and then rubs her mother’s face in the blood. “The Exorcist” doesn’t wear its misogyny lightly. For most of the film, you’re watching grown men torment a helpless little girl with escalating cruelty.

“It’s easy to see why people, especially women, detested the picture,” Peter Biskind wrote in “Easy Riders, Raging Bulls,” his acclaimed history of the era’s defining movies. “It presents a male nightmare of female puberty. Emergent female sexuality is equated with demonic possession, and the men in the picture—almost all celibate priests—unite to abuse and torture Regan.”

William Friedkin, who directed

the film, died last week at 87. Two years before “The Exorcist,” he made another pathbreaking movie, “The French Connection,” which collected Oscars for best picture and best director. “The French Connection” stars Gene Hackman as Jimmy “Pop-eye” Doyle, a New York City detective who’s trying to bust up an international drug-smuggling ring. There

Censors scrub a 50-year-old film to remove a racial slur that kids hear every day in popular music.

“were no clear-cut heroes and villains” in the film, Mr. Biskind wrote. “Friedkin resisted Hackman’s inclination to sentimentalize his character.” So much for that.

The New York Times recently reported that a version of the “The French Connection” now available for streaming edits out a scene early in the film in which Doyle uses a racial slur to refer to a black suspect who stabbed Doyle’s partner while

resisting arrest. Apparently, lurid and sensationalistic depictions of a preteen girl performing lewd acts with a religious object are fine, but realistic cop dialogue in a 50-year-old movie somehow offends current sensibilities. The censors are worried about the N-word, but it’s difficult to take that concern seriously.

Earlier this month, fans of hip-hop marked the 50th anniversary of the musical genre’s creation. It would be difficult to name another cultural phenomenon that has done more than hip-hop to normalize—if not popularize—use of a racial slur. Children today are far more likely to hear the word coming from a black person than a white person. Americans of all racial and ethnic backgrounds now dance, sing and laugh—seen a Dave Chappelle stand-up routine lately?—to entertainers who spew the term with abandon.

A-list hip-hop artists such as Jay-Z, Dr. Dre and Puff Daddy became fabulously wealthy trafficking in racist gutter lyrics and ugly stereotypes about black people. For decades, black parents have devoted an inordinate amount of time—with mixed success—to shielding their children from

the materialism, drugs, promiscuous sex and thuggish behavior that pervade the songs of some of hip-hop’s most popular artists. They aren’t worried about their kids watching “The French Connection.”

Chuck D of Public Enemy, a pioneering rap group, took pride in spreading degeneracy among the younger generation. “You walk into a fourth or fifth grade black school today,” he told the Village Voice in 1991. “I’m telling you, you’re finding chaos right now, ‘cause rappers came in the game and threw that confusing element in it, and kids is like, Yo, f— this.”

For generations, pop music has been a vehicle for adolescent rebellion, but we’re a long way from worrying about Elvis’s gyrating hips or the Beatles singing about their acid trips. Decades of glorifying the gangsta-rap lifestyle and, worse, presenting it as the only authentic black experience, have come at a cost. This is the hip-hop legacy that must be confronted sooner or later by people eager to edit an ugly word out of an old movie while ignoring its continuing use—and the implications of its use—in so many other contexts.

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Notable & Quotable: The Pelosi Building

Megan Cassidy reporting for the *San Francisco Chronicle*, Aug. 11:

Officials at the U.S. Department of Health and Human Services advised hundreds of employees in San Francisco to work remotely for the foreseeable future due to public safety concerns outside the Nancy Pelosi Federal Building on Seventh Street. . . .

The memo came on the same day that, according to Axios, President Biden’s White House chief of staff

called for more federal employees to return to their offices after years of remote work due to the COVID-19 pandemic. . . .

The building has long been a locus of some of the city’s most intractable problems.

Dozens of dealers routinely plant themselves on, next to or across the street from the property, operating in shifts as users smoke, snort or shoot up their recent purchases. The property’s concrete benches are an especially popular site for users to

get high, socialize or pass out.

While Pelosi’s five-person staff was not advised to work remotely, she raised concerns about the building’s tenant safety last week in a meeting with the U.S. attorney for the northern district of California, according to officials with her office.

“The safety of workers in our federal buildings has always been a priority for Speaker Emerita Pelosi, whether in the building or on their commutes,” Pelosi spokesperson Aaron Bennett said in a statement.

WORLD NEWS

U.S. Presses New Routes for Grain Exports

Talks with Turkey, Kyiv, others focus on alternative channels for coming harvests

BY JARED MALSIN AND LAURENCE NORMAN

ISTANBUL—The U.S. is in talks with Turkey, Ukraine and Kyiv’s neighbors to increase the use of alternative export routes for Ukrainian grain, officials said, after Russia pulled out of a deal that guaranteed the safety of food shipments across the Black Sea.

The U.S.-backed plan involves increasing capacity for Ukraine to export four million tons of grain a month via the Danube River by October. Much of the grain would be sent down the river and via the Black Sea to nearby ports in Romania and shipped to other destinations. Though slower and more expensive, the route would work as an alternative to a Black Sea shipping corridor established last year under an agreement with Russia, Turkey, and the United Nations.

Moscow withdrew from the deal in July, halting Ukraine’s exports from three ports around Odesa, leading to an escalating conflict in the Black Sea. Russian forces have unleashed missile and drone



Workers open the hatches of a wheat-transporting train car at a Romanian grain terminal.

strikes on Ukrainian ports recently, and boarded a commercial ship heading to Ukraine on Sunday.

Western planning for alternatives to the Black Sea Grain Initiative shows how the U.S., Ukraine and European countries are preparing for a scenario in which Russia doesn’t rejoin the deal in time to move Ukraine’s summer and fall harvests.

“The reality is Russia has decided to attack the global food supply and until it thinks it’s done with its attack, it’s going to be hard to bring them back,” said a senior U.S. official based in Washington.

The grain deal is seen as critical to keeping global food prices low, as Ukraine is a top exporter of wheat, corn, and sunflower oil. Food prices have risen by 10% since Russia ex-

ited the Black Sea deal, said the State Department. Russia’s February 2022 invasion of Ukraine is one of a series of crises that have driven millions of people around the world closer to hunger in recent years, according to the U.N.

The effort to increase Ukraine’s export capacity via the Danube is taking place in parallel to Turkish and U.N. efforts to coax Russia back into

the grain accord, officials said. Turkish President Recep Tayyip Erdogan, who helped broker the pact last year, is under pressure to revive the deal before harvested Ukrainian grain starts piling up in early September, diplomats said.

The U.S. is considering options, including military solutions, to protect ships headed to and from Ukraine’s Danube ports, the Washington official said, but declined to give specifics.

Senior U.S. officials discussed the effort with leaders from Ukraine, Moldova, and Romania—a member of the North Atlantic Treaty Organization—at a meeting in Romania on Friday, the State Department said. Romania’s transportation minister later told reporters that his country would double capacity for grain exports to four million tons a month.

The Turkish Foreign Ministry didn’t respond to a request for comment on this week’s talks with the U.S.

The U.S. plans would draw in part on a European Union initiative to set up road, rail and sea routes known as “solidarity lanes” to bring grain and other cargoes in and out of Ukraine as smoothly as possible.

The EU established the plan in the first months of the war, following road-transport agreements that smoothed the

way for hauliers to transit without permits between Ukraine, Moldova and the EU. The EU has since invested in infrastructure projects to create faster export lanes and speed customs procedures.

Since May 2022, the routes have allowed the export of 41 million tons of grain from Ukraine, significantly more than the Black Sea Grain Initiative achieved. The European Union’s Agricultural commissioner Janusz Wojciechowski said last month that within a couple of months the bloc’s solidarity lanes could become replacements for all of Ukraine’s Black Sea grain routes.

Yet, the solidarity lanes have been beset by difficulties.

EU officials say some of the routes have insufficient staffing and resources to quickly carry out the necessary sanitary and customs checks on incoming cargoes, sometimes causing backlogs and delays that slow traffic and drive up road-transport prices—which increase the price of Ukraine’s grain exports.

Since the unraveling of the grain initiative, the Danube route is Ukraine’s only remaining means of exporting grain via the Black Sea, in which smaller ships often take grain to ports in Romania, Bulgaria and elsewhere for shipment to the world market.

U.K. Arrests Trio of Bulgarian Spy Suspects

BY DAVID LUHNOW AND GEORGI KANTCHEV

LONDON—British police have arrested five people, including at least three Bulgarian nationals, believed to have been living undercover in the U.K. while working for Russian intelligence, the latest in a series of arrests across Western countries of alleged Russian agents posing as seemingly ordinary people.

Three men and two women were arrested in early February on suspicion of violating the U.K.’s Official Secrets Act 1911, which criminalizes espionage, the Metropolitan Police said on Tuesday. The five people were released on bail and are due to appear in court in September, the Met said.

Three of the five—identified by the Met as Orlin Roussev, 45, Biser Dzambazov, 42, and Ka-

trin Ivanova, 31—were also charged with possession of false identity documents with improper intention, the Met said.

The BBC, which earlier reported the arrests, said the three are Bulgarian nationals believed to be working for Russian intelligence. It said they were caught with forged passports and documents from the U.K., Bulgaria, France, Italy, Spain, Croatia, Slovenia, Greece and the Czech Republic.

Two U.K. government officials confirmed that report to The Wall Street Journal.

There have been a string of similar arrests of deep-cover Russian spies in recent months across a range of countries, often posing as South Americans but living in European countries.

The arrests have laid bare a widespread network of “illegal spies” Russia uses around the

world, apart from its official spies that are often based in its embassies. More than 400 suspected Russian spies working at embassies have been expelled from Europe since the start of the Ukraine war, part of some 600 Russian officials kicked out, the U.K. spy chief, MI5 Director-General Ken McCallum, said last year.

In the case of the U.K., three of the spies don’t appear to be Russian but Bulgarian. Roussev was living in Great Yarmouth, a resort town on the east coast of England, and Dzambazov and Ivanova were living in Harrow, a suburb in northwest London.

Roussev’s LinkedIn page says he was the owner for the past decade of a company called NextGen, which is described as working in artificial intelligence and signals intelligence, which intercepts pri-

ivate communications, among other areas. He also lists being an adviser to Bulgaria’s Energy Ministry in 2008-09.

According to their social-media profiles, Ivanova and Dzambazov ran “Bulgarian Social Platform,” an organization that offers help to Bulgarians in the U.K.

In a 2019 interview with the state Bulgarian National Radio, Ivanova said she and Dzambazov, who is her partner, moved to London in 2012 and started helping compatriots “from our living room.” Five years later, they started their community organization.

According to her LinkedIn profile, Ivanova works as a medical-laboratory assistant. According to posts on his Facebook page, Dzambazov is an avid soccer fan. His latest post was on Jan. 26.

The Bulgarian ambassador

to the U.K., Marin Raykov, told Bulgarian state newswire BTA that the embassy didn’t have any details about the detentions and hadn’t been informed by the British authorities. Raykov said that, according to U.K. practice, when a detained foreign national doesn’t want their country informed of their detention, the British authorities don’t inform the embassy.

The U.K. has had an increasingly fraught relationship with Russia in recent years over crimes committed in the U.K. by Russian agents. In 2018, Russian agents used a deadly nerve agent in an attempt to kill former Russian double-agent Sergei Skripal and his daughter in Salisbury, and they were both seriously injured. In 2006, another former Russian intelligence officer, Alexander Litvinenko, was murdered in London.

Ex-Agent Takes Plea Over Ties To Oligarch

BY DYLAN TOKAR AND ALAN CULLISON

A former high-level U.S. counterintelligence agent pleaded guilty to accepting secret payments from Russian oligarch Oleg Deripaska after making a deal with prosecutors that reduces the prison time he faces.

The guilty plea entered by Charles McGonigal in Manhattan federal court represents a spectacular admission for a former senior official at the Federal Bureau of Investigation. He retired from the agency in 2018 after a career that saw him rise to become the head of the agency’s counterintelligence operations in New York, where he oversaw some of the agency’s most sensitive investigations.

On Tuesday, McGonigal said he had agreed to do open-source research for Deripaska on one of the oligarch’s rivals, Vladimir Potanin, in hopes of getting the latter Russian added to U.S. blacklists. McGonigal accepted \$17,500 from the oligarch in 2021, knowing that the work and the payment, which he admitted trying to conceal, violated sanctions that were put on Deripaska in 2018.

“As you can imagine, this has been a painful process,” McGonigal told the court. “I appear before you and this court to take full responsibility for [my actions].”

The charges against McGonigal, announced with his arrest in January, have made waves in law-enforcement circles. They have raised questions about the influence of Deripaska, who a Senate report has characterized as “a key implementer of Russian influence operations around the globe.”

Deripaska was sanctioned in 2018 as part of Washington’s response to Russia’s invasion of the Crimea region of Ukraine. He was charged with violating those sanctions in 2022.

McGonigal’s first work for Deripaska occurred in 2018, after his departure from the FBI, when he was hired by a law firm to attempt to get U.S. sanctions lifted from the oligarch, according to a grand jury indictment that was unsealed in January.

