

THE WALL STREET JOURNAL.

What's News

Business & Finance

Rising mortgage rates are cooling the U.S. housing market, sapping recent buyer interest heading into the crucial spring selling season. **A1**

◆ **JetBlue expects** that the Justice Department this week will sue to try to block the airline's planned takeover of Spirit, JetBlue's chief executive said. **A1**

◆ **Tyler Perry has** expressed interest in acquiring a majority stake of BET Media from Paramount Global, according to people familiar with the situation. **B1**

◆ **WW International is** buying digital health firm Sequence, marking the diet company's move into the hot market for diabetes and obesity drugs. **B1**

◆ **Altria agreed** to buy vaping pioneer NJOY for at least \$2.75 billion, after closing the chapter on its disastrous investment in e-cigarette maker Juul. **B3**

◆ **Tesla lowered** the prices of two of its most expensive models in the U.S., the Model S and Model X, in its latest round of price cuts. **B4**

◆ **U.S. stocks treaded** water in Monday's session. The S&P 500 and Dow both edged up 0.1%, while the Nasdaq slipped 0.1%. **B11**

◆ **Third Point no longer** plans to nominate candidates to the board of Bath & Body Works after the retailer added a director endorsed by the hedge fund. **B3**

◆ **The EEOC sued Exxon** over five nooses the agency said were found at the firm's refinery in Baton Rouge, La. **B2**

World-Wide

◆ **Ukraine shot down** nearly all of a new wave of drones Russia launched Monday, but paramilitaries sponsored by Moscow pressed into the front-line city of Bakhmut as Kyiv vowed to keep fighting there. **A6**

◆ **Ukraine appointed** a new anticorruption chief as Kyiv seeks to show Western allies funneling billions of dollars in aid to the country that it is serious about tackling graft. **A6**

◆ **Chinese leader Xi** issued an unusually blunt rebuke of U.S. policy on Monday, blaming what he termed a Washington-led campaign to suppress China for recent challenges facing his country. **A7**

◆ **The Biden administration** has held meetings in recent days to discuss detaining migrant families who cross the border illegally, according to people familiar with the discussions. **A3**

◆ **The U.S. said** it is seeking formal consultations with Mexico over its agricultural biotech policies, a request officials said is aimed at Mexico's import ban on genetically modified American corn and other crops. **A5**

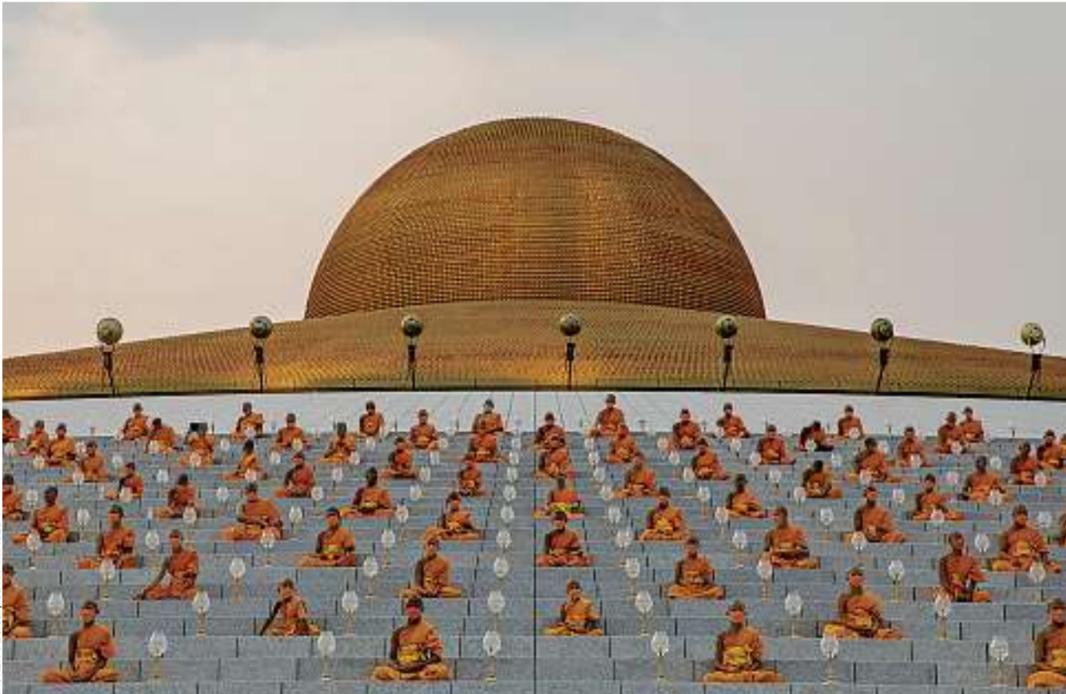
◆ **Norfolk Southern said** it would add about 200 temperature detectors along its tracks in the aftermath of two major derailments in Ohio. **A3**

◆ **Turkish opposition** parties named elder statesman Kemal Kilicdaroglu as their presidential candidate in an election campaign against Erdogan. **A16**

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Buddhism Celebrates One of Its Holiest Days



SHINING: Thai Buddhist monks take part in a Makha Bucha Day ceremony at Wat Phra Dhammakaya temple on Monday in Pathum Thani, Thailand. The day, pegged to the lunar calendar, commemorates an early gathering of disciples with Buddha.

'Godot Recession' Complicates Powell's Bid to Tame Inflation

By NICK TIMIRAOS

The next economic downturn has become the most anticipated recession in recent U.S. history. It also keeps getting postponed.

Recent strong hiring and consumer spending are the latest evidence that the pandemic and the unprecedented policy measures that followed are interfering with the Federal Reserve's campaign to tame inflation.

The government's stimulus measures left household and business finances in unusually

strong shape. Shortages of materials and workers mean companies are still struggling to satisfy demand for rate-sensitive goods, such as homes and autos. And Americans are splurging on labor-intensive activities they avoided in recent years, including dining out, travel and live entertainment.

Wall Street economists began 2023 broadly anticipating a recession by midyear caused by the weight of the Fed's rapid interest-rate increases. Some still expect that could happen. Many now think it will take longer to cool the economy and will lead

the central bank to raise rates to higher-than-expected levels.

"It's the 'Godot' recession," said Ray Farris, chief economist at Credit Suisse. Mr. Farris found himself among a small minority of economists last fall who predicted the economy would narrowly skirt a downturn this year. Every six months, economists have predicted a recession six months later, he said. "By the middle of the year, people will still be expecting a recession in six months' time."

The Fed has been trying to slow investment, spending and

hiring to combat inflation by raising rates, which makes it more expensive to borrow and can push down the price of assets such as stocks and real estate. After holding the benchmark federal-funds rate near zero during and after the pandemic, officials lifted the rate more over the past 12 months than any time since the early 1980s, most recently to between 4.5% and 4.75% last month.

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◆ **Heard on the Street: Low-wage workers make gains.....** B12

Housing Market Cools as Rates Jolt Buyers

Rising borrowing costs drive mortgage applications to lowest levels in decades

By NICOLE FRIEDMAN

Rising mortgage rates are cooling the U.S. housing market, sapping recent buyer interest heading into the crucial spring selling season.

Economists, home builders and real-estate agents saw evidence of a pickup in activity in early 2023, when rates declined from more than 7% in November to 6.09% in early February. That was enough to lure back some buyers who had adjusted to higher borrowing costs.

Home builders and sellers enticed buyers with concessions such as temporary rate buydowns to make purchasing more affordable. Prices also slid from their springtime highs in most markets.

But stronger-than-expected economic data in recent weeks strengthened expectations that the Federal Reserve will stick to its path of raising short-term interest rates in an effort to cool inflation, which could keep borrowing costs higher for longer.

Mortgage rates have moved higher for four straight weeks to 6.65% as of March 2, their highest level since early November, according to Freddie Mac. Mortgage applications from home buyers slid during the week ended Feb. 24 to the lowest level in 28 years on a

Please turn to page A4

◆ **Boost your credit score for a better mortgage rate.....** A9

First in a Series

The U.S. Is Not Yet Ready For a Great Power Conflict

Military shifted focus to China's threat to Taiwan after decades fighting insurgencies, but it still faces challenges on weapons and concepts

By MICHAEL R. GORDON

Clint Hinote returned from a deployment in Baghdad in the spring of 2018 to a new assignment and a staggering realization.

A classified Pentagon wargame simulated a Chinese push to take control of the South China Sea. The Air Force officer, charged with plotting the service's future, learned that China's well-stocked missile force had rained down on the bases and ports the U.S. relied on

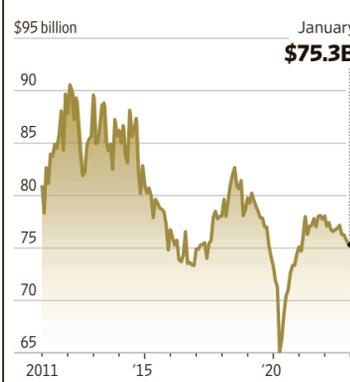
in the region, turning American combat aircraft and munitions into smoldering ruins in days.

"My response was, 'Holy crap. We are going to lose if we fight like this,'" he recalled. The officer, now a lieutenant general, began posting sticky notes on the walls of his closet-size office at the Pentagon, listing the problems to solve if the military was to have a chance of blunting a potential attack from China.

"I did not have an idea how to resolve

Please turn to page A8

Orders of civilian capital goods, excluding aircraft



Note: Jan. 2023 dollars. Adjusted for seasonality and inflation using the producer-price index for capital equipment. Sources: Commerce Department (orders); Labor Department (GDP)

Factory Demand Feels Pinch

New orders for manufactured goods contracted for the sixth straight month through February, as higher interest rates and a slowdown in exports hit production. Manufacturing output is down 1.7% from its postpandemic peak. **A5**

The Big Leplowski: Citizen Wags Are Naming Municipal Equipment

From Bin Diesel the garbage truck to a street cleaner called Sweeping Beauty

By SCOTT CALVERT

Joe Granieri has plowed roads in the village of New Paltz, N.Y., for nearly two decades. Recently his truck got a name, plastered in vinyl lettering on the door: "Fuhgeddaplowlit."

He chose it from a flurry of ideas pitched by residents vying to help name nine village-owned plows, and says it suits him. "After doing it for 18 years, it's like second nature," he said of snow removal. "Fuhgeddaboutit, I'll just plow it, it is what it is."

New Paltz's contest is among the latest efforts around the U.S. to personalize gritty fixtures of daily life typically given scant attention. People these days are naming plows, trash trucks, street sweepers, storm drains and

more. For government, it's a fun, cheap way to boost public appreciation and, in the case of storm drains, spur residents to help clear out debris—even if officials have to sweep away some name suggestions they find objectionable.

For punners, it's a paradise dripping with pop-culture references. The pool of sewer grate names includes him. "It's Draining Men," "Make America Grate Again," and "Drain 'The Block' Johnson." In the plow arena, people have pushed "The Big Leplowski," "Ctrl-Salt-Delete" and "Jennifer Snowpez."

In Muncie, Ind., locals suggested "Haul & Totes" and "Truck Norris," among other ideas, for a new garbage truck's name. The winning Please turn to page A2

INSIDE



U.S. NEWS
New cholesterol-drug options emerge for people who can't take statins. **A3**



PERSONAL JOURNAL
Amid labor shortages, more seniors are filling gaps in elder home care. **A10**

JetBlue Expects DOJ Suit Over Spirit Deal

By ANDREW TANGEL

JetBlue Airways Corp. expects that the Justice Department this week will sue to try to block the airline's planned takeover of Spirit Airlines Inc. JetBlue's chief executive said Monday.

Robin Hayes, CEO of New York-based JetBlue, said the U.S. government's antitrust regulators have seemed intent on stopping the merger from the outset, while the airlines argue that merging will increase, rather than undermine, competition among the nation's biggest airlines and reduce overall airfares.

"My sense is they came to the table with their minds made up," Mr. Hayes said in an interview. He said that JetBlue was prepared to contest a Justice Department lawsuit in court.

The Justice Department declined to comment. Under an agreement that binds the department's review of the deal, the government would have to sue to block the

transaction by Wednesday or the deal can close, people familiar with the matter said.

JetBlue and Spirit agreed to combine last year in a \$3.8 billion deal that aims to create the fifth-largest airline in the U.S. With an estimated 9% of market share, the combined entity would still trail the country's biggest four airlines: American Airlines Group Inc., United Airlines Holdings Inc., Delta Air Lines Inc. and Southwest Airlines Co.

JetBlue targets a higher-end flying experience, offering seat-back screens, free in-flight internet and other perks. Under its deal for Spirit, which charges bargain fares and layers on fees for extras, JetBlue has said that it plans to strip seats out of Spirit's comparatively cramped planes and repaint the airline's bright yellow jets. Combining would give JetBlue a larger nationwide presence, compared with its current concentration in the Northeast.

The Justice Department for years has been concerned that Please turn to page A5

U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

India, Wary of China, Seeks Trade With West



New Delhi

As host to foreign ministers from the Group of 20 nations last

week, Narendra Modi played the traditionally neutral role of an Indian prime minister, refusing to take sides between Russia and the U.S.

Beneath its professed neutrality, though, India has begun pivoting westward. This has less to do with Russia, where India has longstanding ties, than with China, which both India and the West increasingly see as a principal adversary.

This pivot is visible in India's closer security cooperation with Australia, Japan and the U.S. in the so-called Quad. Potentially as important, the pivot is also showing up in trade policy.

India's trade barriers have long been among the highest of major economies. Its average "most favored nation" applied tariff in 2021 stood at an elevated 18.3%. That's actually up from 2014, a result of Mr. Modi's efforts to encourage domestic and foreign companies to manufacture more in India.

Yet, while keeping its MFN tariffs high, India since 2021 has embarked on a series of negotiations to reduce barriers with selected partners. Last year, free-trade deals with the United Arab Emirates and

with Australia came into force, the first such deals in roughly a decade. Negotiations on deals with the U.K., Canada and the European Union are all well advanced.

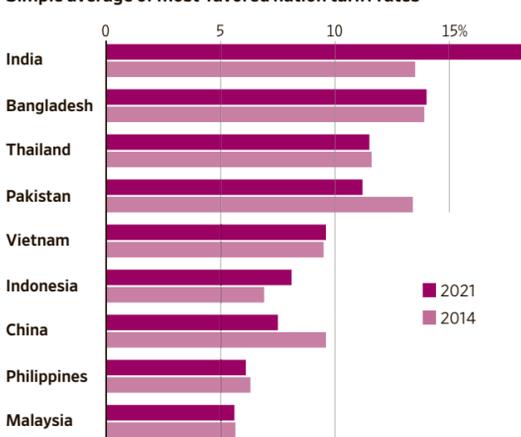
The high MFN tariff is aimed at "nontransparent economies who are dumping really low-quality, substandard goods at really low prices, which is hurting the Indian economy and Indian manufacturing," Piyush Goyal, India's minister of commerce and industry, said in an interview, in a reference to China. "The tariffs are not meant to be a detriment, ideally, to...Europe or America or Canada or Japan or Korea. We are looking at having more trading relationships, bilaterally or collectively, with the developed world with whom we want more and more open borders."

In other words, India wants more protection from China, and freer trade with everyone else, much like the U.S.

Trade advocates, often disappointed by India in the past, are cautious about this latest opening. "It is definitely a positive step by India," said Chad Bown of the Peterson Institute for International Economics. "The question is, how far are they willing to go?"

The deals to date still spare many sectors deemed sensitive by India. But, as with Mr.

Simple average of most-favored nation tariff rates



Source: World Trade Organization

Modi's domestic reforms, his external liberalization needs to be judged relative to India's traditions, in which nonalignment and protectionism were virtually hard-wired. During the movement for independence from the U.K. in the early 1900s, Indians would boycott British imports in favor of homemade products, or Swadeshi. Jawaharlal Nehru, India's first prime minister, pursued a policy of import substitution under which imports routinely required licenses.

India began to dismantle the "license raj" in the early 1990s. Still, India found its access to foreign markets com-

promised as the U.S. and Europe pursued regional trade deals with their neighbors, and then by China's admission into the World Trade Organization in 2001, said Suman Bery, vice chairman of NITI Aayog, an Indian government think tank. "India gained less than its partners did," he said.

Trade liberalization stalled by the mid-2000s. Mr. Bery said India's renewed interest in trade reflects the growing international success of Indian firms and the Indian diaspora. "They have proven themselves in the most competitive environment, and so we should have that confidence ourselves," he said.

India also wants less dependence on China. In 2019, it dropped out of negotiations with 15 other Asia-Pacific nations that led to the Regional Comprehensive Economic Partnership, or RCEP, over concerns Chinese imports would squeeze out Indian manufacturers at home.

India is using its presidency of the G-20 to promote itself as a trusted partner that, unlike China, is a democracy and doesn't compel foreign companies to share their technology or ownership with local companies.

Western leaders are also eager to expand economic ties, despite India's refusal to join Western condemnation of Russia for its invasion of Ukraine or its \$60 price cap on Russian oil imports.

India's leaders long stuck to nonalignment because they were wary of American hegemony, grateful for Russia's support since the 1970s in India's rivalry with Pakistan, and fearful of driving Russia into China's arms, said Harsh Pant, vice president of Observer Research Foundation, a New Delhi-based international relations think tank.

"Modi has changed that discourse completely," he said. Mr. Pant said India recognizes that Russia is "a declining power...You don't

want to put them off completely, but you also realize that there's nothing really there."

Meanwhile, India's historical tensions with China have intensified since 2020 when 20 Indian and four Chinese soldiers died in a clash along the countries' disputed border in the Himalayas. India has banned hundreds of Chinese smartphone apps, including TikTok, and restricted Chinese investment into Indian companies.

India's economic pivot away from China and toward the West faces obstacles. By raising restrictions on Chinese imports and staying out of RCEP, India has made itself less attractive to global value chains.

And the biggest prize in India's pursuit of freer trade with the West, the U.S., remains elusive. For President Biden, expanding access to the U.S. market, even for geopolitical partners, is contrary to his "worker-centric" trade policy. India is participating in the less formal Indo-Pacific Economic Framework.

Mr. Goyal said he would "love" to discuss a free-trade agreement with the U.S. but for now sees no congressional bipartisan support. Nonetheless, he predicted, the U.S.-India relationship will be "a very important geopolitical anchor on which peace and growth both will rest."

The Big Leplowski Is a Truck

Continued from Page One submission in the 2021 contest was "Bin Diesel," which found that the truck runs on compressed natural gas.

A public competition spawned the handle for Baltimore's latest trash wheel, a floating contraption that since 2021 has corralled garbage carried into the Patapsco River from the west by the Gwynns Falls. Thousands of submissions were cut to four, and the pick of the litter was "Gwynnda the Good Wheel of the West."

Residents of several U.S. cities have bestowed appellations on mini street sweepers that tidy up bike lanes. Last summer Richmond, Va., put 16 seeds in an NCAA-style bracket. "Bike Dyson" eliminated "LeBroom James." The champ was "MF BROOM," a nod to late rapper MF DOOM. Tampa's gizmo, "Sweeping Beauty," is prettifying up its pavement.

Minnesota's Department of Transportation launched its plow-naming contest in 2020, modeled on ones in Scotland. (Among the sobriquets across the Atlantic: "Skid Vicious" and "Sweet Child O' Brine.") People sent in 24,000 names, said state DOT spokesman Jake Loesch, and 122,000 votes were cast for 50 finalists.

Early on, he fretted about "Boaty McBoatface," which got the most votes in 2016 when the U.K. public was invited to name a polar research ship. British officials instead called it "Sir David Attenborough."

Mr. Loesch recalls telling colleagues: "If we're going to let the internet decide this, in all likelihood we're going to name a plow 'Plowy McPlowface.'" He was right. It racked up the most votes of eight winning names, and today DOT driver David Jackson pi-



Thanks to irreverent citizens, Minnesota now has its own version of the U.K.'s Boaty McBoatface.

lots 'Plowy McPlowFace' around the state capital St. Paul, its name advertised in black letters.

Fellow motorists seem to like it, Mr. Jackson said. "They give me a thumbs-up, some people wave," he said.

In Minnesota's latest contest, one winner was "Blizzo," an homage to four-time Grammy-winner Lizzo, whose career began in Minneapolis. "Of all the awards I have received," she said in a tweeted video, "this by far is the highest honor." "Clearopathra," "Better Call Salt" and "Han Snowlo" also made the top five.

One oft-suggested name, "Abolish Ice," has never been greenlighted as a finalist. "Sure, it's a creative phrase," Mr. Loesch said, "but it's also very politically charged."

In Michigan, state DOT officials have named more than 300 plows since 2020 based on public input. The fleet includes "Melton John," "Snow-begone Kenobi" and "Aaron Brr, Sir." DOT spokesman Nick Schirripa said his favorite is "Plowthagorean Theorem."

The Ohio Turnpike sweetened the deal for its residents by offering \$100 to all eight triumphant plow-namers. Jonathan Harrison, a mutual-fund adviser who lives near Akron, scored in December with "Ohio Thaw Enforcement." "It just sort of came to me," he said. "I was quite proud of my-

'It's Draining Men' and 'Make America Grate Again' are sewer-grate names.

self."

New Paltz resident Matt Eyer got so into the village's contest that he and a friend in Indiana spent a Friday evening texting ideas back and forth. Besides Fuhgeddaplowlit, they scraped together "Nor'easter Bunny," "Of Ice and Men" and "Plowdy Duty." "We were cracking each other up," said Mr. Eyer, a commercial real-estate broker.

Buffalo Grove, Ill., enlisted

elementary school students to name and decorate its plows. One that puzzled officials in the Chicago suburb was "Sophia." "We were like, what is this, a person?" said civil engineer Andrea Larson. Turns out a kindergartner just liked the name, she said, and Sophia rolled to victory at Willow Grove Early Learning Center.

With storm drains, naming privileges come with a pledge to keep it free of leaves and trash. Thousands of drains have been adopted coast to coast. In Houston and San Francisco, "Brain Drain" and "Stormy Drainiels" and the inevitable "Drainy McDrainface" regularly surface.

Hamline University in St. Paul, Minn., coordinates an adopt-a-drain program in several states. One is Minnesota, where "Purple Drain" is a fitting favorite, said interim director Ann Zawistoski. Though she says she loves a good pun, the juices weren't flowing when she adopted a drain in the alley behind her Minneapolis home.

"My mind went blank," she said. So she went with "Allie."

U.S. WATCH

OBITUARY

Rossington, Guitarist For Lynyrd Skynyrd

Gary Rossington, Lynyrd Skynyrd guitarist and the group's last surviving original member, has died, the band said.

Mr. Rossington, who was 71 years old, died Sunday, the group said in a Facebook post. The band's debut album, "Pronounced 'Lêh-nêrd 'Skin-nêrd," was released in 1973. The single "Free Bird" reached the Billboard Hot 100 Chart, and would later become a rock classic. The second album, "Second Helping," in 1974, included the band's most enduring hit, "Sweet Home Alabama."

Tragedy struck in 1977 when the band was flying from a show in Greenville, S.C., to Baton Rouge, La. The plane ran out of fuel and crashed 5 miles outside of Gillsburg, Miss., killing Ronnie Van Zant and fellow band member Steve Gaines, as well as backup singer Cassie Gaines, assistant road manager Dean Kilpatrick and the two pilots.

"We're still standing, still keeping the music going. We wanted to do the guys who aren't with us anymore proud—and keep the name proud, too," Mr. Rossington is quoted saying on the band's website earlier this year.

—Gareth Vipers

GEORGIA

Many Face Terrorism Charges After Attack

More than 20 people from around the country faced domestic terrorism charges Monday after dozens in black masks attacked the site of a police training center under construction in a wooded area outside Atlanta where one protester was killed in January.

The area has become the flashpoint of ongoing conflict between authorities and left-leaning protesters.

Flaming bottles and rocks were thrown at officers during a protest Sunday at what detractors call "Cop City," where 26-year-old environmental activist Manuel Esteban Paez Terán, or "Tortugueta," was shot to death by officers during a raid at a protest camp in January. Police have said he attacked them, a version that other activists have questioned.

On Sunday, Atlanta Police Chief Darin Schierbaum said at a midnight news conference, pieces of construction equipment were set on fire in what he called "a coordinated attack" at the site for the Atlanta Public Safety Training Center in DeKalb County.

—Associated Press



Guitarist Gary Rossington and the rest of Lynyrd Skynyrd in 1976.

CORRECTIONS & AMPLIFICATIONS

Rupert Murdoch, the chair of Fox News parent Fox Corp., said he agreed with the statement that "It is not red or blue, it is green," during a deposition in Dominion Voting Systems' defamation case against Fox News after discussing ad revenue from MyPillow Inc. and appearances on Fox News by MyPillow CEO Mike Lindell in which he made stolen-election allegations. A Business & Finance article on

Friday about the case incorrectly said Mr. Murdoch testified, "It is not red or blue, it is green."

Married couples who file separately can amend tax returns to claim joint status, while those who file jointly usually can't amend returns to file separately. The Tax Report column in Saturday's Exchange section incorrectly said that joint filers can amend tax re-

turns to claim separate filing status and that those who file separately usually can't amend returns to file jointly.

A chart with an Exchange article Saturday about natural gas showed European Union imports of liquefied natural gas by source. It was incorrectly labeled as natural-gas imports.

The Jamestown settlers

brought English to American shores in 1607. A Review essay on Saturday about American English incorrectly implied that English first arrived with the Pilgrims in 1620.

The Ronin camera stabilizer incorrectly was called a camera in an Off Duty article on Saturday about poet W.S. Merwin's property in Hawaii that became the Merwin Conservancy.

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U.S. NEWS

Officials Consider Detaining Migrant Families

By TARINI PARTI

The Biden administration has held meetings in recent days to discuss detaining migrant families who cross the border illegally, as officials prepare to put in place more restrictive border-control measures to counter an expected surge in migrants, according to people familiar with the discussions.

Administration officials have discussed various border policy proposals, ahead of the end of Title 42, which allowed authorities to rapidly expel asylum-seeking migrants who crossed the border illegally, those people said. Reversing the Biden administration's current policy and detaining migrant families has been one of the proposals discussed.

If the administration moves forward with detaining families, they would be held for a limited number of days for processing only, one of the people said, and would comply with a decades-old court settlement governing the detention of immigrant children that has generally barred the government from detaining families for longer than about 20 days.

Asylum cases typically take far longer to decide. Cases of asylum seekers not being held in jail are pending in federal immigration court for an average of about 4.2 years, according to the Transactional Records Clearinghouse at Syracuse University.

The Title 42 policy is set to be lifted May 11 with the expiration of a national emergency for the Covid-19 pandemic. The administration has previously projected that the end of the rule could lead to an increase of between 11,000 and 13,000 daily encounters at the border without any policy changes.

The New York Times earlier reported the policy was under consideration. Asked about officials considering the policy, a spokesman for the Department of Homeland Security said no final decisions had been made. The White House declined to comment.

—Alicia A. Caldwell contributed to this article.

Norfolk Southern To Add Sensors

By COSTAS PARIS

Norfolk Southern Corp. said it would add about 200 temperature detectors along its tracks in the aftermath of two major derailments in Ohio, including one involving a train that resulted in hazardous chemicals being released.

The railroad said it would add the hot-bearing sensors to parts of its track where existing sensors are at least 15 miles apart, starting with the track west of East Palestine, Ohio, where a derailment occurred Feb. 3. It said it currently has about 1,000 temperature sensors through its network and the sensors are on average 13.9 miles apart.

The move was among a slate of safety initiatives that Norfolk Southern announced Monday. It also plans to review the temperature levels that set off alarms for train crews and add more acoustic sensors, which analyze vibrations for potential problems. The operator said it has spent \$200 million in safety measures to avoid derailments over the past several years, but didn't specify how much the added measures would cost.

Officials are probing what caused another Norfolk Southern train to leave a track Saturday near Springfield, Ohio, in the company's second major derailment in the state in recent weeks. About 20 of 212 cars derailed but officials said no hazardous materials spilled. The National Transportation Safety Board on Monday sent investigators to the area.

E-Bike Battery Fires Prompt Warnings

By SCOTT PATTERSON

The electric-bike craze, which took off during Covid-19 lockdowns, now has a dark side: uncontrollable and deadly fires from the lithium-ion batteries that power them. The number of blazes is rising rapidly, triggering warnings from fire officials.

The fires appear to be concentrated in New York City, where the number of blazes more than doubled last year to 216, according to the New York City Fire Department. Fires from e-bikes and other so-called micromobility devices such as electric scooters have injured 40 people and killed two this year, the fire department said.

"These are incredibly dangerous devices if they are unregulated or used improperly," New York Fire Commissioner Laura Kavanagh said at a press conference in late February.

The U.S. imported about 1.1 million e-bikes in 2022, up from 880,000 in 2021 and 450,000 the previous year, according to estimates by the Light Electric Vehicle Association, an industry trade group. Consumers, pummeled by high gasoline prices, are also flocking to electric scooters.

Many e-bike fires start when people charge them overnight, allowing them to overheat. Left in hallways or near doors, the malfunctioning batteries cause fast-moving fires that can trap people inside their homes in minutes. Secondhand batteries or those that have been modified are particularly vulnerable. The chemical fires, which release harmful gases, burn so hot and so quickly they are extremely difficult to put out.

Last April, Mauricio Orozco plugged in an e-bike with a refurbished battery at his bike shop in Cutler Bay, Fla. After 1½ hours, it burst into flames, torching the shop. The blaze moved so rapidly that it disabled his security cameras within 20 seconds, Mr. Orozco said. No one was injured. In a survey by the bike-shop industry group, 10% of store owners say they experienced a



Firefighters responded this past weekend after a fire caused by a lithium-ion battery engulfed a supermarket in the Bronx.

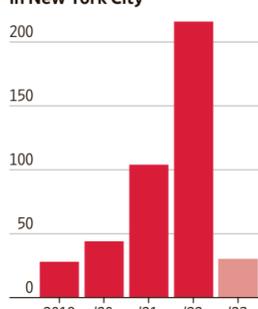
fire or other battery-overheating incident.

"It's really scary," Mr. Orozco said about e-bikes' fire hazards. "This is people's homes that are going to get burnt."

Over the weekend, a lithium-ion battery caused a fire in the Bronx that injured seven people, officials said, following an incident in late February in the same New York City borough that injured four. In January, 18 children were injured at a Queens day-care center from a blaze the fire department said was started by an e-bike battery. London's transportation regulator in 2021 banned e-scooters, but not e-bikes, from its network because of fires in their lithium-ion batteries.

Battery fires remain a stubborn problem for devices such as laptops, smartphones and tablets. As electric-vehicle sales surge, they are causing problems, too. Ford Motor Co. in February halted production and shipments of its F-150

Number of e-bike battery fires in New York City



Note: 2023 is year to date
Source: NYC Fire Department

Lightning electric truck after a battery caught fire during a quality check.

Scientists in the U.S. and elsewhere are developing cutting-edge batteries that they say are resistant to fires, but the technology remains largely experimental when it comes to the large batteries required for EVs.

The fires have a range of causes, including faulty construction, subpar materials and damage caused by sudden impacts. A common cause comes from cracks that form between the two electrodes of the battery, the cathode and anode, which make it short-circuit and rapidly heat up, a dangerous chain reaction known as thermal runaway.

George Kerchner, executive director of the Portable Rechargeable Battery Association, an industry trade group, said another cause of the fires is bike users attempting to repair or tamper with the battery. "By modifying the battery and refurbishing it or changing some of the safety features, that's a new battery design" that could short-circuit and cause a fire, he said.

New York's fire department has been working with the U.S. Consumer Product Safety Commission to investigate causes. Ms. Kavanagh in a Feb. 10 letter to CPSC Chairman

Alexander Hoehn-Saric pressed the commission to take further steps to regulate the devices, including seizing at ports imported products that fail minimum industry standards. The commission has recalled defective products, a CPSC spokeswoman said.

Accurate tallies of fires across the U.S. are hard to come by. The CPSC in December said it received reports of at least 208 micromobility fires or overheating incidents from 39 states from Jan. 1, 2021, through Nov. 28, 2022, a figure that is lower than the number of fires reported last year in New York City alone.

