

# THE WALL STREET JOURNAL.

## What's News

### Business & Finance

◆ **Investors are betting** the recent stock market rally has legs after a lightning-fast rebound drove the index up around 7% over the past two weeks, its best stretch of the year. Bulls are piling into funds that track U.S. shares and abandoning trades that would profit in times of market turmoil. **A1**

◆ **"The Marvels,"** Disney's latest superhero feature, landed with a thud at the box office only days after Chief Executive Bob Iger announced an ambitious overhaul of the entertainment giant's studio business. **B1**

◆ **The new era** of higher interest rates has reignited a debate over whether it is better for ordinary investors to buy individual bonds outright or through shares of bond mutual funds. **B1**

◆ **Former FTX executives,** including one who served as a key witness against Samuel Bankman-Fried, are teaming up to build a new cryptocurrency exchange that aims to solve the problems that doomed their previous employer. **B1**

◆ **The transition to green** energy is becoming more problematic while the oil-and-gas industry is embarking on a round of megadeals enabled by soaring profits. **B1**

◆ **The latest iteration** and first international installment of the NCIS franchise, "NCIS: Sydney," will make its debut on CBS on Nov. 14. **B1**

◆ **Canadian fashion and** retailing mogul Peter Nygard was found guilty in a Toronto court of four counts of sexual assault, concluding a six-week-long trial. **B3**

### World-Wide

◆ **Prime Minister Benjamin** Netanyahu of Israel rebuffed calls from the U.S. and some Arab leaders for the Palestinian Authority to govern Gaza after the war ends, deepening the divergence between Israel and the U.S. on a postwar plan for the enclave. **A1**

◆ **Israel said it was** pressuring Hamas to surrender its position inside Gaza's largest hospital as it engaged in intense fighting with militants that left thousands of displaced people stuck inside the complex with dwindling medical supplies, water and food. **A8**

◆ **Sen. Tim Scott** of South Carolina suspended his Republican presidential campaign after failing to catch momentum in a crowded field dominated by former President Donald Trump. **A3**

◆ **House Speaker Mike** Johnson unveiled a two-step short-term spending proposal that would keep money flowing to federal agencies into early next year, in a bid to stave off a partial government shutdown late next week. **A4**

◆ **The U.S. Army** overturned the convictions of 110 Black soldiers charged more than a century ago with mutiny, murder and assault in a riot when members of the 24th Infantry Regiment clashed with police and white residents of heavily segregated Houston. **A6**

◆ **Pope Francis** removed Bishop Joseph Strickland, one of his most vocal critics, and appointed Bishop Joe Vázquez of Austin as "apostolic administrator," or acting bishop, of Tyler, Texas. **A5**

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# Israel, U.S. Split on Gaza Plan

### Netanyahu rejects recommendation of governing role for Palestinian Authority

Prime Minister Benjamin Netanyahu of Israel rebuffed calls from the U.S. and some Arab leaders for the Palestinian Authority to govern Gaza after the war ends, deepening the divergence between Israel and the U.S. on a postwar plan

for the enclave. Netanyahu said on Sunday on CNN that "a civilian authority has to cooperate in two goals. One is to demilitarize Gaza, and the second is to de-radicalize Gaza. And I have to say that the Palestinian Authority has unfortunately failed on both counts."

Mahmoud Abbas, leader of the Palestinian Authority, has indicated he is willing to take over control of Gaza with the authority if Israel engages in

*By Anat Peled in Tel Aviv, Benoit Faucon in Ramallah, West Bank, and Rory Jones in Dubai*

talks about a long-term solution to the conflict.

Netanyahu, under pressure from his right-wing political base, hasn't offered an alternative, saying Israel wants to avoid governing Gaza and needs to maintain security

control over the strip after it defeats Hamas, which he has sworn to do.

The U.S. has said it prefers an "effective and revitalized" Palestinian Authority, based in the West Bank, as the solution for governance and security control in Gaza.

Arab and Muslim leaders, gathered in Saudi Arabia on *Please turn to page A8*

◆ **Israel presses Hamas to surrender hospital..... A8**



Israeli soldiers Sunday searched for human remains from the Oct. 7 attack by Hamas that killed more than 1,200 people in Israel.

# He Saved His Friends, Then Vanished

### Nepali student thwarted a Hamas grenade. His country is desperate to get him back.

*By Drew Hinshaw, Joe Parkinson and Krishna Pokharel*

Bipin Joshi watched the two grenades skid across the cement floor of the windowless room where he was hiding, shoulder-to-shoulder with 16 other student farmers from Nepal. Outside, the Hamas gunmen ma-

rauding through the orchards and dairy barn of Kibbutz Alumim were killing anyone they could find. The Nepalis had arrived in Israel just three weeks earlier, on a college program to tend orange and lemon groves. They were two days short of their first paycheck. Now, somehow, they were huddled against a wall, bracing for impact.

Bipin lunged forward, picked up one grenade and lobbed it to safety. But he wasn't able to reach the second in time. It exploded, throwing five of his friends to the floor, gravely injured.

By all accounts, the 23-year-old agricultural-science student and amateur rapper behaved heroically that day. He *Please turn to page A10*

# Rebound Whets Investors' Appetite For Stocks

### Fear of missing out again takes hold in markets with year-end rally in sights

*By Gunjan Banerji*

Investors are betting the recent stock market rally has legs after a lightning-fast rebound drove the index up around 7% over the past two weeks, its best stretch of the year.

Some have piled into funds tracking U.S. stocks, while others have abandoned trades that would profit in times of market turmoil. Many have slashed bearish wagers against the S&P 500 and tech-heavy Nasdaq-100 index, fearful of getting caught flat-footed if the big gains continue.