As part of his agreement with prosecutors, McGonigal pleaded guilty to one count of conspiring to violate the International Emergency Economic Powers Act and commit money laundering. The charge carries a maximum sentence of five years in prison and three years of supervised release. His sentencing is set for December.

He could have faced up to 20 years in prison if convicted on the indictment charges.

WORLDWATCH



HOT TIME IN BARCELONA: The fire beast ‘Atzeries’ sets off flying sparks inaugurating the Spanish city’s annual weeklong Gràcia festival.

NORTH KOREA U.S. Soldier Alleged To Seek Refuge

North Korea, commenting publicly for the first time on its nearly monthlong detainment of a U.S. soldier, claimed the American serviceman had said he faced inhuman mistreatment and racial discrimination from the U.S. Army and sought refuge in the Kim Jong Un regime. In a Wednesday state media report, North Korea said Pvt. Second Class Travis King, who is Black, had expressed a desire to “seek refuge” with North Korea or a third country. “We can’t verify these alleged comments,” a Pentagon official said.

—Timothy W. Martin

UKRAINE Russia Unleashes Missile Attack

Russian forces unleashed missiles across Ukraine early on Tuesday, killing and wounding civilians and damaging infrastructure. The barrage came just hours before top Russian military officials and their counterparts from allied countries in Asia, the Middle East and Africa gathered outside Moscow for a security conference. Missiles struck cities from the east to west of Ukraine, including far behind front lines where Ukraine is fighting deeply entrenched Russian forces to regain occupied territory.

—Associated Press

RUSSIA Explosion at Gas Station Kills 35

A massive explosion at a gas station in Russia’s southern republic of Dagestan killed 35 people, including three children, and injured scores more, Russian officials said on Tuesday. Russia’s Health Ministry said 115 people were injured in the blast and subsequent fire. A total of 65 of those injured, including 16 children, remained hospitalized, the ministry said. The explosion occurred on Monday on the outskirts of Makhachkala, the region’s capital. A fire started at a car-repair shop and spread to a nearby gas station.

—Associated Press

ECUADOR Third Political Official Is Slain

The unprecedented violence shaking Ecuador claimed the life of another political leader on Monday, bringing the number of politics-related slayings within the last four weeks to three, including that of a presidential candidate. The fatal shooting of Pedro Briones, a local leader of Revolución Ciudadana, the party of former President Rafael Correa, was confirmed by Luisa González, the front-runner in Sunday’s special presidential election and member of the same party.

—Associated Press

WEST BANK Two Palestinians Die in Israeli Raid

Israeli forces shot and killed two Palestinians, including a 16-year-old, in a raid in the occupied West Bank on Tuesday, Palestinian health officials said. Israel has been carrying out near-daily raids in the West Bank since last year in response to a spate of Palestinian attacks. The Palestinian Health Ministry said the raid took place in the Jericho area. The Israeli military said Palestinians opened fire at forces operating in the Aqabat Jabr refugee camp and the forces fired back.

—Associated Press

Possible Steel Deal Spooks Metal Users

Sale of U.S. Steel could leave buyers fewer options to source the material

By Bob Trta

A takeover of **United States Steel** could create a new industry leader—and draw pushback from antitrust authorities and steel buyers.

The pursuit by **Cleveland-Cliffs** of one of the nation's biggest steelmakers, made public in recent days, could ratchet up market concentration in steel used to make auto fenders, food cans and batteries for electric vehicles. Cleveland-Cliffs and industrial conglomerate **Esmark** have both made offers for U.S. Steel that would value the company at more than \$7 billion.

Suitors for U.S. Steel are attracted to the 122-year-old company's relatively low stock price and its hefty capacity to produce steel that includes some of the largest and newest steel mills in the country, according to analysts. Elevated

spending on transportation and energy infrastructure, giant manufacturing plants and electric vehicles are expected to stoke demand for more steel in the years ahead.

Steel production in the U.S. already is concentrated among four big suppliers—U.S. Steel, Cleveland-Cliffs, Nucor and Steel Dynamics. Cleveland-Cliffs is the largest producer of sheet steel and U.S. Steel is the second-largest. Some manufacturers said further consolidation in the steel industry would give producers more leverage to raise prices at a time when the U.S. has the most expensive steel in the world.

"We already have a very concentrated market for steel," said Scott Buehrer, president of B. Walter & Co., an Indiana-based manufacturer of wire racks, furniture hardware and other fabricated steel products. "It's hard to compete with companies outside the U.S. who have access to much lower-priced steel."

Cleveland-Cliffs Chief Executive Lourenco Goncalves said that absorbing U.S. Steel's op-

Please turn to page B6



The home-improvement chain reported stronger earnings than expected in the last quarter. A store in Manhattan.

Home Depot's Inflation Pressures Ease as Suppliers Rein In Costs

By Dean Seal

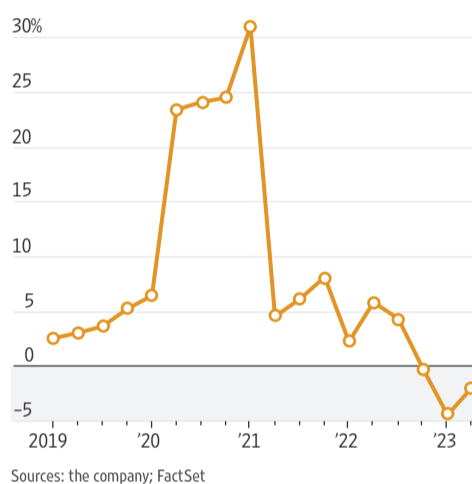
Home Depot expects cost inflation to ease in the back half of the year as pandemic-era pressures that plagued its supply chain finally recede.

Chief Executive Ted Decker said on a call with analysts Tuesday that commodity inflation in the company's second quarter declined year over year and is down meaningfully from peak levels. Inflation in product and transportation costs is coming down, and new requests from suppliers for price increases are "negligible" at this point, he said.

"Net new requests for costs, and certainly cost increases in the supply chain, that's completely abated," Decker said.

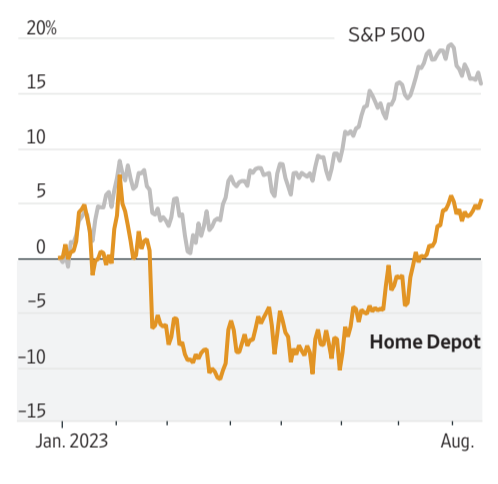
◆ **Heard on the Street: Home Depot gets a lift..... B12**

Home Depot's comparable store sales, change from a year earlier



Sources: the company; FactSet

Share-price and index performance, year to date



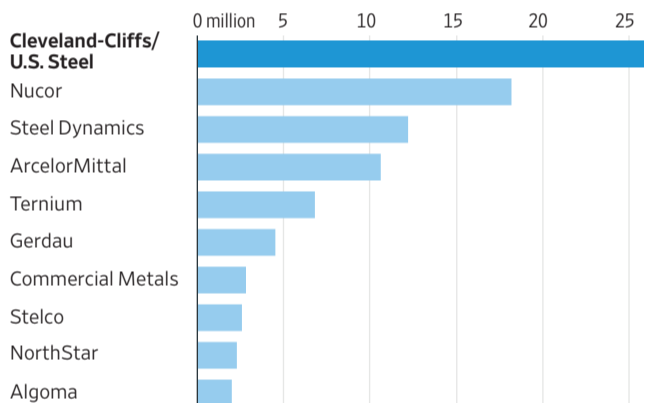
The home improvement giant on Tuesday reported stronger earnings than expected as sales slipped but still came in above analyst

forecasts. Comparable sales, which strip out the effects of store openings and closings, fell 2% rather than 3.9%, as had been expected by analysts

polled by FactSet. Americans have been pulling back their spending on home improvement after more

Please turn to page B2

North American steel shipments, in tons



Note: Based on 2022 shipments. Source: Cleveland-Cliffs

Estée Lauder's China Bet Fails to Pay

By Sabela Ojeda

Estée Lauder's longtime chief, Fabrizio Freda, is under pressure to show he can turn around the beauty giant's key China and U.S. businesses.

Shares of the company have slumped roughly 30% so far this year, hitting their lowest levels in more than three years. Estée Lauder has missed out on a stock market rally that has lifted the S&P 500 index by about 16% since the start of the year.

The company is losing market share in its homegrown market. U.S. sales haven't yet returned to prepandemic levels, and Estée Lauder faces rising competition from indie brands, the small cosmetics companies known for having lower costs and social-media allure among beauty consumers hungry for new products.

In Asia, China's travel retail business isn't recovering as quickly as expected despite the implementation of discounts to attract more customers to the duty-free island of Hainan. That has made it harder for Estée Lauder to get rid of excess inventory.

Estée Lauder, which is still controlled by its founding family, is slated to report its latest results on Friday. Earlier this year, Freda warned that sales for the fiscal year ended June 30 could drop as much as 12%, hurt by weak demand in Asia.

China's economy barely grew in the second quarter compared with the first quarter, and customers are now being more selective with

Please turn to page B2



In the 1950s, the TV was central to family entertainment. Streaming has changed that today.

TV Makes Up Less Than 50% Of U.S. Viewing for First Time

By David Marcelis

Powered by shows like "Suits" on Netflix, streaming's share of U.S. viewing time grew to a new high in July, while television viewing fell below 50% for the first time, according to new Nielsen data.

The milestone is the latest sign of the rapid erosion of the cable-TV bundle, which has lost about a quarter of its subscribers over the past decade, as more Americans cut the cord in favor of streaming services like **Netflix**, **Alphabet's** YouTube and **Disney's** Hulu.

Cable television accounted for 29.6% of total U.S. viewing time in July, while broadcast attracted 20%, Nielsen said in a release published Tuesday. Streaming services, meanwhile, captured 38.7% of Americans' viewing time, while a category labeled "Other"—which Nielsen

says includes usage such as DVD playback and gaming—accounted for the remaining 11.6%.

The growth of streaming platforms at the expense of cable and broadcast TV networks has accelerated in recent years, as most entertainment conglomerates introduced their own direct-to-consumer services to take on industry leader Netflix. As they sought to rapidly expand their subscriber bases, many of them chose to make their highest-profile and costliest content available exclusively on streaming.

While original content helps reel in subscribers and build streaming brands, the most-watched programs are sometimes older TV shows. Last month, the show Americans spent the most time watching was "Suits," a legal drama starring Meghan Markle made for

cable TV that made its debut more than a decade ago.

The show, which became available on Netflix in June, was watched for nearly 18 billion minutes in July, Nielsen said. Markle left the show before marrying Prince Harry in 2018. "Suits" is also available on **Comcast's** Peacock.

YouTube was the most-watched streaming platform in the U.S. last month, with 9.2% of overall viewing time, while Netflix, with 8.5%, was second. In addition to "Suits," another streaming show that performed well was "Bluey," an Australian cartoon about a family of dogs available on Disney+.

The erosion of traditional TV is picking up pace, while overall streaming usage grew by a quarter from July 2022, a 12% faster pace of growth than a year earlier. Streaming

Please turn to page B2

Movie Financier Sues Disney Over Contract Dispute

By Joe Flint

TSG Entertainment, which helped finance hits including "Avatar: The Way of Water" and the "Deadpool" franchise for Twentieth Century Fox, is suing the studio and its parent company **Walt Disney** for alleged breach of contract.

A suit filed Tuesday in Los Angeles Superior Court by TSG alleges that the Disney-owned movie studio intentionally withheld profits and cut sweetheart deals to boost its own streaming platforms Hulu and Disney+, as well as its stock price, at the expense of its partners.

TSG also claims that the actions deprived it of cash the financier needed to exercise options to invest more in individual films and that TSG's efforts to sell its stakes in other movies to fund more investments were hindered.

TSG said it spent \$3.3 billion over the past decade co-funding more than 140 movies, including critical darlings such as "Hidden Figures," "Jojo Rabbit," "The Shape of Water" and "The Banshees of Inisherin."

In the lawsuit, TSG said Disney and the studio "have tried to use nearly every trick in the Hollywood accounting book" to deprive it "of hundreds of millions of dollars."

Representatives for Disney didn't respond to a request for comment.

Public battles between entertainment companies and actors and writers over profits are fairly common, but it is rare for a fight between a film financier and a studio to end up in court, as such disputes are normally resolved behind closed doors.

Under the terms of a deal between TSG and the movie

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The beauty company's duty-free sales in China are disappointing. A demonstration in Shanghai.

Estée Lauder Is Pressured

Continued from page B1 their beauty purchases amid record high youth unemployment. This week Chinese officials said they would stop reporting youth unemployment figures. In the past two months, eight banks including Goldman Sachs and Morgan Stanley have cut their share price targets for Estée Lauder, citing lower-than-expected beauty sales in Hainan, and a weaker outlook for the prestige cosmetics market. An Estée Lauder spokeswoman declined to comment.

der's North America sales used to come from department stores, representing 60% of the business. Now, less than 40% of Estée Lauder's U.S. sales come from department stores.