The New York City Council voted Thursday on a legislative package to strengthen the fire safety of e-bikes and scooters and the lithium-ion batteries that power them. The legislation would restrict the sale and rental of devices that fail to meet certain safety standards.

New Cholesterol-Drug Options Cut Heart Risks

By BETSY MCKAY

New options are emerging for people who are at risk of heart attacks and strokes but can't take or benefit fully from widely used cholesterol drugs.

Despite decades of progress against high cholesterol, as many as 30% of people prescribed the popular cholesterol-lowering pills known as statins don't take them or have to limit their doses because they can't tolerate the muscle pain that sometimes comes as a side effect. Others remain at risk of cardiovascular disease even when they are on full doses.

The failure to fully protect these millions of people is one reason heart disease remains the nation's leading killer after decades of lifesaving medical advances, a problem that deepened during the Covid-19 pandemic. "We are backsliding," said Edward Fry, president of the American College of Cardiology and a cardiologist at Ascension Indiana St. Vincent Heart Center in Indianapolis.

Research presented at a conference held by the ACC

and the World Heart Federation in New Orleans over the weekend and on Monday provided new evidence for non-statin treatments to reduce cardiovascular risk: two daily cholesterol-lowering pills and an anti-inflammatory drug.

Statin alternative

Cardiologists said they welcome new options to help patients who can't benefit enough from statins, many of whom are older, at high risk for heart disease and have other conditions such as diabetes. "We need to do whatever we can to lower LDL cholesterol," said Eugene Yang, a cardiologist at the University of Washington and medical director of the UW Medicine Eastside Specialty Center.

Drug development for heart treatments is undergoing a renaissance after years when generic brands took over sales of once-blockbuster cholesterol medications. The list of alternatives to statins includes drugs called PCSK9 inhibitors that sharply lower cholesterol but aren't widely used because they are costly. Statins, which

are generic, cost just a few dollars for each prescription.

Statins reduce low-density lipoprotein (LDL) or "bad" cholesterol by slowing production of cholesterol in the liver and helping remove it from blood. Those actions reduce the risk of heart attacks and strokes.

Research points to new evidence for non-statin treatments.

A study with 13,970 patients in 32 countries showed that a daily pill, bempedoic acid, significantly lowered the risk of heart attacks, strokes and other cardiovascular complications in people intolerant of statins, according to results published in the New England Journal of Medicine and presented at the conference.

The drug, marketed as Nexletol by Esperion Therapeutics Inc., was designed to lower cholesterol without

muscle pains by becoming active only once it enters the liver. Steven Nissen, lead author of the study and chief academic officer of the Cleveland Clinic's Heart and Vascular Institute, said the drug isn't meant to replace statins, whose efficacy has been widely studied. Bempedoic acid reduced cardiovascular risk similarly to other non-statin statins in the study, but was less effective at lowering cholesterol than PCSK9 inhibitors.

Nexletol and another version called Nexlizet that combines bempedoic acid with another non-statin cholesterol-lowering drug, ezetimibe, have been on the market since 2020, approved by the Food and Drug Administration and European Medicines Agency to lower cholesterol.

Cost-dependent

Cardiologists said they hope the new data make it easier for them to prescribe bempedoic acid to patients who can't take statins and want an oral drug rather than the PCSK9 inhibitor injections. "We need more options

in this huge group of statin-intolerant patients," said Timothy Hegeman, a cardiologist with UHealth in Colorado Springs, Colo. How much it gets used will depend in part on the drug's cost to patients, Dr. Hegeman and others said.

Merck & Co. said Monday that it is making progress on a potential new PCSK9 inhibitor.

Another study published Monday in the Lancet and presented at the conference made the case for giving an anti-inflammatory drug to patients who are on statins yet remain at high cardiovascular risk.

The analysis of 31,245 participants found that a marker of inflammation in the body, C-reactive protein, was better at predicting the risk of a major cardiovascular complication or death than measuring LDL cholesterol.

Two trials have shown that an anti-inflammatory drug called colchicine lowered cardiovascular risk in patients on statins with heart disease, said Paul Ridker, director of the center for cardiovascular disease prevention at Brigham and Women's Hospital in Boston and lead author of the study.

D.C. Tries to Stop Senate From Voting on Crime Bill

By STOBHAN HUGHES

The chairman of the Washington, D.C., Council said he is seeking to withdraw the city's criminal-code revision from Congress, aiming to head off an expected vote by the Senate as soon as Wednesday to block the local law.

But a Senate leadership aide said that the vote would likely go forward as planned, as no provision in federal law allows for D.C. to pull back a law once it is transmitted to Capitol Hill. Moreover, the House already passed a measure to block the new code, and that disapproval resolution can't be stopped in its tracks under Senate procedure.

"We still expect the vote to occur," the aide said.

The effort by Phil Mendelson, the chairman of the D.C.

Council, to pull back the law from Congress came after President Biden said last week he would support the effort by federal lawmakers to block the changes to the code. The House had passed the Republican-led bill with some Democratic support, and the Senate had been expected to follow suit this week.

Proponents of blocking the code revisions say the changes to the D.C. code would make residents and visitors less safe. Defenders of the D.C. law say Congress is improperly interfering in city affairs, distorting the impact of the changes and effectively overruling the will of voters to make a political point.

The revised D.C. code would eliminate most mandatory minimum sentences and reduce maximum penalties, and

allow jury trials for some misdemeanors. Washington Mayor Muriel Bowser, a Democrat, had vetoed the legislation, saying it wouldn't make the city safer and needed changes, but in January the D.C. council voted 12-1 to override her veto. Still, she opposes the congressional effort to reverse the law.

Under current law, the D.C. Council must submit all legislation to Congress for approval. Blocking the D.C. code would mark the first time in decades that a city law has been formally overturned, as Congress instead typically passes riders on appropriation bills to nullify D.C. laws or block the city from taking specific steps on contentious issues.

Mr. Mendelson said withdrawing the code would allow the council time to rework the legislation and then pass a re-



Phil Mendelson

vised version later this year that would be resubmitted to Congress.

Mr. Mendelson said he wasn't aware of any precedent for withdrawing a bill from

congressional oversight, but he was confident that the law allowed him to pull the bill back despite not explicitly containing such language.

"If Republicans want to have a vote on Wednesday or Thursday, they are voting on nothing," he said.

He defended the changes in the code, saying they were needed to make long-overdue updates, and said the changes on sentencing had been misunderstood and misrepresented.

Sen. Bill Hagerty (R., Tenn.), who sponsored the disapproval measure in the Senate, said the council's effort to pull back the bill "underscores the completely unserious way the D.C. Council has legislated." He said the council "cannot avoid accountability for passing this disastrous, dangerous D.C. soft-on-crime bill."

U.S. NEWS

Housing Market Stalls

Continued from Page One seasonally adjusted basis, according to the Mortgage Bankers Association.

Higher borrowing costs are again squeezing affordability. A mortgage-rate increase to 7.4% from 6.4% would have the same effect on affordability as a 10% increase in home prices, according to an analysis by First American Financial Corp.

"Buyers are starting to step back," said Glenn Kelman, chief executive of real-estate brokerage Redfin Corp. "I have never seen home buyers more rate sensitive in my 17 years of running this company."

The spring is typically the most important season for the housing market, with about 40% of existing-home sales for the year typically occurring from March through June, according to the National Association of Realtors. These months are especially active in part because families with children want to move before the start of the school year.

If mortgage rates retreat toward 6%, that might be enough to attract some buyers back to the housing market, especially if the economy



The scarcity of listings was a big reason for last year's slump, and many buyers are staying put.

doesn't enter a recession.

But a continued slowdown in sales this spring could ripple through real-estate-related industries. It would likely weigh on spending for items such as furniture and appliances. It could also reduce revenue for real-estate brokerages, mortgage lenders and other related businesses.

"The housing market had this false hope that was being borne with rates going back to 6%," said Doug Duncan, chief economist at Fannie Mae. "We were a little surprised that there was as much of a pickup as there was, but now we think it will be given back."

Home-sales activity ground to a halt in late 2022, as mortgage rates hit the highest level in two decades in October and November. Buyers were priced out or nervous about buying at the peak of the market. Homeowners who locked in low mortgage rates in 2020 and 2021 were unwilling to list their homes for sale. The number of existing-home sales plunged 36.9% from January 2022 to January 2023.

The scarcity of new listings was a big reason for the housing slump last year, and many prospective home sellers are staying put. The total inventory of homes for sale is up from a

year ago because homes are sitting on the market longer, but new listings in the four weeks ended Feb. 26 fell 20.3% from a year earlier, according to Redfin.

The lower-than-normal inventory is continuing to spark bidding wars, real-estate agents said. But buyers are less willing to offer big premiums above the listing price or other concessions like they were during the frenzied spring markets of 2021 and 2022.

"The people that are buying now are much more cautious and are paying more attention than the people that were buying last year," said Brianna Mo-

rant, a real-estate agent in Nashville, Tenn.

While high rates are likely to frighten off some potential sellers, real-estate agents expect inventory to rise this spring. Some homeowners have to move because of circumstances, such as job relocations or divorces. And even with prices falling in some markets, many people can sell their homes for well above what they paid and put the profit toward a new purchase.

Chase Youngman and Jessica Laury had an offer accepted in February for a two-bedroom condo in a suburb of Atlanta. But because there is a tenant in the unit, they won't close on the purchase until June, and they haven't yet locked in a rate. "It feels more likely than not that rates will continue to rise," Mr. Youngman said.

They expect to follow through with the purchase even if rates increase, he said, because monthly payments would be similar if they rented. They plan to use an adjustable-rate mortgage that carries a lower rate in the first five years of the loan. "We definitely plan on refinancing as soon as we can," Mr. Youngman said.

Watch a Video



Scan this code for a video on how taxes affect the housing supply.

Waiting For 'Godot Recession'

Continued from Page One

The economy's recent pickup will delay Fed officials' deliberations about when to pause rate increases. Investors are instead looking for clues about whether they will raise rates by a quarter-percentage-point, as they did last month, or a half-point, as they did in December, at their next meeting, March 21-22.

Fed Chair Jerome Powell is set to begin two days of congressional testimony Tuesday, where he'll have an opportunity to explain the central bank's most likely response to a more resilient economy. In December, most Fed officials expected to lift rates this year to between 5% and 5.5%, and officials have indicated those projections could rise at their next meeting.

Weird economy

Three factors illustrate the peculiar nature of today's economic recovery.

First, Washington's reaction to the initial shock of Covid-19 in March 2020, including holding interest rates at very low levels and showering the economy with cash, left household, business, and local government finances in unusually strong shape.

Through last June, U.S. households had around \$1.7 trillion more in savings accumulated through mid-2021 than if income and spending had grown in line with the prepandemic economy, according to estimates by Fed economists. Even after it is spent, money can still slosh through the economy (one person's spending is, after all, someone else's income).

"We are going through the second, third, and fourth-round effects of the initial savings spurred by all these transfer payments during the pandemic," said Peter Berezin, chief global strategist at BCA Research in Montreal. Rate increases can slow the economy more immediately when expansions are fueled by credit growth, as opposed to incomes and stimulus, the big drivers of the postpandemic recovery.

Businesses were able to lock in lower borrowing costs as interest rates plummeted new lows in 2020 and 2021. Just 8% of



Job seekers fill out forms at a restaurant booth at a recent job fair in Sunrise, Fla.

junk bonds, or those issued by companies without investment-grade ratings, mature over the next two years, according to Goldman Sachs.

Secondly, shortages of materials and workers have made the rate-sensitive housing and auto markets more resilient to higher interest rates—for now. Home builders are resorting heavily to what's known as buy-downs, where they pay to lower the buyer's mortgage rate for the first year or two. Many current owners are reluctant to sell because they'd have to give up a much lower rate, a phenomenon that is holding for-sale inventories at historically low levels.

Typically when the Fed raises interest rates, demand for housing and cars fall, leading builders and auto makers to cut production and lay off workers. This time around, companies are still playing catch-up.

Construction employment hasn't fallen despite a severe slump in home sales. Builders are still completing homes and apartments started before the Fed increased interest rates. Supply-chain disruptions have extended the amount of time it takes to complete construction. In addition, apartment building ramped up sharply after the pandemic, and those take longer to finish.

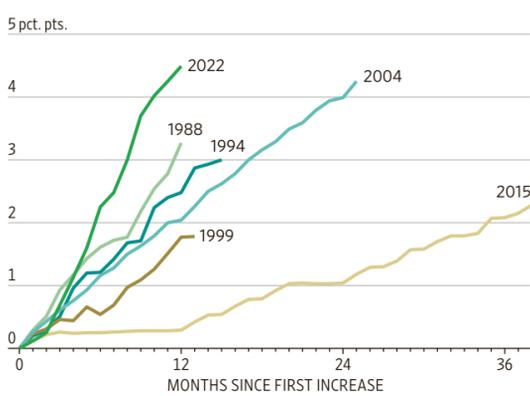
In the auto sector, brands of popular fuel-efficient cars are benefiting from pent-up demand after shortages of semiconductor chips kept inventories of new cars at very low levels.

That could make the usual rate-induced slowdown in autos and housing more gradual, said Eric Rosengren, who was president of the Federal Reserve Bank of Boston from 2007 until 2021. "It may take higher interest rates or interest rates higher for longer to get supply and demand back in alignment."

Thirdly, U.S. consumers, throwing off their pandemic caution, have ramped up spending on services that require lots of workers—think dining out and travel—another example of pent-up demand interfering with the typical business and interest-rate cycle.

Those sectors are often

Cumulative change in federal-funds rate since start of initial rate increase



Source: Federal Reserve

among the first to see demand fall, prompting job cuts, when consumers worry about losing theirs. The easiest way for households to reduce their expenses is to stop eating out and taking vacations.

Consumer spending has enjoyed a rebound in recent months thanks to lower gasoline prices and an additional boost in January from bigger Social Security checks, which are indexed to prior-year inflation. Gas prices jumped last spring after Russia's invasion of Ukraine. They then steadily declined over the second half last year, easing a cash crunch for some households that may have offset higher rates on auto loans, credit cards, and mortgages, said economists at Morgan Stanley in a recent report.

Economists at Goldman Sachs said Sunday the Fed could end up raising rates to just below 6% this year if consumer spending runs at higher-than-anticipated levels. That could extend a string of quarter-point rate increases into September.

Labor conundrum

The labor market sits at the center of Mr. Powell's worries about inflation. That's because steady income growth will sustain consumer spending power and allow companies to keep raising prices.

In the 2000s, then-Fed Chairman Alan Greenspan called it a conundrum that lon-

ger-dated bond yields stubbornly refused to rise as the Fed increased rates. For Mr. Powell, the labor market's strength represents his version of the conundrum. Recession calls keep getting delayed because companies keep hiring and holding on to workers rather than letting them go.

Employers added 517,000 jobs in January, a big figure that shocked economists who were anticipating a slowdown, and pushed the unemployment rate down to 3.4%, a 53-year low. Revisions to earlier reports also pointed to less weakness than initially thought.

The Labor Department's report on February hiring, due for release Friday, will offer clues as to whether January's was a one-off blip or a sign of an economy that's accelerating. A separate report Wednesday could show whether workers continue to quit their jobs at historically high rates, which can indicate greater confidence in their ability to find new jobs with better pay.

Economists at Morgan Stanley estimate that staffing levels across the U.S. are still slightly below what would have been if the pandemic hadn't hit. They expect that gap to close this year, which could lead hiring rates to slow.

M. Keith Waddell, chief executive of recruiting firm Robert Half International Inc., highlighted a disconnect between a resilient labor market and business surveys that point to signs

of easing demand for workers. "Having said that, orders have not dried up," he said on a Jan. 26 earnings call. "It's just taking longer to get them closed. Our clients are less urgent. They're taking more steps. They want to see more candidates."

Fed officials are in a race to slow down the economy before inflation becomes entrenched. They are also trying to guard against raising rates too much and causing unnecessary economic pain.

Some Fed officials say it could take time to see the effects of their moves, because they had pursued such ultra-stimulative policies until a year ago. Because interest rates have only very recently reached levels that could be considered restrictive, "there is a plausible case to suggest that we're going to see" more slowing to come, Atlanta Fed President Raphael Bostic told reporters last week.

Business owners report confidence about their own prospects but unease about the broader economic backdrop, said Mr. Bostic. "Everyone is wondering if and when the shoe will drop, but they're all expecting it to drop for somebody else," he said.

The need for speed

Uncertainty over when and how much the economy will slow is due in large part to Mr. Powell's decision to raise interest rates rapidly. The Fed previously spaced out increases, such as in the periods 2004 to 2006 and 2015 to 2018, when lower inflation allowed officials to move more gradually.

The strategy appeared to work because it prevented households and businesses from expecting higher future inflation, which would have kicked off a destructive price spiral, said Kristin Forbes, a professor at the Massachusetts Institute of Technology and former member of the Bank of England's monetary policy committee. Now, the downsides of that strategy are coming into view.

"If you front-load hikes, it makes it harder to tell whether you need to wait a little longer to see the effects, or whether the economy is just more resilient," she said.

Florida Bill Aims To Curb Lawsuits

By Arian Campo-Flores

MIAMI—Florida Gov. Ron DeSantis and other Republican leaders in the state are pushing legislation to reduce litigation that they say is hurting the state's economy and imperiling its allure to businesses considering relocating here.

At a time when similar efforts around the U.S. have generally slowed from past decades, Florida GOP lawmakers are considering a bill in the legislative session starting this week aimed at reducing what proponents consider frivolous cases, excessive damage awards and high attorney fees.

"This will be probably the most significant legal reform that's ever been done in the modern history of the state of Florida," said Mr. DeSantis, a likely 2024 presidential contender, at an event last month in Jacksonville. "It's going to make Florida a more attractive place to do business."

Plaintiffs' lawyers and Democrats opposed to the measure criticize it as an effort to protect business and insurance profit by crimping people's ability to hold wrongdoers responsible for harms they commit. Business groups and Republicans who back it argue that Florida's litigious environment generates significant added costs for consumers by driving up insurance premiums and other prices.

Studies in recent years by the American Tort Reform Foundation ranked Florida as one of the worst "judicial hellholes" in the U.S. for allegedly abusive litigation. The U.S. Chamber of Commerce Institute for Legal Reform has rated Florida's liability system one of the least fair in the country and found the state is a leader in "nuclear verdicts" of over \$10 million.

Curry Pajcic, president of the Florida Justice Association, a trial-lawyers group opposed to the measure, challenged the claim that the state is a "judicial hellhole." He said that argument is used to justify curtailing people's rights to use the court system to pursue accountability.

The bill would limit the ability to hold insurance companies responsible for wrongful practices, Mr. Pajcic said. Any problems with abusive litigation, he added, could be handled with more surgical precision.

One provision would alter how medical damages are calculated.

"This is a blunt ax," Mr. Pajcic said. "It is an extreme bill and goes far beyond what is fair or reasonable."

The U.S. has seen efforts since the 1980s to target legal issues such as medical-malpractice cases, said Mark Geistfeld, a professor at New York University School of Law who specializes in torts. But the movement is currently in a quieter period, with sporadic actions in states. In recent years, states such as Montana and West Virginia have passed laws backed by advocates for judicial-system overhauls.

Florida's proposal builds on a bill passed in a special legislative session in December, and later signed by Mr. DeSantis, that sought to address the state's property-insurance crisis. Among its provisions was the elimination of so-called one-way attorney fees, which insurers said encouraged plaintiffs' lawyers to sue to obtain large fee awards.

The current bill would make several changes to the civil justice system. One provision would alter the way medical damages are calculated when presented to juries in personal-injury or wrongful-death cases. Another would modify the framework for "bad-faith" claims, such as allegations that insurers improperly denied coverage under a policy. The provision would, among other things, clarify that negligence alone isn't enough to demonstrate bad faith.

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U.S. NEWS

Manufacturing Sector Slips As Rate Hikes Crimp Demand

By DAVID HARRISON
AND AUSTEN HUFFORD

The American manufacturing sector is starting to show signs of weakness after two years of strong growth, as higher interest rates and a slowdown in exports threaten production.

New orders for manufactured goods contracted for the sixth straight month through February, according to surveys by the Institute for Supply Management. Manufacturing output is down 1.7% from its postpandemic peak in May 2022, according to a three-month moving average of Federal Reserve data. And the Commerce Department's measure of civilian capital equipment orders, excluding aircraft—the building blocks of business—was down 3.4% in January from its recent high in November 2021, after adjusting for inflation.

Weaker manufacturing data suggest that consumers and businesses are starting to re-trench in the face of economic uncertainty, said Jonathan Millar, senior U.S. economist at Barclays PLC. A manufacturing downturn could be a sign of trouble in the broader U.S. economy. Although manufacturing accounts for a relatively small share of gross domestic product, about 11%, it has historically been an early indicator of recession.

The Fed's aggressive pace of interest-rate increases to fight inflation has made it more expensive to borrow for big-ticket items such as consumer appliances or business machinery. Fed officials in early February approved raising their benchmark rate to the highest level since 2007, and have signaled they are likely to raise rates again when they convene later this month.

"As the Fed continues to hike, manufacturing is going



Car and light-truck production ran in January at a pace to build about a million fewer vehicles this year than in 2019.

to be in the crosshairs," Mr. Millar said. "It's hard to see this sector not suffer some sort of a downturn that is more significant than what we've seen already."

The combination of elevated inflation and high interest rates has made some consumers think twice about buying big-ticket items such as appliances and power tools.

"A lot of us that were home during Covid decided we were going to redo a bathroom or kitchen so there was a huge spike of demand," said Corbin Walburger, interim chief financial officer at toolmaker Stanley Black & Decker Inc., at a conference last month. Now "people are feeling a little bit of a pinch in their pocket books or, as we all know, have shifted some of their spending from hardgoods to services."

Some sectors of manufacturing are experiencing a sharp pullback.

Production of appliances, furniture and carpeting was down almost 15% in January from the previous year, according to the Fed. That coin-

cides with sales of previously owned homes falling for 12 straight months. Consumers often buy furnishings after they move.

Production of steel, iron and other primary metals was down 3.6% and machinery production fell by 1.8%. Output of plastics, food, beverage and tobacco products, and computers and electronics, also fell during that period.

Employment in manufacturing is growing, and exceeds prepandemic levels, but job gains for the past three months through January eased to the slowest pace in a year and a half at a time when overall hiring firmed.

Manufacturing data can be choppy month-to-month and swing on demand for expensive aircraft, which can take years to deliver. More broadly, the manufacturing figures stand in contrast to other parts of the economy, which show surprisingly strong hiring, especially by service providers, still solid consumer spending on dining and travel, and rising incomes.

For now, it isn't clear that

the recent loss of momentum in manufacturing augurs a widespread downturn, though many economists expect the economy to cool this year as a result of the Fed's actions.

"Reading the economic tea leaves suggests we're going to see some weakness midyear," said Ryan Sweet, chief U.S. economist at Oxford Economics. "We might need a little luck to avoid a recession."

Some American factories have yet to feel the full effect of the drop-off in demand, largely because they are still working through backlogs of orders built up over 2021 and 2022 when supply-chain disruptions kept them from meeting customer demand.

Car and light-truck production hasn't fully recovered to 2019 levels, running in January at a pace to build about a million fewer vehicles this year than the year before the pandemic began, according to Fed data. Fourth-quarter earnings at Ford Motor Co. were down 89% over the previous year, largely because supply-chain problems made it hard to get enough chips, executives said.

In other sectors, stockpiles are elevated.

Business inventories swelled in the fourth quarter of last year, when consumer spending cooled. The ratio of inventories to sales for durable goods was higher in November and December than at any point since 2009, with the exception of April and May 2020, when pandemic-related lockdowns froze commerce.

The recently strong U.S. dollar has also made American exports more expensive abroad. New export orders have been contracting for seven straight months, according to ISM data. U.S. exports of goods declined for four straight months at the end of last year, the Commerce Department said.

U.S. Escalates Fight With Mexico on Corn

By YUKA HAYASHI

WASHINGTON—The U.S. said it is seeking formal consultations with Mexico over its agricultural biotechnology policies—a request officials said is aimed at Mexico's import ban on genetically modified American corn and other crops.

The U.S. Trade Representative's office said the request was filed under the U.S.-Mexico-Canada Agreement, a trilateral trade pact that took effect in 2020.

The step comes after the U.S.'s yearlong effort to persuade the administration of President Andrés Manuel López Obrador to abandon its plans to ban imports of genetically modified corn by 2024.

The import ban would have a significant impact on U.S. farmers. During 2022, Mexico purchased nearly \$5 billion worth of corn from the U.S., making it the second-largest importer after China, according to the Agriculture Department. More than 90% of corn grown in the U.S. is genetically modified, according to the National Corn Growers.

"Mexico's policies threaten to disrupt billions of dollars in agricultural trade and they will stifle the innovation that is necessary to tackle the climate crisis and food security challenges if left unaddressed," said Katherine Tai, the U.S. Trade Representative.

The Mexican Economy Ministry said it would show that there has been no commercial impact from the decree, and will seek to resolve its differences with the U.S.

Mexican officials have said their aim has been to protect Mexico's native corn varieties and that its policies are in keeping with terms of the USMCA.

"If the U.S. wanted to take this to a panel under the USMCA, it would have to show quantitatively, that is, in numbers, that the corn decree is

having an effect on imports, which hasn't happened," the ministry said last week.

Mexican Economy Minister Raquel Buenrostro, who spoke on Feb. 24 with Ms. Tai, has said Mexico already produces more of the white corn used for tortillas than it consumes, while corn imported from the U.S. is for livestock feed and industrial uses.

U.S. officials have criticized Mexico's policy as not being grounded in science, as GMO products have long been consumed safely in the U.S., Mexico and elsewhere. While the U.S.'s announcement didn't mention specific biotechnology products, a senior U.S. official said corn is a product covered by the consultations.

An import ban on genetically modified corn would greatly affect U.S. farmers.

Under USMCA rules, the two parties now must hold technical consultations within 30 days. If they fail to find a resolution through the process, the fight could shift to formal dispute settlement consultations.

The fight over GMO corn is part of increasingly thorny trade relations between the neighbors. In July, Ms. Tai requested dispute-settlement consultations with Mexico under the USMCA trade agreement, saying Mexico was favoring its state-owned utility and oil company at the expense of American businesses.

Mexico is among the U.S.'s top trading partners. In 2022, the U.S.'s exports to Mexico totaled \$324 billion, while imports totaled \$454 billion, according to Commerce Department data.

—Anthony Harrup
contributed to this article.



JetBlue has been trying to convince antitrust authorities that the merger would be good for fliers.

JetBlue Expecting DOJ Suit

Continued from Page One
previous mergers have reduced competition among airlines, The Wall Street Journal has reported, and the department under the Biden administration broadly has taken a tough stance on corporate mergers and antitrust enforcement.

JetBlue shares rose 1% Monday; Spirit's fell 8.8%.

The Transportation Department also has reviewed the merger, and can block it, clear it, or approve it with conditions. The DOT can oppose a merger on public-interest grounds, and also has authority to prohibit airline deals that the agency determines may reduce competition or tend to create a monopoly. JetBlue and Spirit have told DOT officials in filings that the merger would advance U.S. international-aviation policy goals and would enhance, not hurt, competition in the domestic airline industry.

Florida Attorney General Ashley Moody on Monday announced a settlement agreement with the airlines that she said would bring new flights and jobs to the state, resolving her office's concerns with the merger.

JetBlue has said that buying the Florida-based discount airline represents its best chance of growing large enough to credibly challenge the four largest airlines that collectively

hold 80% of the market.

Mr. Hayes said a Justice Department suit would delay potential benefits of the merger. He and Spirit CEO Ted Christie, in a joint interview Monday, outlined their case for why combining the two would ultimately help fliers. "Hundreds and hundreds of millions of dollars will be saved, annually," Mr. Christie said.

Mr. Christie also said the deal would allow Spirit and JetBlue to broaden the nation's air-transportation network by resuming service to smaller cities that larger carriers have stopped serving and by making the combined airline's operations more resilient when dealing with weather and other disruptions.

Since striking the deal last July, JetBlue has been trying to convince antitrust authorities that the merger would be good for fliers. Mr. Hayes described the department's inquiries as more of an "investigative process, rather than a genuine engagement."

Mr. Hayes said evidence shows that when JetBlue has entered a market, the overall amount of passenger traffic on certain routes increases while fares substantially decrease. According to the airline, passenger counts on flights between Boston and Atlanta rose 48% in the 12 months after JetBlue entered the market in 2017, while the average fares declined 45%.

Mr. Hayes has said that "JetBlue effect" was cited by the Justice Department in an unrelated legal process. The department is separately suing JetBlue and American over a partnership to sell tickets on each others' flights at New

York City airports and in Boston, alleging that the agreement has made the two airlines collaborators, rather than competitors, on major East Coast routes.

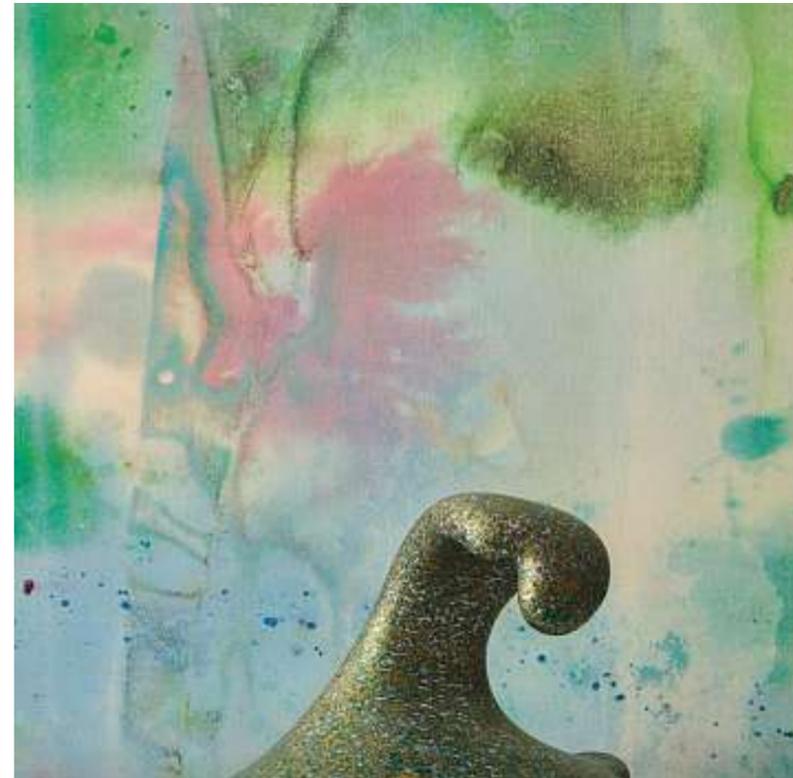
In that case, the Justice Department has said that competitive pressure from JetBlue historically has led to lower prices for customers when the airline enters a market. JetBlue and American have argued in that case that their partnership has helped the two airlines compete against more dominant rivals in the region and that fares haven't increased as a result.

Mr. Hayes said that he agreed in large part with what he said were Justice Department concerns about a lack of competition among U.S. airlines currently, a landscape made possible by years of consolidation among smaller airlines. "We've been talking about the lack of competitiveness in our industry for several years now," Mr. Hayes said. "This combination is the remedy to that."

The two airlines overlap on as much as 11% on nonstop routes they both fly, and JetBlue has offered to divest itself of all of Spirit's holdings in Boston and New York as well as five airport gates at Fort Lauderdale. JetBlue has said the proposed divestitures will allow other ultra-low-cost carriers room to continue their rapid growth.

Under the deal terms, JetBlue would have to pay Spirit's shareholders a \$400 million breakup fee if antitrust authorities block the combination, as well as an additional \$70 million to the company.

—Dave Michaels
contributed to this article.



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WORLD NEWS

Ukraine Presses Fight in Bakhmut

Top commanders favor 'further strengthening of our positions' in the eastern front-line city

By YAROSLAV TROFIMOV

SLOVYANSK, Ukraine—Ukraine shot down nearly all of a new wave of drones Russia launched Monday, but paramilitaries sponsored by Moscow pressed into the front-line city of Bakhmut as Kyiv vowed to keep fighting there.

Ukrainian air defenses shot down 13 out of the 15 Iranian-made Shahed-136 drones that flew toward Ukrainian cities overnight, the country's air force said Monday. It didn't specify what the remaining two drones hit, but there were no reports of infrastructure disruption.