The Cboe Volatility Index, or VIX, known as Wall Street's "fear gauge," has plunged from its October highs and recently slid for eight consecutive sessions. It is a sign that traders are abandoning insurance-like contracts that would protect them from a stock swoon in the coming weeks, or expecting markets to stay placid.

"People are trying to position for a year-end rally at this point," said Zhiwei Ren, a portfolio manager at Penn Mutual Asset Management.

Ren said he took a cautious stance in markets for much of this year, concerned that a recession was right around the corner. The market advance has pushed him to rethink his approach. Recently, he scooped up some bullish bets tied to the S&P 500 in the options market to profit from any bigger gains that might come through the end of the year. Activity in such options *Please turn to page A2*

◆ **Investors put bonds back in play..... B1**

## INSIDE



**U.S. NEWS**  
Sen. Tim Scott suspends his Republican presidential campaign. **A3**



**BUSINESS & FINANCE**  
The shift away from oil and gas looks increasingly messy to achieve. **B1**

# FTX Founder's Parents Support Their Son, Face Own Legal Peril

*By Justin Baer*

Barbara Fried wanted to get close to her son.

During breaks in the month-long criminal fraud trial of her firstborn child, Sam Bankman-Fried, she would sometimes leave her seat and walk up to the railing that separated him from the gallery. Watching him and his lawyers, often in silence, she was just inches away yet no more able to in-

tervene on his behalf or prevent the conviction that many saw coming.

Joseph Bankman and Barbara Fried had hovered nearby when their son soared to prominence as the crypto industry's biggest star, and advised him as his company collapsed and the government made its case against him. And after a federal jury delivered a guilty verdict that could send him to prison for

decades, his parents are trying to prepare him for what comes next.

The couple maintain their son's innocence and are helping formulate grounds for an appeal. They visited him at a Brooklyn, N.Y., jail last Tuesday to assure him he has a life worth living, even if much of it *Please turn to page A6*

◆ **Former FTX executives plan crypto exchange..... B1**

## Are Oreos Stinting on The Creme?

### Snack maker says no, but consumers are on high alert

*By Jesse Newman*

Oreos have been an evening ritual for Shane Ransonet for years.

So he was confounded a few months ago when he opened a package and, as had long been his custom, jabbed a fork into a cookie's creme filling to dunk it into a glass of milk. The cookie broke.

Ransonet, a bottled-water salesman in New Iberia, La., showed his wife, Christine, the offending Oreo. Like others in the box, the twin chocolate wafers were smeared with just a thin coat of creme, far less, he said, than the typical blob he was used to. *Please turn to page A6*

# Oregonians Rethink Decriminalizing Drugs

*By Zusha Elinson*

EUGENE, Ore.—Soon after Oregon became the first state to decriminalize all drugs, Officer Jose Alvarez stopped arresting people for possession and began giving out tickets with the number for a rehab helpline.

Most of the people smoking fentanyl or meth on this city's streets balled them up and tossed them onto the ground.

"Those tickets frankly seemed like a waste of time," Alvarez said.

Nearly three years into an experiment that proponents hoped would spark a nationwide relaxation of drug laws, many in Oregon have turned against the decriminalization initiative known as Measure 110, which passed with 58% support in 2020.

People sprawled on sidewalks and using fentanyl with no fear of consequence have become a common sight in cities such as Eugene and Portland. Business owners and local leaders are upset, but so



Eugene, Ore., Officer Jose Alvarez has stopped handing out tickets for drug possession.

are liberal voters who hoped decriminalization would lead to more people getting help. In reality, few drug users are taking advantage of state-funded rehabilitation programs.

Change appears likely. A co-

alition of city officials, police chiefs and district attorneys recently called on the state Legislature to recriminalize hard drugs. A measure to do so is in the works for next year's ballot. A recent poll

found the majority of Oregonians support the idea.

The fundamental problem, according to law-enforcement officers and researchers, is that the threat of jail time *Please turn to page A2*



# U.S. NEWS



THE OUTLOOK | By Amara Omeokwe

## Leverage Fades for Low-Wage Workers

Low-wage workers were the labor market's surprise winners of the past few years. As employers clamored to hire from a limited pool of workers, Americans in lower-paying industries gained leverage to obtain some of the largest pay raises and perks. Government relief during the pandemic padded those workers' finances.

Now, that leverage is weakening. More workers are seeking jobs, and the economy is feeling the impact of the Federal Reserve's campaign to combat inflation. That has resulted in slower wage growth overall, but particularly at the lower end of the pay scale. Pandemic-era savings cushions are growing smaller.

Retailers are noticing low-income consumers pull back, and economists expect this to cool an exceptionally strong streak of consumer spending, though they don't see an outright bust.

Workers in the bottom quarter of the wage distribution received a 5.9% raise in October compared with a 7.2% increase in January, according to data from the Federal Reserve Bank of Atlanta.

Workers overall saw a smaller decline over the same time frame, from growth of 6.3% to 5.8%. The measure is based on the 12-month moving average of



median wage growth, on an hourly basis.

Average hourly wages in leisure and hospitality, often viewed by economists as a proxy for lower-wage work, were up 7% from a year earlier at the start of 2023, according to Labor Department data. That had eased to 4.5% by last month. Wage growth for private-sector workers overall slowed by a much smaller 0.3 percentage point over the same period.

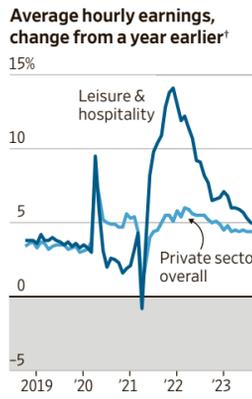
April Kuhlman, of St. Petersburg, Fla., benefited from tight labor-market conditions in recent years. She left a job at a quick-service restaurant in early 2021 for a job working at a spa. She initially made \$9 an hour at the front desk, then worked her way up to assistant manager by the end of

2022. Her pay at the spa has risen over time to \$21.

Yet in her new role recruiting and training new staff, Kuhlman, 33 years old, said she sees how much the hiring landscape has changed now from pandemic times, when the spa struggled to find workers. "We've been kind of flooded with résumés and people walking in to apply," she said.