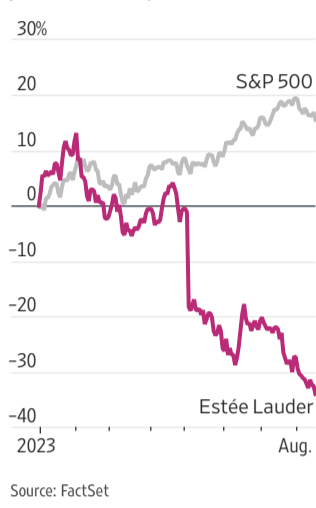
Freda isn't pleased with the reduction. "I want to go back to market share growth [in the U.S.]," the 65-year old executive said at an analyst conference in June.

The rise of digital-born brands such as e.l.f. Beauty, which sells cheap but trendy makeup in drugstores, is driving a change in the industry.

Estée Lauder wants to refresh its brand image by leaning into the TikTok phenomenon in the U.S. to respond faster to trends and keep rebalancing the distribution of its products to continue betting on its retail partnerships with Ulta Beauty, Target and Sephora-Kohl's ventures, where mass beauty brands top sales.

Indie brand e.l.f. leads social media charts as the most-followed beauty brand on TikTok, with one million followers.

Share-price and index performance, year to date



"As soon as we have finished this balancing of the key drivers, we will go back to growing market share, as well for the long term," Freda said of his U.S. plan.

At the same time, Freda is accelerating a plan to regionalize the company's supply chain away from China and,

particularly, Shanghai, after last year's lockdowns prevented it from getting products to stores and online shoppers in the region.

"Our supply chain structure was built when our business was 90% in the West, and now our business is more one-third, one-third, one-third," Freda said.

The company is building a manufacturing plant in Japan, set to open toward the end of the year to serve Asia as a whole. It is also opening two China distribution centers.

Analysts say they welcome the investments in the Asia Pacific region. Euromonitor health and beauty analyst Yang Hu said a lack of investments in the area would put in danger the company's long-term growth.

However, other analysts such as Ashley Kang, head of beauty at market-research firm Kantar, believe the selection of Japan as a new manufacturing hub shows Estée Lauder is no longer giving priority to China.

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TV Viewing Declines Below 50%

now carry a number of Major League Baseball games exclusively, while Amazon's Prime Video has become the primary home of the National Football League's "Thursday Night Football."

Even companies that generate significant amounts of revenue offering live sports on their cable channels are exploring offering them on their streaming platforms, a balancing act as they look to build their streaming subscriber bases without cannibalizing their ailing TV-network businesses.

Warner Bros. Discovery, home of the TNT, TBS and CNN cable networks as well as the Max streaming service, earlier this month said it is

YouTube was the most-watched streaming platform.

Continued from page B1 reached its highest-ever share of total viewing, Nielsen said.

While consumers are gravitating to streaming in larger numbers, Hollywood's titans aren't having an easy time making money on it. Since they joined the streaming wars in earnest around 2020, entertainment giants have lost tens of billions of dollars as they spent big on content while charging bargain-basement prices for their services in pursuit of fast growth.

Many companies have changed course over the past year or so, removing content from their streaming platforms to cut costs and launching advertising-supported versions of their services that give them a chance to broaden their appeal and bring in more revenue.

Most streamers are also raising prices significantly. The average cost of watching a major ad-free streaming service is going up by nearly 25% in about a year, according to a Wall Street Journal analysis, as companies bet that customers will either pay up or switch to their cheaper and more lucrative ad-supported plans.

Several streaming services started offering some live-sports coverage in recent years, which added to their costs while further threatening the viability of pricey pay-TV packages. U.S. households spend about \$103 a month on average for cable TV, according to S&P Global Market Intelligence. Peacock and Apple TV+

working on bringing news and live sports to its streaming offerings in the U.S. The company has sports rights for several high-profile leagues, including the National Basketball Association and Major League Baseball.

Disney's ESPN, meanwhile, is hunting for a strategic partner to aid its transition to streaming. The network has held talks with potential partners and investors. It is working to make a stand-alone version of its flagship TV channel available to cord-cutters in two to three years, or once its reach in the cable-TV world falls below 50 million households, the Journal previously reported.

About 75 million U.S. households still subscribe to a pay-TV package, down from a peak of around 100 million about a decade ago.

"Taking our ESPN flagship channels direct-to-consumer is not a matter of if, but when," Disney Chief Executive Bob Iger told investors last week during a conference call to discuss the company's latest quarterly earnings.

Home Depot Feels Relief On Inflation

Continued from page B1 than a decade of hefty demand, which accelerated during the pandemic as people spent more time in their homes and spent less money on services.

As the pandemic faded over the past two years, Home Depot has relied on fewer, higher-dollar transactions to lift its top line and cautioned in May that annual sales are expected to decline this year for the first time since 2009.

Growth in Home Depot's average ticket size finally fell flat in the first quarter and was flat

again in the second quarter, though the decline in transaction count moderated compared with previous quarters to 1.8%. Part of that decline was attributed to deflation in core commodity categories.

The normalization of transactions shows customers are getting used to new prices set in recent years, Decker said on Tuesday.

"We're encouraged that the cycle of inflation is essentially behind us," he said.

Despite the stabilizing transactions and moderating costs, Home Depot reaffirmed guidance for sales to fall between 2% and 5% in fiscal 2023.

Spending on major projects continues to weaken as customers opt for smaller renovations, either because they already completed a larger project during the pandemic or because they are waiting

for interest rates to soften before breaking ground, executives said.

Customers are also buying fewer big-ticket items such as patios and appliances. Sales of items costing \$1,000 or more were down 5.5% during the second quarter, William Bastek, Home Depot's executive vice president of merchandising, said on the call.

Despite its above-consensus second-quarter sales and signs that project demand is still healthy, the chain is refraining from revising guidance while the winds of consumer spending continue to shift, Decker said.

"We don't know how quickly or further the share

shift in [personal-consumption expenditures] will occur and where spending in home improvement in particular will ultimately settle," Decker said.

The Atlanta-based company posted a profit of \$4.66 billion for the quarter, down from \$5.17 billion last year. Earnings were \$4.65 a share, above analyst projections for \$4.45 a share, according to FactSet. Sales slid 2% to \$42.92 billion, topping analyst forecasts for \$42.19 billion, according to FactSet.

The company said Tuesday that its board has authorized a new \$15 billion share buy-back program, replacing its previous authorization.

Disney Sued by Financier

Continued from page B1 studio, any dispute gets filed in court first before the two sides agree on a private judge. By filing in court, both sides will then have the ability to appeal that ruling if they desire.

Headed by brothers Chip and Robert Seelig, both Wall Street veterans, TSG has longstanding relationships with several Hollywood studios, including Warner Bros. and Sony Pictures. Its partnership with the Fox movie studio was struck in 2012 and it has been amended several times since then.

The way such arrangements typically work is that the financier invests in a slate of films and subsequently can invest more in individual titles within a time frame determined by the terms of the deal.

TSG recently requested an audit after noticing a decline in its profits. After examining the books for three undisclosed films, TSG alleges it found "rampant self-dealing" and "accounting tricks" that showed it had been underpaid by \$40 million. TSG also alleges it wasn't credited with revenue it should have received. Additionally, it said it was charged tens of millions of dollars for distribution fees that weren't part of its revenue-participation deal.

The suit is similar in some respects to one that was filed in 2021 by the actress Scarlett Johansson against Disney over the company's decision to put her Marvel movie "Black Widow"

on streaming platform Disney+ at the same time as its theatrical release. Johansson argued that the move breached her contract, which guaranteed an exclusive theatrical release that factored heavily into her potential salary. That suit was eventually settled.

TSG is represented by Bird Marella partner John Berlinski, the same lawyer who represented Johansson.

In this case, TSG alleges that a recent renegotiation of the Fox movie studio's deal with Warner Bros. Discovery's HBO channel and Max streaming service had a similar effect on its potential profits.

Under the terms of the original agreement, HBO paid a premium for an exclusive window to carry its movies on its service.

In 2021, about two years after Disney acquired the Fox studio along with other entertain-

ment assets, the deal was changed to give Disney the right to put films on Disney+ and Hulu at the same time as HBO. In return for HBO giving up exclusivity, the license fees it pays for the movies were reduced.

The suit alleges that the revised HBO deal cost the Fox movie studio "many millions of dollars," a portion of which TSG would otherwise have received.

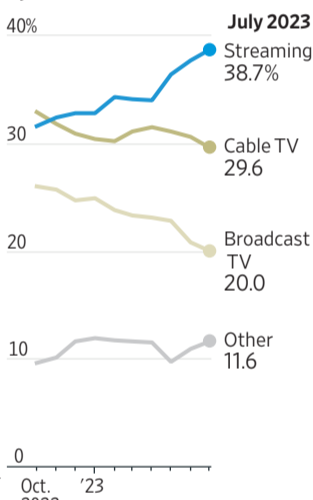
TSG also said it tried to exercise a right to sell its stake in other films it had funded back to the movie studio or to a third party. Disney refused to engage and challenged what films TSG believed it had the rights to sell off, the suit said.

As a result, TSG claims it didn't have the resources to invest more in certain films, including the hit "Avatar: The Way of the Water," the suit said.



TSG Entertainment helped finance cinematic hits including 'Avatar: The Way of Water.'

Share of U.S. TV time by format



Note: Totals don't always add up to 100 due to rounding. Source: Nielsen

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BUSINESS NEWS



Union head Shawn Fain, right, opted to shake hands with member workers, not executives, to kick off contract talks in July.

UAW to Vote on Strike Approval As Talks With Carmakers Stall

By NORA ECKERT

The United Auto Workers said Tuesday labor negotiations with the Detroit automakers have been sluggish and the union would hold a strike authorization vote next week, a procedural step needed for its leadership to call a work stoppage.

"Today marks 30 days until the union's contract with the Big Three expires, but bargaining at all three tables has yet to progress beyond non-economic issues," the union said.

The UAW is negotiating new four-year labor agreements for about 146,000 U.S. hourly workers at **General Motors**, **Ford Motor** and Jeep maker **Stellantis**. The existing contracts expire on Sept. 14.

A strike authorization vote is an action that typically takes

place before the labor agreements expire and gives the union the option of calling a strike if leaders see fit. The union requires at least two-thirds of voting members to back the authorization to move forward, a bar that it has easily passed in the past.

Union officials say this doesn't guarantee a strike will happen and it will depend on how negotiations unfold in coming weeks.

UAW President Shawn Fain, during a live stream event Tuesday, said he doesn't plan to extend the contracts past the expiration date, a move that the union has sometimes allowed in the past to continue talks without a strike.

"The choice is yours about what happens next," Fain said, addressing the Detroit companies. "Either stop dragging

your feet in negotiations, or be prepared to strike."

GM takes its responsibility to support employees seriously, and is bargaining in good faith to reach an agreement, a GM spokesman said. Ford declined to comment. Stellantis didn't respond to a request for comment.

Analysts have warned the probability of a walkout is higher this year in part because the union has struck a more militant tone and entered into talks with a list of demands that are far more aggressive than in previous rounds of bargaining.

The UAW's strike fund, which provides members on walkout with a \$500-a-week payment, is at more than \$825 million, the union said.

The negotiations this time around have led to more pub-

lic clashes between the two sides, with Fain vocal about his frustration with the companies and the automakers speaking openly about their intentions and gripes.

The change-minded UAW leader was elected in March and quickly threw out the traditional union playbook. He ditched the typical handshake with automotive executives to kick off labor talks and instead, shook hands with members while visiting unionized plants.

As negotiations have progressed, he has bashed specific proposals from the companies in a more public way than past union heads have. Last week, Fain threw a copy of proposals Stellantis made in a trash can.

The union's demands include a more than 40% pay hike for workers and the return of cost-of-living adjustments.

Wheels Up Secures \$500 Million Rescue

By SOMA BISWAS

Private jet membership company **Wheels Up Experience** has reached a deal to receive a \$500 million rescue financing package from **Delta Air Lines** and investors with turnaround experience in the travel and tourism industries, the airline said on Tuesday.

With the new capital infusion, Wheels Up, a startup that was founded on the idea of expanding access to private-jet ownership, has a path to averting bankruptcy, which the company has been exploring as one of its strategic options.

A consortium of investors including Delta, **Certares Management** and **Knighthood Capital Management** agreed to provide a \$400 million loan, while Delta also will provide an additional \$100 million revolving credit facility.

Lenders under the non-binding agreement will receive newly issued common shares of Wheels Up to give them a 95% stake in the company.

Wheels Up hasn't turned a profit since it was founded in 2013 and has recently run low on cash, putting its survival as a going concern in doubt.

Certares and Knighthood teamed up in the travel industry before, taking over Hertz Global Holdings in its bankruptcy in 2021.

Wheels Up benefited from a surge in demand after the onset of the Covid-19 pandemic as travelers sought to stay away from crowded airports and flights.