Russia, which has sought to destroy Ukraine's electricity network with waves of missile and drone attacks since October, has reduced the tempo of such strikes in recent weeks as it has begun to exhaust its stockpile of ammunition and as Ukraine has deployed new, Western-provided air defenses.

On the front lines in Bakhmut, the eastern city that Wagner Group paramilitary forces have been attacking since July, Ukrainian troops have completed their withdrawal from the roughly one-third of the city's area that sits on the eastern bank of the Bakhmutka River, said soldiers. Ukrainian forces, for now, are concentrating on holding the central and western parts of the city, with easily defensible positions in industrial areas and a warren of high-rise apartment blocks there.

Ukrainian President Volodymyr Zelensky said he dis-



A Ukrainian soldier takes cover near Bakhmut. Ukrainian forces are concentrating on holding the central and western parts of the city,

cussed the future of Bakhmut at Monday's meeting of the country's top security leadership. Both Gen. Valeriy Zaluzhny, the commander of Ukraine's armed forces, and Col. Gen. Oleksandr Syrsky, the commander of Ukrainian land forces who oversees operations in eastern Ukraine, spoke in favor of "continuing the defensive operation and further strengthening of our positions in Bakhmut," he said.

Mr. Zelensky has come under growing pressure to withdraw from Bakhmut to avoid an encirclement and to preserve troops for future operations.

U.S. Defense Secretary Lloyd

Austin, while traveling with reporters in Jordan, said Monday that should Ukrainian forces reposition around Bakhmut, that "won't necessarily mean that the Russians have changed the tide of this fight."

"I think it's more of a symbolic value than it is strategic and operational value," he said.

The heaviest fighting has been raging for the two main supply roads into Bakhmut, with Ukrainian forces launching counteroffensives to protect traffic from antitank guided missiles.

On Monday, Wagner owner Yevgeny Prigozhin said an urgent need for extra shells arises from Ukrainian forces'

effort to outflank Wagner's troops around Bakhmut. "I am knocking on all doors, sounding the alarm about ammunition and reinforcements, so that we also cover our flanks," he said.

With much of the eastern Ukrainian countryside turning into viscous mud as temperatures have risen, even treaded vehicles have to stick to roads, while SUVs and wheeled armored vehicles often sink in impassable fields—a factor that complicates both sides' military calculations. Ukraine says it is planning a wide-scale spring offensive when the ground dries up, hoping to regain some of the roughly 18%

of Ukrainian land that Moscow still controls. Russia seeks, at a minimum, to capture the parts of the Donetsk, Zaporizhzhia and Kherson regions that it proclaimed its sovereign territory last year.

Russian Defense Minister Sergei Shoigu visited the biggest Ukrainian city that Russia has captured since the full-scale invasion began, Mariupol, inspecting the reconstruction work there, the ministry said Monday. Outside Bakhmut, Russia hasn't made advances in several recent attempts to launch offensives, losing well over 100 tanks and armored vehicles in several failed pushes near Vuhledar.

Zelensky Appoints Antigraft Chief

By ISABEL COLES AND GORDON LUBOLD

Ukraine appointed a new anticorruption chief as Kyiv seeks to show Western allies funneling billions of dollars in aid to the country that it is serious about tackling graft.

The appointment of Semen Kryvonos as director of the National Anti-Corruption Bureau on Monday comes as the mounting costs of subsidizing the war against Russia have brought concerns around corruption back into focus. Ukrainian anticorruption watchdogs on Monday raised questions about Mr. Kryvonos's independence, however, and said the selection process was rushed. Mr. Kryvonos is the former head of the State Inspectorate of Architecture and Urban Planning.

In the U.S., Republican members of Congress have raised concerns about corruption in Ukraine as a part of a critique of the Biden administration's support for Kyiv. Last year, Ukraine ranked 116th out of 180 countries in the Corruption Perceptions Index compiled by Transparency International, a nonprofit based in Berlin.

Ukrainian President Volodymyr Zelensky is under pressure from Ukrainian citizens and soldiers fighting against Russia to combat corruption. In recent weeks, Mr. Zelensky has fired nearly a dozen senior officials in connection with alleged bribery and embezzlement of public funds.

Two high-profile scandals have drawn renewed attention to Ukraine's corruption problem: one involving the Defense Ministry allegedly paying inflated amounts to suppliers of food for the army, and a second case involving alleged corruption in the procurement of electrical generators.

Anticorruption activists in Ukraine say the country has made progress in fighting graft, a problem that has plagued it since it won independence from the Soviet Union in 1991, but that bribery in public procurement and other corrupt practices persist. Mr. Zelensky won a landslide election victory in 2019 on a promise to clean up corruption, but has made uneven progress.

"Our tolerance for corruption is decreasing significantly," said Daria Kaleniuk, executive director of the Kyiv-based nonprofit Anti-Corruption Action Center. While the recent flurry of dismissals indicate Ukraine is on the right track, she said Mr. Zelensky's actions appear to be driven by emotions rather than consistent policy.

Inspectors general from the Defense and State departments, as well as U.S. Agency for International Development, are monitoring weaponry, economic aid and other assistance the U.S. has provided to Ukraine.

Ukrainian Finance Minister Sergii Marchenko said Kyiv knows it must demonstrate it is serious about fighting corruption so it doesn't jeopardize support it is getting from allies.

Russia's Budget Deficit Balloons With War

By GEORGI KANTCHEV

Russia's government budget plunged into a deeper deficit in February, heaping pressure on the Kremlin to square the ballooning costs of its war in Ukraine with falling oil revenues caused by a raft of Western sanctions.

The growing budget hole comes after both the Russian economy and the state have weathered Western sanctions better than expected during the first year of the war. Some economists have warned the pain would rise as time went by, with new sanctions targeting Russia's ability to turn its

extensive natural resources into cash—historically its main source of revenue.

The budget deficit swelled to \$34 billion for the first two months of the year, Ministry of Finance data showed Monday, up from \$25 billion in January. That means that the shortfall has nearly hit the government's full-year target of around \$39 billion—or about 2% of Russia's expected gross domestic product—in just the first two months of the year.

As a result, the government has increasingly tapped its rainy-day fund and borrowed domestically to plug the gap.

Driving the deficit, oil and gas revenue fell by 46% in January-February compared with the year-earlier period. In recent months, the Group of

\$34B

Russia's budget deficit for the first two months of the year

Seven rich nations imposed a novel price cap on the global sale of Russian crude and refined products, while the Eu-

ropean Union banned most Russian oil imports.

While Russian oil has continued to flow—the country's exporters have been able to divert barrels to China, India and Turkey—its price has declined as Moscow loses its bargaining power on the global market.

Russia's flagship Urals blend traded at under \$50 a barrel in February, according to the Russian Ministry of Finance, a deep discount to global benchmark Brent crude, which fetches around \$80 a barrel.

Russia typically depends on oil and gas sales for around 45% of its budget revenue. The

drop in oil and gas revenue in January and February pushed overall budget revenue down by around a quarter, the data on Monday showed.

The war in Ukraine, meanwhile, has continued to increase state expenditures. The new data shows that government spending was up 51.5% for the first two months of the year compared with last year.

The National Wealth Fund, built from previous oil and gas sales and used as a rainy-day fund, stood at \$147 billion on March 1, the equivalent to 7.4% of projected GDP. That is down from \$175 billion, or 10.2% of GDP, before the invasion.

Estonia's Pro-Ukraine Leader Wins Second Term

By DREW HINSHAW

Estonian Prime Minister Kaja Kallas, one of Ukraine's staunchest backers among Western leaders, was re-elected, handily defeating an opposition that had questioned her government's arms deliveries to Ukraine and signaling continuing support for Kyiv in Europe's east.

The center-right leader's

Reform Party was set to hold 37 seats in the Baltic country's Parliament, three more than it secured in the last election four years ago, according to results published Monday by the Estonian National Electoral Committee. Her principal opponents, the more right-wing Conservative People's Party, took just 17 of the chamber's 101 seats, two fewer than it previously controlled.

The result in Sunday's election was a victory for Ms. Kallas, Estonia's first female head of government, but also, more broadly, for Ukraine.

Under her first term, Estonia, a member of the North Atlantic Treaty Organization, was swift to offer Kyiv some \$400 million in weaponry and other equipment mostly left over from her country's decades under Soviet rule.

In January, Estonia said it would donate all its 155mm howitzers to Kyiv. Relative to its gross domestic product, no country has given Ukraine more, according to the Kiel Institute for the World Economy, a Germany-based think tank.

Ms. Kallas's opponents tried to question the wisdom of those arms shipments, which have left the country of 1.3 million with a diminished ar-

senal. The Conservative People's Party, which is opposed to increased immigration, argued that Estonia's inflation-stricken economy could no longer receive Ukrainian refugees.

Like other heads of government along Russia and Ukraine's borders, Ms. Kallas argued that should Ukraine lose, Moscow would pivot to her country next.

U.K. to Introduce Law Barring Asylum Seekers Arriving by Boat

By MAX COLCHESTER AND DAVID LUHNOW

LONDON—The U.K. government plans to introduce a law on Tuesday that bans asylum seekers who arrive illegally on small boats across the English Channel from applying for British citizenship, the latest attempt by the ruling Conservative Party to fix Britain's overwhelmed asylum system and bring under control an issue that has damaged its standings in the polls.

The new law aims to deter and more quickly process tens of thousands of asylum seekers who make the sometimes perilous journey to the U.K. in small boats from France, a government spokesman said Monday. Prime Minister Rishi Sunak has made tackling the issue a key pledge ahead of an election expected next year.

The measures would give the government legal power to detain tens of thousands of

people arriving via small boats and send them on to another country or back to the country from which they came, officials say. Currently, asylum seekers stay in Britain to have their cases heard, which often takes several years.

Across the Americas and Europe, migration has picked up sharply, leading several countries to try to further restrict migrant flows. The Biden administration in February proposed new restrictions on asylum seekers by making migrants who moved through another country on their way to the U.S. without asking for asylum there would now be ineligible to stay in the U.S. Britain aims to do something similar.

Even if Britain changes its laws, however, some analysts say it won't be easy to discourage new migrants from crossing or process and deport them quickly. Many come from war-afflicted countries like Syria and Afghanistan, mean-

ing Britain would have to find a safe, third country to which it could send the migrants. That could prove difficult, since many European countries are also grappling with their own flows of asylum seekers.

"You can pass legislation saying what you want, but if your legislation requires the cooperation of other countries and they aren't willing to cooperate, then it doesn't change much," said Madeleine Sumption, director of the Migration Observatory at Oxford University.

Last year, the government of then-Prime Minister Boris Johnson said it would send would-be asylum seekers to Rwanda, but that plan has been tied up amid legal challenges.

The government registered 45,755 people arriving by small boats in 2022, 60% higher than in 2021, according to the U.K. Home Office. That has led to a record backlog of 161,000 asylum cases.

Approval rates for asylum



People thought to be migrants were brought to Dover, Kent, on a Border Force vessel on Monday.

have also soared. Last year, only 87 asylum applications from people arriving on small boats were refused, according to the Home Office. Most have not yet been processed. Asylum shelters are overcrowded and the U.K. government has been putting up thousands of families at hotels—costing the government 5.6 million pounds, equivalent to around \$6.3 million, a day.

Asylum seekers coming to the U.K. have the right to seek protection under the United

Nations' Refugee Convention and the European Convention on Human Rights. The U.K. government is expected this week to outline details of how this right can be legally circumvented. Some Conservative lawmakers want the U.K. to quit the ECHR to give Britain greater latitude to deport migrants, but Mr. Sunak has declined to do so. The U.K. is looking at establishing more official ways for people to seek asylum, but will do so only when Britain's borders

are secured, a government official said.

The U.K. passed new immigration laws in 2022 that state that if a person travels through a country deemed safe on their way to the U.K., they should seek asylum there, too. But putting that in practice without agreements from other European countries has been difficult.

Mr. Sunak is hoping recently reheated relations with Britain's European neighbors might help, officials say.

FROM PAGE ONE

U.S. Faces New Era In Warfare

Continued from Page One
them,” said Lt. Gen. Hinote. “I was struck how quickly China had advanced, and how our long-held doctrines about warfare were becoming obsolete.”

Mammoth shift

Five years ago, after decades fighting insurgencies in the Middle East and Central Asia, the U.S. started tackling a new era of great-power competition with China and Russia. It isn't yet ready, and there are major obstacles in the way.

Despite an annual defense budget that has risen to more than \$800 billion, the shift has been delayed by a preoccupation with the wars in Iraq and Afghanistan, the pursuit of big-ticket weapons that didn't pan out, internal U.S. government debates over budgets and disagreement over the urgency of the threat from Beijing, according to current and former U.S. defense officials and commanders. Continuing concerns in the Mideast, especially about Iran, and the Russian invasion of Ukraine have absorbed attention and resources.

Corporate consolidation across the defense industry has left the Pentagon with fewer arms manufacturers. Shipyards are struggling to produce the submarines the Navy says it needs to counter China's larger naval fleet, and weapon designers are rushing to catch up with China and Russia in developing superfast hypersonic missiles.

When the Washington think tank the Center for Strategic and International Studies ran a wargame last year that simulated a Chinese amphibious attack on Taiwan, the U.S. side ran out of long-range anti-ship cruise missiles within a week.

The military is struggling to meet recruitment goals, with Americans turned off by the long conflicts in Iraq and Afghanistan, potentially leaving the all-volunteer force short of manpower. Plans to position more forces within striking range of China are still a work in progress. The Central Intelligence Agency, after two decades of conducting paramilitary operations against insurgents and terrorists, is moving away from those areas to focus more on its core mission of espionage.

The U.S. military's success in the Mideast and Afghanistan came in part from air superiority, a less well-equipped foe and the ability to control the initiation of the war. A conflict with China would be very different. The U.S. would be fighting with its Asian bases and ports under attack and would need to support forces over long and potentially vulnerable supply routes.

If a conflict with China gave Russia the confidence to take further action in Eastern Europe, the U.S. and its allies would need to fight a two-front war. China and Russia are both nuclear powers. Action could extend to the Arctic, where the U.S. lags behind Russia in icebreakers and ports as Moscow appears ready to welcome Beijing's help in the region.

This article is the first in a series examining the challenges faced by America's military as it enters a new international era.

The U.S. military is still more capable than its main adversaries. The Chinese have their own obstacles in developing the capability to carry out a large-scale amphibious assault, while the weaknesses of Russia's military have been exposed in Ukraine. But a defense of Taiwan would require U.S. forces,



Lt. Gen. Clint Hinote discussed a drone with colleagues at Fort Irwin, Calif., in November. Below, structures on the artificial island in Cuarteron Reef in the Spratly Islands in the South China Sea, shown in October, part of China's effort to control the strategic waters.



New efforts

To prepare for the future, the Marine Corps has gotten rid of its tanks and is reinventing itself as a naval infantry force that would attack Chinese ships from small islands in the western Pacific. A new Marine littoral regiment, which operates close to the shore and will be equipped with anti-ship missiles, is to be based in Okinawa by 2025.

The Army, which saw its electronic warfare, short-range air defense and engineering capabilities atrophy amid budget pressures and the previous decades' wars, is moving to develop new weapons systems that can strike targets at much longer ranges. It is planning to deploy a new hypersonic missile in the fall though its utility against Chinese forces will depend on securing basing rights in the Pacific.

The Navy, which is confronting budget pressures, personnel shortages and limits to American shipbuilding capacity, is currently planning to expand its fleet to at least 355 crewed ships, a size still smaller than China's current navy. In the near term, the U.S. will have around 290 ships.

The Air Force, which has one of the oldest and smallest inventory of aircraft in its 75-year history, has rolled out the first B-21 bomber and is pursuing the capability to pair piloted warplanes with fleets of drones. It has tested a new hypersonic missile that will be fired from fighter aircraft, and developed plans to disperse its planes among a wider range of bases in the Pacific.

Decades-old B-52s are being refurbished to fill out the bomber fleet. The service has decided to buy the E-7 command aircraft—originally produced by Australia—and is procuring advanced weapons to attack Chinese invasion forces.

At times, the pace has been slower than Gen. Hinote would have liked. “As we began to push for change, we lost most of the budget battles,” he said. “There is more sense of urgency now, but we know how far we have to go.”

The general has pushed to equip cargo planes with cruise missiles to boost allied firepower, the use of high-altitude balloons to carry sensors and electric “flying cars” to carry people and equipment throughout the Pacific island chains—ideas that have led to experiments but so far no procurement decisions.

He thinks a future Air Force could rely more on autonomous, uncrewed aircraft and deploy fewer fighters. “When push comes to shove and you have to decide if you are going to field unmanned vehicles, or keep flying old aircraft, we’ve never made that decision,” he said.

“I think we’ve got a recipe for blunting” a Chinese attack, he said. “I just think you have to reinvent your force to do it.”

which are also tasked with deterring conflict in Europe and the Middle East, to operate over enormous distances and within range of China's firepower.

The threat is mounting. Beijing has in recent years shifted the security terrain in its favor in the areas around China. In the South China Sea, it has built artificial islands and fortified them with military installations to assert control over the strategic waterway and deny the U.S. Navy freedom to roam.

Decades of ever bigger military budgets, including a 7% boost in spending this year, have improved the lethality of China's air force, missiles and submarines, and better training has created a more modern force from what was once a military of rural recruits. China is developing weapons and other capabilities to destroy an opponent's satellites, the Pentagon says, and its cyberhacking presents a threat to infrastructure.

The CIA said President Xi Jinping has set 2027 as a deadline for the Chinese military to be ready to carry out a Taiwan invasion, though it said Mr. Xi and the military have doubts whether Beijing could currently do so.

Trade, chips

A China in control of the South China Sea and Taiwan would hold sway over waters through which trillions of dollars in trade passes each year. It would also command supplies of advanced semiconductors, threaten the security of U.S. allies such as Japan and challenge American pre-eminence in a part of the world it has dominated since World War II.

In its efforts to meet the new challenge, the Pentagon has expanded its access to bases in the Philippines and Japan while shrinking the U.S. military footprint in the Middle East. New tactics have been devised to disperse U.S. forces and make them less of an inviting target for

China's missiles.

The Pentagon's annual budget for research and development has been boosted to \$140 billion—an all time high. The military is pursuing cutting-edge technology it hopes will enable the military services to share targeting data instantaneously so that U.S. air, land, sea and space forces, operating over thousands of miles, can act in unison, a current challenge.

“This is a massive problem to dig out of,” said Eric Wesley, a retired Army lieutenant general who served as the deputy commanding general of the Army

A China conflict would be very different from the past decades' wars.

Futures Command, which oversees that service's transformation. “We are in a vulnerable period where we are pursuing this deterrence capability and their time is running out.”

Chris Meagher, a top Pentagon spokesman, said that Defense Secretary Lloyd Austin was directly overseeing the implementation of the U.S. defense strategy to counter China and that the department's forthcoming spending request would advance the effort.

“The challenge posed by the PRC is real, but this Department is tackling it in historic ways with urgency and confidence,” he said, referring to the People's Republic of China. “We are continuing our work developing new operational concepts, deploying cutting-edge capabilities, and making investments now and for the long term to meet the challenges we face.”

Unassailable U.S.

A little more than a generation ago, the U.S. looked unas-

sailable. The collapse of the Soviet Union and the rapid success of the U.S.-led Desert Storm campaign to evict Saddam Hussein's troops from Kuwait in 1991 demonstrated Washington's ability to wage a new type of war, using precision-guided munitions and stealth technology to vanquish regional dangers.

By the mid-1990s, strategists at the Pentagon's in-house think tank saw trouble ahead. By using long-range missiles, antisatellite weapons and electronic warfare, Beijing could turn the tables on Washington by attacking the bases and ports the U.S. relied on in the western Pacific to project power, potentially keeping the Americans far from the conflict.

The U.S. planned to skip a generation of technology and move to advanced tools, such as long-range weapons, sensors and data-sharing technology to counter Beijing's “anti-access” strategy.

Then the Sept. 11, 2001, terrorist attacks changed the threat, and the Pentagon's mis-

“There was a moment when we thought ‘Huzzah, the transformation of the force is actually going to happen,’” said Jeff McKittrick, who worked at the Pentagon think tank and is now a researcher with the Institute for Defense Analyses, a Pentagon-supported research center. “Then 9/11 came and everybody focused like a laser beam on the global war on terror.”

Soon this became the mission of Gen. Hinote, then a major, as well. He was known by the call sign “Q,” after the fictional character in the James Bond stories who runs the spy service's gadget lab, because of his skill in programming the radars and sensors of fighter jets. At the outset of the 2003 Iraq war, he was assigned to a squadron of “stealthy” F-117 fighter jets.

He helped plan the operation to strike at targets in Baghdad and disable the air defenses of

Saddam Hussein's forces. “We had a really good plan for taking down the Iraqi communications infrastructure, leadership infrastructure and what we thought were the weapons of mass destruction,” he said. “China learned from that.”

As the U.S. wars in Iraq and Afghanistan dragged on, the top U.S. Air Force officer in Japan warned that China's air defenses were becoming impenetrable to all but the most sophisticated U.S. fighters.

In 2011, Congress and the White House agreed to multi-year spending limits known as sequestration to curb the federal deficit. The move forced a series of across-the-board cuts and hampered initiatives to transform the military, including on artificial intelligence, robotics, autonomous systems and advanced manufacturing.

Taiwan in focus

In 2018, the Pentagon issued a National Defense Strategy saying the U.S. would prepare for a new world of “great power competition.”

Deterring China from invading Taiwan, a longstanding U.S. partner that Beijing claims as Chinese territory, defines the challenge. Allowing China to take Taiwan, just 100 miles from the Chinese mainland, and then trying to wrest it back, Pentagon officials concluded, would involve the U.S. in a protracted fight and might spur China to escalate to nuclear weapons. The U.S. needed to demonstrate it could prevent Beijing from seizing the island in the first place—a requirement included in the Biden administration's National Defense Strategy issued in 2022.

In 2019, Gen. Hinote, using his new authority in the Air Force's future war office, organized another classified wargame. The simulation postulated a Chinese attack on Taiwan and assessed how two U.S. forces might fare in contesting it: an



U.S. military personnel secured a Himars rocket launcher into an aircraft during training at Fort Greely, Alaska, in 2021. Right, China's DF-17 hypersonic weapon system in a parade in Beijing in 2019.





FROM TOP: ILLUSTRATION BY JOHN KRAUSE, MAPLE

MORE HELPFUL TIPS

There are some general rules of thumb to keep your car and home running smoothly.

► Change your car's oil every 5,000 to 7,500 miles (more frequently if your car is older), according to AAA. A full car inspection should be performed every 12 months or 12,000 miles.

► Change your home's forced-air vent filters every three months.

► Change the water filter in your fridge every six months, according to Whirlpool Corp. Adding a water sensor near your water heater or other potential leak site is never a bad idea, either.

► Don't wait until your smoke detectors chirp! Change their batteries once a year—unless they have 10-year lithium batteries. Test them every month, and replace them every decade, the National Fire Protection Association says.

Apps Keep House, Car on Track

Digital-organizing notes, auto-care trackers and more can help with routine tasks, maintenance



FAMILY & TECH
JULIE JARGON

There are two ways to track car and home maintenance: my way...and the right way.

My way involves looking at the oil-change sticker on my windshield every once in a while and changing the batteries in my smoke detectors when they start chirping. Organized people do things differently. I am trying to learn their ways.

Monitoring these things is important so that your car keeps running and your home doesn't fall apart, sure. But it's also crucial to keep records of car maintenance and home repairs in case you sell or have an insurance claim. (Speaking of insurance, you might find helpful planners for home and car in the apps from your insurers.)

One easy way to organize receipts is to keep them in the Notes app on an iPhone or iPad. You can scan a receipt using the camera icon in the app and save it. You can create folders for the documents and share them with other people or with cloud storage accounts, such as Google Drive or Dropbox.

On Android phones, create and share documents in the Google Keep app. (iPhone owners can also use Google Keep, available in Apple's App Store.) And with the Google Drive app, you can scan documents and save them as PDFs.

Professional organizers and highly disciplined regular people say they use digital calendars to remind them when routine maintenance is due. It's a simple solution, but those entries can be easily missed among the thicket of work and family appointments. Here I've listed apps and websites that can keep car and home repairs straight without adding noise to your calendar.

Car stuff

For customized auto-maintenance tracking, try one of these free apps. Many car makers also provide their own apps for you to keep track of service.

Carfax Car Care: This app is a one-stop shop for car maintenance. It can log repair and service history for up to eight cars and show you your cars' value. You can also upload receipts to the app. It will remind you of service that's due, alert you to recalls and display local auto-repair shops. carfax.com

AutoZone: This app is helpful for the DIY set. It allows you to track

your service history and order parts. You can scan your vehicle identification number from the app to find the right parts. The app also contains advice on questions—why is that battery light on?—and instructions on how to perform basic car maintenance such as changing your oil. autozone.com

My Firestone and Tires Plus: In addition to tracking your maintenance and service history, the apps from these Bridgestone Corp.-owned companies each allow you to request roadside assistance, schedule an appointment and shop for tires. firestonecompleteautocare.com; tiresplus.com

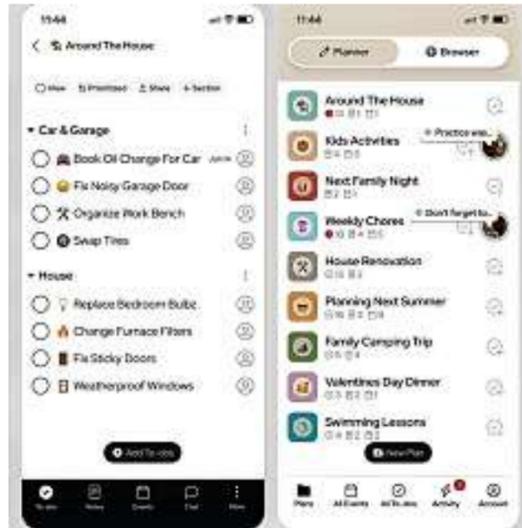
Home stuff

For ways to monitor household tasks and to make home maintenance easier, try some of these free apps:

Maple: This household-management tool can help families organize and plan home repairs, meals, parties and more. The app allows people to dele-

gate tasks and share to-do lists and Google calendars. growmaple.com

Angi: Formerly known as Angie's List, this app allows you to find plumbers, electricians, roofers and other contractors in your area, and to compare prices before booking. The app also includes a checklist that suggests timely recommended



The Maple app allows people to keep track of household tasks.

maintenance, such as trimming overgrown trees in March. angi.com

Home Depot and Lowe's: You might already know how the Home Depot and Lowe's apps make it easier to find particular products in those vast aisles. But for home maintenance, there's an even better trick: If there's a part you need to replace but you don't know what it's called, you can snap a photo of it in the apps, and they will tell you what it is and where to find it. Both apps also let you create project-planning lists. homedepot.com; lowes.com

Benjamin Moore Color Portfolio:

Visual recognition has also come to paint apps. Snap a photo of a wall in the Benjamin Moore app, and it will tell you the name of the color in the company's catalog. You can also virtually try out paint colors by snapping a photo of a room or shooting video in the app. (Home Depot has a similar Project Color app.) benjaminmoore.com

A quick note about app privacy: We've learned by now that "free" apps aren't exactly free. Some of my recommended apps might use user information to pitch products or serve targeted ads.

A Creditable Boon to Home Buyers

PHOTO ILLUSTRATION BY SAMI KELLY/THE WALL STREET JOURNAL, ISTOCK ©

By VERONICA DAGHER

A small boost to your credit score can make a big impact on the cost of buying a home.

Rising mortgage rates and still-high home prices are the key factors in the cost of a home, but beyond a home buyer's control. Raising your credit scores in the weeks and months before applying for a mortgage is the most tangible way to reduce costs if you're in the market to buy a home now, financial advisers said. A difference of a few points can sometimes mean lower mortgage rates that save buyers thousands of dollars over time.

The rate you lock in will play a key role in how much you have to shell out each month in mortgage

payments.

For example, a homeowner with a credit score of 760 or better and a roughly 6.37% mortgage rate would pay about \$122 less a month for a \$300,000 mortgage than someone with a credit score between 660 and 679 who gets about a 6.98% mortgage rate, according to a Bankrate analysis of recent FICO data. That adds up to roughly \$43,920 in savings over the 30-year term of the mortgage, said Ted Rossman, a consumer-spending analyst at Bankrate.

Major improvements to one's credit score don't happen overnight. Even if you were able to pay off all of your debt in one fell swoop, it would still typically take weeks or even months for that to register on your credit report, said Jacob Channel, se-

nior economist at LendingTree.

But it is possible to move the needle in two to three months. A difference of a few points can be game changing, especially when it boosts your score above the 620 credit-score threshold, the lowest score needed to qualify for a typical mortgage.

Here are three steps to consider:

Ask to get rescored

Before applying for a mortgage, pull your credit reports from each of the three major credit-reporting agencies (Experian, TransUnion and Equifax) to make sure they are correct. You can request one free of charge at annualcreditreport.com.

If you spot errors on the report, ask the credit bureaus to correct them. How much fixing inaccuracies

will improve your score depends in part on the severity of the error, said Bruce McClary, senior vice president at the National Foundation for Credit Counseling.

This process can sometimes take several months. Fortunately, there is a way to fast-track the changes.

If you need to apply for a mortgage and find an error that needs to be fixed immediately, such as an account incorrectly listed as in collection, the mortgage company might request a rapid rescore from the credit bureau. Borrowers typically need to get a letter from the creditor stating it reported incorrect information, said Melissa Cohn, a mortgage banker in New York. Rapid rescoring typically takes about three to five days to complete. Ms. Cohn has seen some borrowers' scores rise by 50 points after rapid rescoring.

Borrowers who have paid off debts recently might be able to ask their mortgage company to request a rapid rescore if those payments aren't yet reflected in their credit report.

Rapid rescoring typically costs between \$25 and \$50 per account, said Mr. McClary at NFCC. A rescore could result in a lower credit score if it uncovers new late payments.

Hold off applying for credit or financing plans

Lenders may pull borrower's credit reports, or make what's called hard inquiries, before making lending decisions. A hard inquiry usually dings your credit score by a few points, said Aniva Hinduja, general manager of home and mortgage at Credit Karma.

When you sign up for utilities such as certain cellphone plans and

some buy now, pay later plans, lenders may do a hard pull, she said.

Read the fine print before committing to new financing plans or lines of credit, including a credit card.

All mortgage-credit inquiries within a 45-day window count as one inquiry, said Bill Banfield, executive vice president of capital markets for Rocket Mortgage. Keep your home-loan shopping within this period to minimize how much your score will fall, he said.

Pay down debts or request higher limits

A big factor in your score is how much you have borrowed compared with your total available credit. Financial advisers recommend keeping your credit-card utilization under 30%. If you want to raise your credit score quickly, pay off enough debt to get it closer to under 10%, said Ms. Hinduja at Credit Karma.

Emptying all your savings to pay down debt can backfire for house hunters, said Christopher Totaro, a real-estate agent in New York. Banks also consider available cash in mortgage applications.

Draining your liquidity can be a problem if you're buying a co-op and the co-op board requires you to have a certain level of liquid assets, Mr. Totaro said. Although a bank may agree to give a mortgage, a co-op or condo board usually requires more liquidity than a bank, he said. You'll also want to keep some cash on hand for home repairs. Another strategy to potentially lower your credit utilization is to ask your card issuer to increase your credit limit. Before asking your issuer for a credit-limit increase, confirm that it won't conduct a hard credit pull, Ms. Hinduja said.

PERSONAL JOURNAL.



TURNING
POINTS
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ANSBERRY

More Seniors Are Filling Labor Gaps in Elder Care

Registered nurse Diane Richards applied online for a job at a home-care agency, received a call that day and began working there in the fall. She is 81.

Older workers like Ms. Richards are helping fill a labor shortage in the home-care industry that worsened during the pandemic. They are taking personal-care, in-home help, or companionship positions with home-care agencies and other businesses that provide support to older adults.

Some of the older workers are retirees returning to the workforce to take part-time jobs to supplement Social Security income. Others want to extend their working years to delay drawing Social Security until they are 70. Those who are financially secure find caring for others fulfilling.