Americans accumulated roughly \$2 trillion in excess savings during the pandemic. Forecasters expect the resulting boost to spending to fade as people exhaust that stash.

Going forward, low-income households, in particular, will instead have to rely more on income growth and borrowing to support spend-



ing, said Bob Schwartz, a senior economist at Oxford Economics.

Indeed, U.S. credit-card debt rose by \$154 billion in the third quarter from the same period in 2022, not adjusted for inflation, the largest increase on records back to 1999, according to the Federal Reserve Bank of New York. But borrowers are showing strain: The share of credit-card users who became newly delinquent, or 30 or more days behind on at least one account, was higher than the prepandemic average during the third quarter, according to New York Fed research. Delinquency rates are rising fastest in lower-income ZIP Codes, the research found. "Since they have less of a

cushion and less of a savings buffer, this will translate into slower spending," Schwartz said of low-income earners.

Some companies are seeing that already.

McDonald's Chief Executive Officer Chris Kempczinski said on an October earnings call that the company's share of industry traffic from low-income consumers, those with yearly incomes of \$45,000 or less, was down during the third quarter compared with a year earlier.

Foot Locker CEO Mary Dillon said in August that "the full weight of the macro environment on our lower-income consumer" became much more evident during the company's second quarter, affecting the back-to-school shopping season. Meanwhile, Gap in August said its Old Navy value brand was seeing continued slower demand from lower-income consumers. Budget airlines have also been seeing a pullback in demand.

While the fortunes of low-income households aren't as upbeat as they once were, they aren't going into reverse. Indeed, with inflation easing, wages have been rising faster than prices since mid-2023.

"What we really care about is changes in the standard of living," said Elise

Gould, senior economist at the left-leaning Economic Policy Institute. "How are low-wage workers doing? Their wage growth is coming down, but inflation has been coming down quite fast. And so they were beating inflation before, and they are still."

Arindrajit Dube, a professor of economics at the University of Massachusetts Amherst, and co-researchers found in a study that a tight labor market after the height of the pandemic led to disproportionate wage growth at the bottom.

Inflation-adjusted hourly earnings at the 10th percentile of the wage distribution rose 8.1% between January 2020 and June 2023, while those at the median rose by 1% and those at the 90th percentile fell by 1.5%, the researchers found. They estimate 40% of the rise in wage inequality since 1980 between the 10th and 90th percentiles has therefore been reversed.

Dube said wage inequality only narrowed a bit more between the third quarter of 2022 and the second quarter of 2023, but didn't reverse. "The reduction in wage inequality that we find seems to be leaving a more permanent mark, as opposed to something that lasted a few years and goes back to the way things were," Dube said.

## Investors See Rally Lasting

Continued from Page One hit one of the highest levels on record in November.

Behind the market's U-turn? Stocks and bonds got a double boost from Washington this month. The Treasury increased the size of longer-term debt auctions by a smaller amount than many had expected, and the Federal Reserve hinted that it likely won't raise interest rates again this year.

Government-bond yields, which have stirred much of the recent volatility, dropped after breaching 5% for the first time in 16 years in October, giving ammunition to the stock bulls. The S&P 500 is sitting on gains of 15% for 2023, while the Nasdaq Composite is up 32% after notching its best

day since May on Friday.

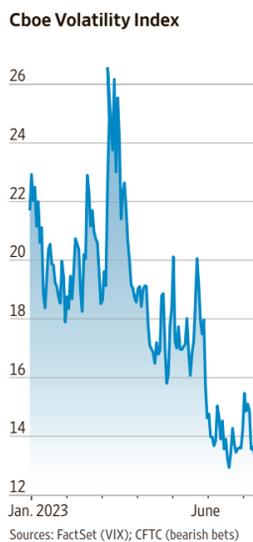
In the coming days, investors will parse the latest round of inflation data when the consumer-price index and producer-price-index figures are released Tuesday and Wednesday.

With just a few weeks left of 2023, the doomsday forecasts on the economy that Wall Street entered the year with don't seem to be panning out.

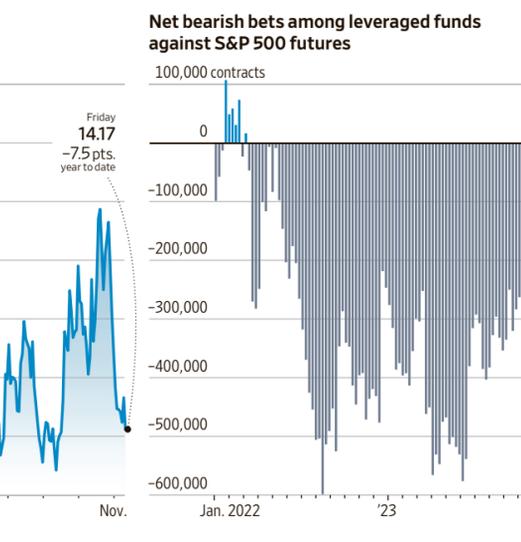
Charles Shriver, a portfolio manager at T. Rowe Price who oversees about \$50 billion in assets, said he kept a chunk of his portfolios in cash for much of the year and took advantage of the October market swoon to pour some of it into equities. He expects stocks to keep rising. "We would look for opportunities to add to equities," Shriver said.

U.S. stock exchange-traded and mutual funds drew around \$4.2 billion in the week ending Nov. 8, one of the biggest hauls this fall that capped a three-week stretch of inflows, according to LSEG Lipper Global Fund Flows.