Wheels Up shares, which soared to more than \$100 in 2021 after the company went public in a merger with a special-purpose acquisition company, dwindled to just over \$1 this year as losses widened and founder Kenneth Dichter stepped down as chief executive in May.

Wheels Up shares closed at \$1.51 on Tuesday.

The investment will avert a collapse for Wheels Up, which on Monday disclosed that holders of its equipment-financing bonds had extended a grace period on missed principal and interest payments to Tuesday.

This year, the company announced changes to its service models, including ending guaranteed availability of flights in unprofitable regions.

"The partnership will create new opportunities for Wheels Up to drive strategic, operational and financial improvements for its customers in the months and years ahead," said Delta Chief Executive Ed Bastian.

Delta finance chief Dan Janki is joining the Wheels Up board as chairman.



Private jets line up at Friedman Memorial Airport in Idaho.

dog•ged

/ˈdɒɡəd/

adjective

Despite spending my early life in a shelter, there's no dog more determined than me. Thanks to the National Disaster Search Dog Foundation, if you're ever trapped under rubble after a disaster, I'll find you. That's my job, and what I was born to do. You'll never find a dog more *dogged*.

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TECHNOLOGY

Tesla Alumni Win Big in Green Energy

Executives who survived electric-vehicle maker's challenging earlier days have raised billions from investors

BY ED BALLARD
AND AMRITH RAMKUMAR

Governments everywhere are trying to build domestic clean-energy industries, from electric cars to solar panels. No company has had more recent success doing that than Tesla, and no executives are in greater demand than the automaker's alumni.

More than 30 companies led or launched by former Tesla employees have raised more than \$26 billion in the past decade, most in the past few years, a Wall Street Journal analysis of data from PitchBook shows.

Much of that money went to a handful of companies in the electric-car and battery supply chain: luxury electric-vehicle company Lucid Group, European battery upstart Northvolt and battery-recycling firm Redwood Materials.

Many of these companies focus on domestic manufacturing, as Tesla has for more than a decade.

They are well positioned to take advantage of last year's U.S. climate law and Europe's response to it. A key goal for both is to whittle away at China's dominance in critical clean-energy industries.

The Tesla diaspora continues a pattern established earlier in Chief Executive Elon Musk's career. He is part of the so-called PayPal mafia, the group of technology-industry power brokers who came out of the digital-payments company.

Former Tesla executives say their experience ramping up manufacturing of Tesla's Model 3, an existential event for the company, gives them credibility with investors. Some of them say they swap notes on growth and fundraising.

Here is a look at some notable clean-energy executives who previously worked at Tesla and how much money they have raised:

Kunal Girotra
CEO of Lunar Energy: \$300 million
Girotra joined Tesla in 2015 and eventually ran its energy division. He founded Lunar in 2020. The company has developed a home-energy system that combines solar panels and batteries. Girotra has hired several ex-Tesla employees, including Kevin Fine, who led the engineering team behind the Powerwall.

Arch Rao
CEO of Span: \$234 million
Rao was head of product at Tesla Energy, where he helped commercialize the company's battery products. He founded Span, which sells a smart electrical panel that allows people to monitor and control their electricity use. Span expects to sell tens of thousands of its panels next year.

Mateo Jaramillo
CEO of Form Energy: \$816 million
Jaramillo kick-started Tesla Energy, including development of Tesla's Powerwall battery system, and started the company's supercharger effort. He co-founded Form, which is developing iron-air batteries that can generate power for several days. The company is building a \$760 million factory in West Virginia.

Peter Rawlinson
CEO of Lucid: \$11 billion
Rawlinson led engineering of Tesla's Model S luxury sedan before joining Lucid. He became CEO in 2019, leading the luxury electric automaker through a deal to go public that valued it at about \$24 billion. The company has struggled to scale up manufacturing and its shares have tumbled.

Vivas Kumar
CEO of Mitra Chem: \$67 million
Kumar worked on Tesla's battery supply chain during the chaotic 2018 ramp-up of Model 3 manufacturing. That supply-chain experience helped him launch Mitra. The startup, backed by venture capitalist Chamath Palihapitiya, is attempting to use machine learning to build battery components in the U.S.

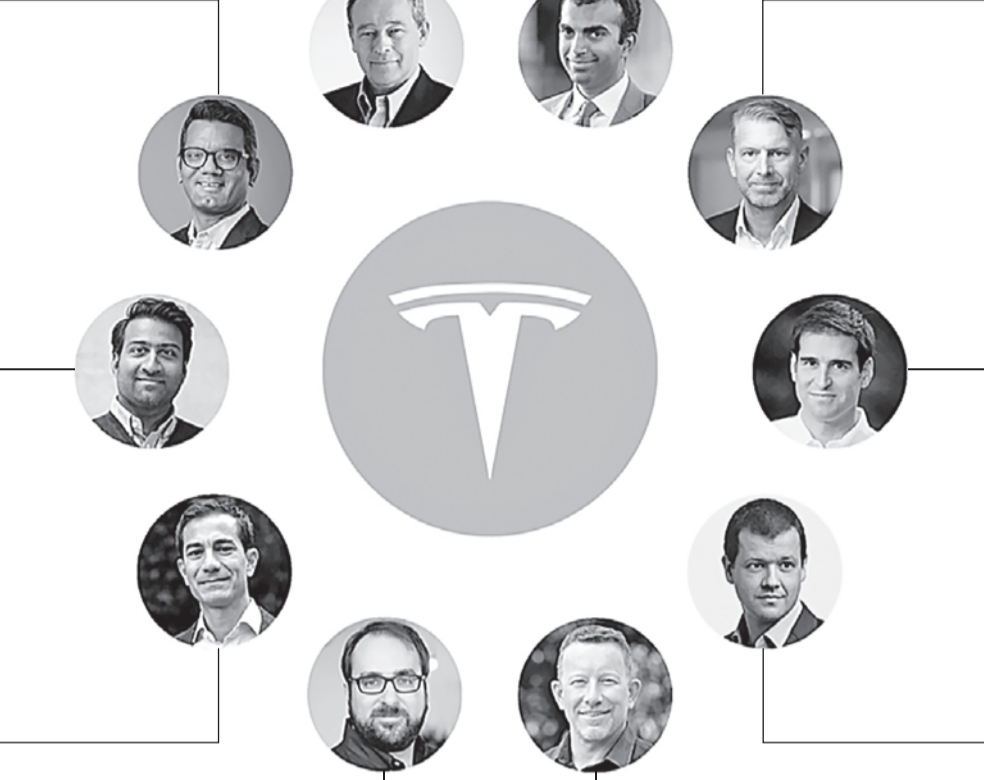
Peter Carlsson
CEO of Northvolt: \$8 billion
Carlsson co-founded Swedish battery maker Northvolt with Paolo Cerruti after the pair spent years at Tesla managing its supply chain. The company has raised roughly \$8 billion from investors including Volkswagen and Goldman Sachs to make low-emissions batteries in Europe and combat China's industry dominance.

JB Straubel
CEO of Redwood Materials: \$1.07 billion
Straubel co-founded Tesla and served as chief technology officer for more than 15 years. He launched battery-recycling upstart Redwood Materials. The company aims to address potential shortages in battery materials by harvesting them from discarded batteries. He now sits on Tesla's board of directors.

Gene Berdichevsky
CEO of Sila Nanotechnologies: \$930 million
Berdichevsky was Tesla's seventh employee and lead engineer on the lithium-ion battery system for its first vehicle, the Roadster. He co-founded Sila more than a decade ago to make more advanced silicon anode battery materials. The company is building its first big facility in Washington state.

Enric Asunción
CEO of Wallbox: roughly \$390 million
Asunción spent about a year at Tesla focused on charging stations before co-founding home smart charger maker Wallbox. The Barcelona-based company has sold more than 500,000 EV chargers and last year started production at its first U.S. factory in Texas.

Dorian West
Co-founder of Electric Hydrogen: \$222 million
West was an early Tesla employee who became director of engineering, working on the Roadster, batteries and semi trucks. He co-founded Electric Hydrogen, which is backed by Amazon.com, Rio Tinto and Bill Gates. The company expects to start manufacturing electrolyzers that make green hydrogen in 2024.



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Musk's EV Maker Launches Cheaper, Shorter-Range Model S and Model X

BY ALYSSA LUKPAT

Tesla released cheaper versions of its most expensive U.S. vehicles, the Model S and Model X, that cost \$10,000 less and drive fewer miles per charge, according to the company's website. The electric-vehicle maker rolled out what it called standard-range vehicles on its website this week, costing \$78,490 for a Model S and \$88,490 for a Model X. The standard-range Model S luxury sedan can drive roughly 320 miles on one charge, compared with 405 miles for the regular version, according to Tesla's website. The lower-range Model X SUV has a range of about 269 miles on one

charge, less than the 348-mile range on the regular version. Tesla has cut prices for its U.S. vehicles multiple times this year in a bid to stoke demand in a competitive market. Chief Executive Elon Musk suggested the January price drops fueled buyer interest. Some of the price cuts ensured its models cost less than the threshold to qualify for a federal tax credit. Tesla also made price adjustments in China this week. The EV seller dropped prices by up to 4.5% for two versions of its Model Y car and is offering an insurance subsidy on some of its new Model 3 vehicles. Texas-based Tesla sells vehicles directly to consumers without going through a dealership. The company routinely adjusts

prices online. Tesla generally has less pricing transparency than traditional automakers that suggest prices to dealers. Tesla, the world's top EV seller, cut vehicle prices after a difficult 2022. The company last year posted its worst stock performance yet and fell short of its vehicle delivery targets. However, Tesla has reported a surge in deliveries this year after the price adjustments. Some carmakers followed and lowered their prices. Traditional auto companies have broken into the EV market but have struggled to gain traction. General Motors said it would phase out its first mainstream EV, the Chevrolet Bolt, at the end of the year and roll out a new version.

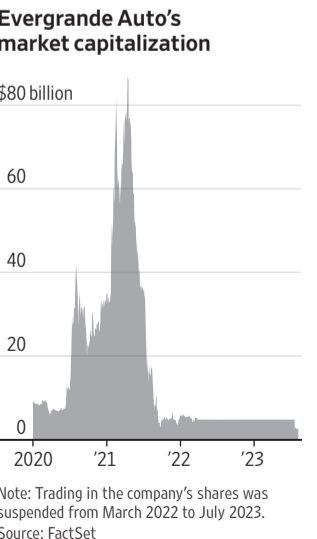
Ford Motor dropped the price of its electric Mustang Mach-E in January and later said it expected to lose \$3 billion on its EV business this year. A Ford spokesman said Tuesday that it was scaling EV production this year and reducing prices to make its electric cars more accessible. GM declined to comment Tuesday and referred to a July statement about the new Chevy Bolt. Tesla didn't immediately return a request to comment. Watch a Video Scan this code for a video on expectations for Tesla's Cybertruck.

Property Developer China Evergrande's EV Unit To Get Cash Injection From Dubai Automaker

BY DAVE SEBASTIAN

HONG KONG—The electric-vehicle unit of beleaguered property developer China Evergrande Group is getting a \$500 million cash injection from a Dubai-based automaker, which will take a big stake in the company. NWTN, which went public last year after merging with a special-purpose acquisition company, said it will acquire roughly 28% of China Evergrande New Energy Vehicle Group. It also will gain the right to nominate most of the Hong Kong-listed company's board members. The investment will help Evergrande's fledgling auto business fund its factory production, which was delayed when the Chinese real-estate company slid into financial distress in 2021 and defaulted on its debts. The EV business, also known as Evergrande Auto, said the investment by NWTN was "the only viable fundraising plan currently available to the company to

satisfy its imminent funding needs." NWTN is run and controlled by Alan Nan Wu, a businessman who started an EV company called Iconiq Motors in 2016. It has an electric-vehicle assembly plant in Abu Dhabi and subsidiaries in China. The company reported no revenue from 2020 to 2022. Before Evergrande's liquidity crisis, the developer's founder and Chairman Hui Ka Yan had mapped out audacious plans for the auto business. He once predicted that it would surpass Tesla and become the world's largest EV maker by 2025. Instead, Evergrande Auto has struggled to get its business off the ground and gain traction in China's highly competitive EV market. The company's revenue from vehicles and vehicle-component sales was just \$8.4 million last year. Last month, Evergrande Auto said it had delivered more than 1,000 of its Hengchi 5 model as of the end of May this year, after suspending production for that model in



after the company disclosed the new investment but closed up just 1.8%. The EV business said on Monday that it also has struck an agreement to convert some of its loans into new shares, which would be held by lenders including its parent company and Hui. Evergrande's stake in the unit will drop to about 47% from 59% currently, after the loan conversion and capital injection from NWTN. The deal is expected to close in the fourth quarter. Evergrande, once one of China's biggest home sellers and the world's most indebted developer, in March struck a debt-restructuring deal covering \$19 billion in bonds following lengthy negotiations with international creditors. Holders of the developer's foreign debt could choose to swap their holdings into new long-term debt or take some principal losses and get a mix of shorter-term bonds and equity-linked notes backed by shares of Evergrande or two of its listed subsidiaries, including Evergrande Auto.