The number of people older than 65 working or seeking work has increased by 6.4 million, or 144%, in the past 20 years, according to the Labor Department. The broader labor force grew about 13%. The Labor Department projects labor-force participation among older workers to keep growing over the next decade.

Employers of older workers who provide in-home help say those workers are dependable and often more flexible with weekend shifts than younger workers. They can identify with the aches and pains of the aging process and empathize with those who have lost loved ones.

"At 81, I do have limitations, certainly in terms of energy," says Ms. Richards, who trains caregivers and family members on how to safely give medication and does health assessments.

Ms. Richards has been working as a nurse for 59 years. She took time off last year to be with her



Linda McCallum, above left, gets ready to play Yahtzee with Shelley Joan Felt at Ms. Felt's home. Ms. McCallum and Diane Richards, far left, work for Right at Home in Bend, Ore.



husband who had cancer and recently died. In October, she joined Right at Home in

Bend, Ore., which provides in-home companion and personal care to older adults and those with disabilities.

Seniors Helping Seniors, an in-home care provider that has 200 franchised locations in the U.S., gives priority to hiring those 50 and older. Doing so has helped the company keep its turnover rate at 20% to 25% compared with an industry average of about 65%, says Namrata Yocom-Jan, president of the company, which is based in Leesport, Pa.

"Our seniors are not job hop-

pers. They are not going to leave for another company that pays another 50 cents an hour," says Chief Operating Officer Daniel Jan.

Average hourly pay is about \$14 to \$16, Mr. Jan says, compared with median pay in 2021, the latest figure available, of \$14.15 for home-health and personal-care aides, according to the Labor Department.

The big issue for older workers is their own health and that of their spouse or partner. Stamina and strength decline with age, too.

Marcia Greensfelder, 66, took a part-time job at Seniors Helping Seniors after retiring from teaching. Now she works five to 12 hours a week providing companionship, like playing cards or doing jigsaw puzzles with clients, rather than personal-care tasks of bathing or dressing. She uses the in-

come for extras like trips and breakfast outings.

She can relate to her clients who have lost loved ones, her own husband having died when he was 47. "I know what they are going through," says Ms. Greensfelder, who lives in the Tampa Bay, Fla., area.

She can also identify with the mobility issues related to age. Recently, she had her hip replaced, which she expects will keep her away from work for about a month.

Many workers say they find that helping other older adults is rewarding in this stage of their lives. Jim Norwood, a 78-year-old retired entrepreneur, now works part time at Naborforce, which provides companionship and help like running errands.

"I needed some purpose, so to speak," says Mr. Norwood, who

owned several footwear and restaurant businesses.

He took one client, who loves sports, golfing at his country club, and played Dean Martin and Frank Sinatra songs on his phone when visiting a 99-year-old woman in memory care. The woman couldn't communicate, he says. "She did smile," he says. "That was really great."

The average age of Naborforce's 1,000 workers is 54, says Paige Wilson, founder of the business, which is based in Richmond, Va. They submit the hours they are available and are matched with clients through an online platform, similar to the way ride-service businesses, like Uber, operate.

144%

Rise in people over 65 working or seeking work over the past 20 years

Julie Burket, who owns the Right at Home franchise in Bend, Ore., lost half of her workers during the pandemic.

"We recruited through churches and senior centers to say, 'Hey, you want to earn some income, come and be a caregiver even if you only want to work 10 to 15 hours a week,'" Ms. Burket says. She is up to 64 workers, from a pandemic low of 39, and says hiring has picked up since January.

"I never worry about my caregivers in their 50s, 60s or older," she says. "They don't give excuses or call off to do their thing."

One of her most reliable is Linda McCallum, 79, who started at Right at Home in 2018 and worked through the pandemic. "Linda is the first person I call in an emergency. She never turns down a shift," says Ms. Burket.

Ms. McCallum, who is divorced and has no family in the area, says she likes to be active and needs the income. Right at Home offers a retirement savings plan, with a 3% match, and paid sick time, as well as training. Ms. McCallum earns \$20 an hour and will work up to 40 hours a week. She prepares meals, cleans, drives clients to appointments and helps them in the shower.

"I can't live on Social Security," she says.

ROLEX

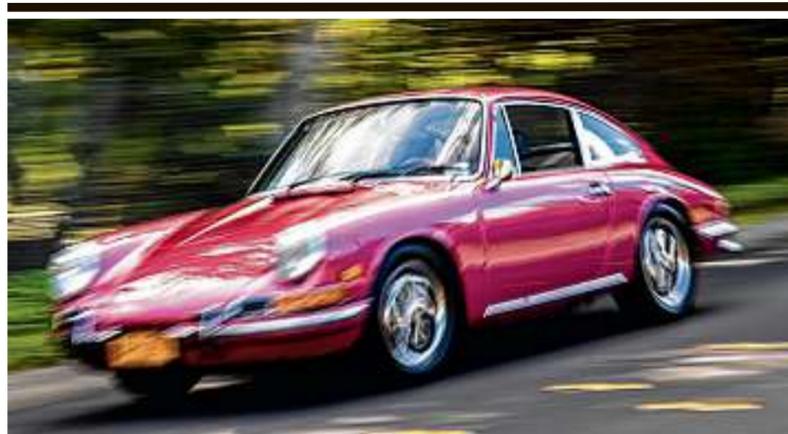


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John Paolo Canton spent nearly a decade nudging the Porsche's prior owner to sell him the car.

MY RIDE | A.J. BAIME

A Hearty Glass of Rosé on Wheels

Previous owner gave a 1968 Porsche 912 its unusual color

John Paolo Canton, 40, head of communications at Polestar (an electric-vehicle brand recently launched by Volvo Cars), who lives in San Francisco, on his 1968 Porsche 912, as told to A.J. Baime.

In 2005, I met a new friend named Pete at the Road America racetrack in Wisconsin. He had a Ducati dealership and was involved in racing, and I worked with racing motorcycles. (Later, I also worked for Ducati.) On the day I met him, he had this Porsche 912 with him. He had restored the car and painted it a strawberry-red that was highly unusual, not just for a Porsche, but for any car. The paint was so striking and unique. He had driven and loved this car for years.

We became friends and I would see him once or twice a year. Every time, without being annoying, I would give him a wink-wink nudge-nudge. But he never wanted to sell me the car.

What is the Porsche 912? Basically, this was a Porsche 911 that came with a four-cylinder rather than a six-cylinder engine, so it had less power and was less expensive. Porsche made the 912 in the 1960s. [According to Porsche's website, the German company launched the 912 in 1965 with a 90-horsepower 1.6-liter flat

four-cylinder, and built the car until 1969.]

In 2014, unfortunately, I heard through a mutual friend that Pete had passed away. About a month later, I got a phone call from a family member. The story I was told was that Pete left a note in the car saying that this Porsche 912 should be eventually sold to

car across the country.

This car doesn't belong in the garage; it belongs on the road. I drive it to the grocery store, out and about on weekends, on short drives, long drives. I drive a whiz-bang car full of state-of-the-art technology all week, so on weekends, I love having an analog experience. Once, I got a call from a commercial



me. I never saw any note, but this is what I was told. I purchased the car. I picked it up in Wisconsin, and left it in a safe place in Chicago, because it was winter. When the weather warmed, I went out and took that car on a 1,500-mile road trip, landing in New York, where I was living. I drove this car everywhere. When I moved to San Francisco, it was winter so I trailerred the

photographer, who needed a unique-looking old Porsche. So this car appeared in a GQ magazine fashion spread.

The car has become a member of the family. My wife, Niki, named it Heidi, because the name sounds German and stately. The color has been the most interesting thing about the ownership experience. It's just so disarming. Everyone who sees it smiles.

ARTS IN REVIEW

FILM REVIEW

Fluent In Fictions

Novelist Marguerite Duras was a masterly, formally inventive filmmaker

By **PETER TONGUETTE**

The unhappy Hollywood experiences of novelists F. Scott Fitzgerald and William Faulkner have led to the perception that the literary and cinematic worlds are somehow incompatible. To the contrary, numerous major writers have been sufficiently tempted by the possibilities of cinema to not only write for the screen but become directors themselves. Among the literary giants who helmed multiple films are Norman Mailer, David Mamet and Susan Sontag. Few writers demonstrated greater interest in film than Marguerite Duras, who was born in 1914 to French parents in what was then French Indochina. Duras was fiendishly prolific—her books include “The Sea Wall” (1950), “Moderato Cantabile” (1958), “The Ravishing of Lol Stein” (1964) and “The Lover” (1984)—but she involved herself in filmmaking early on: In 1959, Duras wrote the screenplay to Alain Resnais’s classic “Hiroshima mon amour,” and, in the decade that followed, she continued scripting for film.

‘India Song’ is a languorous story of an ambassador’s wife.

Duras commenced her own directorial career with “La musica” (1967), co-directed with Paul Seban, and “Destroy, She Said” (1969). By the time of her death in 1996, Duras had directed over a dozen films, two of which—“India Song” (1975) and “Baxter, Vera Baxter” (1977)—were just released as a Criterion Collection set on Blu-ray and DVD. Of the pair, “India Song,” set in that country in the 1930s, is the masterpiece, but both films demonstrate that Duras’s filmmaking was no hobby-like digression but the work of a serious artist curious to play with sound and image. In fact, “India Song” could be called a test case in how much stillness and slowness viewers will tolerate. “India Song” stars Duras fixture Delphine Seyrig as Anne-Marie Stretter, the

spouse of the French ambassador to India. She leads an indolent, dissipated life enlivened, just barely, by the company of gentlemen callers who float in and out of the vast, immaculately furnished embassy in Calcutta. The only discernible drama derives from the presence of the emotionally unstable French vice-consul (Michel Lonsdale) who carries a torch for the cool, distant Anne-Marie but whose romantic entreaties are spurned.

The story is simple enough, but Duras’s way of telling it is anything but. Throughout the film, the actors adopt the gait of sleepwalkers as they meander through the embassy, which, at one point, becomes the setting for the world’s most sedate reception. Cinematographer Bruno Nuytten uses long, extended takes notable for their precise angles and profound stasis; when the camera does move, it proceeds ever so slowly.

One would expect a writer’s film to be wordy, but “India Song” uses language in a most original manner: Not a single actor is seen uttering a syllable. Instead, the soundtrack consists of the main characters conversing independent of the image or a series of nameless voices explaining, or speculating about, the characters. The actors engage in a form of controlled pantomime more extreme than that of silent film players; in silents, most performers mouthed words, but in “India Song,” the actors’ lips remain closed. This is no trick, but a means to capture the essence of the actors: Seyrig’s angular, aloof beauty is contrasted with Lonsdale’s lumbering desperation.

“Personally, I think ‘India Song’ shows fantastic daring,” Duras said proudly in a 1975 interview in Sight & Sound. “Telling a story inside out like that sweeps away all the laws of narrative.” But to what end? To start with, the film’s supremely unhurried pacing permits us to luxuriate in each image: of a deep-green forest at dusk, an eerily vacant tennis court, a nearly otherworldly full-length mirror. We are less watching a story unfold than inhabiting an environment. Because the actors “do” so little, the

Scenes from the writer’s ‘Baxter, Vera Baxter’ (1977), also included in the set



Scenes from ‘India Song’ (1975), just released as part of a Criterion Collection set

titular spouse (Claudine Gabay)—is well realized but a more ordinary undertaking, as Duras herself anticipated. “With ‘Vera Baxter,’ . . . I have a script that absolutely anybody could direct,” she told Sight & Sound before shooting. That’s not quite true, but one wishes that Criterion would have paired “India Song” with a bolder effort, such as “Woman of the Ganges” (1974) or “Agatha and the Limitless Readings” (1981).

Those movies, like “India Song,” prove that Duras’s filmography is at least as substantial and lasting as her bibliography.

Mr. Tonguette is a contributing writer at the Washington Examiner magazine.

crystal chandeliers, oriental rugs and vapors of incense take on outsized importance, and since Duras’s off-screen dialogue is so suggestive, when someone speaks of the heat, we imagine we can feel the temperature; when someone mentions the smell of the air, we think we can perceive the fragrance.

More important, Duras’s choice to defang the drama—the vice-consul’s lone outburst, in which he expresses his ardor for Anne-Marie in screams and wails, is heard off-screen and engenders no response in kind—reflects the core theme: the interminable frustration and futility of unrequited love. The film’s seeming lethargy can be interpreted as a comment on the lassitude of the elite—Duras threads the film with rather tiresome anti-colonialist messaging—but it also serves as a metaphor for two people who cannot come together; a long close-up of Seyrig is a definitive study of a woman resigned to sadness and regret. “India

Song” was a popular success in France, where it was honored with three César nominations and, for a film so daringly experimental, re-

ceived sympathetic reviews. “Baxter, Vera Baxter”—a feminist-accented drama consisting of conversations with, and about, the unhappy



CRTERION COLLECTION (C)

The WSJ Daily Crossword | Edited by Mike Shenk

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- 25 Round figures
- 26 Reform Party founder Ross
- 27 ___sci
- 31 Eat in style
- 33 Qualifier for the final
- 35 Like some legends
- 36 “Shrek!” creator William
- 37 Tiny fly
- 38 Studied with criminal intent
- 40 Limping, say
- 42 Spanish turnover
- 45 Typography unit
- 47 Remote work attire, for some
- 48 Piles up
- 50 College study
- 51 “Yay, me!”
- 52 Barely beat (out)
- 53 Broncos and Chargers, e.g.
- 55 Former NBA star Smits
- 57 It’s heard upon reflection
- 61 Like most sushi
- 62 Black gemstone
- 63 Make a choice
- 64 Colorful swimmers
- 65 And the like, for short

CUT THE COMEDY! | By Jesse Goldberg

- Across**
- 1 Squabbles
- 6 “Casablanca” heroine
- 10 Class of ‘25 member, today
- 14 Swinging joint?
- 15 Israel’s Golda
- 16 James of “The White Lotus”
- 17 Astonishing
- 19 A long time
- 20 Subterranean deposits
- 21 Maryland’s state bird
- 23 Bolstered
- 28 Successfully hypnotized
- 29 Is wild about
- 30 Eat into
- 32 Missile Command consoles
- 34 Quarterback Manning
- 35 “Semper Fidelis” org.
- 39 Mustard sometimes used with a knife
- 41 Couch potato’s natural state
- 43 Once, once
- 44 Name after Sallie, Fannie or Ginnie
- 46 Some Iraq War reporters
- 47 ___cup (fruity gin drink)
- 49 Hall of Fame pitcher Satchel
- 50 Rapper Nicki
- 54 Like some exes
- 56 Stir up
- 58 Doctors measure it from 0 to 10
- 59 Fair
- 60 Say something funny, and what the sets of circled letters do
- 66 Nondairy spread
- 67 Improvised solution
- 68 Bus station
- 69 Baseball team with a C logo
- 70 Is short
- 71 Where some folks hit the roof
- Down**
- 1 “I told you that was going to happen”
- 2 Tissue layer
- 3 Prez 100 years before Jack
- 4 Climber’s destination
- 5 Attacks like an eagle
- 6 Hamper
- 7 Free time
- 8 Sloth, e.g.
- 9 Best Picture directed by Ben Affleck
- 10 Deck application
- 11 “This is SO bad!”
- 12 “Nope” director Jordan
- 13 Canadian bozo
- 18 Opposite of post-
- 22 Regret
- 23 Put a name to
- 24 Helicopter part

Previous Puzzle’s Solution

P	A	D	W	H	I	G	S	P	E	O	N	S		
A	L	E	H	I	T	O	N	A	L	C	O	A		
C	O	M	P	O	S	E	Y	O	U	R	S	E	L	F
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► Solve this puzzle online and discuss it at WSJ.com/Puzzles.

SPORTS

JASON GAY

Wait, the Knicks Are Good?

An underwhelming franchise is currently the NBA's hottest team and a legitimate playoff threat



FROM TOP: WINSLLOW TOWNSON/USA TODAY SPORTS; WILFREDO LEE/ASSOCIATED PRESS



Hello. I'm going to need you to sit down. The New York Knicks may be good. I say "may" because these are, of

course, the Knicks we're talking about, and history says there is always a chance of another comically soul-crushing disappointment from a team that holds a patent on comically soul-crushing disappointment. To attach any positive future outcome to this chronically misbegotten basketball franchise is to brazenly tempt fate.

One need only to look at Sunday's miraculous double-overtime victory over the Boston Celtics—a game the Knicks tried very, very energetically to gift-wrap back to their opponent—to see traces of a team capable of tripping over its own shoelaces, and driving its loyal fan base to scream from apartment windows.

Still, I'm going to need you to sit down...because the Knicks may really be good.

The facts are undeniable. The Sunday stunner over Boston is New York's ninth victory in a row. The Knicks haven't fallen since before Valentine's Day and, as of Monday, they are sturdily posi-

Immanuel Quickley, above, led the Knicks to a victory over the Celtics. Julius Randle, right, after a game-winning shot on March 4.

tioned in fifth place in the Eastern Conference, at 39-27 a game behind Cleveland. They are the hottest team in the NBA, and, while the playoffs aren't yet a lock, they have grabbed a slot as A Team You Do Not Want to Face.

This is quite a reversal. For years, the Knicks have very much been a Team You Do Want to Face, especially if your favorite team had gone through a slump, craved confidence, or just needed a win. New York hasn't captured a championship since the 1972-73 season, but over the past couple of decades, the team has been aggressively uncompetitive, winning only a single playoff series since 2001. Worse, they have been very hard to like—chaotically owned and chaotically managed, a turnstile of leadership eras (remember Phil Jackson's?) and flimsy results.

How did these Knicks turn it around? By trading for Kevin Durant. Just kidding! New York is doing it the old-fashioned way, through the draft and with a series



of low-key but excellent acquisitions, chief among them last summer's signing of former Dallas point guard Jalen Brunson. Brunson—who sat out with a sore foot versus Boston, leading everyone to wrongly forecast the end of

The Streak—has delivered a thunderbolt of offense (23.9 points, 6.2 assists), liberating All-Star teammate Julius Randle (25.4 points) to return to his 2020-21 prime and giving the franchise, at last, steady talent at the point.

But mainly, it's the way these Knicks play—hard, physically, and refusing to get down on themselves in lower moments. They embody the no-nonsense ethos of no-nonsense coach Tom Thibodeau, a man who perpetually looks like he can't believe how long his lunch order is taking. They have been lifted by Josh Hart, a trading deadline arrival who hasn't lost since putting on Knicks colors. They have ridden the roller coaster with former No. 3 pick R.J. Barrett, and have gotten key contributions from Quentin Grimes and big man Mitchell Robinson.

And, in vintage Knicks fashion, they're sprinkling magic orange pixie dust on comets like Immanuel Quickley, who stepped in for Brunson versus the Celtics and had a career night, scoring 38 and playing a Thibodeau-tastic 55 minutes, which could be an OSHA violation. It was Quickley who sent the Celtics to the showers, waving an impish goodbye and joining the John Starks Hall of Knicks Players Knicks Fans Will Irrationally Fight Strangers Over.

(Can we take one minute here with Boston, which started the season as the NBA's best team but has lately gone cold, blowing consecutive games to the Nets and the Knicks? The Celtics aren't undermanned; they're gassed. They need a week next to a pool, with frozen drinks and cheesy magazines. They're too talented to not be a threat, but someone needs to get them rest and pina colodas.)

The Knicks, on the other hand, appear to be peaking at the right time, and a long-suffering NBA town is in thrall. If you're a Sacramento Kings or Minnesota Timberwolves fan asking me if this team gets lauded with extra attention on the basis of being located in an insufferable media hive, I'm telling you right now...absolutely! I'm sorry.

But it matters! Seeing a proud basketball city crawl itself out of a cobwebbed crypt goes to show what an enormous opportunity this franchise has, and yet perpetually has blown. With a few exceptions—"Linsanity"; a division title with Carmelo Anthony; a lively playoff with Atlanta—to have been a Knicks fan in the 21st century has been a grim sentence of mockery and gloom.

New York City wants so badly to love this team, if only the Knicks would love it back.

This team does. I'm telling you: Sit down. The New York Knicks may be good.

BY LAINE HIGGINS

Matt Painter has a thing for big men. If there is one thing that the Purdue basketball coach has proved in 18 years with the Boilermakers, it's that he can turn lanky 7-footers into absolute nightmares in the paint.

Painter's strategy of building around large, surprisingly agile athletes has made the Boilermakers a mainstay in the top of the Big Ten in recent years. This season, a 7-foot 4 wrecking ball named Zach Edey has catapulted 26-5 Purdue to loftier heights—a Big Ten regular-season title, the top seed in the conference tournament that begins this week and the No. 1 ranking in the nation for seven weeks this winter.

Come Selection Sunday, Purdue could possibly secure a one-seed for the NCAA tournament—which would be its first top seed since 1996. Should the Boilermakers' winning ways continue, they could snap Purdue's 41-year Final Four appearance drought.

"I don't think there are a lot of schools that have that big-man first mentality that Purdue has," said Matt Haarms, a 7-foot 3 former Purdue center.

The surprising thing about Painter's affinity for running the offense through his center is how antithetical it is to modern basketball.

For decades, the tallest players on the court were charged primarily with grabbing rebounds and taking up space in the post. They were the large, immovable objects that were supposed to get in the way of incoming unstoppable forces. But that was before the Golden State Warriors came along with a fleet of undersized hybrid players and won championships playing far from the basket. In time, this bled into the college game. Big centers went from essential starters to athletes whose size put them on the verge of being too lumbering to guard freakishly athletic 6-foot 8 guards.

Painter, however, never wavered

There Is a Very Big Reason Purdue Is Winning in 2023



Purdue's 7-foot-4 center Zach Edey led the Boilermakers to the Big Ten regular-season title this season.

from thinking that bigger was better. He continued to go after unusually tall prospects, developing many into All Americans. It wasn't that other teams didn't have big men, Painter explained, just that "we throw them the ball more," he said. "Not a lot of people play post-up basketball."

Building around big men has become Painter's calling card on the recruiting trail. Haarms remembered the pitch he got from Purdue's coaches on his official visit to campus nearly seven years ago.

"They showed me that we don't just do these behemoths of guys. We work with bigs all across the spectrum and we've been able to get them to be extremely success-

ful," Haarms said. "They care about you beyond just like, 'Oh, you're a center, go set screens.'"

The list of successful big men Painter showed Haarms in September 2016 included Carl Landry, Robbie Hummel and JaJuan Johnson, all of whom went on to play in the NBA. Purdue's crown jewel was A.J. Hammons, Painter's first 7-footer who blossomed into the Big Ten defensive player of the year by his final season in 2015-16. He's one of just 21 players at least 7-foot tall to average 15 or more points per game in a single season over the past decade, according to Stats LLC.

It only went up from there—literally. First there was 7-foot 2

Isaac Haas. He turned into a lethally efficient scorer, twice leading the Big Ten in points per 40 minutes and averaging 12.4 points per game across his three seasons in West Lafayette.

Then came Haarms, who joked that his coach must grow towering prospects like himself "in a lab." The Dutchman played for Purdue for three seasons before transferring to Brigham Young for the 2020-21 campaign.

Former players said that two men were instrumental in turning Painter's "lab-grown" giants into basketball phenoms.

The first is Brandon Brantley, a former Boilermakers' forward who Painter hired in 2013 to coach the

team's centers.

"There's no coincidence that when he joined the staff is when we started seeing all these really successful big guys start coming through the program," said Travis Carroll, a Purdue center from 2010 to 2014.

The second was strength and conditioning coach Josh Bonhotal, who worked with the team from 2011 to 2018. He said that Painter's approach was unusual: Where many coaches demanded immediate results in the weight room, hoping that 20-pound offseason bulk-ups could change their team's fortunes overnight, the Purdue coach preached patience.

"It's that slow cook," Bonhotal said.

With the luxury of time, he focused on players' mobility and mechanics. That way strength would not come at the expense of good form, thus reducing the risk for injuries for athletes with notoriously injury-prone frames.

If Painter has always been all in on big men, Edey is the player who delivered the royal flush.

"Obviously, he was just enormous," Painter said.

But Edey had an unusually short hoops résumé. Like any good Canadian, Edey spent the bulk of his youth on skates and only stopped playing hockey after he literally outgrew the sport (he's said that finding size 20 boots was challenging). He was also a talented pitcher, but his size made playing baseball hard because his strike zone was so huge. Even though he cracked 6-foot 10 as a high school freshman, Edey didn't devote himself to basketball until the following year.

What Edey lacked in polish, he made up for in potential. He flashed talent as a freshman and averaged 14.4 points and 7.7 rebounds per game as a sophomore. Now in his junior season, he's averaging a double-double every night and is the front-runner to win the John R. Wooden Award, given to the top player in college basketball.

MICHAEL CONROY/ASSOCIATED PRESS

OPINION

Is the Pope Capitalist?



MAIN STREET
By William McGurn

Everyone's a capitalist these days. Sen. Elizabeth Warren (D., Mass.) once surprised everyone by announcing, "I am a capitalist to my bones." Last year President Biden joined the club, insisting he too is a capitalist. Now Pope Francis, while not quite declaring himself a believer, says he isn't as hostile to capitalism as people might think. "I do not condemn capitalism in the way some attribute to me," he says in "El Pastor," a just-published book based on several interviews with him by two Argentine journalists. "Nor am I against the market [economy]."

Who knew? Pope Francis, in other words, wants to improve capitalism, not do away with it. We're long used to hearing this "civilizing capitalism" line from the American left. But in the past few years, it's found a home on the American right. Republican Sen. Marco Rubio's economic goals may differ from those preferred by socialist Sen. Bernie Sanders—but both rest on the idea that a fair capitalism has to be tempered by some mix of wise regulation, corporatism and wealth redistribution.

Samuel Gregg is a distinguished fellow in political economy at the American Institute for Economic Research. He notes that the arguments

for more economic intervention from the political and technocratic classes started gaining ascendancy among conservatives when Donald Trump ran for president. In his new book, "The Next American Economy," Mr. Gregg calls this state capitalism—and he says the right's version will fare no better than the left's.

"The problems with extensive interventionism into the economy by the government are well established," he writes. "These include rampant cronyism, massive misallocation of resources, declining competitiveness, the crowding out of the private sector, growing dependency on state hand-outs, the undermining of civil society, and, above all, the relentless expansion of government and consequent undermining of freedom that goes along with that."

"These problems don't go away simply because the interventions are being directed by conservatives rather than progressives," Mr. Gregg says.

What interventionism's new conservative disciples don't appreciate is that too often the political direction of the free market leads to collusion, which harms the people the intervention was meant to help. Pope Francis has no better example of this than his native Argentina. Industries there have grown big and rich via preferences and subsidies, but the cost has been corruption, fewer opportunities and

fewer choices for everyone else. "Corporatism turned a once-wealthy nation into a byword for economic self-destruction," Mr. Gregg says.

Let us stipulate that often these government interventions are motivated by the best of intentions. But we all know where good intentions can lead. In America, the best home-grown example is the War on Poverty, launched

The left's push to 'civilize capitalism' has today found a home on the right.

by President Lyndon B. Johnson in 1964. But \$22 trillion later, its record remains mediocre, and in many instances it has proved counterproductive, for example by marginalizing fathers and discouraging marriage.

Set this against the record of the much-maligned global market. Let's take one example: The World Bank says that from 1990 to 2019 the percentage of the global population living in poverty declined from 38% to 8.4%. That is a tremendous achievement.

As Pope John Paul II wrote, poor countries used to think they had to isolate themselves from world markets to develop. But isolation, he said, brought only "stagnation and recession." Today we have learned that the opposite of the old view is true. The only hope for a poor nation to lift

its people up is via access to international markets.

It's hubris to imagine that those trying to "improve" the market with political intervention today will fare better than those who tried the same thing yesterday. Yet those who point that out are demagogued as latter-day Panglossians or "market fundamentalists" with blind, unthinking faith in "unfettered" free markets. It would be illuminating to get a list of the world's most unfettered free markets and see how well they actually do by the poor.

The irony is that many who think highly of free markets also have a greater appreciation for the role of institutions like the Catholic Church. That role, however, isn't to tweak capitalism with the right programs and policies but to help build the virtues and moral culture that a free market depends on but can't itself create.

"It is astonishing," Mr. Gregg says, "that many American conservatives, many of whom are also religious, prefer state action with all its undeniable drawbacks to this alternative approach."

At the heart of the free market is the voluntary relationship between buyer and seller, which fosters the common good and social cooperation by making success depend on satisfying the needs of others. This may not be the love of neighbor commanded by the Gospel, but it isn't as far removed from it as Pope Francis supposes.

Write to mcgurn@wsj.com.

BOOKSHELF | By Kate Bachelder Odell

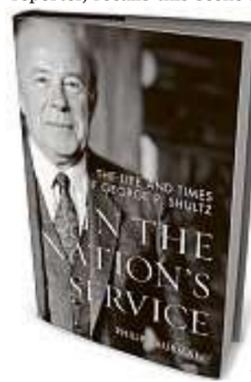
Subsume the Ego And Stay Loyal

In the Nation's Service

By Philip Taubman
(Stanford, 456 pages, \$35)

No one comes to an arms-control signing expecting laugh lines, but the mood at the White House was buoyant on Dec. 8, 1987, as the Reagan administration put the final touches on the Intermediate-Range Nuclear Forces Treaty. President Reagan in his remarks invoked his favorite Russian proverb: "Doveriyai, no proveryai—trust, but verify." Mikhail Gorbachev responded, "You repeat that at every meeting." The room burst into laughter.

It's easy to say three decades later: The treaty didn't deliver on its core promises and the Russians didn't bother to follow it. But few worked harder for a constructive relationship with the Soviet Union than George Pratt Shultz, Reagan's secretary of state, the architect of the treaty. Philip Taubman, a former New York Times reporter, recalls this scene in his fine biography of Shultz, "In the Nation's Service." Shultz, an unflamboyant personality once described by a college classmate as a "steady, plodding intellect," reached the commanding heights of American government, holding four cabinet posts over his career from secretary of the Treasury to state. Shultz died in 2021 at the age of 100. What can we learn from such a life?



Born to a modest family, Shultz was 8 years old when the stock market collapsed in 1929. He wasn't a fan of the New Deal. "Here comes Roosevelt," Shultz recalled decades later, "and he has all these interventions in the economy and, as I remember, you sort of hoped they'd work but you could see they didn't." Shultz was one of many in Princeton University's class of 1942 eager to get into World War II. By Mr. Taubman's account, Shultz and a friend tried to enlist in the Royal Canadian Air Force but were turned down. They tempered that disappointment with beer and rump tattoos of the Princeton tiger, a piece of lore that Shultz was "coy" about throughout his life.

Shultz ended up in the U.S. Marine Corps, an institution perhaps not famous for producing diplomats. But as secretary of state he lived by a principle learned from his wartime service in the Pacific: A sergeant told him never to point his rifle at anybody unless he was willing to pull the trigger. "The lesson—no empty threats—was one that I have never forgotten. Its relevance to the conduct of diplomacy is obvious yet often ignored."

For a time Shultz was on track for a career in academia, working in the economics department at MIT and later the University of Chicago. "Chicago is what started me," Shultz said. Milton Friedman, a formative intellectual influence and enduring friend, methodically deepened Shultz's faith in free markets and his skepticism of government intervention in the economy. "Milton didn't hit the tennis ball hard but it always came back," Shultz once remarked, "which was reflective of the way he argued, too."

Shultz would volley in and out of government for decades. An early lesson: Subsume the ego and stay loyal to the principal. President Lyndon Johnson, in his famous subtlety, told Shultz that "if you have a good idea, and it's your idea, it's not going to go very far. But if it becomes my idea, it just might go somewhere. Do I make myself clear?" Shultz would say while working as the nation's top diplomat: "I don't have a foreign policy. President Reagan has one. My job is to help him formulate it and to help him carry it out."

George Shultz, President Reagan's secretary of state, died in 2021 at age 100. Among his life rules: 'No empty threats.'

Another core tenet appears in a passage describing Shultz's visit to the Soviet Union in 1973 as Treasury secretary for President Nixon. Shultz was struck by "bare shelves," and the "absence of civilian cars." Walking with a Soviet minister through a cemetery for hundreds of thousands of civilians and soldiers killed in Leningrad during World War II, he realized his translator was no longer with him. He turned to see her sobbing, overcome by the scene. Shultz, on a platform overlooking the graves, offered a stalwart U.S. Marine salute. "Don't be afraid to show respect when respect is deserved," he said. "That adds credibility to your views, including critical ones."