Meanwhile, bearish bets by hedge funds and other money



managers against the S&P 500 recently fell to the lowest level since June 2022, according to data from the Commodity Futures Trading Commission. Bets against Nasdaq have slumped to the lowest level since March.



Individuals said they are growing more bullish about stocks. The share of investors who said they expected share prices to rise over the next six months jumped to 43% last week, a sharp rise from 24% a week prior, according to a sur-

vey by the American Association of Individual Investors. The share that said they were bearish nearly halved to 27%.

Jan Hatzius, a Goldman Sachs Group economist who has been among the most optimistic on Wall Street about

the U.S. economy, said in a recent note to clients that it has performed even better than he expected.

As yields have decreased, investors are also abandoning trades that would profit if the stock market's stars stumbled.

Bets that would pay out if the Magnificent Seven—Apple, Microsoft, Alphabet, Amazon.com, Nvidia, Tesla and Meta Platforms—declined are hovering near an all-time low, according to Bank of America data.

"If we are at the peak [in rates], then there is good times ahead" for stocks, said Dev Kantesaria, founder of Valley Forge Capital Management, which oversees around \$3 billion in assets.

Kantesaria said he is holding almost no cash in his portfolio and is all-in on stocks. He said his bullish view, in the face of dour warnings from many economists and analysts about the economy and markets, has paid off.

"I think to be a great equity investor, you have to be an optimist," Kantesaria said.

## Oregonians Rethink Drug Policy

Continued from Page One hasn't been replaced with a new incentive for people struggling with addiction to seek treatment. Some 6,000 tickets have been issued for drug possession since decriminalization went into effect in 2021, but just 92 people have called and completed assessments needed to connect them to services, according to the nonprofit that operates the helpline.

The only penalty for those who don't call is a \$100 fine, which is rarely enforced.

Before the law went into effect, people caught with small amounts of drugs were typically given a choice of court-mandated rehab or criminal sanctions such as jail time or probation.

"It was not a crazy thing to try at all, but I think they misunderstood addiction," said Keith Humphreys, a Stanford professor who has studied the measure. "They really had the assumption that if you decriminalize, people would come rushing in saying, 'Please, give me treatment,' but addiction is not like cancer where people crawl through broken glass to get treatment."

The number of fatal overdoses in Oregon during the 12 months that ended in May rose 23% from the same period a year earlier to 1,500, according to preliminary federal

data. That is the third-highest increase in the nation, behind Washington and Nevada.

Advocates of drug decriminalization blame Oregon's continued problems on nationwide trends, including the rise of deadly fentanyl and increased homelessness.

They say Measure 110 is succeeding at one goal: keeping people out of the criminal-justice system for drug possession. About 4,000 people were arrested for drug offenses in Oregon in 2022, down from 11,000 in 2020.

Rather than using the threat of jail time, advocates for decriminalization said they are persuading people to get treatment by having them talk to former drug users.

"When people access services voluntarily...that's really powerful and effective," said Tera Hurst, executive director of the Health Justice Recovery Alliance, a nonprofit focused on implementing Measure 110.

Chris Wig, executive director of Emergence Addiction and Behavioral Therapies in Eugene, said that although more people are getting peer support through programs funded by the measure, fewer are getting treatment. He said there has been a 25% drop in participation in Emergence's programs.

"There are people who were getting treatment before who are not getting it now," he said. "It's people who were involved in the criminal justice system."

Oregon was the first state to decriminalize possession of marijuana, in 1973. Taking the same pioneering approach to hard drugs in 2020 proved easy, as Measure 110 faced lit-

tle organized opposition.

Michelle Loew, a 56-year-old bookstore clerk in Eugene, voted for it enthusiastically. A Grateful Dead fan who has experimented with mind-altering substances, Loew long supported liberalizing Oregon's drug laws to be more like those of the Netherlands.

But as she watched public drug use flourish in this city of 175,000, she feared she had voted the wrong way.

"There is constant problems all over town—it doesn't matter where you live—with people strung out on drugs," said Loew, who described herself as a communist. "I pride myself on being a bit cynical, but obviously I was very naive."

Overdose calls to Eugene police rose to 823 last year from 438 in 2020. So far this year, there have been 858. Though researchers attribute the rise in overdoses to the prevalence of fentanyl rather than the decriminalization measure, the drug problem has become more visible than ever.

On a recent morning, Janina Rager, a community-engagement specialist with the Eugene police, roused a man who was sprawled in front of Gardner Floor Covering, a family-run store downtown. She asked him to leave and clean up the garbage that surrounded him, including bits of aluminum foil that are typically used as wrappers for meth or fentanyl.

The shop's owner, Matt Siegmund, said the number of people loitering and doing drugs in front of his store has doubled since the measure passed. Customers are scared to walk in now, he said. Each morning, his employees must clear the sidewalk of debris that often includes feces or needles.

"It just keeps getting worse," Siegmund said. "I feel like these people on the streets have more rights than I do."

On a recent weekday in downtown Portland, a man explained the varieties of fentanyl to a tourist who wanted to know what everyone was smoking off small squares of aluminum foil. There were dozens of people doing it in the area, some swaying like zombies, others

crumpled on the sidewalk.

The man said getting arrested three years ago motivated him to get clean. He got a job at a gas station and stayed sober because it was required while he was on probation. But as soon as he finished probation last fall, he was back on drugs.

"I didn't have a reason to keep clean and sober after that," he said.

Advocates for Measure 110 hope to have a more lasting effect by getting people into treatment voluntarily. Joe Bazeghi, director of engagement for Recovery Works Northwest, said his organization, which is funded under the new measure, is now setting up rehab facilities for people addicted to fentanyl and making progress in persuading people to request treatment.

Other states that once seemed likely to follow Oregon's lead are pumping the brakes. Earlier this year, Washington Gov. Jay Inslee, a Democrat, signed a law that

boosts funding for treatment while maintaining criminal penalties for drug possession.