PHOTOS: THE COMPANIES

Wall Street Gets Key Role in Chip Revival

Staff with Goldman, Blackstone and KKR backgrounds to help allocate \$39 billion

By YUKA HAYASHI

WASHINGTON—To revive the U.S. chip industry, the Biden administration has launched one of the most significant acts of government intervention since World War II—and it is relying on masters of the free market to deliver the goods.

Since the passage of the bipartisan Chips and Science Act last summer, the Commerce Department has been quietly building a small team of elite Wall Street financiers to help allocate \$39 billion in taxpayer-funded manufacturing subsidies and other incentives to hundreds of companies.

The team members call it a startup within the government. The roughly three dozen professionals range in age from 23 to 64, and nearly half are women. They operate out of the cavernous Commerce Department building near the White House, in cramped rooms with steel furniture and tall partitions between cubicles.

The Biden administration has frequently tangled with American corporations over its economic policies. But when it comes to bringing advanced semiconductor manufacturing back to the U.S., administration officials say they need the skills of investment bankers, private-equity investors and management consultants.

“Markets don’t always work perfectly,” said Todd Fisher, a former executive at private-equity firm KKR who leads the investment team of the Chips Program Office.

“We are trying to correct a dislocation,” Fisher said, because “other countries put their thumb on the scale.”

Presidents have long gone to Wall Street to fill top jobs, with Federal Reserve chairman Jay Powell and former Treasury Secretary Steven Mnuchin among the recent examples. But the recruitment of an entire team of private-sector professionals is unprecedented, economists say, and reflects the central role chips play in modern economies—powering everything from household electronics to advanced weap-

ons systems.

The intensifying technology and military rivalry with China was the crucial factor in last year’s passage of the Chips Act.

“The stakes are high and the world is watching,” says John Neuffer, head of the Semiconductor Industry Association. “It’s critical we get this big experiment in industrial policy right for America.”

The performance of Fisher’s team will be an early test of whether the government can bring back some of the most advanced manufacturing to America’s shores after decades of outsourcing. The U.S. makes only about 10% of global semiconductor supplies and none of the most advanced chips, which are mostly manufactured in Taiwan.

Some economists are skeptical of industrial policy whereby the government attempts to shape strategic industries using subsidies and tax incentives.

“Politics always takes over,” said Gary Clyde Hufbauer, a nonresident senior fellow at Peterson Institute for International Economics who has studied U.S. industrial policy.

The big challenge for the team, he said, is expected pressure from the White House and Congress to steer funds to favored constituencies. As the 2024 election season heats up, he predicts, the program will become “less on chips, and more on creating happy stories for job creation.”

Commerce Department officials say that the allocation won’t be based on politics and that one reason the government assembled the Wall Street team was to ensure careful rewarding of limited federal resources.

“We here at the Commerce Department fundamentally have to be good stewards of taxpayer dollars,” said Commerce Secretary Gina Raimondo, who described the team as “unbelievably talented and experienced.”

The team includes Sara O’Rourke, a former partner at McKinsey & Co., Farha Faisal, who previously worked at private-equity company Blackstone, and former Goldman Sachs bankers Kevin Quinn



From left, team members Mary Alex Smith, Farha Faisal, Sara O’Rourke and Michael Schmidt

and Srujan Linga. Mary Alex Smith is an investment principal and a former JPMorgan banker.

The job is to pick winners and losers among some 460 applicants, including top semiconductor companies such as Intel, Samsung and Taiwan Semiconductor Manufacturing. Their choices will face heavy scrutiny—some of it by members of Congress.

“In an investment firm, nobody ever knows all the deals you didn’t do,” says Quinn, a senior relationship director who was co-head of global technology banking at Goldman before founding his own investment firm. “Here, you are accountable for all your no’s, and there are a lot of no’s.”

In Quinn’s cubicle—the first one he’s had since 1994—sits a copy of Chris Miller’s “Chip War.” Required reading for the team, the book examines the geopolitics surrounding semiconductors. Team members bought copies at their own expense. Accustomed to private-sector perks, Quinn shrugged his shoulders as he mentioned a requirement to fly coach for work trips to Asia.

With Raimondo—herself a former venture-capital execu-

tive—taking a hands-on role, the investment team works similarly to the way that Wall Street deal teams do.

Each Chips Act grant applicant is assigned a senior relationship director and investment officers. The team’s junior members work long hours crunching numbers to build quantitative models to see whether the projects will pencil out.

The team must ensure funded projects fulfill President Biden’s political agenda, including promoting a diverse workforce. Some in the chip industry have complained about strings attached to the program’s funding, including restrictions on expansion in China, limits on executive compensation, and mandatory daycare for workers’ children.

The investment team works closely with officials specializ-

ing in Biden strategies, including defense experts and economists. Investment team members report to Michael Schmidt, director for the Chips Program Office and a former New York state official.

Officials won’t say when Chips Act funds will be awarded, but industry executives expect it could be as soon as late this year.

“We are literally designing the strategy, designing the organization and designing the investment process as we go,” said O’Rourke, the team’s operations chief.

The initial allocation will be just a first step. Compared with the industry’s long-term investment needs, the \$39 billion in manufacturing incentives is a “rounding error,” says Stacy Rasgon, a senior analyst at Bernstein Research.

TSMC plans to spend \$40

billion to build new advanced plants in Arizona. The industry needs to spend \$3 trillion globally in research and equipment over the next decade to meet the demand for chips, according to a Boston Consulting Group estimate.

“We will not be successful if we don’t find ways to use our money to incentivize private capital,” Fisher said.

That task falls heavily on Linga, who leads the team’s financial structuring group. As a top banker specializing in asset-backed financing at Goldman, he helped airlines borrow by using frequent-flyer programs as collateral and Sprint issue debt backed by wireless spectrum licenses.

An Indian immigrant who traded a \$5 million annual paycheck for a \$183,500-a-year government job, Linga said he realized the national security implications at stake when he bumped into an army general at Raimondo’s office during his job interview. “When the U.S. government offers you a role like this, it’s an honor,” he said.

Linga is looking for ways semiconductor suppliers can raise money from pension funds and insurance companies. To make lending more attractive, he says, loans can be secured by the value of equipment, intellectual property and infrastructure.

Some team members, including investment director Faisal, who used to work at Blackstone, say America’s reliance on foreign-made chips has become an Achilles’ heel, justifying government intervention—for now. Longer term, they say, the aim is to build an industry that can fund its own growth. “We are going to do this because we want to spur the private sector to come in,” Faisal said.

The U.S. makes only about 10% of global semiconductor supplies.

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Employees of Inotiv’s monkey supplier are charged with conspiring to illegally import macaques.

Drug Tester Faces SEC Probe On Imports of Asian Monkeys

By RICHARD VANDERFORD

Inotiv, a pharmaceutical testing company, faces an investigation into whether its monkey-sourcing practices may have violated U.S. anti-foreign bribery law.

The Securities and Exchange Commission has sent Inotiv a request for documents and information relating to the company’s and several subsidiaries’ importation of “non-human primates” from Asia, including whether its practices comply with the U.S. Foreign Corrupt Practices Act, Inotiv said in a recent securities filing.

Inotiv is fully cooperating with the SEC’s voluntary requests, a representative said.

A representative for the SEC said the agency “does not comment on the existence or nonexistence of a possible investigation.”

West Lafayette, Ind.-based

Inotiv provides drug-testing services and sells research animals to pharmaceutical companies, governments and universities. The company has faced a number of investigations centering on its animal-related practices.

In November, federal prosecutors in Miami charged several employees of Inotiv’s main supplier of monkeys, along with two Cambodian government officials, with involvement in a criminal conspiracy to illegally bring wild long-tailed macaques into the U.S.

The endangered species is protected under an international treaty and can be imported only with special permits. To make up for a shortage of the monkeys at breeding facilities, the co-conspirators allegedly acquired macaques through the black market.

Cambodian government of-

ficials allegedly received payments to issue permits that falsely showed the monkeys were bred in captivity, when some were captured from national parks and protected areas. The criminal conspiracy ran from at least December 2017 to January 2022, the Florida prosecutors said. The case is pending.

In the Inotiv filing, it said the SEC asked for information covering a period from December 2017 to the present.

Inotiv is cooperating with Florida prosecutors and has stopped importing nonhuman primates from Cambodia because of new export restrictions, the company said in December.

It is, however, selling those animals now in the U.S. Inotiv expects to establish new procedures before it begins importing primates from Cambodia again, it said.

THE PROPERTY REPORT

U.S., China Woes Bruise Market for Singapore REITs

BY WEILUN SOON

SINGAPORE—One of Asia's largest markets for real-estate investment trusts is reeling from America's office slump and China's slowing economy. Singapore's \$73 billion market for publicly listed real-estate investment trusts was recently shaken after a U.S. office trust run by Manulife said in July that the value of its portfolio fell 15% in the first half of 2023, causing it to breach a loan covenant. The vehicle and two others that focus on U.S. commercial properties have lost more than two-thirds of their combined market value over the past year.

Market participants are worried that Manulife U.S. REIT's woes are the tip of the iceberg. Stock prices of some Singapore-listed REITs that hold commercial properties in China also have fallen this year as the country's macroeconomic outlook worsens.

Dasin Retail Trust, which owns shopping malls in Southern China, said some of its tenants, including the Chinese operator of supermarket chain Carrefour, terminated leases early. It also disclosed in July that its portfolio's value declined in 2022.

Some trust managers recently asked the Monetary Authority of Singapore, the country's top financial regulator, to ease its leverage limits to give them more financial flexibility to negotiate lending terms with banks, according to people familiar with the matter. Singapore REITs generally have to stay within a 45% debt-to-assets ratio.

A MAS spokesperson said it closely monitors macroeconomic conditions and has regular discussions with the industry. If trusts exceed the leverage limit because their property values declined, that wouldn't constitute a breach, the spokesperson added.

Singapore has drawn dozens of property-trust listings over the past two decades, and has become the biggest Asian market for REITs outside of Japan. The vehicles together account for 12% of Singapore's total stock-market capitalization. The recent declines in U.S. property valuations and stock prices are shaping up to be a test of the market's resilience.

Most China-focused REITs haven't reported such declines, but analysts say the worry is that the effects of China's sputtering recovery will start to affect occupancy at malls and industrial parks that some of the trusts hold, and their valuations.

"There's a sense of nervousness in the market," said Vijay Natarajan, a REIT analyst at RHB Bank Singapore. He said a

lot of factors have contributed, including rapidly rising interest rates and the pandemic's effect on overseas properties. These developments have disproportionately affected internationally focused REITs in Singapore, as they tend to have smaller portfolio sizes and are less diversified, he added.

In the U.S., many office workers have resisted going back to the workplace, leading companies to reconsider the amount of office space they need. That is in turn sending valuations of office REITs and stocks of office landlords lower.

Manulife U.S. REIT has buildings in or close to major U.S. cities including Los Angeles, Atlanta and Washington, D.C.

The trust recently sought independent valuations of its portfolio, and its managers were surprised to learn that it had dropped by \$280 million to \$1.63 billion.

The trust's building at 1750 Pennsylvania Avenue, which is located a block from the White House and counts the U.S. government as its anchor tenant, was valued at \$124 million, versus \$156 million at the end of 2022.

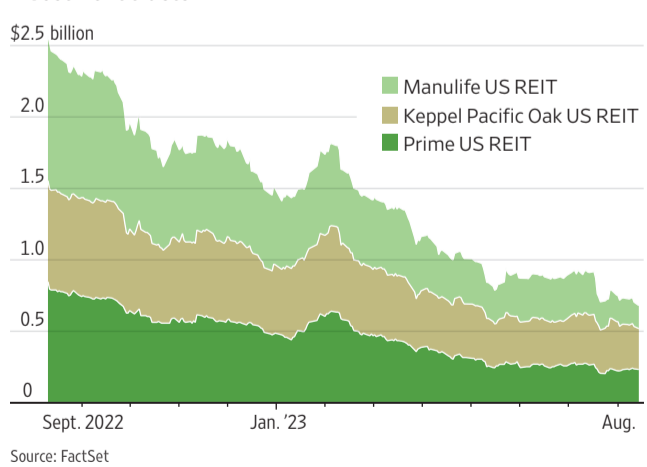
Its 11-story office property at 500 Plaza Drive in Secaucus, N.J., for instance, was worth \$67 million at the end of June, down 27% from six months earlier, according to valuations provided by a unit of Jones Lang LaSalle. Just 7 miles away, its office building at 10 Exchange Place in Jersey City was valued at \$258 million, down 11% from the end of 2022.

The overall loss in value, coupled with a sharp rise in interest rates that increased its borrowing costs, caused the trust to breach one of its financial covenants. The Manulife U.S. REIT didn't make a cash distribution for the first half. It said on Monday that its manager made a payment to lower its leverage ratio slightly, and is in talks with lenders about waiving the covenant breach. It may also sell Phipps Tower, an office building in Atlanta, to help bolster its liquidity.

Shares of the REIT dropped further on Monday. They have lost close to half their value over the past month. The trust also is considering other asset sales to third parties, said Caroline Fong, Manulife U.S. REIT's deputy chief executive officer.