Mr. Taubman portrays Shultz as "a problem solver, not a zealous ideologue" who might have won the Cold War sooner if not for his intransigent and hawkish colleagues in the administration. Caspar Weinberger, Reagan's secretary of defense, is a particular punching bag. But Shultz was hardly immune from being wrong. For example: Along with the rest of the State Department, he tried to talk Reagan out of using the line "Mr. Gorbachev, tear down this wall." Shultz worried it was too provocative.

The cautionary tale is that many know Shultz from perhaps the biggest error in judgment he ever made, some 90 years into his life. That's his association with Elizabeth Holmes, the Silicon Valley founder convicted of fraud in federal court. Shultz was one of Ms. Holmes's first marks, and he helped her assemble a board for her blood-testing company from his Rolodex. Among the wreckage was Shultz's relationship with his own grandson, Tyler, who early on discovered the company's misrepresentations.

Nonetheless Mr. Taubman has given us a distinctly American story: A young man from a middle-income family in New Jersey, refined by education at Princeton and early service in uniform, comes to help guide U.S. foreign affairs through a perilous world moment. Shultz's spirit of service and loyalty is regrettably no longer dominant in American diplomacy or bureaucracy.

Shultz's worldview is summed up in a story from another recent book about the Cold War, William Inboden's "The Peacemaker." As secretary of state, Shultz would host a farewell meeting in his office for ambassadors heading abroad. He'd produce a globe, give it a whirl, and ask the diplomat to point out his country. "Invariably" the new ambassador would put his finger on where he was heading. Shultz's response: "Wrong—your country is the United States. Don't ever forget it."

Mrs. Odell is a member of the Journal's editorial board.

Britain Is Getting Back on Track



GLOBAL VIEW
By Walter Russell Mead

War in Europe, crisis in the Middle East, growing tensions across East Asia, and a widening chasm between a beleaguered West and the Global South: Writing a Global View column in times like these is not always the happiest of tasks. But at least one good-news story has been building quietly over the last few months. Global Britain is becoming a reality and the world is better off because of it.

The world has changed since the British voted to leave the European Union in 2016. After Brexit, enthusiastic backers expected an aggressively deregulating Britain would become a kind of Singapore-on-Thames. Russian oligarchs, Chinese moguls and Arab oil sheikhs would flock to London, eager to enjoy a sophisticated financial market that was less regulated and more hospitable than either the EU or the U.S. Free-trade agreements with the U.S. above all, but also fast-growing Asian nations, would more than compensate for the loss of the U.K.'s privileged position in the EU.

That's not how things worked out, and the world is a much tougher place for middle powers than anyone expected when Brexit passed. Even as Covid disrupted the world economy and shut Britain's lucrative tourism sector down,

the open international economy of 2016 began to wither. Russia's war in Ukraine and deepening U.S.-China tensions ended the dream that London could prosper as a neutral financial center. Rising protectionism world-wide made trade agreements harder to reach and highlighted the importance of belonging to big trading blocs like the EU.

On top of this, a spat with the EU over the Northern Ireland Protocol, aimed at keeping the border with the Irish Republic open after Brexit, proved a much larger problem for Britain than Boris Johnson's government anticipated. The details are fiendishly complicated, but in his rush to "get Brexit done," Mr. Johnson signed an agreement with the EU that Unionist Protestants in Northern Ireland saw as weakening ties with Britain. The resulting tensions threatened the stability of the troubled region, and by the end of his premiership Mr. Johnson was threatening to break his own agreement with the EU. That stance infuriated Brussels and alienated an Irish-American named Joe Biden, killing any talk of a free-trade agreement between Britain and the U.S.

That's not where things stand today. Building on foundations laid down in the Johnson era, Prime Minister Rishi Sunak has repaired relations with European partners and Washington even as Britain has carved out a significant place in Asia. Britain at long last may be finding a role.

Britain's recent foreign-policy successes stand on two pillars. The first is Aukus, the agreement to work cooperatively with the U.S. to help Australia build a fleet of nuclear-powered submarines. The trust among these three countries enables a level of technological and economic cooperation that potentially extends far beyond the submarine program. With Britain moving toward membership in

Successes in Ukraine and the Pacific shore up standing lost to Brexit and Covid.

the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (based on the Trans-Pacific Partnership that the U.S. helped negotiate but then refused to join), the U.K. has achieved a stronger presence than any European state in the fast-growing Indo-Pacific region.

Meanwhile, Britain's unswerving support for Ukraine has put London back at the center of European politics. Britain's stance earned deep gratitude from Poland, the Baltic states, Sweden and Finland. That, along with Mr. Sunak's more constructive approach toward Brussels, strengthened pro-British feelings inside the EU and helped pave the way for the major concessions on the Northern Ireland Protocol that enabled Mr. Sunak to forge the

groundbreaking Windsor Framework. If the deal, announced last month, holds up, it would remove a major stumbling block in U.S.-U.K. relations.

The payoff could be substantial. Last week Sen. Chris Coons (D., Del.), a close Biden ally, introduced a bipartisan bill with John Thune (R., S.D.) authorizing fast-track talks on a U.S.-U.K. free-trade agreement. The White House plans a Biden visit next month to commemorate the 25th anniversary of the Good Friday Agreement, which ended the violence in Northern Ireland. British negotiators hope for Britain's eventual inclusion in tech talks between Washington and Brussels.

With an unpopular Tory government facing a revived, de-Corbynized Labour Party, and with inflation wreaking havoc on British living standards and touching off waves of strikes among public employees, foreign-policy success may not be enough to save the ruling Conservatives from the wrath of the voters. But it is likely to help, and if the Sunak government can continue to carve out a serious role for post-Brexit Britain in world politics, the next election could be a much closer affair than most forecasters currently predict.

Regardless, Americans should welcome Britain's return to the high table of world politics. A stronger Britain means a healthier West, and given the otherwise grim state of world affairs, Washington can use all the help it can get.

Chicago's Palace of Privacy

By Bob Greene

You say it's privacy you want? It can seem in short supply these days, but it's not a new desire—which is why every time I walk past a pair of high-rise residences on Chicago's Lake Shore Drive I smile about what used to be there. The plot of land's long-ago owner came up with a direct method of keeping the outside world at bay.

The owner was Potter Palmer (1826-1902), a wealthy businessman whose name became nationally known because of the famed Chicago hotel he opened in the 1870s, the Palmer House. Palmer was involved in lucrative merchandising and real-estate enterprises, and in 1882 commenced constructing the largest home in the city.

The address was 1350 North Lake Shore Drive, and the castle he built for himself and his wife, Bertha, featured turrets

and minarets, an art gallery, an 80-foot spiral staircase, a glass dome, towers, velvet wallpaper and an outdoor balcony overlooking Lake Michigan. European royalty and former U.S. presidents were invited houseguests of the Palmers.

The extravagant Palmer Mansion was most notable for what it lacked: doorknobs.

But the most memorable and symbolic feature of this house that had everything was what it lacked: exterior doorknobs.

That's the way Potter and Bertha wanted it. The feature silently proclaimed the Palmers' desire to establish a barrier of privacy on their own terms. It was the ultimate Do

Not Disturb sign—the urban version of a moat. Bertha Palmer's collection of paintings by Monet, Degas and Renoir may have been impressive, but no aspect of the house sent a stronger signal to the world than those naked exterior doors.

Back then, if people wished to call on someone, they either wrote a letter in advance or merely showed up. But those who arrived unexpectedly at the Palmer Mansion instantly got the wordless message from those conspicuously knobless doors: Anyone we want to be in here already is.

There were always plenty of butlers, social secretaries, cooks and housekeepers in the mansion day and night to open the doors for anyone who had been invited. Potter Palmer himself couldn't have entered his own home without someone letting him in. Would-be intruders couldn't try to pick a lock—there were no places on

the doors for a key.

Potter Palmer died inside the mansion; Bertha lived until 1918. The enormous old house finally fell to the wrecker's ball in 1950.

Times and tastes evolve, and within that decade another grand home, two short blocks to the west, would become the most talked-about mansion in America. Its owner, too, cherished privacy on his own terms, but he declared his wishes in a different way.

Above the doorbell at 1340 North State Parkway was a brass plaque with the phrase *Si non oscillas, noli tinnare*—Latin for "If you don't swing, don't ring." Had Bertha Palmer known what was going on inside Hugh Hefner's Playboy Mansion, she might have fainted.

Mr. Greene's books include "Chevrolet Summers, Dairy Queen Nights."

OPINION

REVIEW & OUTLOOK

The Government's Covid Casualties

Pharmaceutical development is intrinsically risky, but all too often companies succeed or fail owing to the whims of government. Consider the travails of Covid vaccine maker Novavax and the testing start-up Lucira Health.

Novavax warned investors last week that it may not be able to stay in business. Its stock has plunged to \$7.69 a share from a high of \$290 two years ago. The Covid vaccine was Novavax's first and only commercial product in its 36-year history. Although succeeding in clinical trials, the vaccine has been a commercial flop owing to regulatory delays and manufacturing hiccups.

Operation Warp Speed awarded Novavax \$1.6 billion to cover the costs of testing and manufacturing its experimental vaccine in exchange for 100 million doses if it was authorized by the Food and Drug Administration. Its vaccine uses an older technology that includes a protein and adjuvant to amplify the immune response.

Unlike mRNA vaccines, Novavax's shot doesn't require super-cold storage. This made it a favorite of the global public-health crowd. But the small company early on struggled to scale manufacturing, which delayed the start of its late-stage U.S. trial to December 2020. By that time the FDA had authorized the Moderna and Pfizer vaccines.

Yet there was still expected to be enormous demand for its vaccine in low-income countries and among Americans hesitant to get mRNA shots. Novavax announced in June 2021 that its vaccine was 90.4% effective against symptomatic infection and offered 100% protection against moderate and severe illness—similar to the mRNA vaccines.

But Novavax continued to struggle to procure raw ingredients to make its vaccine, including plastic bags to grow cells. Rather than help Novavax increase manufacturing—one purpose of Operation Warp Speed—Biden officials bullied Moderna to donate more doses to low-income countries to compensate for the Novavax shortfall.

Meantime, the FDA dragged its feet on approving the Novavax vaccine. Not until last July did the FDA finally authorize it for emergency use—seven months after the World Health Organization and Europe. Why the hold-up? Anthony Fauci said in January 2022 that “we don't

need another vaccine.” He also disparaged Americans who didn't want to get mRNA vaccines and were holding out for others.

Demand for Covid vaccines in the U.S. and overseas has since plunged as most people have been inoculated or gained natural immunity. Although Novavax benefitted from Operation Warp Speed early in the pandemic, the costs to develop and manufacture Covid vaccine weigh more on a small company like Novavax than a large one like Pfizer.

Novavax investors once hoped profits from the Covid vaccine would fund research and development of other vaccines in its pipeline, including for malaria, Ebola and flu. Instead, Novavax is bleeding red ink and slashing costs. Its struggles illustrate the challenges inherent in pharmaceutical development, including regulatory delays.

The Moderna and Pfizer vaccines have been enormous commercial successes because of their flexible mRNA technology and support from regulators who have accelerated their reviews. But all too often the FDA hinders rather than promotes innovation. As another example, consider the test-making firm Lucira Health, which filed for bankruptcy on Feb. 22.

In an investor report, Lucira blamed the FDA's “protracted” authorization process for its combination Covid and flu at-home test. Lucira applied to the FDA for authorization of its novel test last May and expected to receive a thumbs-up by the end of summer before the flu season started. Canada authorized Lucira's test last August.

The FDA finally authorized Lucira's test on Feb. 24—two days after it filed for bankruptcy and past the flu season peak. The FDA then had the gall to boast that it “strongly supports innovation in test development,” and its authorization “is a major milestone in bringing greater consumer access to diagnostic tests that can be performed entirely at home.”

That's no comfort to workers and investors. Lucira co-founder John Waldeisen quipped on Twitter: “Should all innovative [medical] device companies have to announce bankruptcy for their products to be cleared?”

FDA delays carry human and financial costs. Companies that succeed at developing innovative products shouldn't fail because of government delay or bias.

Novavax and Lucira are case studies in the cost of FDA regulatory delay.

West Virginia Joins the Tax Cutters

Add West Virginia to the list of states that have cut income-tax rates, which now totals 22 since 2021 according to the Tax Foundation. The Charleston compromise falls short of Gov. Jim Justice's original proposal, but it's still a step forward with the promise of more tax-cutting to come.

The bill that passed the state House this weekend and now goes to the Governor's desk cuts income-tax rates across the board by about 21%, retroactive to Jan. 1. The top rate falls to 5.12% from 6.5%, while the lowest rate goes to 2.36% from 3%. The bill also includes triggers that will automatically reduce rates by up to 10% a year if revenues continue to grow.

Mr. Justice's original proposal would have cut the top rate to 3.25% by 2025 and passed the House 95-2. But it ran into opposition in the state Senate, where the GOP president and finance committee chairman wanted more targeted tax

relief for special-interest constituencies. The final bill contains some of their priorities, such as a property-tax refund for small businesses and new credits for veterans and car owners.

The Senate leaders also fretted about potential deficits, but West Virginia had a record budget surplus last year, and watchdog website Center Square reported Friday that revenues this fiscal year are up 17% from the same period a year ago. The state has held spending roughly flat for a decade, according to the West Virginia Center on Budget and Policy, and its rainy day budget fund is about \$1 billion.

West Virginia's economy is benefiting from strong demand for coal and natural gas, but it needs to diversify and that means it has to attract more investment and people. The Mountain State compromise will help it compete in a region of mostly lower-tax states, but its goal should be Tennessee's income-tax rate: 0%.

China's Open Military Ambitions

The Chinese government this weekend announced a lower than expected economic growth target of about 5% even as it said it will grow its defense budget by 7.2%. The juxtaposition shows, if more evidence were needed, that President Xi Jinping is serious about his plans to make China the world's dominant military power.

Beijing said over the weekend that its military budget will reach \$224 billion this year, a 7.2% increase if you choose to believe the official numbers. Even the official increase is notable given the slower growth target as China recovers from its Covid shutdown and a continuing real-estate meltdown. This is a clear statement of Communist Party priorities.

But then Beijing has been stepping up its spending on defense for 20 years. The Pentagon reported last year that Beijing's official military budget “nearly doubled” from 2012 to 2021. Analysts have estimated based on open source data that China spent about 1.7% of its economy on defense in 2021. Some claim this is no cause for alarm because it's a pittance compared with the \$800 billion the U.S. spends, which is roughly 3% of the economy.

But Beijing's public disclosures are so unreliable as to be irrelevant, and in some sense every dollar in its economy is spent on defense. The government can appropriate private innovation for military purposes on command, giving it an advantage on everything from artificial intelligence to satellites.

The Pentagon has described this as a “military-civil fusion” strategy to leverage civilian infrastructure, technology and human capital. The Wall Street Journal's story this week that the Pentagon is worried about sensors on Chinese-made cranes is an example of how Beijing tries to deploy every element of national power toward defense.

The same is true for conventional forces. China's Navy is the largest in the world by ship count, and it is complemented by a large coast guard and fishing fleet that Beijing would command in a crisis. Recall the fishing trawlers that were the first Chinese boats on the islands in the South China Sea that Beijing has since built into military bases.

The goal is to produce a military that can project power beyond its own regional waters and supplant the U.S. as the decisive actor in the region. As retired U.S. Navy Adm. Harry Harris told Congress last month, Beijing “aims to set the rules” for Asia and “indeed the world.”

Beijing's air power is also “rapidly catching up to Western air forces,” the Pentagon said last year, and the People's Liberation Army rocket force is designed to push U.S. Navy and air assets out of the region in, say, a contest over Taiwan. China is exploiting advantages in Pacific geography to make any fight a brutal away game for American forces.

China is also backing up conventional power with a nuclear breakout that looks faster every year. The Defense Department's 2022 estimate that China has stockpiled 400 warheads is double the figure from 2020. Sooner or later they could use those to borrow from Vladimir Putin's playbook: Threaten to use nukes if Chinese forces are challenged, probably at the outset of a Taiwan conflict.

For years China was cautious about its military plans, biding its time to build its strength. These days it's sprinting to take advantage of American complacency. War with China isn't inevitable and would be a calamity, but to prevent it the U.S. will need to match China's defense commitment. We'll see this week when he unveils his defense budget if President Biden appreciates the urgency.

Will Biden's defense budget match Beijing's growing power?

LETTERS TO THE EDITOR

Disney and DeSantis Duel in Sunny Florida

Disney gambled and lost in Florida (“Why I Stood Up to Disney” by Ron DeSantis, op-ed, March 1). It assumed its immense economic footprint translated to an equal amount of political power and insulated it from blowback. Rather than help, Disney's size made it a target that couldn't be ignored when it opposed the Parental Rights in Education Act.

But it wasn't “left-wing activists” at Disney's California headquarters who pushed it to oppose the law, as Mr. DeSantis argues. Disney made a calculated decision that its customer base, the young parents with new families who flock to its parks, as well as its young employees, were more aligned with progressive views. Many companies face the same challenge, as their customers, clients and employees cause them to take positions on social issues. It isn't that the companies are using their “economic power to advance a woke agenda” as the governor writes; they are supporting a woke agenda to preserve their economic power. In that sense, Disney's decision wasn't voluntary.

Companies used to be able to stay in their lane, taking positions on eco-

nomics and little else. The cost of doing so, and of not doing so, is now much higher.

JOSEPH P. PETITO
Bethesda, Md.

Mr. DeSantis makes valid points about the “special arrangement” that allowed Disney to operate in Florida with extraordinary powers. He is also probably correct that Disney has been overrun by its woke employees, but he misses the point of the separation of state and private businesses.

Disney is free to criticize Mr. DeSantis and Florida as much as it wishes. Mr. DeSantis can certainly reply, but it is inappropriate of him to dissect the company's internal policy or politics. Perhaps the special arrangement is fundamentally wrong or no longer useful. Florida is certainly entitled to make a change. But to link a change to Disney's criticism of Florida policy, as Mr. DeSantis clearly does, violates free-speech rights. I believe Disney was wrong and unwise in its criticism of Florida, but it was within its rights.

WILLIAM N. HOKE
Manhattan Beach, Calif.

America's Fragile, Out-of-Date Electrical Grid

Recalling my Marine Corps officer training, “Good initiative, poor judgment” was an oft-heard critique of well-intentioned but potentially disastrous decisions. Your editorial “SOS for the U.S. Electric Grid” (Feb. 27) illustrates the point. The growing gap between power-generation capacity and expanding needs is a serious problem. The fragility of the grid marked by fires, storms and now attacks on power stations by disgruntled individuals—and what about foreign saboteurs?—adds to the concern.

All of this is against the backdrop of China's domination of the mining and processing of rare-earth minerals and production of solar panels. It should be a wake-up call. Placing our social, economic and national security at risk for a well-meaning objective

without a rational transition plan isn't leadership. It is, at best, incompetence.

TOM SEAL
Stafford, Va.

There's a solution to the electrical-grid conundrum that's missing from far too many policy discussions: updating the grid itself. Electrical grids in the U.S. rely on outdated switching and storage technologies that waste up to 40% of available power. We are leaving power on the table and increasing the risk of shorthages and blackouts due to failing legacy technologies that can't match our increasing power demands as we rush toward the electrification of everything.

RUSS GARCIA
CEO, Menlo Microsystems
Irvine, Calif.

Misreading Plato's 'Republic' on Democracy

In her review of “Plato Goes to China” by Shadi Bartsch (Bookshelf, Feb. 27), Martha Bayles rightly defends Leo Strauss against the charge that the professor was an antidemocrat who would have favored the sort of government based on (ig)noble lies by totalitarian rulers such as in China. But she errs, as do the classicists she cites, by failing to distinguish between Plato's teaching in his dialogues, including “The Republic,” and the views expressed by the usual protagonist of those dialogues, Socrates.

Far from viewing “The Republic” as a model for political life, Strauss

portrayed it as a Socratic attempt to tame the extreme passions of two young, antidemocratic gentlemen, aiming partly to lead them beyond political ambition in the direction of philosophy for its own sake. Strauss stressed that despite Socrates' purposely exaggerated critique of democracy's lawlessness, Socrates indicates that democracy is also the only regime that, by virtue of its freedom, provides an environment in which philosophy may be pursued with relative safety—as Socrates did in Athens for 70 years.

Apologetists for tyranny hardly needed Strauss to show how a superficial reading of “The Republic” could be used to justify the denial of freedom. And far from justifying ideological-based tyranny, Strauss warns in the introduction to his 1964 book “The City and Man,” in which he discusses “The Republic,” that “the victory of Communism” would entail “the victory of the most extreme form of Eastern despotism.”

PROF. DAVID LEWIS SCHAEFER
College of the Holy Cross
Worcester, Mass.

The History Macron Forgot

“Key European NATO Members Offer Kyiv New Incentives for Peace Talks” (Page One, Feb. 25) states that French President Emmanuel Macron told Ukrainian President Volodymyr Zelensky that even mortal enemies like France and Germany had to make peace after World War II. We need to remind Mr. Macron that at the conclusion of World War II Hitler was no longer chancellor, the German people renounced Nazism, war criminals were put on trial, and Germany left all occupied territories and agreed to pay reparations.

Doubtless if Russian President Vladimir Putin met these conditions, Ukraine could and would resume normal intercourse with Russia.

STEVEN G. LEGUM
Mineola, N.Y.

As AI Conquers Knowledge, We Need to Lean on Wisdom

Regarding Henry Kissinger, Eric Schmidt and Daniel Huttenlocher's op-ed “ChatGPT Heralds an Intellectual Revolution” (Feb. 25): GPT output has knowledge, understanding and reason, (biases excluded). But it admits that it doesn't possess experience and consciousness. Since these latter two ingredients complete the recipe for wisdom, that leaves wisdom the sole domain of the human. The job ahead is to concentrate on reaching wisdom, the human advantage, rather than stopping with the former three ingredients, the new domain of the machine. Younger people are foolish to dismiss older people with experience as has-beens.

D.R. JOHNSON
Fayetteville, Ark.

The op-ed about AI is appropriately dense, but I wonder if the issues can be summed up in one of the oldest of human dilemmas, which is that we don't know what we don't know, and we have no idea if this new technology will make matters better or worse. I find it very impressive that, at almost 100 years of age, Dr. Kissinger is wrapping his mind around this challenge.

CAL CATHCART
Victor, Idaho

A Much Easier Way to Print

After reading Rachel Feintzeig's “Unloved, Unwanted and Unavoidable” about printers (Personal Journal, Feb. 27), I am surprised to see that no one mentioned using a printer at the public library. Our West Des Moines Public Library has several printers for patron use at little or no cost. All you need is a library card, which is also free.

BARBARA PHILLIPS
West Des Moines, Iowa

Pepper ... And Salt

THE WALL STREET JOURNAL



“You will soon regret the way you used your disposable income.”

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OPINION

Why Scientists Got the Covid Lab Leak Wrong

By Tim Trevan

A journalist at Nature called me in 2017 with the news that China was opening a new Biosafety Level 4 laboratory in Wuhan, one designed to handle the most dangerous pathogens. He asked if I thought China should be allowed to have such a lab and whether it could operate it safely. I replied that China had a right to conduct advanced research, but I worried that operating it safely would require a high-reliability culture—one in which anyone could raise questions about the safety of proposed work and methods. Such transparency, and the ability of junior employees to challenge superiors, runs against the grain of both communism and China's hierarchical traditional culture.

We're only human, and we're as susceptible as everybody else to cognitive biases and self-interest.

My skepticism looked prescient when news of Covid broke in 2020, setting off speculation about a leak from the Wuhan lab. Some were surprised that my initial response was that the virus probably didn't come from the lab. Many prominent scientists and public-health officials said the same.

There are many reasons why science and scientists can get things wrong. The most obvious is the need in urgent situations to make recommendations with imperfect data. In such cases, scientists have to rely on what information they have. That's what happened with me. Early pre-published data indicated that the first reported cases were from the Wuhan wet market. A novel virus is unlikely to make the leap from animal to human multiple times, so—

Occam's razor—if the index cases were all related to the market, then it, not the lab, was the likely source.

Soon thereafter, data emerged from flulike-illness surveillance networks indicating that the outbreak started earlier than the reported wet-market cases—as far back as mid-November 2019. Thus, the known wet-market cases weren't the index cases we had thought, and a lab leak was a possibility.

There were several ways in which an accidental lab leak could have happened. People collecting bat viruses to study them might have handled them with safety protocols appropriate to animal viruses rather than potentially human viruses. The lab might have been doing gain-of-function research—making the pathogen capable of infecting new species, more infectious or able to cause a worse disease—to create better vaccines or treatments. Viruses replicate only in the cells of other organisms, so if scientists at the Wuhan lab were propagating animal coronaviruses in human cell lines, they might have unwittingly applied evolutionary pressure on the virus to become a human virus.

That is science. When asked to speculate on imperfect data, you draw on theory and the available data but hold your beliefs lightly and amend them as new evidence emerges. By and large, the international biosecurity community, of which I am a part, quickly reopened the book on the lab-leak hypothesis. But others in the scientific and public-health community held to their initial view and tried to suppress dissent. How could that have happened, given how self-evidently



The Wuhan Institute of Virology in 2017.

plausible the lab-leak scenario is?

Scientists are human, and science has become a vested-interest industry. I am unaware of any study of what factors affected experts' thinking in this specific case, but we know from social psychology and management sciences that various human performance factors play on people's actions.

• **Dissonance.** Everyone is the hero of his own story. Scientists and public-health officials entered their careers to do good. They see themselves as good people doing good through a good process (science). The idea that good people diligently doing good might create bad outcomes creates a tension that the human brain abhors, and denial is a psychological defense.

• **Social proof.** Scientists can't be experts in everything, or even in all aspects of our immediate disciplines. When something new crops up, we look to those we think are better informed—other leading scientists—to help us form our views

and to reinforce them. Thus, there is a tendency to settle on an established view. When that happens, it is hard to go against the orthodoxy.

• **Self-selection.** People who choose the same profession tend to think about things similarly, so it's natural that groupthink could arise. Confirmation bias plays a role: We seek evidence and the views of others that match our own and ignore or discount evidence that challenges us.

• **In-group and out-group dynamics.** When we identify with a group and an outsider attacks other members of the group, it is a natural response for the group as a whole to mount a defense. Here, the attack was seen as being on both the scientists at the Wuhan lab and on virology as a whole.

• **Cultural cognition.** For the most part, people don't form their views on complex social issues in isolation. Rather, they identify prominent people with whom they agree on issues that are most important to them and

then tend to adopt their views on other issues. Sometimes the process works in reverse. Many public-health officials strongly disagreed with Donald Trump's politics. When he asserted (without definitive evidence) that the Wuhan lab was the source, they assumed, either consciously or subconsciously, that the opposite must be true.

Along with these cognitive biases, self-interest plays a role. Scientists, like other professionals, have career progression. Recognition, reputation and status are important factors in promotions. As one gets more senior, competition for career advancement increases against those within one's immediate discipline and against those from other disciplines. There is an incentive to protect the reputation and status of one's discipline in defense of one's career prospects.

Then there's money. Science doesn't happen, and scientists don't have careers, without funding. If an entire field of research is besmirched or becomes socially unacceptable, as happened in the U.S. with stem-cell research, the money is likely to go elsewhere, and careers, laboratories and institutions suffer.

I am not suggesting that scientists consciously decided to thwart the truth. These processes can be insidious and subconscious. But you don't have to posit conspiracy theories to explain the rush by the science establishment to exclude a lab-leak explanation to Covid. You merely have to admit that scientists are human.

Mr. Trevan is a founder of Chrome Biorisk Management LLC.

DeSantis vs. Trump Pits Accomplishments Against Narrative



FREE EXPRESSION
By Gerard Baker

The dry language of Florida's Constitution offers only a hint of the consequential political moment the next two months represent for the Sunshine State, the Republican Party and the nation.

Article III, Section 3 provides that the state Legislature shall meet in session "on the first Tuesday after the first Monday in March of each odd-numbered year" and that the sitting "shall not exceed sixty consecutive days." This being an odd-numbered year, the bland prose ensures that for two months starting Tuesday, Tallahassee will be the center of the political universe.

Not that there will be much drama in the state capitol. Republicans hold supermajorities in both legislative houses, giving them more or less complete control of the agenda and guaranteeing smooth sailing for the party's legislative goals.

But the session is freighted with wider significance. Not only will it

presumably mark a lengthy overture to the presidential campaign of Gov. Ron DeSantis. Its business, the long roll of laws it is expected to enact, sets up a defining struggle for the future of the party and what it means to be conservative in the current age.

We haven't seen a contest like the one in prospect between Mr. DeSantis and Donald Trump. This isn't, for the most part, a struggle over policy differences or divergent values. And while the two men are quite different, it isn't even primarily a battle of personalities.

Methodically, with focused attention to political detail, the Florida governor is building a record of executive and legislative accomplishment that represents, like it or not, one of the most systematically comprehensive attempts in living memory to give practical expression to an evolving political philosophy.

To listen to much of the media, you'd think modern Florida is like Germany in 1933, in the early stages of a totalitarian takeover. They accuse the governor, as they always accuse conservatives, of waging a "culture war." What they mean is that it's fine when progressive elites advance their radical cultural

agenda with new ideas, demands and rules, but resisting it is an act of aggression.

Evidently, for a large majority of Floridians, and for a sizable, though crucially indeterminate, number of Republicans nationally, the DeSantis approach—including direct challenges to media distortions—is highly appealing. With measures designed to have both symbolic and

The ex-president portrays himself as the people's hero, but the governor has a stronger record.

practical effect on immigration, education, abortion, sex and gender identity, criminal law, gun possession and energy consumption among others, the 2023 session will build explicitly on what Mr. DeSantis already laid down in last year's session and in his handling of the Covid crisis.

He means to present the Republican Party as a constructive force that can both advance an agenda of economic freedom and embark on

the long, painstaking process of rolling back the progressive march through America's major cultural, social and business institutions—one law, one executive action, at a time.

It is a populist approach that embraces the power of government to change private behavior and culture in a way that makes some traditional conservatives queasy. That train left the station long ago, however, leaving the last members of that dwindling band of old-schoolers to jump on board or seek a home elsewhere.

But there is almost nothing in it that Mr. Trump would oppose. The question Mr. DeSantis poses to Republican voters is this: Do you want a populist conservatism based on a record of achievement or a leader who articulates your grievances better than anyone but doesn't seem to care much about actually addressing them?

That isn't a rhetorical question. While Mr. DeSantis offers an agenda, Mr. Trump offers a story. Mr. DeSantis can cite a stronger record of accomplishment in policy and electoral politics, while the former president claims a compelling narrative in which he plays the starring role, a melodrama that pits dark powerful

forces against the people's hero. Mr. Trump's many travails—the threat of criminal indictment, his own wild claims of stolen elections, hostile media on all sides—give his story meaning to voters who have lost faith in traditional approaches to governing.

There will be one or two substantive differences. Mr. Trump has figured that protecting Social Security and Medicare is a winning message given his likely opponent's past support for fiscal reform.

But the contest is above all one between a plan rooted in real-world execution and a tale floating on a cloud of fiction. The contrast was on sharp display over the weekend. While Mr. DeSantis was talking up his plans to the Club for Growth a few miles from Mar-a-Lago, Palm Beach's most famous resident told his story at the annual Conservative Political Action Conference near Washington.

"They're not coming after me. They're coming after you," Mr. Trump said of his many enemies, "and I'm just standing in their way."

Will those 16 words of storytelling resonate more strongly than 60 days of legislation? We're about to find out.

Employees Terrorize Their Bosses Into Going Woke

By Dave Seminara

Why do big companies seem to be getting only more woke? It's a question I've been asked frequently since I started to maintain a list of woke businesses in April 2021. I was frustrated that much of corporate America was fecklessly endorsing Democratic fear-mongering about a newly passed election-integrity law in Georgia—which, indeed, subsequent minority voter turnout proved to be a hysterical reaction. To my knowledge none of the organizations that joined the pressure campaign against Georgia have apologized. Most have become even more woke,

inserting themselves into such issues as abortion and parental rights in education, causing my list to grow and grow.