Oregon state Sen. Floyd Prozanski, a Democrat from the Eugene area who leads a subcommittee focused on Measure 110, said he wants to see fixes to the law in next year's legislative session. One idea on the table is taking people off the streets for 72 hours after they overdose.

Prozanski said he opposes bringing back criminal sanctions for drug possession.

Max Williams, former director of the Oregon state prison system, said he is skeptical the state Legislature will make adequate changes to the law. He heads a group preparing a measure for next year's ballot that would again make it a crime to possess hard drugs such as fentanyl, while keeping in place the new funding for treatment, which comes from cannabis taxes.

—Jon Kamp contributed to this article.

**Few drug users are taking advantage of state-funded rehab programs.**

## CORRECTIONS & AMPLIFICATIONS

**Radio program** "This American Life" is produced in collaboration with WBEZ Chicago and airs on many stations that are members of NPR. An obituary for animal-rights activist Karen Davis on Saturday incorrectly suggested that NPR produces the show.

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

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## U.S. NEWS

## El Paso Acquires Shelter for Migrants

As crisis persists, border city buys school and offers temporary haven

By ALICIA A. CALDWELL

EL PASO, Texas—Like most border cities, El Paso has long tried to have as little involvement as possible in caring for the migrants who come and go every day.

Federal authorities arrested and processed people who entered the U.S. illegally, while nonprofits have helped those who needed assistance before traveling to their final destination elsewhere in the U.S.

Now, local officials say they have been forced to change course. The number of migrants being released on El Paso's streets has been at or near record levels for most of the past year, and more are poor parents and children with few resources. Existing shelters don't have enough capacity, and migrants have slept on the streets around a downtown church and at the airport.

El Paso officials have concluded that the situation, which would have previously seemed extreme, is their new normal. The city recently spent \$3.8 million to buy a decommissioned middle school it is turning into an emergency shelter for migrants with nowhere else to go.

"I never thought it would get to this, to what we're doing," said Deputy City Manager Mario D'Agostino.

Numerous border communities, including San Diego, have said the number of migrants being released on their streets every day has reached crisis levels, and they are beseeching the Biden administration for assistance. But El Paso is the only major city on the border that



Migrants slept on the street after being released from U.S. Border Patrol custody in September in downtown El Paso, Texas. Below, beds are set up in El Paso's Community Readiness Center, formerly Morehead Middle School.

has built a public shelter specifically for migrants. The rest offer logistical and financial support to nonprofits.

Some cities far from the border have longstanding public-shelter systems that have recently filled with newly arrived migrants.

El Paso last year began offering free bus rides to migrants, but unlike a similar effort run by the state under Texas Gov. Greg Abbott, El Paso hasn't touted the buses as a way to share the burden of caring for migrants with northern cities.

During the federal fiscal year that ended in September, federal border agents made about 427,000 arrests around El Paso,

a nearly 40% increase from the prior fiscal year. It was a record high since at least 1960, according to government data.

More than 110,000 of those arrested were traveling in families, the second-highest total on record. Because court rulings generally prohibit the Border Patrol from detaining children and their families for more than 20 days, many are quickly released on city streets.

In addition, tens of thousands of recent arrivals have come from countries to which deportation has been diplomatically complicated, including Venezuela and Cuba. Border agents have no choice but to release many of them in the U.S. as well.



## GOP's Scott Suspends Presidential Campaign

By ELIZA COLLINS

Sen. Tim Scott of South Carolina had hoped his personal story and positive message would be enough to elevate his Republican presidential campaign, but he was unable to catch momentum in a crowded field dominated by former President Donald Trump. On Sunday evening, he withdrew from the race, acknowledging that his strategy wasn't working.

The 58-year-old senator, who had been the only remaining Black candidate in the GOP primary race, made his announcement Sunday on Fox News Channel during an interview with his close friend former Rep. Trey Gowdy (R., S.C.), who was hosting.

"When I go back to Iowa, it will not be as a presidential candidate. I am suspending my campaign. I think the voters who are the most remarkable people on the planet have been really clear that they're telling me, not now, Tim," he said.

Scott went on to say voters weren't telling him never to run, "but I do think they're saying not now. And so I'm going to respect the voters and I'm going to hold on and keep working really hard."

Scott started his campaign with strong fundraising and a hopeful message, but struggled to move beyond single digits in most polling in the race. Scott failed to stand out in the three primary debates that have been held and was backed by just 7% in a Des Moines Register poll of Iowa voters released late last month, despite his campaign emphasis on that state.

While all of the Republican hopefuls are trailing Trump by wide margins, former United Nations Ambassador Nikki Haley and Florida Gov. Ron DeSantis were seen in polls as the most likely alternatives to Trump with the rest of the field falling behind.

There were five Republicans on the debate stage last week, including Scott. Trump skipped the event. If another candidate is to have any hope of beating Trump, the field would likely need to consolidate behind one person. Anti-Trump donors have been urging marginal candidates to exit from the race and back one person to avoid a repeat of the crowding of the field that allowed Trump to become the nominee in 2016.

Scott's exit follows the departure of former Vice President Mike Pence, who dropped out of the race last month after also struggling to gain traction.

—John McCormick contributed to this article.

## Home-Insurance Costs Fall on Alabama Coast

By ARIAN CAMPO-FLORES

MOBILE, Ala.—When Kelly and Mike Francis saw the home-insurance quotes for the house they wanted to buy here last spring, they had sticker shock.

The couple decided to take out a different policy from a little-known insurer that included reduced coverage on an aging roof, which made the house vulnerable to hurricanes and other fierce weather that batter the Gulf Coast. At about \$4,500 a year, it was cheaper than a comprehensive policy, but they could still barely swing it.