Given the sharp drop in valuations in the first half of the year, analysts from DBS said financial support from the trust's sponsor may be needed to help resolve the problems. That could be in the form of an equity injection or asset sales, they said.

Market capitalization of three Singapore-listed real-estate investment trusts



New Rochelle revised its zoning approval process. It has added about 2,500 apartment units downtown in the past eight years.

A New York City Suburb Eases Way to New Housing

BY MAGGIE EASTLAND

American suburbs have struggled with red tape and community opposition to plans for more housing. One New York City suburb has successfully navigated these obstacles to ramp up construction of new downtown housing.

The Westchester County city of New Rochelle, N.Y., has added about 2,500 apartment units over the past eight years, following a period of hardly any new multifamily supply. In all, this city of 82,000 has approved construction of 6,300 apartment units across 30 real-estate projects near the New Rochelle train station, which is about a 40-minute ride to Manhattan.

Nearly 1 in 5 of the downtown apartments will be below market rate, boosting the city's affordable housing stock by nearly two-thirds. Officials said they would give first preference to artists certified by the city.

New Rochelle is emerging as a potential blueprint for overcoming the various political, financial and community obstacles that have made efforts to build multifamily housing in the suburbs an often insurmountable task.

The mayor, other city officials and executives at RXR, the property developer that led the construction, expedited the zoning and environment review process. They also spent a year talking to city residents at public hearings, online forums and during informal meetings to help shape the building plan and win over local opinion.

"We have a model that can be replicated," said New Rochelle Mayor Noam Bramson.

Economists estimate the U.S. has a housing shortage in the millions. New York state alone will need more than 800,000 additional housing units by 2032, according to the Regional Plan Association, a nonprofit that studies the New York metropolitan area. New York Gov. Kathy Hochul is calling on New York's suburban counties to help produce more housing.

New Rochelle selected RXR in 2014, and the city council approved their master plan for new housing units the following year. Unlike many other cities, which approve new zoning for apartment buildings on a piecemeal basis, New Rochelle effectively approved thousands of units at once. Under this streamlined process, the city council agreed to forfeit the power to debate and raise objections to each apartment building in exchange for moving ahead quickly.

RXR also played a role in speeding the development



Clockwise from top: construction in New Rochelle; One Clinton Park; and city residents Bee and Rog Walker with their daughter.

along. The New York City firm spent \$2.5 million to pay consultants and for research on how the city's land, environment and infrastructure would accommodate thousands of new units across 300 acres.

City officials met often with community members to hear their concerns about whether adding more housing would strain public services. The city offered virtual-reality goggles near the downtown to help residents visualize the new buildings and offer their feedback. Officials also met some direct requests, such as agreeing to build plazas that would host free outdoor concerts as part of the development.

The city's environmental review process enabled the developers to skip individual environmental impact statements that often deter new projects.

"The secret to New Rochelle is having a comprehensive plan for what they were going to do," said Moses Gates, vice president for housing and

neighborhood planning at the Regional Planning Association. "You're still going through all the steps that everybody else has to go through, but you're doing it all at once."

Apartment buildings can take years to reach approval in New York City and its suburbs. Under New Rochelle's framework, RXR and other developers working on the project can gain approval in just 90 days.

After several years of few to no housing building permits from the city, officials have approved permits for thousands of housing units since 2019.

RXR has invested nearly \$1 billion in New Rochelle. It is developing four apartment towers and more than 1,200 residential units. Two buildings are complete and leasing. Their second project, once a municipal parking lot, is now the 28-story One Clinton Park. The building is 85% leased after opening in April 2022. RXR's first building that began leasing in 2019 is 93% full.

New Rochelle created a plan that "allows developers to rule out the guesswork and uncertainty that comes along with entitling land for development," said Joseph Graziose, an executive vice president at RXR. "That process that could take years in many municipalities is exceptionally shorter and streamlined in a place like New Rochelle."

Now, nine developers are currently building in the city, including Capelli Organization and Allstate Ventures. New Rochelle offers developers a standard package of tax deductions. The additional developers are following the same playbook as RXR to keep the process from getting bogged down.

New Rochelle is attracting newcomers from New York City. Bee and Rog Walker and their 3-year-old daughter moved to New Rochelle from the Bronx in June 2022 after touring smaller apartments in Manhattan. They now live in a new two-bedroom apartment with floor-to-ceiling windows that look out over the Long Island Sound. Amenities include a gym and a children's playroom.

"The space is amazing," Rog Walker said.

'We have a model that can be replicated,' New Rochelle's mayor said.

BUSINESS NEWS

Proposed Deal Spooks Steel Users

Continued from page B1
erations would create a lower-cost, more innovative supplier for manufacturers. Cleveland-Cliffs said Sunday it made a cash and stock offer to acquire Pittsburgh-based U.S. Steel for \$35 a share, which the company rejected, calling the offer

"unreasonable." Privately held Esmark, which operates steel distributors and a company that coats steel with tin for use in food cans, went public with its own bid for the company by offering shareholders \$35 in cash for each of their shares. CEO James Bouchard said he has been working for months on an offer for U.S. Steel, where he once was an executive.

Acquiring U.S. Steel would make Cleveland-Cliffs the largest steel company in North America with annual production of nearly 26 million tons and sales of almost \$40 billion.

Nucor, which is now the largest domestic steelmaker, would drop to second place with 18 million tons, followed by Steel Dynamics, according to materials submitted by Cleveland-Cliffs in its offer to U.S. Steel. The realignment of the steel industry would leave Cleveland-Cliffs with an outside stake in the flat-rolled steel business, analysts said. The company would account for more than 50% of the sheet steel consumed annually in the U.S., according to KeyBanc Capital Markets.

Cleveland-Cliffs's potential concentration within the auto-

motive steel market is likely to become a flashpoint for steel users and antitrust regulators. Cleveland-Cliffs already is the largest supplier of automotive sheet steel. The auto industry is U.S. Steel's biggest customer as well, accounting for more than 20% of its sales last year, KeyBanc said.

U.S. Steel and Cleveland-Cliffs produce most of their steel from iron-ore melted in blast furnaces. It is a production process that yields high-quality sheet steel used in car fenders, hoods and other exterior parts of a vehicle. If Cleveland-Cliffs buys U.S. Steel, it

would become the only steel company in the U.S. using blast furnaces. As a result, Cleveland-Cliffs also would become the lone domestic supplier of tin-plate used in food cans. Can manufacturers primarily use steel made from iron ore.

U.S. Steel and Cleveland-Cliffs also are the only suppliers of iron ore in the U.S. Cleveland-Cliffs, which was an ore-mining company until it started buying its steel customers a few years ago, would control the entire domestic ore supply if it acquires U.S. Steel.

Cleveland-Cliffs also would be the only domestic steel

company capable of producing steel for electric vehicle motors if it acquires U.S. Steel's Big River Steel mill in Arkansas, where U.S. Steel is close to completing a line to produce the electrical steel.

U.S. Steel's board said it rejected Cleveland-Cliffs's proposal when the two companies couldn't agree on the terms for conducting talks over the offer. The company said it is evaluating other offers. Regarding Esmark's bid, U.S. Steel said it welcomes the company joining the multiple parties that have submitted offers for all or part of the company.

COMMODITIES

Futures Contracts

Table with columns: Metal & Petroleum Futures, Copper-High (CMX), Gold (CMX), Palladium (NYM), Platinum (NYM), Silver (CMX), Crude Oil, Light Sweet (NYM), Gasoline-NY RBOB (NYM), Natural Gas (NYM).

Table with columns: Agriculture Futures, Corn (CBT), Oats (CBT), Soybeans (CBT), Soybean Meal (CBT), Soybean Oil (CBT), Rough Rice (CBT), Wheat (CBT), Wheat (KC), Cattle-Feeder (CME), Cattle-Live (CME), Hogs-Lean (CME), Lumber (CME).

Table with columns: Interest Rate Futures, Ultra Treasury Bonds (CBT), Treasury Bonds (CBT), Treasury Notes (CBT), 5 Yr. Treasury Notes (CBT), 2 Yr. Treasury Notes (CBT), 30 Day Federal Funds (CBT), Three-Month SOFR (CME).

Table with columns: Currency Futures, Japanese Yen (CME), Canadian Dollar (CME), British Pound (CME), Swiss Franc (CME), Australian Dollar (CME), Mexican Peso (CME), Euro (CME), Index Futures, Mini DJ Industrial Average (CBT), Mini S&P 500 (CME), Mini S&P Midcap 400 (CME), Mini Nasdaq 100 (CME), Mini Russell 2000 (CME), Mini Russell 1000 (CME), U.S. Dollar Index (ICE-US).

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Table comparing bond benchmarks: Broad Market Bloomberg Fixed Income Indices, U.S. Corporate Indexes, High Yield Bonds, Mortgage-Backed Bloomberg Fixed Income Indices, Global Government J.P. Morgan.

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds. **EMBI Global Index. Sources: ICE Data Services; Bloomberg Fixed Income Indices; J.P.Morgan

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Table showing yields and spreads for various countries (U.S., Australia, France, Germany, Italy, Japan, Spain, U.K.) across different maturities.

Source: Tullett Prebon, Tradeweb ICE U.S. Treasury Close

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Table of investment-grade spreads for Intel, Southern Power, Toronto-Dominion Bank, NextEra Energy Capital Holdings, Bank of Nova Scotia, Procter & Gamble, WestRock, Altria.

...And spreads that widened the most

Table of investment-grade spreads that widened the most for Banco Santander, Bank of America, Caterpillar Financial Services, Procter & Gamble, ConocoPhillips, Toronto-Dominion Bank, Intesa Sanpaolo, America Movil SAB de CV.

High-yield issues with the biggest price increases...

Table of high-yield issues with biggest price increases for Ford Motor Credit, Transocean, Telecom Italia Capital, Teva Pharmaceutical Finance Netherlands.

...And with the biggest price decreases

Table of high-yield issues with biggest price decreases for Xerox, Ford Motor Credit, Transocean, Telecom Italia Capital, Bath & Body Works, Dish DBS, Prime Security Services Borrower, Regal Rexnord.

*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for Z-spread. Note: Data are for the most active issue of bonds with maturities of two years or more

Source: MarketAxess

Cash Prices | wsj.com/market-data/commodities

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.

Table of cash prices for Energy, Metals, Fibers and Textiles, Grains and Feeds, Fats and Oils.

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=Sealand Publishing; R=SNL Energy; S=Platts-TSI; T=Totalook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 8/14

Source: Dow Jones Market Data

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Table of Exchange-Traded Portfolios (ETFs) showing largest 100 exchange-traded funds and various sector ETFs.

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BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldface quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like AECOM, AES, Affix, AGCO, Ansys, APA, ASE Tech, ASML, AT&T, AbbottLabs, AbbVie, AcadiaHealthcare, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like CarMax, Carnival, BrookfieldAsset, Brookfield, BrookfieldInt, BrookfieldReal, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Darden, DarlingIndred, Datadog, DeVita, DeckersOutdoor, etc.

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Bank-owned Real Estate Auction September 21, 2023. 5 Vacant Land Parcels. Various potential uses from Hotel, Retail, Office, Assisted Living and more.

Dividend Changes

Table with columns: Company, Symbol, Yld %, Amount New/Old, Frq, Payable / Record. Lists companies like Saratoga Investment, Tapestry, Warner Music Group, etc.

Borrowing Benchmarks

wsj.com/market-data/bonds/benchmarks

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets.

Table with columns: Inflation, U.S. consumer price index, International rates, Prime rates, U.S., Canada, Japan, Policy Rates, Federal funds, Treasury bill auction, U.S. government rates, Discount, Overnight repurchase, DTCG GCF Repo Index.

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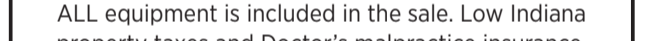
FOR INFORMATION CONTACT Rick Levin & Associates, Inc. | since 1991 312.440.2000 | www.ricklevin.com

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MASSACHUSETTS

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MASSACHUSETTS

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855.755.2300 HilcoRealEstate.com

U.S. Bankruptcy Court District of Massachusetts (Springfield), Petition No. 23-30136, In re: Chapin Center RE LLC.

INVESTMENT PROPERTIES

27-LOT RENO NV SUBDIVISION

Approved tentative map City-View lots, Strong Bldr Mkt

Suggested gated community, \$1.1mm

FERRARI-LUND REAL ESTATE Larry Barnes, Bs.21554 • 775-846-5080 Lester Conklin, s.32291 • 775-762-0338

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Vio Bank (888) 999-9170 5.15

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Colorado Federal Savings Bank (877) 484-2372 1.00

Lone Star Bank (713) 358-9400 0.20

Two-month CD VirtualBank (877) 998-2265 2.74

Colorado Federal Savings Bank (877) 484-2372 0.75

Lone Star Bank (713) 358-9400 0.20

Three-month CD Goldwater Bank (480) 281-8200 5.00

Popular Direct (800) 274-5696 4.75

Merrick Bank (866) 638-6851 4.75

Popular Direct (800) 274-5696 4.75

Two-year CD VirtualBank (877) 998-2265 5.26

Colorado Federal Savings Bank (877) 484-2372 5.16

Lone Star Bank (713) 358-9400 5.15

Three-month CD Goldwater Bank (480) 281-8200 5.00

Merrick Bank (866) 638-6851 4.60

Popular Direct (800) 274-5696 4.59

Popular Direct (800) 274-5696 4.50

Notes: Accounts are federally insured up to \$250,000 per person. Yields are based on method of compounding and rate stated for the lowest required opening deposit to earn interest. CD figures are for fixed rates only. MMA: Allows six (6) third-party transfers per month, three (3) of which may be checks. Rates are subject to change.