A new paper by researchers from Baylor University and the Copenhagen Business School helps shed light on why.

Wokeness, the authors conclude, typically originates from power-seeking middle managers looking to carve out areas of responsibility that enhance their job security. Think of career fields that tend to attract more Democrats, like the human-resource bureaucrats who manage diversity-training programs or advertising teams that design social-justice marketing campaigns. Lower-

status employees are somewhat expendable to a giant company, but rather less so if they specialize in wokeness. The diversity, equity and inclusion jargon alone makes such initiatives "difficult for outsiders, including top managers, to understand" and thus to "challenge," the study explains. The result is that middle-management bureaucrats play an "outsized" role in spreading this leftwing ideology to corporate culture.

Though there is "little evidence of systematic support for woke ideas among executives," they tend to rubber-stamp them anyway. Corporate leaders often fear their younger, more sensitive and progressive subordinates, as well as the advocacy groups that rate companies on woke metrics. Executives know that if they don't approve leftwing initiatives, they could face public backlash. We've seen woke employees protest corporate policies at Amazon, Hachette, Disney, Netflix and a host of other companies. As the researchers point out, in some cases executives approve woke initiatives to shift the focus away from hard performance measures like profitability toward softer, more easily manipulated ones like "contributions to diversity or social justice."

There's little sign of wide support for wokeness among the public, the study notes, yet companies seem blind to the risk of alienating customers by going too far left. I think that's partially explained by how social media distorts their view of

public opinion. Because younger generations are more likely to take to Twitter or similar platforms to tarnish a brand that offends their sensibilities, businesses get the idea that their customers are more left-leaning than they really are. Even if they see through this, it seems to me that companies often seem more interested in building loyalty with the younger, woker demographic than fretting about older customers who don't like their branding.

A new study confirms that power-seeking employees play an 'outsized' role in politicizing businesses.

One serious consequence of all this, the study explains, is that "the promotion of corporate wokeness limits viewpoint diversity." As leftwing ideology pervades a company, it becomes harder and harder to have an unorthodox opinion and still succeed there, the study concludes. That's "typically bad for creativity and innovation."

It also seems to lead to a disconnect between brands and their customers' values. While 63% of corporate executives agreed "unequivocally" that companies "should speak out on social issues" in a November 2021 Brunswick Insights poll, a mere 36% of voters—and only 51% of Bi-

den voters—concurred. Edelman's 2022 Trust Barometer showed that Republican voters' trust in businesses dipped 12 points last year, falling for the first time ever to a point at which a majority distrusted corporations. This is no doubt in part due to increasing frustration with corporate wokeism.

What, then, are we to do when there isn't a single large corporation that markets itself as unwoke? My advice: Patronize small businesses. The owners may not share your politics, but without the problem of middle-management bureaucrats trying to protect and expand their turf, you're far less likely to encounter wokeness in the business itself. You can even find ads specifically for conservative small businesses on apps like Public Square, but it's satisfying to have ideology left at the door too.

I used to be addicted to Chipotle, but when their marketing became too woke for my taste, I gravitated to a local burrito chain called Casita Taqueria. Not only does its food taste better and cost less, I have no idea what the owners' politics are—and I don't care. I'm just excited that when I want Mexican fast food, I don't have to swallow any distasteful politics with it.

Mr. Seminara is a former diplomat and author of "Mad Travelers: A Tale of Wanderlust, Greed & the Quest to Reach the Ends of the Earth."

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WORLD NEWS

Concerns Mount as Erdogan Rebuilds

Turkish officials say reconstruction plans are moving too quickly with few safety checks

By Jared Malsin

NURDAGI, Turkey—President Recep Tayyip Erdogan is racing to rebuild hundreds of thousands of homes after last month's earthquakes, drawing criticism from municipal officials and engineers who say Turkey is repeating deadly mistakes of the past.

Three weeks after the Feb. 6 earthquakes, Turkish authorities broke ground on new apartment blocks that will contain nearly 500 units of housing here in this heavily damaged small town in the Gaziantep province of southern Turkey. Trucks are already carrying dirt and debris past fresh plots for what will be among the first buildings under the president's plan to start construction of more than 200,000 homes across the earthquake zone in March.

"We aim to revive our ancient cities with an understanding that will keep our historical and cultural assets alive and also reinforce them against disasters," Mr. Erdogan said in Ankara, the Turkish capital, on March 3.

But urban planners and municipal officials here say the speed and lack of detailed planning in Mr. Erdogan's reconstruction plan raises concerns about the safety and viability of the new developments. Public anger is rising over the poor quality of buildings that fell in February's earthquakes. The February earthquakes have killed more than 51,000 people and uprooted millions of others along a 200-mile path of devastation in Turkey and Syria.

"After all the past earthquakes we didn't learn our lessons. It is a systematic problem," said Burkay Gucyetmez, the head of the chamber of civil engineers in Gaziantep.

Mr. Erdogan's decree centralizes control of the reconstruction, cutting city officials



Turkish women in front of their destroyed houses in the town of Nurdagi, Turkey, which was heavily damaged by the Feb. 6 earthquakes.

and even the government's own urban planners out of the process. Local officials and engineers said they are concerned that it is unsafe to pour concrete when there are still daily aftershocks.

Mr. Erdogan has made construction-fueled growth a hallmark of his two decades in power.

Now the Turkish government is under heightened scrutiny for mass amnesties for building-code violations in recent years that granted official exemptions to apartment blocks, hotels and public buildings that later crumbled in the earthquakes. Mr. Erdogan is seeking re-election in a vote that is expected in May.

"What they're trying to do is show that we came out of the destruction quickly, let's build the new towns quickly," said Osman Akaslan, a municipal urban planner in Gaziantep. "But in urban planning speed is something that's

not preferred, because cities are living organisms."

Turkey's Ministry of Environment, Urbanization and Climate Change, which is overseeing the new project, said minister Murat Kurum had consulted local leaders and experts to develop the reconstruction plan.

'After all the past earthquakes we didn't learn our lessons.'

Officials from TOKI, the Turkish public-housing authority, say they are overseeing the construction of 270,000 units of housing under the government's new plan. TOKI says it holds contractors to a high standard.

Mr. Erdogan's reconstruc-

tion decree raised other concerns from planners and local officials. The order says new construction can begin without waiting for zoning and public-works plans to be completed. Local officials and planning experts said the new developments could re-create some of the weaknesses that made February's earthquakes so deadly.

In Nurdagi, about 35 miles just north of the Syrian border, much of the town's center was reduced to rubble.

Ahmet Gunes, a 57-year-old teacher, showed a video of his family's house. Inspectors classified the building as "lightly damaged," meaning there was little chance he would receive one of the new homes, he said. "It will be very difficult to do it in one year," said Mr. Gunes. "The destruction is in such a wide area. We have no hope that that will happen."

The Feb. 6 earthquakes destroyed at least three separate

apartment complexes erected by a major local contractor, CCK Group, which has close ties to the local city government and Mr. Erdogan's ruling Justice and Development Party, or AKP. The company's owner, Yunus Kaya, who was also a member of the Nurdagi city council, was arrested in February. Nurdagi's mayor, an AKP official, was also arrested on charges of lethal construction violations. The company didn't respond to a request to comment on the charges. Officials at the Nurdagi municipality denied that zoning rules were violated.

Officials from TOKI and the Nurdagi municipality said CCK and other local contractors accused of wrongdoing wouldn't be involved in the town's reconstruction. "That's not possible now," said Ibrahim Aydin, an official with the technical works department of the Nurdagi municipality. "Most of the contractors died anyway."

Turkey's Opposition Selects Its Candidate

By Jared Malsin

ISTANBUL—Turkish opposition parties named elder statesman Kemal Kilicdaroglu as their presidential candidate on Monday in a historic election campaign against President Recep Tayyip Erdogan, who is facing a public outcry over his handling of last month's catastrophic earthquakes.

Mr. Kilicdaroglu, 74 years old, is the long-serving leader of the country's largest opposition party, the Republican People's Party (CHP), the secular bloc formed over a century ago by Mustafa Kemal Atatürk, the founder of the modern Turkish republic.

Respected in opposition circles for his tireless campaigning for a restoration of Turkish democracy, Mr. Kilicdaroglu is also seen as one of Mr. Erdogan's weaker potential challengers because of a perceived lack of personal charisma.

"Ours is the table of peace and brotherhood," said Mr. Kilicdaroglu, speaking in front of a large crowd of supporters in Ankara, referring to the six-party alliance that he leads.

The election, expected in mid-May, is a critical test of Turkey's democracy. Mr. Erdogan has ruled the country for two decades as both prime minister and president.

Mr. Kilicdaroglu, a longtime government accountant, has led the CHP since 2010. Under his leadership, his party has lost a series of national elections to Mr. Erdogan's ruling party, but managed to take control of the city governments of Istanbul and Ankara in local elections in 2019.

In contrast with the charismatic Mr. Erdogan, Mr. Kilicdaroglu's defining characteristic to much of the Turkish public is his understated personality and his tendency to hold forth with long-winded policy prescriptions.

Four Americans Are Abducted by Gunmen in Mexico

By José de Córdoba and Juan Montes

Four U.S. citizens were kidnapped in northern Mexico after gunmen opened fire on their vehicle shortly after they crossed the border into Matamoros from Brownsville, Texas, U.S. and Mexican officials said.

The Federal Bureau of Investigation's San Antonio division said Sunday it was seeking help in locating the four individuals, who were abducted on Friday. The FBI is offering a \$50,000 reward for information leading to their return or the capture

of those responsible.

The FBI said the four crossed into Matamoros in a white minivan with North Carolina license plates. Shortly after crossing the border, the vehicle was fired on by armed men, who moved its occupants into another vehicle and fled.

Tamaulipas state Attorney General Irving Barrios said Monday that the four people were U.S. citizens from South Carolina. He said authorities found one ID at the site and were studying security-camera video, evidence at the site of the kidnapping and social-media networks for information.

"We don't know what happened, if there was a confusion or a conflict between criminal bands," said Mr. Barrios. "We are not discarding any hypothesis."

He said a Mexican passerby died during the incident.

Mr. Barrios said Mexican soldiers, marines and state and federal officials are carrying out search operations to find the missing people and bring them back alive. The FBI said it is working with its federal partners and Mexican law-enforcement agencies, but declined to give further information.

A Mexican official said the

abducted people were one woman and three men.

The attack happened a few blocks from the U.S. Consulate in Matamoros and about a mile from U.S. border crossings. Photos posted on social media by bystanders showed a white Chrysler Pacifica in which the Americans were traveling. The van crashed with another vehicle and was surrounded by heavily armed men wearing bulletproof vests. The pictures from the scene were confirmed by local authorities.

President Andrés Manuel López Obrador said at his daily press conference Monday

that the four Americans had crossed into Mexico to buy medicine when the abduction occurred during a confrontation between armed groups.

Zalayna Grant, from Lake City, S.C., said Monday in a Facebook post that her brother Zindell Brown is among the four Americans kidnapped, and confirmed it to The Wall Street Journal.

Ms. Grant said a friend of her brother's was going to see a plastic surgeon in Mexico, accompanied by her brother and two other men.

On Friday, Matamoros was the site of several gunbattles

between members of criminal gangs as federal security forces stepped up their presence in the city, resulting in deaths and injuries, Mexican authorities said.

Matamoros, a city of half a million people, has recently become a battleground between two heavily armed gangs, said Eduardo Guerrero, head of Lantia Intelligence, a security consulting firm in Mexico City. The rival groups are disputing the control of the local trade in the synthetic opioid fentanyl and methamphetamines, he said.

—Anthony Harrup contributed to this article.

WORLD WATCH

EUROPE

Subsidy Rules Target 'Big Fish' Companies

The European Union will aim to minimize the burden on companies to comply with tough new rules for reporting foreign subsidies, the bloc's competition chief said, focusing instead on what she referred to as the "big fish" that distort the European market.

The new foreign-subsidy rules, set to take effect this year, could allow the EU to bar companies from making certain acquisitions or winning large public contracts if they previously received government aid that regulators consider to be distortive.

When the legislation takes effect, companies participating in certain mergers or bidding on large public contracts would be expected to report past financial contributions from non-EU governments or risk hefty fines. Lawyers and some business groups, including the U.S. Chamber of Commerce, have warned of a significant administrative burden for multinational companies.

EU Executive Vice President Margrethe Vestager said she knows some companies want more clarity on how the new rules will be enforced. She said the European Commission would attempt to keep red tape to a minimum and target the kinds of subsidies the bloc finds most concerning.

—Kim Mackrael

BELARUS

Exiled Opposition Leader Gets 15 Years

A court in Belarus on Monday sentenced exiled opposition leader Sviatlana Tsikhanouskaya to 15 years in prison after a trial in absentia on charges including conspiring to overthrow the government, the latest move in a monthslong effort by the government to suppress dissent.

Ms. Tsikhanouskaya ran against authoritarian President Alexander Lukashenko in August 2020, in an election that handed him his sixth term and was widely seen as rigged. She called her conviction and sentence an act of vengeance by Belarusian authorities, and vowed to continue to "fight for freedom."

The results of the vote triggered the largest protests in the country's history. Mr. Lukashenko unleashed a brutal crackdown on demonstrators, accusing the opposition of plotting to overthrow the government, and Ms. Tsikhanouskaya fled to Lithuania.

Other key politicians and activists were either arrested or pressured to leave the country. Ms. Tsikhanouskaya and four other opposition figures were tried in their absence in Minsk. The charges against them also included creating and leading an extremist group, inciting hatred and harming national security.

—Associated Press



SERENE SCENE: With a few weeks to go before the arrival of spring, a horse seemed unfazed by the wintry weather Monday at the Boberger Niederung nature reserve in Hamburg, Germany.

IRAN

Leader Calls Poison Attacks 'Unforgivable'

Iran's supreme leader said Monday that if a series of suspected poisonings at girls' schools are proved to be deliberate the culprits should be sentenced to death for committing an "unforgivable crime."

It was the first time Supreme

Leader Ayatollah Ali Khamenei has spoken publicly about the suspected poisonings, which began late last year and have sickened hundreds of children.

Iranian officials only acknowledged them in recent weeks and have provided no details on who may be behind the attacks or what chemicals—if any—have been used.

Iran has imposed stringent restrictions on independent media

since the outbreak of nationwide protests in September. On Monday, Iranian media reported that authorities arrested a journalist, Ali Pourtabatabaei, who had been regularly reporting on the suspected poisonings.

The protests were sparked by the death of a young woman who had been detained by morality police for allegedly violating the country's strict dress code.

—Associated Press

FRANCE

Unions Ramp Up Pension Protests

Roads blocked, oil refineries disrupted, planes grounded and trains halted—unions are threatening to shut down France's economy this week in what they hope is their toughest riposte yet to President Emmanuel Macron's plan to raise the retirement age.

The first actions started Monday, as truckers sporadically blocked major highway arteries and interchanges in go-slow actions dubbed escargot—the French word for snail—across several French regions.

The government is bracing for the biggest disruptions Tuesday, when strikes are expected across several sectors, and protests are planned in cities nationwide against the retirement bill. The reform, which would raise the official pension age from 62 to 64 and require 43 years of work to earn a full pension, is being debated in Parliament.

Labor Minister Olivier Dussopt, speaking Monday on the FranceInfo news broadcaster, said "expressing disagreement is legitimate, yet it must not lead to blocking the country, which would be dangerous to our economy."

Authorities encouraged people to work from home on Tuesday if possible.

—Associated Press

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Tuesday, March 7, 2023 | B1

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EV Startups Fret Over Cash, Losses and Production Delays

By SEAN MCLAIN

For many of the electric-vehicle startups, last year was rife with supply-chain constraints and manufacturing troubles that hindered their efforts to get off to a fast start.

Now, young companies such as Rivian Automotive Inc. and Lucid Group Inc. are facing a more pressing challenge this year: They need to

right their factory operations before running through their cash reserves.

The earnings results over the past few weeks for these EV makers illustrated the urgency of their predicament. While these companies are now producing vehicles, losses continue to mount as they have struggled to spool up assembly lines and boost sales as planned, whittling down

their financial cushions and increasing the likelihood of needing to raise more money.

Rivian, once flush with capital after raising nearly \$12 billion in an initial public offering in 2021, burned through \$6.6 billion in cash last year. Analysts predict it could go through another roughly \$6 billion based on projected expenses for this year.

Despite cost-cutting mea-

asures and efforts to increase output at its sole factory in Normal, Ill., executives are still anticipating a difficult year. Rivian forecast in February it would make 50,000 electric trucks, sport-utility vehicles and vans in 2023, well below Wall Street's estimates and a figure that sent its stock down 18% the following day.

Lucid, a maker of high-end

Please turn to page B4



A scene from 'Sistas,' a television show produced by Tyler Perry.

Tyler Perry Shows Interest in Buying Majority BET Stake

By JESSICA TOONKEL AND JOE FLINT

Actor and producer Tyler Perry has expressed interest in acquiring a majority stake of BET Media Group from Paramount Global, according to people familiar with the situation.

Mr. Perry and Paramount have had a longstanding relationship. The media mogul, who has his own production studio, has an overall deal to create shows for Paramount and has a minority stake in Paramount's BET+ streaming service.

The discussions between Mr. Perry and Paramount come as the company is considering selling the majority

stake in BET Media Group, which includes the cable channels BET and VHL, people familiar with the matter said.

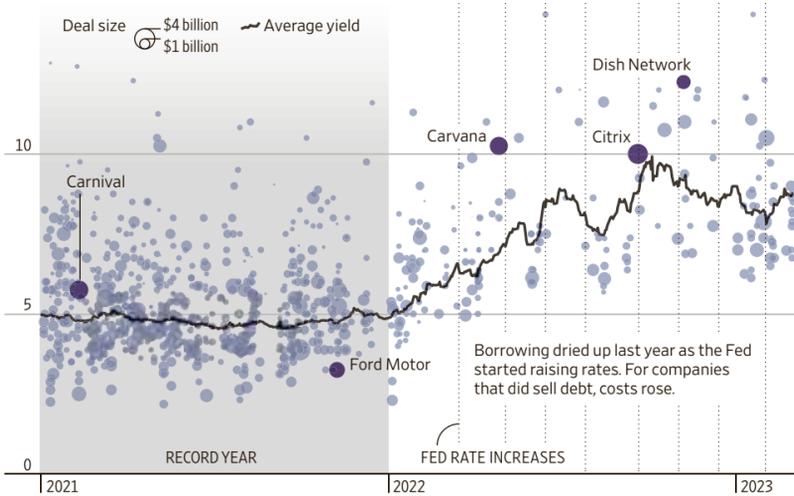
A potential sale of part of the unit, which caters primarily to Black audiences, is part of the entertainment giant's effort to shore up resources to bolster its flagship Paramount+ streaming service and its advertiser-supported free streaming platform Pluto TV, some of the people said.

Paramount, which also owns CBS, MTV, Nickelodeon and Paramount Pictures, has made strengthening Paramount+ a priority as it seeks to compete with other major streaming services such as

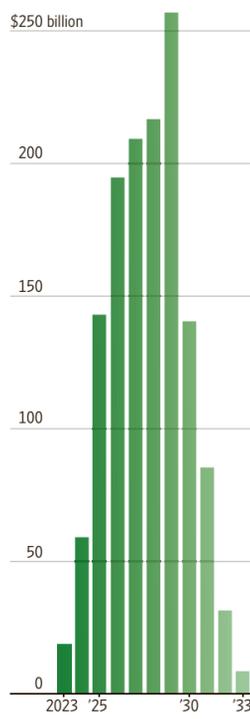
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Junk-Rated Firms Borrow Again

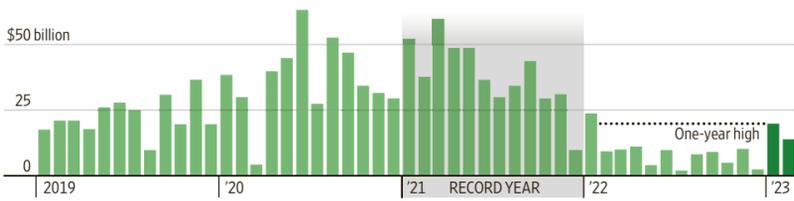
15% Junk bond deals, yield at issuance



Volume of speculative-grade bonds to mature each year



Corporate junk-bond issuance, monthly



By SAM GOLDFARB AND ALANA PIPE

Bond yields have been rising again lately. That could create complications for low-rated companies that had just started to enjoy having easier access to credit.

As inflation showed signs of easing early this year, investors bet that the Federal Reserve might pivot quickly

to slashing interest rates. That increased demand for bonds, driving down yields on new and existing corporate debt.

Speculative-grade companies such as Caesars Entertainment Inc. and American Airlines Group Inc. seized the moment.

Altogether, these companies issued almost as many bonds in January and Febru-

ary as they did in the entire second half of 2022, when rising yields slowed borrowing to a trickle.

More recently, though, inflation data have come in hot and borrowing costs have climbed again.

That could translate to another slowdown in bond sales—potentially good news for the Fed, which is trying to restrain economic activity

as it fights inflation, but bad news for businesses that need to borrow to make ends meet.

The record-low yields of 2021 enabled companies to lock in low interest rates and push out bond maturities. A significant wall of maturities won't come due until 2025.

—Peter Santilli contributed to this article.

Business Hotels Face Increased Default Risk

By AKIKO MATSUDA

Some hotel owners that rode out the pandemic are finding the travel rebound might not be enough to persuade lenders to extend new credit when their debts mature.

Leisure travel has rebounded since the second half of last year, but the recovery has been much weaker for facilities with large meeting rooms that rely on business trips and conferences, partly because many meetings are now held remotely. Even as business-focused hotels can attract some vacationers, the numbers aren't high enough to make up for the slow recovery in business travelers.

Persistently low occupancy rates for business-focused hotels have driven down their property values. As a result, lenders are asking hotel owners to put up more capital before agreeing to refinance their loans—but cash-strapped borrowers saddled with lots of debt might not be able to meet the requirements.

Banks are tightening lending standards because the values of certain hotels and other commercial-real-estate assets have been hurt by changing consumer and business habits post-Covid, said Richard Shinder, founder and managing partner of boutique investment-banking and fiduciary-services firm Theatine Part-

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INSIDE



BUSINESS NEWS
TikTok rolls out 'Project Clover' to assure Europeans on data. B3

PHARMACEUTICALS
Seagen with its novel cancer therapy is attracting suitors among drugmakers. B5

Inner Workings of Fox News Are On Display in Defamation Lawsuit

By JOE FLINT AND KEACH HAGEY

On Jan. 5, 2021, the day before the U.S. Capitol riot, Fox News Chief Executive Suzanne Scott got an email from Rupert Murdoch saying it might be time for the network's prime-time hosts to declare Joe Biden had won the presidency.

Though the stakes were especially high, getting an editorial suggestion from the top brass was hardly unusual, according to court filings from a defamation suit against Fox News that reveal internal communications at the network.

Documents from the suit—in which voting-machine company Dominion Voting Sys-

tems alleges Fox knowingly spread false claims that its technology rigged the 2020 election—offer a glimpse into how Fox News is run, including how Ms. Scott deals with the Murdochs, the elder Mr. Murdoch's involvement in editorial matters and the influence of top network hosts.

Ms. Scott testified in a deposition that Mr. Murdoch, the chair of Fox News parent Fox Corp. and his son, Fox Chief Executive Officer and Executive Chairman Lachlan Murdoch, each call her "about once a day" and will attend the 3 p.m. editorial meeting.

Mr. Murdoch would email suggestions on hosts, narratives and guests, according to

a filing. In the context of the 2020 election coverage, that meant advising on how to cover fraud claims and how to treat Donald Trump, the filing said.

"I'm a journalist at heart. I like to be involved in these things," Rupert Murdoch testified in a deposition, according to a court filing.

This week, a judge is expected to release another batch of documents that could reveal more about the inner workings of Fox and how it handled the election-fraud claims. Fox has argued in its briefs that it was reporting newsworthy allegations and that the suit is an attack on

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BUSINESS & FINANCE

Toblerone to Remove the Matterhorn From Its Packaging



Toblerone is losing some of its Swiss look as more of the treats are made outside of Switzerland. The Matterhorn, the famous mountain in the Swiss Alps that has been on Toblerone packaging since 1970, will soon be gone. In its place will be a "streamlined mountain logo," said a spokeswoman for **Mondelez Interna-**

tional Inc., the snack company behind the chocolates. Mondelez said it is making the changes to comply with Swiss law, which says production of certain foods must be done in Switzerland in order to use the country's symbols on packaging. The company said it will be making some Toblerone bars in Bratislava, Slovakia, to

keep up with rising demand for the chocolate. It will continue to make Toblerone in Bern, Switzerland, where the brand was founded 115 years ago. Mondelez said it updated the Bern factory to produce 90 million more 3.5-ounce bars a year. The chocolate's recipe will remain the same, the spokeswoman

said. An outline of a bear hidden in the Matterhorn logo will stick around, the spokeswoman said, and will appear in the new mountain logo. In addition to the mountain logo swap, Toblerone's new packaging will also remove references to being made in Switzerland
—Joseph Pisani

Sirius XM to Cut 8% of Workforce

By DEAN SEAL

Sirius XM Holdings Inc. is reducing its head count by 8%, or 475 positions, as it continues to cut costs and focus on profitability.

The satellite-radio giant said in a letter to employees Monday morning that the job cuts would affect nearly every department.

Sirius said it has already pulled back on content and marketing spending, decreased its real-estate footprint and tightened restrictions on its

travel and entertainment policy in an effort to reduce its discretionary spending and minimize the need for job cuts.

"However, today's decision to reduce our workforce was required in order for us to maintain a sustainably profitable company," Chief Executive Jennifer Witz said in the letter.

Sirius joins a growing number of companies that have reduced their workforces in recent months. Slowing growth and a pullback in demand have spurred mass layoffs in the technology sector.



The satellite-radio company has made several cost reductions.

Fox News Workings On Display

Continued from page B1

the First Amendment. Fox says Dominion cherry-picked snippets of evidence out of context. The case is expected to go to trial April 17.

Mr. Murdoch is executive chairman of News Corp, parent of The Wall Street Journal. The Murdoch family is a large shareholder in Fox Corp. and News Corp.

The filings released thus far sound dissonant notes on some of the details. Mr. Murdoch testified that he speaks to Ms. Scott "once, twice a week," and denied attending the 3 p.m. editorial meeting, for example.

In his testimony, Mr. Murdoch said he could have done more to stop Fox's networks from spreading false information from pro-Trump lawyer Sidney Powell but said he leaves those calls to Ms. Scott. "I appointed Ms. Scott to the job...and I delegate everything to her," he said, according to a Fox filing. Mr. Murdoch further testified, according to a Dominion filing, that Fox News executives who knowingly allow lies to be broadcast, "should be reprimanded, maybe got rid of."

Ms. Scott and the Murdochs together dealt with competing pressures—torn between their assessment that election-fraud claims were false and the imperative to avoid alienating an audience that didn't want to accept that Donald Trump had lost, the filings show.

Mr. Murdoch's involvement in Fox News increased in recent years, current and former executives say. When longtime Fox News chief Roger Ailes resigned in 2016 amid accusations of sexual harassment—which he denied—Mr. Murdoch became chairman and acting chief executive of the unit until new leadership was installed. After Mr. Murdoch sold entertainment assets to Walt Disney Co. in 2019, the remaining Fox Corp. assets were focused mainly on news and sports. Fox News makes up about a quarter of Fox Corp.'s revenue, according to analysts at SVB MoffettNa-

thanson. Well before the election 2020 drama, Mr. Murdoch routinely weighed in on editorial matters, the filings show. For example, he suggested the network should put historian and political commentator Victor Davis Hanson on the air, and two days later that happened, according to a Dominion filing.

When former Fox host Shepard Smith attacked the "Trump administration's 'lies'" on air, Mr. Murdoch emailed Ms. Scott and network President and Executive Editor Jay Wallace, calling it "Over the top!" and telling them, "Need to chat to him," the filing said.

The election aftermath spurred a flurry of communications. Early on, Mr. Murdoch expressed a need to be cautious. By Nov. 6, as there were indications Mr. Biden looked headed for victory, Mr. Murdoch told Suzanne Scott "if Trump becomes a sore loser

This week, a judge is expected to release another batch of documents.

we should watch Sean especially and others don't sound the same," according to a Dominion filing. He was referring to prime-time host Sean Hannity.

When the network called Arizona for Mr. Biden, and subsequently called the whole election in his favor on Nov. 7, Fox News suffered a major viewer backlash.

The following day Ms. Scott had what a filing described as a "long talk" with Rupert and Lachlan Murdoch about what to do next. Earlier that day, the elder Mr. Murdoch had emailed her that Fox was getting "creamed" by CNN. In the meeting, they discussed how to win back viewers, including by not booking Democratic guests, according to the filing. Rupert Murdoch testified that the decision in that meeting was to continue allowing claims about election fraud on the air, casting Mr. Trump's accusations as "big news" that had to be covered, according to a filing.

On Jan. 5, 2021, before President Trump's "Stop the Steel" rally and the riot at the

U.S. Capitol, Rupert Murdoch suggested to Ms. Scott in an email that the network's prime-time hosts could end any uncertainty about the election outcome, according to a Dominion filing. "It's been suggested our prime time three should independently or together say something like 'the election is over and Joe Biden won,'" Mr. Murdoch said, adding that would "go a long way to stop the Trump myth" of a stolen election.

Ms. Scott relayed these thoughts in an email to Meade Cooper, the executive in charge of the network's prime-time lineup, according to the filing, saying she told Mr. Murdoch that all three were privately in agreement that Mr. Trump's claims were false. She added that she warned Mr. Murdoch, "We need to be careful about using the shows and pissing off the viewers." That night none of the shows made statements disavowing allegations about Dominion, according to the filing.

Lachlan Murdoch also weighed in with editorial suggestions for Ms. Scott, in some cases to tone down criticism of Mr. Trump, the filings show. He told her regarding Fox's coverage of a postelection Trump rally: "So far some of the side comments are slightly anti, and they shouldn't be. The narrative should be this is a huge celebration of the president." He also told her that the news ticker at the bottom of the screen was "all wrong" for being "way too wordy" and "anti-Trump whenever possible."

He criticized reporter Leland Vittert's rally coverage as "smug and obnoxious," and Ms. Scott said she was "calling now" to direct Mr. Vittert's producer to fix the issue, according to a filing. In his deposition, Lachlan Murdoch said he couldn't recall a single instance when Fox News didn't follow one of his suggestions, according to a filing.

The court filings show various alarms that were sounded internally about the false election claims—including from a fact-checking operation at Fox called the Brainroom. They also demonstrate the influence of prime-time hosts such as Mr. Hannity and Tucker Carlson.

When a Fox reporter fact-checked a Trump tweet that mentioned Dominion, saying there was no evidence that

voting systems deleted or lost votes, Mr. Hannity complained to Ms. Scott in a text message, according to a Dominion filing. She relayed to colleagues, "Sean texted me—he's standing down on responding but not happy about this and doesn't understand how this is allowed to happen from anyone in news."

Mr. Carlson emailed Ms. Scott criticizing Washington bureau executive Bill Sammon's decision to call Arizona for Mr. Biden before the state's vote count was completed, saying, "I've never seen a reaction like this, to any media company," according to a Dominion filing. She forwarded his note to Lachlan Murdoch. Ms. Scott and Lachlan Murdoch exchanged texts about the plan: "Viewers going through the 5 stages of grief," she said, adding that the network would let "viewers know we hear them and respect them." Mr. Murdoch replied, "Yes. But needs constant rebuilding without any missteps," according to the filing.

The elder Mr. Murdoch weighed in, saying, "maybe best to let Bill go right away" because it would "be a big message with Trump people." Mr. Sammon announced he was retiring two months later.

The filings also give a sense of how Rupert Murdoch communicates with the world outside Fox, including political figures such as Mr. Trump's son-in-law and adviser Jared Kushner. At one point he gave Mr. Kushner confidential information about Mr. Biden's campaign ads and debate strategy, according to a Dominion filing. At another point, Mr. Murdoch urged then Senate Majority Leader Mitch McConnell not to endorse Mr. Trump's stolen-election claims. Mr. Kushner didn't respond to requests for comment.