Now they are poised to secure a comprehensive policy from an established carrier, along with a roughly \$1,000 discount on their premium, thanks to a new storm-resis-

tant roof they had installed in September with the help of a \$10,000 grant from a state program. Financially, "it lets us breathe more," said Kelly Francis, 34 years old.

This state is bucking a national trend. Home insurers across the U.S. are insuring less and charging more as they try to claw their way back to profitability after incurring losses in recent years. Premiums have skyrocketed in Florida. And in some parts of the Gulf and East coasts, carriers are pulling back.

A driving force keeping Alabama's insurance market in check, industry specialists said, is that it leads the nation in building homes and roofs like the one now atop the Francis home.

Their roof complies with a

set of resilience standards developed by the Insurance Institute for Business & Home Safety, or IBHS, a research group funded by insurers.

"At a time when there's tremendous tumult in the Gulf Coast insurance marketplace, coastal Alabama has stability and predictability," said Roy Wright, chief executive of IBHS.

Dubbed the Fortified program, its so-called Gold specifications exceed those of most state and local building codes and include elements such as sealing roof decks, installing impact-resistant windows and doors, and tightly fastening roofs to walls.

Alabama has embraced the program—with a tally of about 43,000 Fortified homes and roofs so far, making up more than 80% of all such

construction in the U.S.

Alabama's efforts illustrate a promising response to an issue confronting many U.S. coastal areas: how to make homes more resilient in the face of stronger storms brought in part by climate change, and to persuade insurers to keep providing coverage for them. Failure on either front could threaten real-estate markets and residents' ability to continue living in vulnerable areas.

Alabama frequently is struck by hurricanes and tropical storms but, because of its smaller coastline, less than Florida and Louisiana. Alabama's coastline comprises two counties—Mobile and Baldwin—that are home to large shipbuilding and aerospace employers, rapidly growing residential developments and

beaches popular with tourists.

Home-insurance premiums in Alabama's two coastal counties have fluctuated but generally declined in recent years, according to data compiled by Lars Powell, director of the Alabama Center for Insurance Information and Research at the University of Alabama. The average premium was \$1,243 in 2021, the most recent year for which data is available, compared with \$1,396 in 2015.

In Florida, the average premium tripled from 2019 to 2023, when it reached \$6,000, according to the Insurance Information Institute, an industry group.

Alabama's insurance market faces challenges, including the rising cost of reinsurance—backup coverage insurers buy—said Mark Fowler, Alabama's insurance commissioner.



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## U.S. NEWS

## Speaker Unveils Near-Term Spending Plan

GOP proposal would extend funding into early next year to prevent a shutdown

By KATY STECH FERREK  
AND SIOBHAN HUGHES

WASHINGTON—House Speaker Mike Johnson (R., La.) unveiled a two-step short-term spending proposal that would keep money flowing to federal agencies into early next year, in a bid to stave off a partial government shutdown late next week.

Johnson presented the plan on Saturday, a week before federal agencies risk shutting down as current funding runs out. The measure wouldn't impose spending cuts, and it also wouldn't implement tougher anti-immigration rules at the U.S.-Mexico border, which some Republicans had said was critical to get their support.

Any short-term spending deal will need to get through the GOP-controlled House, which has fought all year over spending, and then win the approval of both the Democratic-controlled Senate and

the White House. That sets up a down-to-the-wire fight over the coming days. Democrats have insisted on a patch that keeps spending at current levels, while Republicans had sought to avoid a deadline around Christmas that could leave them vulnerable to arm-twisting by the Senate.

"This two-step continuing resolution is a necessary bill to place House Republicans in the best position to fight for conservative victories," Johnson said.

According to a document obtained by The Wall Street Journal, if the two-step plan doesn't pass, House Republicans will turn to what they call a full-year continuing resolution, keeping spending flat—although it would contain "appropriate adjustments to meet our national security priorities."

The two-step plan was also structured to put the defense-spending components of the federal budget, which account for more than half of discretionary spending, into the tranche that would expire in early February. That means that the part of the budget traditionally most popular with the GOP—military spending—



Speaker Mike Johnson's plan wouldn't impose spending cuts.

would be on a slower track, easing worries among Democrats that Republicans would try to enact spending that they favor without tackling spending favored by Democrats.

"It's a good thing the speaker didn't include unnecessary cuts and kept defense funding with the second group of programs," a Senate Democratic leadership aide said.

Already there were signs of trouble, however. Some Republicans have said that they oppose any temporary spending extension without cuts, and that Congress should focus instead on completing in-

dividual spending bills for the entire year.

"It's...100% clean. And I 100% oppose," said Rep. Chip Roy (R., Texas) on social media.

The proposal came under criticism from the White House, with press secretary Karine Jean-Pierre calling it "a recipe for more Republican chaos and more shutdowns."

Under the proposal, government funding would extend through Jan. 19 for the Departments of Agriculture, Transportation, Veterans Affairs and Energy as well as several other federal divi-

sions—agencies for which lawmakers have made progress in finalizing next year's spending levels. Money for remaining federal agencies, such as the Labor Department and the Justice Department, would expire in early February.

In the Senate, Democrats and some Republicans have questioned whether the plan is too complicated.

"We are going to pass a clean short-term [spending bill]. The only question is whether we do it stupidly and catastrophically or we do it like adults. There's nothing inherently conservative about making simple things super convoluted," said Brian Schatz (D., Hawaii).

The plan also omits supplemental funding for Ukraine, Israel and Taiwan, as well as border-policy changes that are under consideration in the Senate.

House lawmakers could vote on the proposal as soon as Tuesday.

Johnson now needs to sell the plan to House Republicans, a group that has been hard to unify on federal spending. Republicans have a 221-212 majority, with Rep. Gabe Amo of Rhode Island, a

Democrat, yet to be sworn in after winning an open seat.