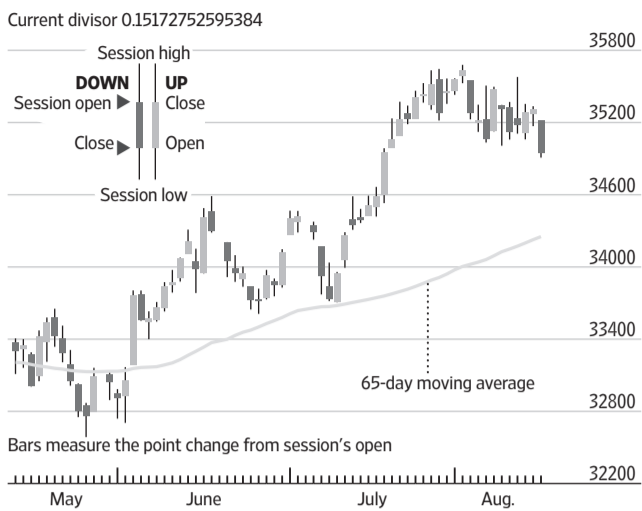
Source: Bankrate.com, a publication of Bankrate, Inc., Palm Beach Gardens, FL 33410 Internet: www.bankrate.com

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

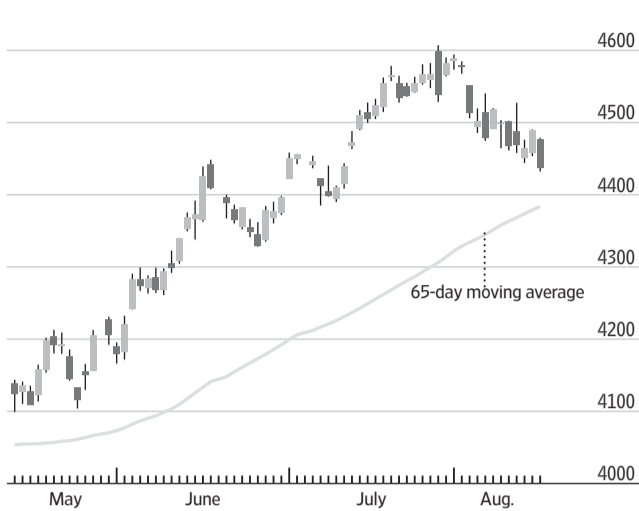
34946.39 ▼361.24, or 1.02%
Last Year ago
Trailing P/E ratio 25.61 20.13
P/E estimate * 19.18 17.90
Dividend yield 2.04 2.05
All-time high 36799.65, 01/04/22



*Weekly P/E data based on as-reported earnings from Birmyni Associates Inc; *Based on Nasdaq-100 Index

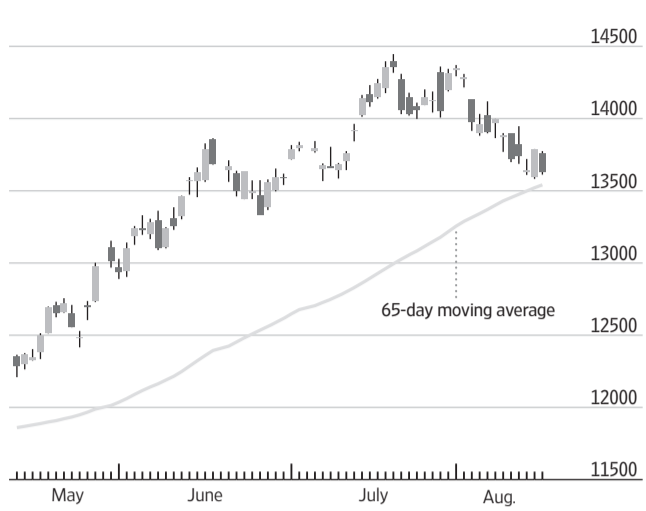
S&P 500 Index

4437.86 ▼51.86, or 1.16%
Last Year ago
Trailing P/E ratio * 22.43 22.75
P/E estimate * 20.41 18.69
Dividend yield * 1.56 1.54
All-time high 4796.56, 01/03/22



Nasdaq Composite Index

13631.05 ▼157.28, or 1.14%
Last Year ago
Trailing P/E ratio ** 30.25 27.36
P/E estimate ** 27.55 24.32
Dividend yield ** 0.85 0.82
All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

Table with columns: Index, High, Low, Latest Close, Net chg, % chg, 52-Week High, Low, % chg, YTD, 3-yr. ann. Includes Dow Jones, Nasdaq Stock Market, and S&P.

Table for Nasdaq Stock Market showing Nasdaq Composite, Nasdaq-100, and S&P.

Table for S&P showing 500 Index, MidCap 400, and SmallCap 600.

Table for Other Indexes including Russell 2000, NYSE Composite, Value Line, NYSE Arca Biotech, NYSE Arca Pharma, KBW Bank, PHLX Gold/Silver, PHLX Oil Service, PHLX Semiconductor, and Cboe Volatility.

\$Nasdaq PHLX Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges.

Most-active issues in late trading

Table listing most-active issues in late trading with columns: Company, Symbol, Volume (000), Last, Net chg, After Hours % chg, High, Low.

Percentage gainers...

Table listing percentage gainers with columns: Company, Symbol, Volume (000), Last, Net chg, After Hours % chg, High, Low.

...And losers

Table listing percentage losers with columns: Company, Symbol, Volume (000), Last, Net chg, After Hours % chg, High, Low.

Trading Diary

Volume, Advancers, Decliners

Table showing trading diary statistics: Total volume, Adv. volume, Decl. volume, Issues traded, Advancers, Declines, Unchanged, New highs, New lows, Closing Arms, Block trades.

*Primary market NYSE, NYSE American NYSE Arca only. **TRIN A comparison of the number of advancing and declining issues with the volume of shares rising and falling.

International Stock Indexes

Table for World and Americas stock indexes including MSCI ACWI, S&P/TSX Comp, BOVESPA, S&P/PIPSA, S&P/BMV IPC.

Table for EMEA and Asia-Pacific stock indexes including STOXX Europe 600, Euro STOXX, Oslo Bors All-Share, FTSE/JSE All-Share, IBEX 35, OMX Stockholm, Swiss Market, BIST 100, FTSE 100, FTSE 250.

Table for Asia-Pacific stock indexes including MSCI AC Asia Pacific, S&P/ASX 200, Shanghai Composite, Hang Seng, S&P BSE Sensex, NIKKEI 225, Straits Times, KOSPI, TAIEIX, SET.

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Table listing percentage gainers with columns: Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, % chg.

Most Active Stocks

Table listing most active stocks with columns: Company, Symbol, Volume (000), % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low.

* Volumes of 100,000 shares or more are rounded to the nearest thousand

QR code and text: Scan this code. Get real-time U.S. stock quotes and track most-active stocks, new highs/lows, mutual funds and ETFs. All are available free at WSJMarkets.com

Percentage Losers

Table listing percentage losers with columns: Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, % chg.

Volume Movers Ranked by change from 65-day average*

Table listing volume movers with columns: Company, Symbol, Volume (000), % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low.

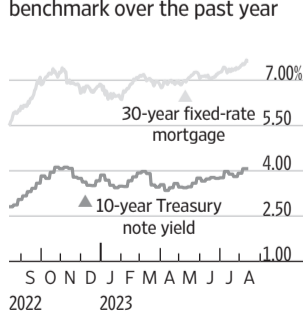
* Common stocks priced at \$2 a share or more with an average volume over 65 trading days of at least 5,000 shares. *Has traded fewer than 65 days

CREDIT MARKETS

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

30-year mortgage, Rate

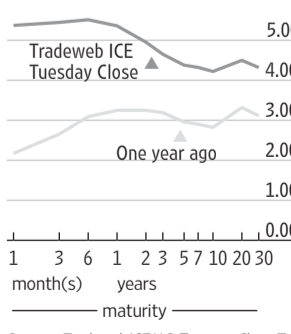
Table listing selected rates for Bankrate.com avg, 1st Summit Bank, Fidelity Bank Trust, International Bank of Commerce, Farmers Bank, Marathon Bank.

Table for Federal-funds rate target, Prime rate, SOFR, Money market, Five-year CD, 30-year mortgage, 15-year mortgage, Jumbo mortgages, New-car loan.

Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks. † Excludes closing costs. Sources: FactSet; Dow Jones Market Data; Bankrate.com

Treasury yield curve

Yield to maturity of current bills, notes and bonds



Sources: Tradeweb ICE U.S. Treasury Close; Tullett Prebon; Dow Jones Market Data

Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Corporate Borrowing Rates and Yields

Table listing corporate borrowing rates and yields for U.S. Treasury, Aggregate, Fixed-Rate MBS, High Yield 100, Muni Master, EMBI Global.

Sources: J.P. Morgan; Bloomberg Fixed Income Indices; ICE Data Services

CURRENCIES & COMMODITIES

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Table listing U.S.-dollar foreign-exchange rates for Americas, Europe, Asia-Pacific, Middle East/Africa.

Table listing U.S.-dollar foreign-exchange rates for Vietnam, Europe, Asia-Pacific, Middle East/Africa.

Sources: Tullett Prebon, Dow Jones Market Data

Commodities

Table listing commodity prices for DJ Commodity, Refinitiv/CC CRB Index, Crude oil, Natural gas, Gold.

BANKING & FINANCE

BDO's U.S. Revamp to Give Staff Stock-Ownership Plan

By MARK MAURER

The U.S. arm of accounting firm BDO on Monday said it intends to set up an employee-benefit plan that will give 10,000 employees a direct stake in the firm, its latest bid to recruit and retain workers amid a shortage of accountants.

structure in July from a partnership—similar to that of many large accounting firms—to a professional-services corporation, which the firm has said would reduce its taxes and provide other advantages. BDO is moving a step further in its restructuring, with its 880 U.S. partners recently voting nearly unanimously to establish an employee stock-ownership plan, or ESOP, Berson said. ESOPs are employer-sponsored retirement plans set up as a trust whereby current and future employees receive beneficial ownership in the company over time. Employees won't need to make an out-of-pocket contribution as part of the plan, which is scheduled to go into

effect on Aug. 31, the firm said. BDO's partners will sell about 42% of their shares to the trust and retain the rest, while also taking a cut to their compensation and giving up their pensions, Berson said. The firm's youngest partners would have to retire and sell their shares for the firm to be fully owned by the ESOP, which would likely take about 20 years, he said. To fund the creation of the ESOP and restructure existing debt obligations, BDO secured about \$1.3 billion in private debt from funds managed by affiliates of alternative-asset manager Apollo Global Management, among others, Berson said, declining to provide

details on the financing term and interest rate. No parties including Apollo received equity as part of the deal, he said. The deal also would refinance BDO USA's existing credit line, allowing it to reap certain tax benefits from the ESOP. Employees will receive an annual allocation of shares in the ESOP trust that is tax deductible to the company, Berson said. "That enables us to repay debt and enables us to invest in quality," he said. BDO executives aren't cashing in and getting out, but rather will continue to lead as the firm works to further build its audit, advisory and tax businesses, Berson said.

Discover Financial CEO Resigns, Shares Plunge

By GINA HEEB

Discover Financial shares dropped more than 9% Tuesday after the Riverwoods, Ill.-based company said Roger Hochschild would step down as chief executive effective immediately. Discover board member and ex-Regions Financial executive John Owen will serve as interim CEO and president, the company said after markets closed Monday. Discover will work with a global executive search firm to find a permanent replacement. Discover said the board and Hochschild "have agreed that now is the right time to transition leadership" but didn't include a reason. Hochschild, a 25-year veteran of the company who was named CEO in 2018, will hold an advisory

role through the end of the year. Discover disclosed in July that an internal review found the company had misclassified certain credit card accounts beginning in 2007, incorrectly placing them into the highest merchant and acquirer pricing tier. It established a liability of \$365 million to accrue for estimated compensation owed to merchants and acquirers Chief Financial Officer John Greene told analysts. The company said it also had received a proposed consent order from the Federal Deposit Insurance Corp. Hochschild told analysts it was "in connection with consumer compliance" and "broadly around" the compliance management system, but didn't offer further details.

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Table with columns: Stock, 52-Wk % High/Low/Chg, Tuesday, August 15, 2023, Stock, 52-Wk % High/Low/Chg. Includes sections for Highs and Lows.

Table with columns: Stock, 52-Wk % High/Low/Chg, Stock, 52-Wk % High/Low/Chg. Lists various stocks and their performance.