Mr. Murdoch received articles and suggestions about the election drama from current and former colleagues. On Jan. 8, former Fox executive Preston Padden emailed Mr. Murdoch a Washington Post article about the network's role in amplifying election denialism and followed up with an email saying, "I do think Fox News needs a course correction." Mr. Murdoch responded, "Fox News very busy pivoting...We want to make Trump a non person."

Exxon Sued by EEOC Over Alleged Nooses

By ALYSSA LUKPAT

Federal authorities sued **Exxon Mobil Corp.** over five nooses they said were found at the oil company's refinery in Baton Rouge, La., which they said had created a hostile work environment and subjected employees to racial discrimination.

The Equal Employment Opportunity Commission said in the lawsuit filed last week that between April 2016 and December 2020, employees and contractors reported finding the nooses throughout the refinery. The EEOC said Exxon had received the reports about the nooses but didn't do enough to stop people from putting them up.

Exxon "knew or should have known that the measures it had taken to prevent hangman's nooses were ineffective," the lawsuit said.

The EEOC said Exxon had violated the Civil Rights Act, a federal law enacted in 1964 to prevent discrimination on the basis of race and other factors.

Exxon spokesman Todd Spitzer said Monday the company disagreed with the EEOC's allegations and has a zero-tolerance policy toward harassment and discrimination. "We encourage employees to report claims like this, and we thoroughly investigated,"

Mr. Spitzer said. "The symbols of hate are unacceptable, offensive, and in violation of our corporate policies."

Nooses have been used throughout American history to lynch Black people and other individuals, according to the NAACP. These days they are more often displayed to inspire fear or convey a racist threat, according to the Southern Poverty Law Center.

The EEOC has prosecuted a number of cases of nooses being displayed in the workplace. In this suit, the agency said it was suing Exxon on behalf of a Black employee, Milferd McGhee, who it said had discovered the fourth noose at the refinery in January 2020.

The agency is requesting a jury trial to order Exxon to pay damages and to compensate Mr. McGhee for his emotional pain. The EEOC is also asking the federal court in Louisiana's Middle District to order Exxon to provide equal employment opportunities for Black people.

The EEOC said Exxon had disregarded Mr. McGhee's federal right to be free from racial discrimination at work. "Even isolated displays of racially threatening symbols are unacceptable in American workplaces," said Michael Kirkland, director of the EEOC's field office in New Orleans.

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BUSINESS NEWS

Altria Closes NJOY Deal After Juul Flop

Purchase set at \$2.75 billion as Marlboro maker switches vaping strategy

BY JENNIFER MALONEY
AND ROBB M. STEWART

Marlboro maker **Altria Group Inc.** agreed to buy vaping pioneer **NJOY Holdings Inc.** for at least \$2.75 billion, after closing the chapter on its disastrous investment in e-cigarette maker **Juul Labs Inc.**

The deal for NJOY, one of the few e-cigarette makers whose products have clearance from federal regulators, includes an additional \$500

million if the Food and Drug Administration authorizes additional NJOY products. Those include the menthol-flavored refill pods it currently sells and a new version of its device that uses a Bluetooth connection to authenticate the user before unlocking.

The Wall Street Journal reported last week that Altria was in advanced talks to buy closely held NJOY for at least \$2.75 billion and divest itself of its stake in Juul.

Altria has spent tens of billions of dollars over the past decade in an effort to pivot toward less harmful products as U.S. cigarette smoking declines, but its efforts have largely flopped. The company

tried and failed to develop new e-cigarettes that appealed to smokers. It then spent nearly \$13 billion on a stake in Juul. The vaping market leader's valuation quickly evaporated.

Swamped by lawsuits alleging that it had targeted minors, Juul came close to filing for bankruptcy last year. Juul has since settled much of that litigation but its future remains in question amid a dispute with the FDA over whether its e-cigarettes can remain on the U.S. market. Juul has said it never targeted young people and has been working to regain the trust of regulators and the public.

The Federal Trade Commis-

sion sued to unwind Altria's investment in Juul, a case that was pending when Altria said Friday that it had divested itself from the embattled e-cigarette maker. The stake for which Altria had paid \$12.8 billion is now worth only \$250 million, Altria said. Altria traded its equity for nonexclusive rights to some of Juul's intellectual property related to heated tobacco devices.

Altria's decision to acquire NJOY was informed by lessons that the tobacco giant learned from its failed Juul investment, Altria Chief Executive Billy Gifford said Monday on a call with analysts and reporters.

"One is certainty. This is an

authorized product versus a pending product. There are no litigation challenges. The youth usage is minimal," Mr. Gifford said. "The other is about control. This is about 100% ownership versus a minority investment."

NJOY has obtained clearance from the FDA to sell its tobacco-flavored e-cigarettes in the U.S., a hurdle that so far has eluded the two biggest brands: Juul and Vuse Alto, which is owned by Reynolds American Inc.

Juul has appealed the FDA's decision to order its products off the market; the agency's review of Vuse Alto is still under way.

NJOY is the No. 3 e-ciga-

rette brand in U.S. stores tracked by Nielsen but has a very small market share, representing about 3% of the market. Juul accounts for about 26%.

Altria said that consumer awareness of NJOY is low because of NJOY's small sales force. Altria said its research showed that once adult smokers and adult e-cigarette users try NJOY's Ace brand, it performs on par with Vuse Alto, the leading e-cigarette brand.

Altria said it expects the NJOY deal will boost cash flows within two years and add to its adjusted per share earnings within three years of closing. Altria left its 2023 profit targets unchanged.

Verizon Raises Prices For Older Cell Plans

BY WILL FEUER

Verizon Communications Inc. is raising prices on some older cellphone plans, adding \$2 per phone monthly fees for customers who don't switch to the company's latest offerings.

Verizon began notifying affected customers of the rate increase last week, and a spokesman said the higher price reflects "the added cost of maintaining these legacy plans."

The company, whose consumer unit has more than 90 million postpaid devices connecting to its network, declined to say how many customers are affected. Verizon is looking to reinvigorate growth in its consumer unit—its largest segment—which struggled last year to hang on to its core subscriber base amid competition from AT&T Inc. and T-Mobile US Inc.

Last week, Verizon shook up its leadership, announcing its finance chief's departure

Verizon is looking to reinvigorate growth in its consumer unit, its biggest segment.

and naming the former head of its business unit as chief of the consumer unit.

In an interview last week, Verizon Chief Executive Hans Vestberg said the company could be more surgical on pricing, increasing promotions for some offerings while potentially raising prices and offering more services on other plans. "I need to meet the customers where they are with the right offering," he said.

The latest price increase, which will take effect on April 10, doesn't apply to currently available unlimited plans.

The increase applies to unlimited postpaid wireless plans from seven years ago, including the Beyond Unlimited and Go Unlimited plans, adding the \$2 monthly charge for each phone line on the plan, the company said. Tablets, smartwatches and other devices won't be affected.

Verizon said customers can avoid the rate increase by switching to a currently offered unlimited plan.

AT&T last summer raised the cost of its older wireless plans by up to \$6 for single lines and \$12 for family plans, and encouraged subscribers to adopt newer unlimited data plans. Verizon raised some prices last summer, including on currently offered plans.



Verizon customers can avoid the rate increase by switching to a currently offered unlimited plan.

Bath & Body Works to Avoid Proxy Fight

BY DEAN SEAL

Dan Loeb's **Third Point LLC** no longer plans to nominate candidates to the board of **Bath & Body Works Inc.** after the retailer added a director endorsed by the hedge fund.

The appointment will stave off a proxy battle by Third Point, which has criticized the retailer for what it called excessive executive pay and lagging financial performance.

Bath & Body Works on Monday said it is adding **Thomas J. Kuhn**, an attorney and managing member of the investment firm **Doorbrook LLC**, to its board. The retailer said that Third Point recently recommended Mr. Kuhn as a director for the retailer's board and that the hedge fund will scrap plans to nominate candidates at a coming shareholder meeting.

Mr. Loeb praised Mr. Kuhn's appointment along with the recent additions of independent directors **Lucy Brady** and **Steven Voskuil**.

"I commend the Bath & Body Works Board for their commitment to bringing on fresh voices," Mr. Loeb said.



Dan Loeb's activist hedge fund Third Point had challenged the retailer over its executive pay and financial performance.

A representative for Third Point confirmed the fund has pulled its nomination plans.

Third Point, which dis-

closed a 6% stake in the company in December, said last month that it would launch a proxy fight to nominate can-

didates to the company's board. Bath & Body Works previously said that Third Point's potential proxy fight

was driven by Mr. Loeb's inability to get **Munib Islam**, one of his protégés, installed on the board.



TikTok will announce data-security measures it plans in Europe. Company headquarters in Culver City, Calif.

TikTok Makes Pitch To British Officials

BY STU WOO

LONDON—TikTok executives are rolling out what they call "Project Clover," a charm offensive aimed at convincing European politicians that the video-sharing app is safeguarding user data on the continent.

The first stop was London. TikTok executives on Monday briefed British political advisers, think tanks and other policy makers on TikTok's plan to secure the data of European users, people familiar with the matter said. The plan's name makes reference to a well-known symbol of Ireland, where TikTok plans to build two data centers to store the data of European users.

The name also mirrors "Project Texas," the company's \$1.5 billion proposal that it says would safeguard American users.

In recent months, the U.S. federal government and a majority of state governments, as well as the European Union and Canada, have banned government employees from using TikTok on work devices. Lawmakers say the Chinese government could force TikTok's Beijing-based owner, **ByteDance Ltd.**, to hand over data on users or to promote propaganda.

TikTok has said it wouldn't comply with such a demand and has plans, including Project Texas and now Project Clover, to mitigate such risks.

The U.K. hasn't followed suit in restricting the app, standing

out alongside Australia as close U.S. allies that haven't enacted such partial bans.

Speaking to British policy makers on Monday, TikTok executives portrayed the company as providing unprecedented levels of transparency and independent oversight for a tech company, especially compared with competitors such as Facebook owner Meta Platforms Inc., the people familiar with the matter said.

Some attendees of TikTok's U.K. briefings said they appreciated the company's laborious efforts to demonstrate transparency, but remain skeptical of TikTok's ability to refuse an order from the Chinese government. A TikTok spokesman said Monday that the company would soon announce details about "industry-leading" data-security measures it plans to implement in Europe.

TikTok executives involved in the briefings included its U.S.-based general counsel, **Erich Andersen**, according to people familiar with the matter. Executives told British policy makers in the briefing that it plans to eventually store the data of European users in computer servers in Europe.

They said TikTok would also hire a European third-party company to independently monitor TikTok's European operations to safeguard against unauthorized data transfers, while Oracle Corp. would monitor its changes to its video-recommendation system, the people said.

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BUSINESS NEWS

Seagen Cancer Therapy Draws Suitors

Novel cancer agents could shore up aging portfolios of large pharmaceutical firms

By JARED S. HOPKINS

An unprofitable biotech that pioneered a relatively new kind of cancer therapy has caught the attention of the world's largest drugmakers on the hunt for the next big opportunity in one of the industry's most lucrative markets.

Seagen Inc. sells three of the novel cancer agents—known as antibody drug conjugates, or ADCs—that work like a guided missile attacking tumors with toxins. Although its products generate around \$2 billion in yearly sales and the company operates at a loss, Seagen has a market valuation of roughly \$30 billion.

Pfizer Inc. has had early-stage discussions about buying Seagen, The Wall Street Journal recently reported, after Merck & Co. got close to acquiring the biotech last year before failing to reach an agreement.

The talks inject a fresh round of uncertainty for Seagen, after co-founder Clay Siegall resigned as chief executive and chairman last year as the



Pfizer has had early-stage discussions about buying Seagen. One of the company's labs.

company was investigating an allegation of domestic violence. Seagen said he denied the allegations and told the company he was going through a divorce.

A takeout is far from certain. David Epstein, a former Novartis AG pharmaceutical executive, took the helm of Seagen in November and has been taking an independent tack. In recent weeks, he outlined plans to build a leading global cancer company by expanding the reach of its prod-

ucts, bolstering its commercial work and doing deals.

"They're not dying to get taken out—unless the price is very, very attractive" because they believe they are in a good position to grow, said Andy Hsieh, an analyst at William Blair & Co.

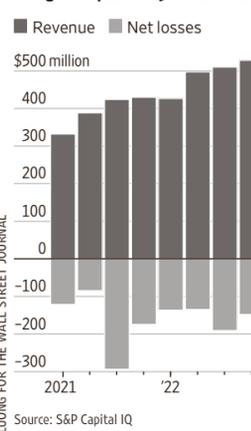
Seagen declined to comment and to make Mr. Epstein available for comment.

Driving the acquisition interest in the company, according to analysts, is the potential

for ADCs to capture a chunk of the worldwide cancer market. ADCs will account for \$31 billion of the \$375 billion market in 2028, drug-market-research firm Evaluate estimates. The revenue could cushion big drugmakers who face patent expirations on key products.

ADCs have started to win approval for some common cancers. Researchers reported positive but preliminary findings in lung cancer, another common tumor type.

Seagen's quarterly financials



Source: S&P Capital IQ

Meantime, drugmakers have considered combining the ADCs with widely used cancer agents like immunotherapies, which are among the biggest-selling cancer treatments.

"When you get it right and the planets align you get a really awesome product," said Asthika Goonewardene, an analyst at Truist Securities.

The alignment began to emerge several years ago, after Seagen and other ADC biotechs improved the technology. ADCs link an antibody that can home in on a tumor target with a toxic agent such as chemother-

apy. After the antibody finds the targeted tumor, the toxic agent deploys against it.

The companies fine-tuned how the therapies link an antibody to a toxin and then release the toxic payload, Mr. Goonewardene said. Such technical advances made developing ADCs more effective and opened up exploring various potential applications.

Big drugmakers took notice. In 2019, AstraZeneca PLC agreed to pay Daiichi Sankyo Co. up to \$6.9 billion for shared rights to an ADC drug called Enhertu. In 2020, Gilead Sciences Inc. paid \$21 billion for an ADC company named Immunomedics.

There were 39 licensing deals involving ADCs last year, roughly twice as many as in the previous year, Mr. Goonewardene said.

Enhertu confirmed the potential of the drugs last June, when researchers reported it cut the rate of death in women with a type of advanced breast cancer known as HER2-low by one-third. Most significantly, the drug worked in subjects who hadn't responded well to older, effective treatments. The Food and Drug Administration approved Enhertu for the HER2-low breast cancer last August, four months ahead of schedule.

Moderna's Chief Defends Covid-Shot Pricing Plans

By JARED S. HOPKINS

Moderna Inc. Chief Executive Stéphane Bancel pushed back against criticism of the company's pricing plans for its Covid-19 vaccine at Monday's Wall Street Journal Health Forum.

U.S. politicians including Sens. Bernie Sanders (I, Vt.), Elizabeth Warren (D, Mass.) and Peter Welch (D, Vt.) have questioned the company's strategy around commercial pricing, which could be unveiled in the coming months. Moderna received funding from the U.S. government related to development of its Covid-19 vaccine.

The chief executive said the company's mRNA platform was funded by investors, not the government, and the public funding accelerated development of the vaccine.

"We didn't get a penny," Mr. Bancel said of Moderna's fundraising efforts, adding that the company unsuccessfully sought funding in the first half of 2020 from countries and foundations to help with manufacturing. He said a company plant was built before the pandemic by private funding.

Moderna has said it is con-



CEO Stéphane Bancel at The Wall Street Journal Health Forum.

sidering pricing its Covid-19 vaccine in a range of \$110 to \$130 a dose in the U.S. when it shifts from government contracting to commercial distribution of the shots. Mr. Bancel on Monday declined to say what the price will be. He said the vaccine won't cost anything to individuals.

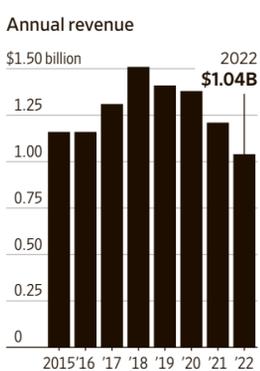
After promising early-stage data of the shot came out, Moderna raised money, which it put toward manufacturing doses of the vaccine, still without knowing whether it would work, Mr. Bancel said. The company worked with suppliers to increase manufac-

turing, he said.

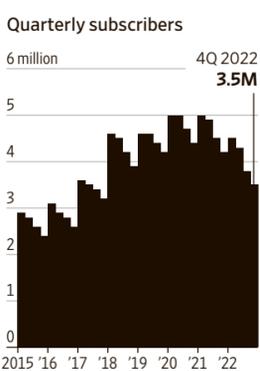
By the time the government placed an order, in the second half of 2020, all the capital risk was put in place by shareholders, he said. Moderna's first supply vaccine with the U.S. government in 2020 totaled 100 million doses and roughly \$1.5 billion.

To date, the federal government has purchased all doses of Covid-19 vaccines and made them available at no cost to consumers. U.S. officials have said that after the supply secured under federal contracts runs out, companies should switch to standard commercial distribution.

WeightWatchers



Sources: S&P Capital IQ; the company (subscribers, 2022 revenue)



scribe Ozempic, Wegovy, Mounjaro and other weight-loss medications. Sequence's program includes an app to track weight loss and meetings with dietitians and fitness coaches. Potential subscribers first take a quick quiz that asks for height, weight and about certain medical conditions.

Drugs like Wegovy and Ozempic work by acting like GLP-1, a naturally occurring hormone that stimulates insulin production and slows the emptying of the stomach, making users feel fuller for longer. People with a body-mass index of 30 or higher who took semaglutide, the active ingredient in Wegovy and Ozempic, weekly dropped about 15% of their body weight, on average, after 17 months on the drug, according to a study published in 2021 in the New England Journal of Medicine.

The drugs have recently been the subject of online testimonials from celebrities and have soared in popularity, leading to shortages of the medications.

Wegovy is approved by the Food and Drug Administration to treat obesity and Ozempic is approved for Wegovy indicates the drug is for people with a BMI of 30 or more, or a BMI of 27 or more plus at least one weight-related condition such as high blood pressure, high cholesterol or Type 2 diabetes.

Some digital health companies have come under fire for promoting the drugs as a quick weight-loss approach for people who aren't obese and don't have diabetes. The medications can cause side effects including nausea and vomiting.

WW said it would pay \$106 million in a combination of cash and stock for the deal: \$65 million in cash and \$35 million in the form of newly issued shares of common stock of WW at the closing of the transaction, and \$16 million in cash on the first anniversary and \$16 million in cash on the second anniversary. WW will assume \$26 million of Sequence's cash.

Also on Monday, WW said that it swung to a net loss of \$32.5 million, or 46 cents a share, in the fourth quarter from net income of \$29.9 million, or 42 cents a share, in the year-ago period. Revenue declined 18.8% to \$223.9 million from \$275.8 million. The number of subscribers slid to 3.5 million from 4.2 million.

WW in Telehealth Acquisition

Continued from page B1

quarterm of 2023. WW plans to promote Sequence's telehealth services to WeightWatchers members. Gary Foster, WW's chief scientific officer, says WeightWatchers plans to create programs geared to people who are using weight-loss drugs that would include an emphasis on strength training and high-protein foods.

Sequence members pay \$99 a month for services that include telehealth appointments with doctors, who can pre-

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CLASS ACTION

LEGAL NOTICE

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY
IN RE CONDUENT INC. SECURITIES LITIGATION
Case No.: 2:19-cv-08237-SDW-AME
Hon. Susan D. Wigenton, U.S.D.J.
Hon. André M. Espinosa, U.S.M.J.

SUMMARY NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION AND MOTION FOR ATTORNEYS' FEES AND EXPENSES

To: All persons who purchased Conduent Incorporated common stock on the open market on a United States stock exchange from February 21, 2018 through November 6, 2018, both dates inclusive, and who were damaged thereby (the "Class").

PLEASE READ THIS NOTICE CAREFULLY, YOUR RIGHTS MAY BE AFFECTED BY A PENDING CLASS ACTION LAWSUIT

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the District of New Jersey, that Class Representatives Oklahoma Firefighters Pension and Retirement System ("OFPRS"), Plymouth County Retirement Association ("PCRA") and Electrical Workers Pension Fund, Local 103, I.B.E.W. ("Local 103") (collectively, "Class Representatives"), on behalf of themselves and all members of the Class, and Defendants Conduent Incorporated, Ashok Vemuri, and Brian Webb-Walsh (collectively, "Defendants" and, together with Class Representatives, the "Parties"), have reached a proposed settlement of the claims in the above-captioned class action (the "Action") and related claims in the amount of \$32,000,000 (the "Settlement").

A hearing will be held before the Honorable André M. Espinosa, either in person or remotely in the Court's discretion, on May 24, 2023 at 10:00 a.m. in Courtroom 2D of the Martin Luther King Building & U.S. Courthouse, United States District Court for the District of New Jersey, 50 Walnut Street, Newark, NJ 07102 (the "Settlement Hearing") to determine whether: (i) the Court should approve the proposed Settlement as fair, reasonable, and adequate; (ii) the Action should be dismissed with prejudice against Defendants, and the releases specified in the Stipulation and Agreement of Settlement, dated December 1, 2022 (and in the Notice), should be granted; (iii) the proposed Plan of Allocation of distribution of the proceeds of the Settlement (the "Net Settlement Fund") should be approved; and (iv) Co-Class Counsel's Fee and Expense Application should be approved. The Court may change the date of the Settlement Hearing, or hold it remotely, without providing another notice. You do NOT need to attend the Settlement Hearing to receive a distribution from the Net Settlement Fund.

IF YOU ARE A MEMBER OF THE CLASS, YOUR RIGHTS WILL BE AFFECTED BY THE PROPOSED SETTLEMENT AND YOU MAY BE ENTITLED TO A MONETARY PAYMENT. If you have not yet received

a full Notice and Claim Form, you may obtain copies of these documents by visiting the website for the Settlement, www.ConduentSecuritiesLitigation.com, or by contacting the Claims Administrator at:

In re Conduent Securities Litigation
c/o JND Legal Administration
P.O. Box 91353
Seattle, WA 98111
info@conduentsecuritieslitigation.com
877-415-0639

Inquiries, other than requests for information about the status of a claim, may also be made to Co-Class Counsel:

BERNSTEIN
LIEBHARD LLP
Michael S. Bigin, Esq.
10 East 40th Street
New York, NY 10006
Conduentsettlement@bernieb.com
212-779-1414

LABATON
SUCHAROW LLP
Christine M. Fox, Esq.
140 Broadway
New York, NY 10005
settlementquestions@labaton.com
888-219-6877

If you are a Class Member, to be eligible to share in the distribution of the Net Settlement Fund, you must submit a Claim Form postmarked or submitted online no later than May 19, 2023. If you are a Class Member and do not timely submit a valid Claim Form, you will not be eligible to share in the distribution of the Net Settlement Fund, but you will nevertheless be bound by all judgments or orders entered by the Court, whether favorable or unfavorable.

If you are a Class Member and wish to exclude yourself from the Class, you must submit a written request for exclusion in accordance with the instructions set forth in the Notice so that it is received no later than May 3, 2023. If you properly exclude yourself from the Class, you will not be bound by any judgments or orders entered by the Court, whether favorable or unfavorable, and you will not be eligible to share in the distribution of the Net Settlement Fund.

Any objections to the proposed Settlement, Co-Class Counsel's Fee and Expense Application, and/or the proposed Plan of Allocation must be filed with the Court, either by mail or in person, and be mailed to counsel for the Parties in accordance with the instructions in the Notice, such that they are received no later than May 3, 2023.

PLEASE DO NOT CONTACT THE COURT, DEFENDANTS, OR DEFENDANTS' COUNSEL REGARDING THIS NOTICE. ALL QUESTIONS ABOUT THE PROPOSED SETTLEMENT OR YOUR ELIGIBILITY TO PARTICIPATE IN THE SETTLEMENT SHOULD BE DIRECTED TO CO-CLASS COUNSEL OR THE CLAIMS ADMINISTRATOR USING THE CONTACT INFORMATION ABOVE.

DATED:
March 7, 2023

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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PUBLIC NOTICES

Publication Notice

PLEASE TAKE NOTICE that the Court-appointed Receiver for Stanford International Bank, Ltd. ("SIBL") and related entities ("Stanford Entities"), and certain Plaintiffs, have reached an agreement to settle all claims asserted or that could have been asserted against Société Générale Private Banking (Suisse), S.A. and Blaise Friedli relating to or in any way concerning SIBL (the "Settlement Agreement"). As part of the Settlement Agreement, the Receiver and Plaintiffs have requested an order that permanently enjoins, among others, all Interested Parties, including Stanford Investors (i.e., customers of SIBL, who, as of February 16, 2009, had funds on deposit at SIBL and/or were holding certificates of deposit issued by SIBL) and all other Persons from bringing any legal proceeding or cause of action arising from or relating to the Stanford Entities against Société Générale Private Banking (Suisse), S.A., Blaise Friedli, or the SIBL Released Parties.

Interested Parties may file written objections with the United States District Court for the Northern District of Texas on or before May 17, 2023.

NOTICE OF SALE

SUPREME COURT - COUNTY OF NEW YORK
MICHAELANGELO GIJK FLATIRON LLC, NEW TRIPLE CROWN LLC, FLATIRON NEWMARK PARTNERS LLC and FLAT IRON ACQUISITION LLC, Plaintiffs - against - NRS FLATIRON LLC, Defendant. Pursuant to an Interlocutory Judgment dated January 6, 2023 and entered on January 19, 2023, I, the undersigned Referee, will sell at a public auction, to be held outside the portico at the front entrance of the New York County Courthouse, located at 60 Centre Street, New York, New York, or such other place in said Courthouse as the Court may designate, on March 22, 2023 at 2:00 p.m., the real property located at 175 Fifth Avenue, New York, New York, being the building commonly known as "The Flatiron Building," and described as follows: Block 851, Lot 1 on the tax map of the Borough of Manhattan, and more particularly described as follows:

ALL that certain plot, piece, or parcel of land, lying and being in the Borough of Manhattan, County, City, and State of New York, and being more particularly bounded and described as follows:

BEGINNING at the corner formed by the intersection of the northerly side of East 22nd Street and easterly side of Fifth Avenue.

THENCE easterly along the northerly side of East 22nd Street, 85 feet 6 inches to the westerly side of Broadway.

THENCE northerly along the westerly side of Broadway, 214 feet 6 inches to the southerly side of Madison Square South;

THENCE westerly along the southerly side of Madison Square South, 2 feet to the easterly side of Fifth Avenue;

THENCE southerly along the easterly side of Fifth Avenue, 197 feet 6 inches to the point or place of BEGINNING.

The Premises will be sold subject to the provisions of the said Interlocutory Judgment and Terms of Sale, which may be reviewed on the New York County Supreme Court's electronic docket under Index Number 654176/2021. The purchaser shall pay the charge for recording the deed to be given by the Referee, any charge or tax (excluding any applicable real property transfer taxes) upon the delivery or recording of said deed, and the reasonable charge of the Referee for drawing the deed. The reasonable costs of the Referee's actions are expenses of the sale and shall be paid by the Referee from the proceeds of the sale. At the conclusion of the auction sale, the successful bidder will be required to agree to be bound by the terms of the Interlocutory Judgment and Terms of Sale, including but not limited to the terms specifying the successful bidder's liability for damages in the event of a default; and to the payment of ten percent (10%) of the amount of the successful bid as detailed in the Interlocutory Judgment and Terms of Sale. Please consult the Interlocutory Judgment and Terms of Sale for other conditions applicable to this auction. PETER A. AXELROD, ESQ., Referee 260 Madison Avenue, 15th Floor New York, New York 10016

TECHNOLOGY & MEDIA

ChatGPT Mania Lures Enterprise Startups

By ANGUS LOTEN

Enterprise software startups are racing to put the technology popularized by OpenAI's viral ChatGPT chatbot to use in business software applications, hoping to leverage market buzz over the tool's humanlike language abilities to grab the attention of corporate technology leaders and investors.

Venture-capital investors worldwide last year put \$1.3 billion over 78 deals into startups developing generative AI software, the technology underlying ChatGPT and other language-recognition applications, according to market analytics firm PitchBook Data Inc. That is close to the total amount of capital invested in similar startups over the previous five years combined—and came amid a broader slowdown in deal making, the firm said.

Two of the largest venture-capital deals across all sectors in the fourth quarter were for generative AI startups. Jasper, an Austin, Texas-based marketing and promotions content-generation platform, in October announced a \$125 million Series A funding round at a \$1.5 billion valuation, led by Insight Partners with participation by Coatue and Bessemer Venture

Partners. That same month, Stability AI, a generative AI startup with offices in London and San Francisco, announced a \$101 million seed round led by Coatue, Lightspeed Venture Partners and O'Shaughnessy Ventures LLC.

Generative AI software is designed to produce wholly new text, images and computer code from a few simple prompts by processing vast stores of data through an AI-enabled language model or

The generative AI market is expected to reach \$109.37 billion by 2030.

generative pre-trained transformer—the GPT in ChatGPT.

ChatGPT, a free generative AI chatbot launched in November by San Francisco software startup OpenAI, attracted more than 100 million monthly users in January, according to estimates by UBS Group AG. Since then, analysts say, more startups have sought to carry that momentum into the commercial market with enterprise apps

built on top of ChatGPT's language models or leveraging similar generative AI capabilities. "Most of the discussion has been around how generative AI works 'out of the box' since anyone can access a system set up for public use, directly on the internet," said Bret Greenstein, a partner at consulting firm PricewaterhouseCoopers LLP, who covers data, analytics and AI.

But beyond the current online craze, he said, countless enterprise software apps can be built by fine-tuning the tools' underlying language-recognition models with a company's own data. "Generative AI has crossed an important threshold in the last year," Mr. Greenstein said. "It has gotten very good at many of the tasks that knowledge workers perform in every industry."

All told, the global generative AI market is expected to reach \$109.37 billion by 2030, growing at a compound annual rate of 34.6% over the next seven years, according to market research firm Grand View Research Inc. While many companies are taking steps on their own to integrate ChatGPT into existing tech stacks, startups are hoping to also sell them on a range of customized tools.



An elementary student in Lexington, Ky., tries to determine which texts were written by a chat bot.

TIMOTHY D. EASLEY/ASSOCIATED PRESS

"We are working with customers across the board, from ride-hailing companies to sports franchises, from appraisers to technology companies, and indeed, the banking, finance, and insurance brands," said PD Singh, vice president of software products at SambaNova Systems Inc., a generative AI startup based in Palo Alto, Calif. SambaNova, an early developer of the pre-trained foundation models that underpin language-recognition technology, recently launched a suite of "enterprise-ready" generative AI systems that includes ChatGPT chatbots trained specifically for banks, law firms, healthcare providers and other sectors, Mr. Singh said.

The six-year-old startup's

last fundraising round was a \$676 million Series D round in April 2021, which lifted its private-market valuation above \$5 billion. New and returning investors included Temasek, GIC, Intel Capital, GV, and funds and accounts managed by BlackRock.

Given complaints that ChatGPT can produce false or unintelligible output, Mr. Singh said he recommends companies test new generative AI tools in a staged manner, introducing them initially to a small set of users, rather than a full rollout across the enterprise.

Typeface, a San Francisco generative AI startup that makes software designed to generate customized marketing and other promotional ma-

terials, recently unveiled a \$65 million oversubscribed seed round, including funding by Lightspeed Venture Partners, GV, Microsoft Corp.'s venture fund M12, and Menlo Ventures.

Abhay Parasnis, Typeface's chief executive, said the startup uses multiple generative AI platforms, including GPT and Stable Diffusion, to build custom AI models for each corporate customer. "We built an enterprise-grade application from day one," he said, adding that current users include marketing, advertising, sales, human resources and customer support departments at businesses across industries.

◆ **Heard on the Street: Tech titans chip in on AI..... B12**

Musk Blames 'Brittle' Software for Brief Twitter Outage

By JENNIFER CALFAS

Elon Musk said the latest Twitter Inc. disruption Monday demonstrated the need for the social-media company to completely rewrite some of the software underpinning the platform.

The outages and issues some users experienced Monday resulted from an internal change on the platform that created unintended problems, the company said in a tweet.