Kevin McCarthy (R., Calif.) was ousted as speaker last month after he endorsed a temporary spending bill that passed with more Democratic support than Republican votes hours before the government was set to shut down on Sept. 30. On that measure, 90 Republicans voted against the proposal.

Democrats in both chambers had warned Johnson that they won't vote for any proposals with steep spending cuts or conservative policy changes on issues such as immigration.

On Thursday, Senate Majority Leader Chuck Schumer (D., N.Y.) took the first legislative step toward preventing a shutdown by calling up a placeholder bill that lawmakers could use to insert any funding-extension language. Senators are scheduled to hold a procedural vote on the measure on Monday evening.

If lawmakers don't act in time, hundreds of thousands of government workers will be furloughed starting Saturday, and others will be forced to work without pay until the standoff is resolved.

## Killing Federal Agencies Is Easier Said Than Done

By ANDREW RESTUCCIA

WASHINGTON—Republican candidates for president are pledging to shut down federal agencies if they win the White House. There is almost no chance they will succeed.

Closing a government agency requires action by Congress. Persuading a majority of the House and Senate to close down agencies, many of which distribute billions of federal dollars to their states and districts, has proved nearly impossible for decades. While past presidents have reorganized and rebranded departments, Washington has never shut down a major cabinet-level agency, according to experts who follow the issue.

That hasn't stopped a long line of presidential candidates from promising voters that they will do it anyway. In Wednesday's presidential debate, biotech entrepreneur Vivek Ramaswamy vowed to "shut down redundant agencies that should not exist" as part of a plan to reduce the federal workforce in Washington by 75% and balance the U.S. budget.

Ramaswamy has promised to shut down the Education Department, the Federal Bureau of Investigation, the Nuclear Regulatory Commission and the Bureau of Alcohol, Tobacco, Firearms and Explosives. Florida Gov. Ron DeSantis has called for closing the Education Department, the Commerce Department, the Internal Revenue Service and the Energy Department.

Former President Donald



The federal government has never shut down a major cabinet-level agency, according to experts who follow the issue.

Trump, the leading Republican candidate for president, has urged Republicans in Congress to defund the Justice Department and the FBI. Trump proposed abolishing agencies while he was in office, but didn't ultimately do so.

The issue has been a perennial applause line for Republican politicians dating back to Ronald Reagan, who promised during his 1980 presidential campaign to eliminate the

newly created Education Department, which he called Jimmy Carter's boondoggle. The Education Department was still open for business when Reagan left office and has continued operating in the subsequent decades. Then-presidential candidate Rick Perry said he would kill the Energy Department, only to go on to lead the agency during the Trump administration.

Former government offi-

cials say the rhetoric is little more than a talking point.

"It will not happen. They can't just do it," said Elaine Kamarck, a senior fellow at the Brookings Institution and former Clinton administration official who managed Bill Clinton's effort to streamline the government.

Kamarck noted that several of the agencies Republicans want to kill oversee programs that the public—and their

elected officials—support. The Education Department, for example, largely doles out federal grants to schools. If that money dried up, many schools wouldn't be able to function.

"Everything in the federal government has a constituency that's pretty powerful. It wouldn't be there if it didn't," she said.

Kamarck also warned that cutting agencies and government workers could lead to

higher rates of fraud because there would be fewer civil servants to conduct oversight on how money is being spent.

Over the years, Congress has managed occasionally to eliminate agencies or create new ones. Lawmakers voted in 1995 to abolish the Interstate Commerce Commission, transferring its functions, including oversight of the nation's railroads, to other agencies. That same year, lawmakers defunded the Office of Technology Assessment, a congressional office created to analyze technological developments, after Republicans targeted it as an example of government waste.

Following the 9/11 terrorist attacks, Congress created the Department of Homeland Security. The Consumer Financial Protection Bureau was created after the 2007-08 financial crisis.

Closing government agencies is a "common talking point, but very rarely an action point," said Max Stier, the president of the Partnership for Public Service, a nonpartisan better-government group. "The agency itself is the wrong vessel for having the policy debate. It really ought to be the specific responsibilities of the agencies that you should examine."

In 2012, President Barack Obama lobbied Congress to restore presidential reorganization authority as part of an effort to consolidate six agencies into a single agency focused on business and trade. Congress didn't approve the effort.

## Democrat Stands By Mideast Position That Has Drawn Primary Threat

By JIMMY VIELKIND

Rep. Jamaal Bowman (D., N.Y.) hoped a breakfast with Jewish constituents would help alleviate the criticism over his response to Hamas's Oct. 7 attack on Israel. It didn't go well.

Bowman—who was forced to change venues to avoid protests—denounced Hamas but defended his opposition to a House resolution that condemned the attacks. Bowman said he voted against the resolution because it didn't recognize Palestinian victims, according to people who attended the Monday meeting at his White Plains office.

Dozens of Westchester County and Bronx residents told him they felt unsafe living as Jewish people in their own community. After almost two hours in a windowless conference room, one attendee asked the congressman if, after hearing from concerned voters, he would act differently.

No, Bowman replied. He wouldn't change a thing.

His stance—and the defiant streak that fuels it—has placed the 47-year-old former school principal at the center of the Democratic Party's internal

feud over Israel. Bowman is one of four House members in a progressive group known as the Squad facing potentially serious primary challenges next year after their criticism of Israel—as well as their calls for a cease-fire—put them at odds with Democratic leadership, which has supported Israel's military campaign.

In an interview, Bowman said a primary challenge was part of the process. He said he supports Israel's right to exist, "but I also support a Palestinian state—in a real way, not in a lip-service way. Not in a mythological way and not in a way that also simultaneously undermines a Palestinian state which is what's been happening over several decades."