Table with columns: Stock, 52-Wk % High/Low/Chg, Stock, 52-Wk % High/Low/Chg. Lists various stocks and their performance.

Biggest 1,000 Stocks

Large table with columns: Stock, 52-Wk % High/Low/Chg, Stock, 52-Wk % High/Low/Chg. Lists the top 1,000 stocks by market cap.

Mutual Funds

Table with columns: Fund, Net NAV, YTD % Ret, Fund, Net NAV, YTD % Ret. Lists various mutual funds and their performance.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

China's Economic Contract Is Fraying

Households' confidence in Beijing's policies has been shattered

The economic news out of China this summer has been grim. But the headline figures, as bad as they are, may be hinting at a more fundamental issue: Beijing failed to convince households that their financial future is secure in the post-Covid era. The country's main July data, released Tuesday, paint a picture of an economy close to stalling out. Growth in retail sales slowed to 2.5% from a year earlier—with consumer inflation already negative. Industry barely grew: 0.1% from the prior month in seasonally adjusted terms. And banks extended the smallest amount of new loans, on net, since 2009. Beijing responded by cutting two key policy rates—and saying it will no longer publish youth unemployment data, which was running in the neighborhood of 20%. After a promising start to the year, how did things get so bad so fast?

There is plenty of ugly news to

choose from: Exports are falling, foreign investment is drying up and the job market is weakening again. But perhaps the most compelling explanation is this: Households suffered an enormous loss of confidence in their future income prospects and the safety and value of their main asset, housing. And in both cases, Beijing's policies deserve much of the blame. A little history helps here. The privatization of the nation's housing stock in the '80s, '90s and early 2000s, which was among the largest transfers of wealth to households, gave families a modicum of financial security and a source of capital to invest in new businesses—just as the private sec-

tor in China was opening up. Ever since then, housing has functioned as a combination of retirement plan, insurance policy and stock portfolio. Endlessly rising housing prices—and wealth—have been a headache for young buyers and a driver of indebtedness, but helped paper over gaps in the social safety net for middle-aged savers. Beijing's squeeze on developer financing, the defaults of developer **Evergrande** and the deep housing downturn that followed were therefore a visceral gut punch for many, if not most, households. And it came at a time when the services sector, the main source of good jobs, was flagging thanks to Beijing's zero-Covid

policies and the crackdown on the tech and education sectors. Households have responded by boycotting the housing market, and paying down debt, on a scale that appears to be unprecedented in recent Chinese history. The stock of individual residential mortgage loans in China fell in the fourth quarter of 2022 and second quarter of 2023—something that didn't happen during the much steeper property-price downturn in late 2014 and early 2015. Developers sold 60.3 million square feet of residential property in July—which was the least in any given month since 2012, according to figures from data provider CEIC. Meanwhile, after a brief post-Covid bounce, households are focused on precautionary saving again. About 58% of respondents to the central bank's urban depositors survey indicated a preference for

boosting savings deposits in the second quarter, down slightly from December 2022's 62% but up close to 15 percentage points since mid-2019. Only 24.5% were inclined to boost consumption. Now, with another major developer—**Country Garden**—apparently teetering and the economy flirting with deflation, it seems clear that the time to flex the central government's balance sheet has arrived. A big consumption stimulus would be one way to begin convincing households that the government has their interests at heart again. Much stiffer support for developers will be probably necessary, too. Otherwise, if Beijing fails to prove to households that it is capable of forceful, practical action in their interest, China may be in for a painful period of economic stagnation—and perhaps political instability, too. —*Nathaniel Taplin*

The country's July data paint a picture of an economy close to stalling out.



Zoo Digital offers subtitled and dubbing services for movies and TV. Its shares have tumbled in recent months.

This Hollywood Star Can Make A Stock-Market Comeback

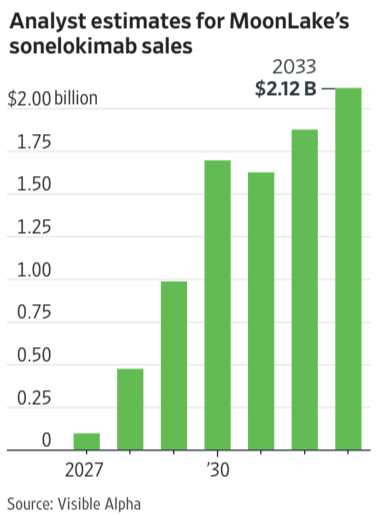
Rather than getting butts off sofas, Hollywood's strike may once again make people binge on Korean soap operas instead of American ones. Yet investors in **Zoo Digital**, frankly, don't need to give a damn. Shares of this U.K.-based technology firm, which offers subtitled and dubbing services for movies and TV shows, have lost more than 50% of their value over the past three months, as the strike of Hollywood writers and actors has interrupted television and film production. In 2021, Zoo was a sexy high-growth venture with an enterprise value of 80 times expected operating earnings. It now trades at a multiple of 15, barely above the average of the U.K. stock market. The Hollywood strike isn't the only reason for the loss of confidence. Text-generating artificial intelligence could reduce the need to manually translate and caption dialogues. Also, streaming platforms such as **Netflix**, **Disney+** and **Amazon Prime Video** plan to slash expenses in an effort to become profitable after years of splurging on original content. Labor disruptions could be an excuse to cut even more. Between the 2015 and 2023 fiscal years, Zoo's revenue grew at a

compound annual rate of 29%. Its cash flow has been positive despite massive investments, and the firm said last week that profits in the 12 months through March were almost six times higher than a year earlier. To get hooked again, investors must brush off some misconceptions: Spending on new streaming content may be a proxy for Zoo's business, but it is an imprecise one. Zoo doesn't care about movie budgets, only about streamers adding minutes to their platforms, which they are certain to keep doing. The Covid-19 crisis showed that when there is no new content, viewers simply watch old shows or embrace foreign productions like **Netflix's** "Squid Game." For Zoo, which has a growing network of freelancers around the globe and is opening new regional hubs, translating from foreign languages into English is an opportunity. About 27% of the world's most popular titles were made outside of the U.S. in 2021, from 15% in 2017, **Ampere Analysis** data shows. Back catalogs can be cash cows, too. Even when an old show has already been dubbed and captioned, it needs to be remastered and upgraded to the modern technical standards required by each plat-

form. These "media services" come with higher margins for Zoo. Only a few other firms like California's **Pixelogic** offer end-to-end language services for media. Zoo's cloud-based technology cuts costs by allowing many dubbing actors to work from home. As streamers hunker down, they are likely to streamline their supply chain, and Zoo could take market share. Of course, high-growth companies come with risks. Chief among them at Zoo is client concentration: In the year through March, 74% of revenue came from a single customer, believed to be **Walt Disney**—now knee-deep in a crisis due to big streaming losses, movie flops and empty theme parks. Also, AI has become good enough to caption documentaries and YouTube videos. But Zoo recently announced it has been selected as a key vendor by a second major Hollywood platform. As for robots, they are still a ways from being able to subtitle high-quality fiction, let alone do dubbing, which is the segment where Zoo has the most growth potential. At these valuations, Zoo may be making investors an offer they can't refuse. —*Jon Sindreu*

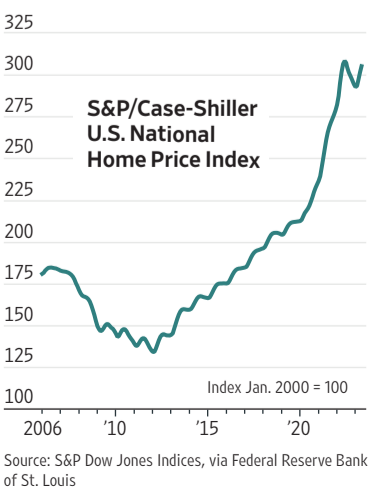
Get In On This Drug Before It's Too Late

Millions of people suffer from an autoimmune disease that causes painful skin lumps in places like the groin and armpits. While only one treatment, **AbbVie's** Humira, is approved in the U.S. for the condition, the race is on to introduce new medications to a market that could top \$5 billion in annual sales. **Novartis** is furthest ahead, as its blockbuster drug **Cosentyx** may win Food and Drug Administration approval later this year for the condition, known as hidradenitis suppurativa. But a little-known biotech company is developing a drug that looks to be highly effective. In late June, **MoonLake Immunotherapeutics** unveiled positive preliminary results from a midstage study of 234 patients for its drug, sonelokimab. The news sent its stock soaring. MoonLake is essentially a one-drug company that went public through a special-purpose acquisition in 2022 after licensing sonelokimab the year prior from **Merck KGaA**. There is a chance it won't be public for much longer. Since its results, the company reportedly engaged in conversations with drugmakers interested in a potential acquisition. Betting on a takeover is always risky, but the hunt for drugs that work in autoimmune diseases is intensifying. Some of the biggest blockbusters in that category, **AbbVie's** Humira and **Johnson & Johnson's** Stelara, are losing patent protection, creating a hole that the industry is looking to fill. The race heated up this year, with **Merck** paying \$10.8 billion for **Prometheus Biosciences** and **Eli Lilly** paying \$2.4 billion for **Dice Therapeutics**. **Jorge Santos da Silva**, chief executive at MoonLake, says sonelokimab has the "potential to be a very large, multibillion-dollar drug." "This naturally attracts interest but it also naturally represents as solid a base as you can get to build a strong company around," he says. **Hidradenitis suppurativa** is an autoinflammatory disease of the hair follicles, affecting about 1% to 4% of the U.S. population. Currently, the market is worth about \$1.6 billion in annual sales. But with **Novartis**, **UCB**, and **MoonLake** showing superior efficacy with a class of drugs known as anti-IL-17s, the market could exceed \$10 billion in annual sales in the mid-to-late



2030s, according to **BTIG** analyst **Julian Harrison**. MoonLake has a long way to go. But so far, the data looks promising. While comparing results across trials is never precise, its drug bested a placebo by 29 percentage points at 12 weeks for the study's primary goal. Analysts including **BTIG's** Harrison and **Jefferies' Kelly Shi** noted that was a significantly better outcome than **UCB's** Bimzelx and **AbbVie's** Humira. Days after releasing data from the study, the company raised \$400 million to fund development of the drug. It plans to release more data from its 12-week results at a scientific meeting in October. MoonLake's edge could have something to do with how deep it is able to deliver the medication. While it acts much like **UCB's** monoclonal antibody Bimzelx, by blocking the **IL17a** and **IL-17f** proteins—substances that play a role in inflammation—it is a smaller biological molecule, known as a nanobody. That allows it to target harder-to-reach tissues. After reports that MoonLake was in talks with potential buyers, **Jefferies' Shi** issued a note pointing out that recent deals in the space valued companies at about 2.4 to 4.5 times consensus peak sales estimates. With those estimates for MoonLake at about \$2 billion, a potential deal could be worth anywhere from \$4.8 billion to \$9 billion. With MoonLake fetching a market capitalization of \$3 billion, investors could reap gains from getting in before big pharma does. —*David Wainer*

Housing Market Continues to Work in Home Depot's Favor



High mortgage rates are keeping more home buyers on the sidelines and owners glued to their homes. Those seem like less-than-ideal conditions for **Home Depot**, but the main building blocks of home-improvement demand are holding up. Home Depot said Tuesday U.S. comparable sales slipped 2% in the three-month period ended July 30 compared with a year earlier, marking the third consecutive quarter of year-over-year declines. That was a better performance than the 3.9% drop that analysts penciled in. The retailer reported better-than-expected net income. Consumers pulled back on big-ticket items such as appliances—comparable sales fell

5.5% in that price category. But they kept spending on smaller projects: Home Depot noted positive comparable sales in live goods (plants), landscapes and hardscapes. This year is a reset year for Home Depot after increasing sales at a compound average growth rate of 12.6% over the past three years as homebound consumers splurged on renovations. It reaffirmed its guidance for the fiscal year, saying it expects comparable sales to fall 2% to 5%. Home Depot shares, despite having risen 5.2% this year, seem to be baking in some caution, trading at about 2.2 times forward sales, 22% off the peak ratio reached in late 2021 and in line

with their five-year average. One reassuring point from Home Depot's results is their correlation with home prices holds. Historically, the Case-Shiller U.S. National Home Price Index has had a 0.71 correlation with Home Depot's and **Lowe's** same-store sales growth, according to analysis from **BofA Securities**. After a dip starting mid-2022, the home-price index has been rising every month since February, and as of May was down 0.5% compared with a year earlier. **Redfin** data shows the median home sale price rose in June sequentially, supported by low inventory. **Scot Ciccarelli**, equity analyst at **Truist Securities**, estimates that

even if new homeowners spend three times more on their house than the average homeowner, it implies that over 90% of the industry's sales go to existing homes. Also, Home Depot's guidance assumes the worst. The retailer noted on its earnings call its share of personal-consumption expenditures rose in the past three years. The low end of its guidance assumes its share of the consumer wallet reverts to 2019 levels, which seems conservative given consumers' shift to spending more time at home and the rising age of the average home. Tuesday's strong retail sales report indicates Americans are still ready to spend. —*Jinjo Lee*