"The code stack is extremely brittle for no good reason," Mr. Musk, who acquired the platform last year, said in a tweet Monday. "Will ultimately need a complete rewrite."

The Twitter Support account said in a tweet after 12 p.m. ET Monday parts of the platform weren't working as usual due to the internal change. Less than an hour later, Twitter Support said the platform "should now be

working as normal."

Some users said they had issues loading images and clicking on links through the platform. Some received an error message when trying to use the social-media site that read, "Your current API plan does not include access to this endpoint."

API refers to the platform's application programming interface. Last month, Twitter said it would start charging for a basic tier API access, which allows

developers to analyze some internal data and build tools with it. "A small API change had massive ramifications," Mr. Musk said in a tweet.

Data from Downdetector, which tracks internet outages, showed a spike in reported outages on the platform around noon Monday. There were more than 10,000 reports of problems around 12 p.m. ET. That number fell to just over 500 about an hour later, according to Downdetector.

Since taking over the company in October, Mr. Musk has been rapidly transforming both its user experience and its internal ranks. Changes on the platform include a new version of the algorithmic-based feed, the Twitter Blue subscription service and tweet view counts.

Mr. Musk has also laid off thousands of employees as part of a broader cost-cutting effort. The shrinking staff at the social-media site has come

into the focus amid several outages and other disruptions over the past few months.

Twitter has a history of technical issues that predate Mr. Musk. And while the site largely keeps running, some employees have told The Wall Street Journal they have been trying to fill the gaps left by their laid-off colleagues, making it more difficult to solve technical problems.

Twitter didn't respond to a request for comment Monday.

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Mr. Perry has made more than a dozen television series and more than 20 movies.

JAMIE MCCARTHY/GETTY IMAGES

Perry Eyes Majority BET Stake

Continued from page B1

Walt Disney Co.'s Disney+, Netflix Inc. and Warner Bros. Discovery Inc.'s HBO Max.

Earlier this year, the company decided to fold its Showtime streaming service into Paramount+ and rebrand the Showtime premium channel as "Paramount+ With Showtime," as The Wall Street Journal earlier reported.

The company has said it made the move to help lower costs and present one signature streaming service in a crowded streaming market.

Although BET and its streaming service BET+ have strong brands, it would be challenging to fold that service into Paramount+, because Mr. Perry owns the minority stake in the streaming platform, people familiar with the matter said.

If the company does sell the stake, it intends to maintain a commercial relationship with BET, said one of the people.

Mr. Perry is a prolific producer who has made more than a dozen television series and more than 20 movies. His credits include the "Madea" movie franchise and television shows such as "Sistas" and "Meet the Browns."

Byron Allen, a media entrepreneur whose Allen Media Broadcasting owns such

Paramount declined to sell Showtime despite a strong offer for the channel.

assets as the Weather Channel and several local television stations said through a spokesman that he is also interested in acquiring control of BET.

BET Studios, a production arm of BET, also has minority stakeholders including producers Kenya Barris, Rashida

Jones and Aaron Raahsaan Thomas.

Paramount had about 56 million subscribers to Paramount+ as of Dec. 31, and another 21.4 million subscribers to its smaller subscription streaming services, such as its Showtime streaming service and BET+.

The company doesn't break out subscriber figures for BET+ specifically.

Founded in 1980 by Robert Johnson with backing from cable mogul John Malone, Black Entertainment Television was the first national programming service primarily targeting Black viewers. Viacom, which is now called Paramount Global, acquired BET in 2000 for \$2.3 billion in stock and the assumption of \$570 million in debt.

Besides looking to unload assets that may prove challenging to incorporate into Paramount+, Paramount Global wants to shore up its balance sheet.

Paramount has said the company expects 2023 to be the peak year in spending and that next year the company will hit positive cash flow and earnings growth.

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.

Footnotes:
+ New 52-week high
- New 52-week low
dd-Indicates loss in the most recent four quarters.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.
Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Table of stock symbols and prices, including columns for Stock, Sym, Close, Net Chg, and various financial metrics.

Table of stock symbols and prices, including columns for Stock, Sym, Close, Net Chg, and various financial metrics.

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.

Monday, March 6, 2023. Table of stock symbols and prices, including columns for Stock, Sym, Close, Net Chg.

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Advertisement for Omaha Steaks featuring a large image of a steak and promotional text: '100% Guaranteed Everyday Perfection', 'What's for dinner? Pure perfection. Like our extra-aged, juicy, and tender steaks, bigger and better burgers, and a feast of other favorites.'

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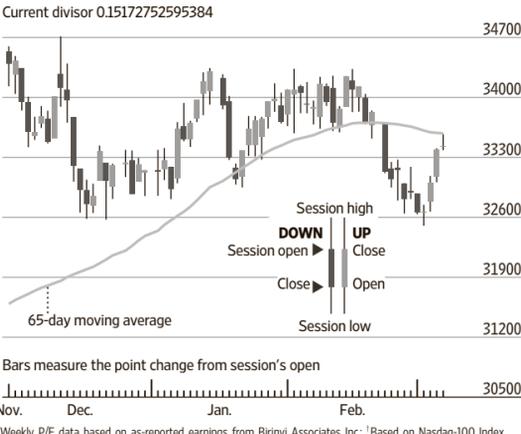
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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

33431.44 ▲40.47, or 0.12%
High, low, open and close for each trading day of the past three months.



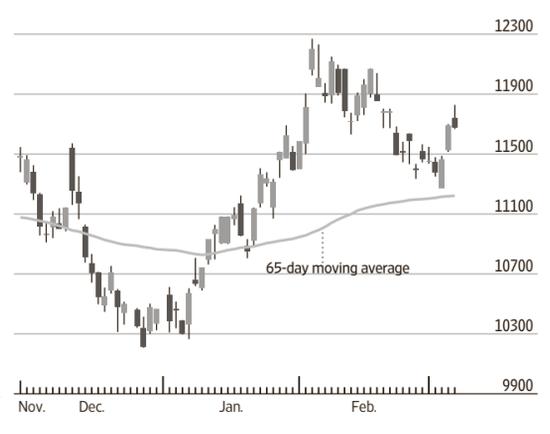
S&P 500 Index

4048.42 ▲2.78, or 0.07%
High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

11675.74 ▼13.27, or 0.11%
High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

Table with columns for Index Name, High, Low, Close, Net chg, % chg, 52-Week High, Low, % chg, YTD % chg, 3-yr. ann. % chg. Includes Dow Jones, Nasdaq Stock Market, S&P, and Other Indexes.

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services...

Most-active issues in late trading

Table listing companies like Vale ADR, SPDR S&P 500 ETF Trust, Amazon.com, Invesco QQQ Trust I, Bank of America, iSh MSCI Emerging Mkts, Merck, and Apple with their late trading volume and price changes.

Percentage gainers...

Table listing companies like ATA Creativity Gbl ADR, Southland Holdings, WW International, TrueCar, Ocular Therapeutix, Cara Therapeutics, Appreciate Holdings, Grindr, Ambrx Biopharma ADR, and Ceco Environmental with their percentage gains.

Trading Diary

Volume, Advancers, Decliners

Table showing trading volume, advancers, and decliners for NYSE and NYSE Arca, including closing arms and block trades.

International Stock Indexes

Table listing international stock indexes by region/country, including MSCI ACWI, Euro STOXX, Nikkei 225, etc., with their latest values and changes.

Percentage Gainers...

Table listing percentage gainers among international stocks, including Ambrx Biopharma ADR, Genulux, Orchestra BioMed Holdings, etc.

Most Active Stocks

Table listing most active stocks by volume, including Troika Media Group, Mullen Automotive, Exela Technologies, etc.

Percentage Losers

Table listing percentage losers among international stocks, including Aclaris Therapeutics, Embark Technology, ProSh Ult Bbg Nat Gas, etc.

Volume Movers

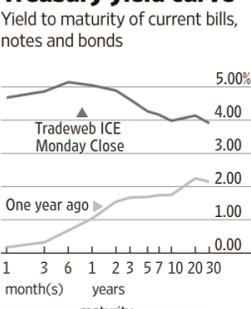
Table listing volume movers ranked by 65-day average volume, including High Yield ETF, TrueShrs Low Vol Equity, Investcorp Europe I CIA, etc.

CREDIT MARKETS

Consumer Rates and Returns to Investor

Table showing U.S. consumer rates (Federal funds target, Prime rate, etc.) and selected rates (5-year CDs) from various banks.

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table showing corporate borrowing rates and yields for U.S. Treasury, Aggregate, Fixed-Rate MBS, High-Yield 100, Muni Master, and EMBI Global.

CURRENCIES & COMMODITIES

Currencies

Table showing U.S.-dollar foreign-exchange rates in late New York trading for various countries like Argentina, Brazil, Canada, etc.

Commodities

Table showing commodity prices for DJ Commodity, Refinitiv/CC CRB Index, Crude oil, Natural gas, and Gold.

COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Metal & Petroleum Futures

Table with columns: Open, Contract (High, Low, Settle), Chg, Open interest. Rows include Copper-High, Gold, Palladium, NY Harbor ULSD, Gasoline, Natural Gas, Corn, Soybeans, Soybean Meal, Soybean Oil, Rough Rice, Wheat, and other commodities.

Table with columns: Open, Contract (High, Low, Settle), Chg, Open interest. Rows include Cattle-Feeder, Cattle-Live, Hogs-Lean, Lumber, Milk, Cocoa, Coffee, Sugar-World, Sugar-Domestic, Cotton, and Orange Juice.

Interest Rate Futures

Table with columns: Open, Contract (High, Low, Settle), Chg, Open interest. Rows include Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, 5 Yr. Treasury Notes, 2 Yr. Treasury Notes, 30 Day Federal Funds, 10 Yr. Del. Int. Rate Swaps, Three-Month SOFR, and Eurodollar.

Currency Futures

Table with columns: Open, Contract (High, Low, Settle), Chg, Open interest. Rows include Japanese Yen, Canadian Dollar, and British Pound.

Agriculture Futures

Table with columns: Open, Contract (High, Low, Settle), Chg, Open interest. Rows include Corn, Oats, Soybeans, Soybean Meal, Soybean Oil, and Rough Rice.

Cash Prices | wsj.com/market-data/commodities

Monday, March 6, 2023

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table with columns: Monday, Monday, Monday. Rows include Energy (Coal, Oil), Metals (Gold, Silver, Copper), Fibers and Textiles, Grains and Feeds, Food, and 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=Soiland National Energy; S=Platts-TSI; T=Tootlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 3/3

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

March 6, 2023

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Table with columns: Inflation (Jan. Index, Chg From), Policy Rates (Euro zone, Switzerland, Britain, Australia), Overnight repurchase (U.S.), U.S. government rates, Discount, Federal funds (Effective rate), Prime rates (U.S., Canada, Japan).

Key Interest Rates

Data are annualized on a 360-day basis. Treasury yields are per annum, on actively traded noninflation and inflation-indexed issues that are adjusted to constant maturities. Data are from weekly Federal Reserve release H.15.

Table with columns: Week Ended, 52-Week High, 52-Week Low. Rows include Federal funds (effective), Commercial paper (Nonfinancial, Financial), Discount window primary credit, Treasury yields at constant maturities, and TIPS.

Notes on data: Federal-funds rate is an average for the seven days ended Wednesday, weighted according to rates on broker trades; Commercial paper rates are discounted offer rates interpolated from sales by discounted averages of dealer bid rates on nationally traded certificates of deposit; Discount window primary credit rate is charged for discounts made and advances extended under the Federal Reserve's primary credit discount window program; rate is average for seven days ended Wednesday; Inflation-indexed long-term TIPS average is indexed and is based on the unweighted average bid yields for all TIPS with remaining terms to maturity of 10 years or more.

Table with columns: Week, 52-Week High, 52-Week Low. Rows include High, Low, Bid, Offer.

Table with columns: Treasury bill auction (4 weeks, 13 weeks, 26 weeks), Secondary market (Fannie Mae 30-year mortgage yields, 30 days, 60 days).

Table with columns: Other short-term rates (Call money, Commercial paper (AA financial), Libor, Secured Overnight Financing Rate).

Table with columns: DTCG GCF Repo Index (Treasury, MBS).

Notes on data: U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective February 2, 2023. Other prime rates aren't directly comparable; lending practices vary widely by location; Discount rate is effective February 2, 2023. Secured Overnight Financing Rate is as of March 3, 2023. DTCG GCF Repo Index is Depository Trust & Clearing Corp's weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Federal-funds rates are Tullett Prebon rates as of 5:30 p.m. ET.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCG; FactSet; Tullett Prebon Information, Ltd.

Table with columns: Open, Contract (High, Low, Settle), Chg, Open interest. Rows include Swiss Franc, Australian Dollar, Mexican Peso, Euro, and U.S. Dollar.

Index Futures

Table with columns: Open, Contract (High, Low, Settle), Chg, Open interest. Rows include Mini DJ Industrial Average, March, June.

Table with columns: Open, Contract (High, Low, Settle), Chg, Open interest. Rows include Mini S&P 500, Mini S&P Midcap 400, Mini Nasdaq 100, Mini Russell 2000, Mini Russell 1000, U.S. Dollar Index.

Source: FactSet

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 with columns: Total return close, YTD total return (%), Index, Yield (%), Latest, Low, High. Rows include Broad Market, U.S. Corporate Indexes, High Yield Bonds, Global Government.

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds. †In local currency. ‡Euro-zone bonds. **EMBI Global Index. Sources: ICE Data Services; Bloomberg Fixed Income Indices; J.P. Morgan

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 with columns: Country, Maturity, Yield (%), Spread Under/Over U.S. Treasuries, in basis points. Rows include U.S., Australia, France, Germany, Italy, Japan, Spain, U.K.

Source: Tullett Prebon, Tradeweb | © 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 with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Current, Spread*, in basis points, One-day change, Last week. Rows include HSBC Holdings, Celanese, Amazon.com, Credit Suisse, Bank of America, Duke Energy, ING Groep, Ascension Health Alliance.

...And spreads that widened the most

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Current, Spread*, in basis points, One-day change, Last week. Rows include Macquarie Bank, Bank of Montreal, Procter & Gamble, Royal Bank of Canada, Toronto-Dominion Bank, Goldman Sachs, Nomura Holdings, Philip Morris International.

High-yield issues with the biggest price increases...

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Current, Bond Price as % of face value, One-day change, Last week. Rows include Royal Caribbean, Hughes Satellite Systems, Telecom Italia Capital, Nordstrom, United Airlines Holdings, Intelsat Jackson Holdings, Carnival, Commerzbank.

...And with the biggest price decreases

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Current, Bond Price as % of face value, One-day change, Last week. Rows include Occidental Petroleum, Dish DBS, Liberty Interactive, Sprint Capital, Xerox, Navient.

*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 2-spread. Note: Data are for the most active issue of bonds with maturities of two years or more

Source: MarketAxess

BANKING & FINANCE

Japan Still Buys Treasuries, State Weighs New CPA Paths

By ERIC WALLERSTEIN

Japan's rebounding appetite for U.S. Treasuries supported shaky bond markets early this year. Now, investors worry it might be growing satiated.

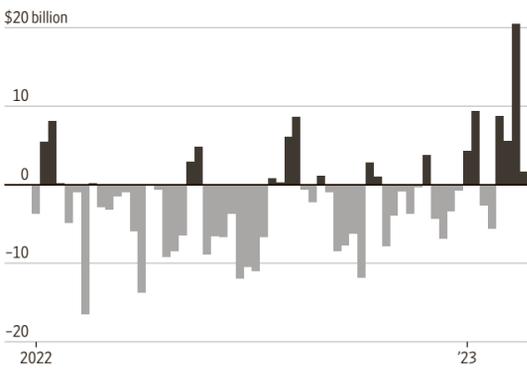
Japanese investors bought the most long-term foreign bonds in the week ended Feb. 17 since the onset of Covid-19, according to Japan Ministry of Finance data. Institutional investors—comprising banks, life insurers and pensions—added nearly \$21 billion to their foreign bondholdings. The next week, that fell to \$1.6 billion.

Last year, the Federal Reserve's interest-rate increases weakened the yen and lifted the cost of hedging against currency fluctuations for Japanese investors buying U.S. assets. That drove many to unload U.S. bonds, in a shift from years of purchases that made Japan the world's largest foreign holder of Treasuries. Now, investors are growing worried the selling will resume, especially with Treasury yields hurtling toward decade-plus highs.

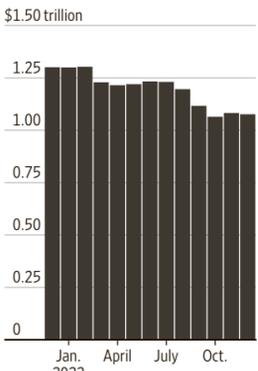
In recent years, the Fed and Japanese investors have buoyed the Treasury market. The central bank bought heaps of U.S. Treasuries after the 2008-09 financial crisis—and more recently, during the Covid-19 pandemic—to keep rates depressed and spur economic growth. With the Fed running down its balance sheet to tighten financial conditions, the return of Japanese buying helped pull down yields.

"Foreign investors have historically been a significant sponsor of the Treasury mar-

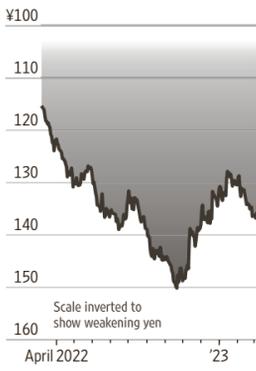
Net foreign-bond purchases by Japanese private investors



Japan holdings of U.S. Treasuries



How many Japanese yen U.S. \$1 buys



Sources: Exante Data, Japan Ministry of Finance (foreign-bond purchases); Treasury Department (Japan holdings); Tullett Prebon (exchange rate)

ket," said Michael de Pass, head of linear rates trading at Citadel Securities. "The bond market has been weaning itself off that demand in recent years, but mainly because the Fed stepped in."

Without that support, Americans could be on the hook for higher borrowing costs on everything from single-family mortgages to business loans. Foreign investment by Japan-based institutions pri-

marily targets U.S. assets, International Monetary Fund data show. Treasuries have long provided a way for Japanese investors to earn income—until the Fed's tightening campaign threw a wrench in that trade.

Interest-rate increases strengthened the dollar against the yen and lifted yields on short-term bonds above those on longer-dated ones, a condition known as an inverted yield curve. Factoring in the cost of protecting against swings in currency markets, that made long-term U.S. bonds less attractive to Japanese investors. The Japanese government likely also unloaded some of its holdings in its efforts to prop up the yen.

Japan's stash of Treasuries has dwindled below \$1.1 trillion as of year-end from \$1.3 trillion a year ago, Treasury Department data show. That marks its lowest since early 2019.

Not all overseas investors are subject to hedging restraints: Japanese pensions—mostly comprising the \$1.4 trillion Government Pension Investment Fund—buy foreign bonds without protecting against currency fluctuations.

"There's a strong suspicion that the recent surge in foreign-bond purchases by Japanese investors stemmed from pensions buying long-dated Treasuries," said Alex Etra, a senior macro strategist at Exante Data Inc. "But as long as hedging costs remain prohibitive, the structural flow of Japanese investment into Treasuries will likely be diminished relative to recent years."

By LINDSAY ELLIS

Accounting, a profession focused on numbers, is vexed by this one: the 150 college credit hours required to become a certified public accountant.

The shortage of accountants in the U.S. has firms boosting salaries and sending work abroad. The cost of accounting work has been rising and some firms are turning away audit work because they can't find enough CPAs. Efforts to recruit more students into the field have become a near-constant conversation among CPAs and industry groups.

One sticking point, some in the profession say, is that would-be CPAs need to attend college for five years to amass the 150 hours of college credit required to get their license. That standard gained traction in the 1990s as states boosted education requirements from a traditional 120-hour, four-year bachelor's degree. Some in the industry say the extra time in school and the expense are keeping students from entering the field. Accounting or financial courses aren't required during the fifth year, and many students take unrelated classes, accountants say.

For that reason, legislators in Minnesota are considering bills that would reduce the credit hours needed. The move sparked debate among national CPA groups that say states need to meet the national standard for accountants to be able to service clients around the U.S., and others who say the profession needs to be more flexible. CPA licenses also require work experience and passing a test.

"We don't have enough students coming in. We have to be able to solve that problem," said Robert Cederger, incoming board chair at the Minnesota Society of Certified Public Accountants. His group helped draft the legislation, introduced by a bipartisan group of lawmakers last month. The bills, which are in committee in the state Senate and House of Representatives, seek to allow graduates to skip the fifth year. Instead, four-year degree holders could take one of two paths: get two years of professional experience and

take the CPA exam or get one year of work experience, take 120 hours of professional-education courses, and take the CPA test. (They could also complete the current path of 150 hours of college credit.)

The bills face staunch opposition from national industry groups, including the Association of International Certified Professional Accountants, a trade organization. The group says adjusting the requirements would mean CPAs licensed in Minnesota couldn't practice outside the state. Big accounting firms, some groups say, need accountants who can practice nationally because they have clients from coast to coast.

Support for the 150-hour rule grew in the 1980s and means CPAs are better prepared to enter the field when they graduate, said Susan Coffey, chief executive of public accounting for AICPA. "It's clearly a hurdle of entry into our profession, but it's a purposeful hurdle," she said.

Ohio law has for decades allowed CPAs to get licensed without 150 hours, said Scott

Minnesota legislators are considering bills to reduce the credit hours needed.

Wiley, president and chief executive of the Ohio Society of CPAs. In Ohio, people can obtain a license with 120 hours of college credits, four years of work experience, a score of 670 or higher on the Graduate Management Admission Test and passing the CPA exam, he said, and Ohio accountants have had no barriers to practicing nationally.

In New Jersey, a pilot program is under way that substitutes a year's work for the traditional fifth year of course work; students would earn college credit hours on the job.

Saint Peter's University and PricewaterhouseCoopers LLP are testing that program. The company is covering students' tuition for 30 credit hours at Saint Peter's while they work for the accounting firm.

Plan on Individual Traders Faces Pushback

By ALEXANDER OSIPOVICH

Brokerage giant Charles Schwab, electronic trading firm Citadel Securities and the New York Stock Exchange are asking their regulator to back off its plans to overhaul the way the U.S. stock market handles individual investors' trades.

In a joint letter released

Monday, the firms urged the Securities and Exchange Commission to drop two of the four proposals it unveiled in December and to significantly amend a third one.

The letter is the latest sign that Wall Street will push back against the proposals, which emerged from a review of the trading frenzy in GameStop in

early 2021.

"We are deeply concerned that the commission has simultaneously issued multiple far-reaching proposals that would dramatically overhaul current market structure without adequately assessing the cumulative impact on the market or the potential for unintended consequences," the firms wrote.

The three firms urged the SEC to withdraw its proposal to route many retail stock trades into auctions, as well as another proposal that spells out the obligations that brokers face when executing client trades.

SEC Chair Gary Gensler indicated last week that he was skeptical of Wall Street's opposition to his plans.

Business Hotels Face Default Risk

Continued from page B1

ners. No one knows how those assets will be repriced in the future, he said. "You compound that with higher interest rates, inflation and recessionary fears. You have multiple factors that are impacting lenders' conservatism," Mr. Shinder said.

Hotels were hit hard by the pandemic, but the sector benefited from government relief money and lenders willing to negotiate easier terms to help

them get through the crisis. Now, rising interest rates and slowing economic growth are exposing some hotels that remain in bad shape and potentially pushing them into default. Tens of billions of loans backed by hotel properties as collateral are coming due in the next two years. Roughly \$30.9 billion, or about 30% of the \$101.63 billion securitized hotel loans in the U.S., are set to mature by 2024, according to commercial-real-estate brokerage firm Newmark Group Inc.

Hotels are often financed by floating-rate loans with three-year terms, while loans for offices or retail centers are typically much longer, sometimes reaching 20 years. That means hotel owners are more exposed to a sudden interest-rate increase and have to refi-



The W Chicago City Center in the city's business district, the Loop.

nance debt more frequently. The Federal Reserve has raised rates at the most rapid rate since the early 1980s to com-

bat inflation. But lenders that offered loan extensions or forbearances in the early days of the

pandemic are less likely to lend to the same borrowers because of economic uncertainties facing those hotels, said Michelle Russo, founder and chief executive of hotelAVE, a consulting firm focused on the hospitality industry that has provided services to roughly 1,000 hotels and manages more than 70 of them.

Ms. Russo said one of hotelAVE's client hotels "got a letter from the bank saying, 'We just want you to know, nine months out, we are not renewing [your loan]. Don't come to us.'"

As many as 10 hotel owners in the U.S. filed for bankruptcy this January, compared with just two in January 2022, according to New Generation Research Inc., a data provider on corporate bankruptcies. Recent bankruptcies included

two large hotels in Manhattan, a Holiday Inn in the Financial District and a Crowne Plaza in Times Square.

Roughly 40% of delinquent hotel loans in the U.S. are backed by hotels in Midwestern states including Illinois, Indiana, Minnesota and Ohio, according to Newmark.

W Chicago City Center, a roughly 400-room hotel in the city's main business district, the Loop, has a \$75.5 million loan that was scheduled to be paid off this summer, according to credit-rating firm DBRS Morningstar. Its owner, Park Hotels & Resorts Inc., defaulted on the loan amid the pandemic and negotiated with special servicer LNR Partners LLC to pay only interest on the loan until its maturity when the company is expected to pay off the loan in full.

New Highs and Lows

Table with columns for Stock, 52-Wk % High/Low/Chg, and various stock symbols like SoundPoint, SPMU, etc.

Table with columns for Stock, 52-Wk % High/Low/Chg, and various stock symbols like Aptom, APM, etc.

Table with columns for Stock, 52-Wk % High/Low/Chg, and various stock symbols like ContraFect, CRFX, etc.

Table with columns for Stock, 52-Wk % High/Low/Chg, and various stock symbols like LifeCoreBiomed, LFCR, etc.

Table with columns for Stock, 52-Wk % High/Low/Chg, and various stock symbols like Persco, PRSO, etc.

Mutual Funds

Table with columns for Fund, Net YTD % Chg, and various fund names like Fidelity Freedom, etc.

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MARKETS

Alameda,
FTX Sue
Grayscale
Over Fees

BY VICKY GE HUANG

The managers steering failed crypto exchange FTX and its sister trading firm Alameda Research through chapter 11 bankruptcy have sued crypto asset manager Grayscale Investments, alleging that it overcharged management fees and improperly prevented investor redemptions of its bitcoin and Ethereum trusts.

In a lawsuit filed on Monday, Alameda accused Grayscale of violating trust agreements by charging \$1.3 billion in management fees and refusing to allow investors to redeem shares of the two trusts for bitcoin and ether. Alameda alleged that Grayscale's actions caused the two trusts to trade at a nearly 50% discount to their net asset value, according to the complaint.

A Grayscale spokeswoman called the suit "misguided."

If Grayscale cuts fees and allows redemptions, Alameda's holdings of the two trusts would be worth at least \$550 million, about 90% more than their current value, the suit said.

The \$14 billion Grayscale Bitcoin Trust was trading at a 45% discount to its net asset value on Friday, while the \$4.7 billion Grayscale Ethereum Trust was trading at a 54% discount to its net asset value, according to YCharts.

Grayscale has been trying to convert its bitcoin trust into an exchange-traded fund in hopes that would help narrow or close the discount. The Securities and Exchange Commission has so far rejected Grayscale and others' spot bitcoin ETF applications on the grounds that such products are vulnerable to fraud and market manipulation. In June, Grayscale sued the SEC. The District of Columbia Court of Appeals is scheduled to hear oral arguments in Grayscale's lawsuit Tuesday.

Dow, S&P Edge Up, Nasdaq Falls

Investors look ahead to Fed Chair Powell's talk and Friday's report on labor market

BY ANNA HIRTENSTEIN
AND SAM GOLDFARB

Stocks treaded water, with investors awaiting Fed Chair Jerome Powell's congressional testimony on Tuesday and important labor-market data at the end of the week.

The S&P 500 inched up 2.78 points, or 0.1%, to 4048.42, and the Dow Jones Industrial Average added 40.47 points, or 0.1%, to 33431.44. The Nasdaq Composite slipped 13.27 points, or 0.1%, to 11675.74. Stocks opened the session modestly higher before paring their advance in afternoon trading.

All three major indexes climbed last week, with the Dow breaking a four-week losing streak. The indexes, however, are still down from their recent highs in February, when a string of economic reports suggested that the economy is stronger, and inflation is hotter, than many investors had previously believed.

As a result of those reports, many investors are less confident now that the U.S. will enter a recession this year. But they also have become more concerned that the Fed will leave interest rates higher for longer. That has hurt stocks by

in part increasing the relative attractiveness of ultrasafe assets such as U.S. Treasury bills.

It has also raised anxieties that a ramped-up effort by the Fed to bring down inflation might ultimately cause a more painful recession down the road, crimping corporate earnings when a downturn finally does arrive.

"Markets have been, and today are still, in a tug of war between hope and dread as to what the Fed might say or do," said Brian Jacobsen, senior investment strategist at Allspring Global Investments.

Investors are eagerly anticipating Mr. Powell's testimony before Congress on Tuesday and Wednesday because they will be his first public remarks since government agencies reported higher-than-expected inflation data last month. In recent appearances, Mr. Powell has struck relatively optimistic notes that inflation—while still too high and coming down only slowly—is finally in the process of easing toward the Fed's 2% annual target.

Investors will be watching to see whether last month's data have significantly altered Mr. Powell's view. Then on Friday, employment data will provide the most important look yet at how the economy developed in February, with investors counting on a slowdown from the torrid pace of job gains that were reported for January.

"It's the calm before the storm," said Fahad Kamal, chief investment officer at Kleinwort Hambros.

Shares of some technology giants, such as Apple and Microsoft, were a bright spot.

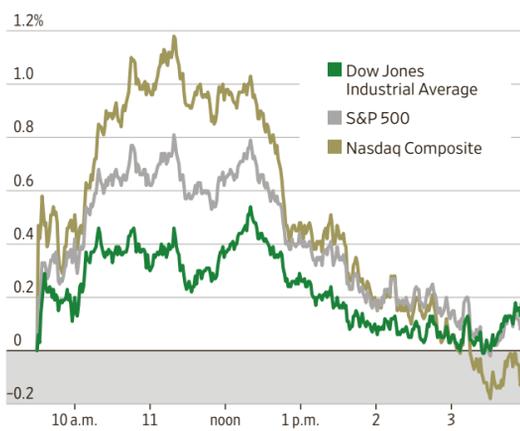
Apple's stock climbed \$2.80, or 1.9%, to \$153.83. On Sunday, Goldman Sachs analysts started coverage of the shares with a buy rating and a \$199 price target over the next 12 months.

Mining stocks were among the worst performers after China set an economic-growth target for this year at 5%, the



Apple shares climbed 1.9% Monday after Goldman Sachs placed a buy rating on the stock.

Index performance Monday



Source: FactSet

lowest in more than a quarter-century. Shares in copper and gold mining company Freeport-McMoRan fell \$1, or 2.3%, to \$42.73, while oil-services giant Halliburton slipped 3 cents, or 0.1%, to \$38.86.

"I think some were surprised by the growth target not being punchier," said Arun

Sai, multiasset strategist at Pictet Asset Management. "China wants to focus on stability and sustainable growth rather than growth at any cost."

In the bond market, the yield on the benchmark 10-year U.S. Treasury note edged higher. It settled at 3.981%, ac-

ording to Tradeweb, compared with 3.962% Friday and 4.072% Thursday, its highest close since early November. Many stock-fund managers view the 10-year Treasury note as a benchmark risk-free investment.

That causes them to re-evaluate the prices of stocks when its yield stages major gains or losses or crosses key thresholds. Yields fall when bond prices rise.

In Europe, the Stoxx Europe 600 fell less than 0.1% after two sessions of gains.

Early Tuesday in Asia, stocks moved higher. Hong Kong's Hang Seng Index was up 1.7%, the Shanghai Composite and South Korea's Kospi were each up 0.5% and Japan's Nikkei 225 was up 0.4%. S&P 500 futures rose 0.1%.

The Bank of Japan's next policy decision is due Friday. There is a higher chance of a policy change because it will be Gov. Haruhiko Kuroda's last meeting, some investors said.

"This meeting is significant, he may do something before he leaves," said Mr. Kamal.

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