New York is home to a significant Jewish population, and the party's divide on Israel is on full display in the state. In parts of the Bronx just south of Bowman's district, Democratic Rep. Ritchie Torres has been a vocal supporter of Israel and was one of 22 House Democrats who voted with Republicans last week to censure Rep. Rashida Tlaib (D., Mich.), the only Palestinian-American in Congress, over comments she made about Israel that



Rep. Jamaal Bowman voted against a resolution that condemned the Hamas attack on Israel.

were widely criticized.

Being in the middle of controversy isn't uncomfortable for Bowman, who challenged the established party structure when he successfully ousted a three-decade incumbent in 2020. He rocketed to further national attention this autumn when he pulled a fire alarm before a key House vote,

prompting a partial evacuation of the Capitol complex.

He said he pulled the alarm by mistake, apologized and pleaded guilty to a misdemeanor charge.

Bowman said he sought office to challenge the status quo—in ways that his detractors call brash, and supporters call clarion. He has had several

viral moments from arguing with or shouting at his Republican colleagues.

"When we compromise, the most vulnerable people continue to be hurt," he said of his approach to politics.

Bowman's record on Israel was complicated even before his vote against the resolution condemning Hamas. He was

reprimanded by the Democratic Socialists of America, which had supported him, when he voted in 2021 for a military-aid package for Israel.

But he also faced criticism from Jewish leaders in his district who said he ignored their requests for meetings since taking office and for refusing to attend a July speech at the Capitol by Israeli President Isaac Herzog. Bowman said he didn't go because Herzog hadn't done enough to foster a two-state solution.

After Bowman voted against the resolution, the Westchester Board of Rabbis released a letter "expressing frustration and anger." An organization affiliated with the pro-Israel Aipac lobbying group began running attack ads. Prominent Jewish Democrats began courting Westchester County Executive George Latimer to challenge Bowman, according to political operatives.

An Aipac spokesman said Bowman is "outside the mainstream as he refuses to stand with the Jewish state."

Latimer has said he is considering a run, and people close to him said he is leaning toward launching a congressional bid.

U.S. NEWS

# Pope Francis Removes Conservative Texas Bishop

By FRANCIS X. ROCCA

Pope Francis removed Bishop Joseph Strickland, one of the pope's most vocal critics in the U.S. hierarchy, the Vatican said.

The Vatican said the pope had "relieved [the bishop] of the pastoral governance of the Diocese of Tyler," Texas, and appointed Bishop Joe Vázquez of Austin as "apostolic administrator," or acting bishop, of Tyler.

"I'm saddened for the harm to the faithful but at peace in His Truth, stay Jesus Strong," Strickland wrote via email on Saturday, in response to a request for comment.

The conservative bishop's departure comes after Francis complained this summer of a "very strong reactionary attitude" among elements of the Catholic Church in the U.S.

In May, the bishop wrote on X, the platform formerly known as Twitter, that "Pope Francis is the Pope but it is time for me to say that I reject his program of undermining the Deposit of Faith," or the body of Catholic Church teaching contained in the Bible and tradition.

Strickland's firing follows a Vatican investigation this summer, which led to the conclusion that "the continuation in office of Bishop Strickland was

not feasible," according to a statement on Saturday from Cardinal Daniel DiNardo, archbishop of Galveston-Houston, who oversees the Catholic hierarchy in southeastern Texas. The cardinal's statement didn't specify why Strickland's departure was recommended. Strickland was asked on Thursday to resign, but refused, DiNardo said.

It is extremely rare for the pope to remove a bishop in such a manner, as opposed to requesting and receiving his resignation. In September, Strickland told Religion News Service that he wouldn't step down voluntarily but acknowledged the pope had the power

to remove him. The loss of his role overseeing the diocese doesn't deprive Strickland of his rank as a bishop.

In a July radio interview, Strickland confirmed media reports that his diocese had recently undergone a Vatican-ordered investigation, which he compared to "being called to the principal's office."

The cardinal's statement on Saturday said the Vatican investigation had been "an exhaustive inquiry into all aspects of the governance and leadership" of the diocese under Strickland, conducted by Bishop Dennis Sullivan of Camden, N.J., and retired Bishop Gerald Kicanas of Tucson, Ariz.

In August, Strickland wrote an open letter to his diocese warning that October's Vatican synod of bishops, clergy and laypeople—which Francis' supporters have described as one of the key initiatives of his reign—could cast doubt on certain "basic truths" of the faith, including the sinfulness of sex outside of marriage and the "undeniable biological and God-given" nature of gender identity.

A working document for the synod, published over the summer, called on the assembly to consider, among other matters, "what concrete steps are needed to welcome

those who feel excluded from the Church because of their status or sexuality (for example, remarried divorcees, people in polygamous marriages, LGBTQ+ people, etc.)."

The closed-door gathering did address LGBTQ issues, participants said, though the final report issued in late October played them down.

Francis has acknowledged anxieties that the synod might change doctrine and, in remarks to members of the Jesuit order in Portugal during a visit in early August, he lamented what he called a "backward-looking" attitude in parts of the U.S. church.

## U.S. WATCH

### TEXAS

#### Police Officer Killed, Shooter Dead

A Texas police officer was killed on Saturday in a shooting that left the gunman dead and a second officer wounded, authorities said.

Two other people were later found dead inside a home in Austin, interim Police Chief Robin Henderson said.

Henderson said officers were called to the home shortly before 3 a.m. Saturday by a woman screaming that she was being stabbed. One person escaped the home before officers arrived, Henderson said, and told police the man in the home was armed with a knife.

Police then tried to enter the home and were met with gunfire, but didn't return fire, retreated and called for a SWAT team, Henderson said.

"SWAT officers arrived on scene and forced entry into the residence...to rescue the victims," Henderson said. "As SWAT officers entered the suspect immediately fired his gun at the officers and the SWAT officers returned fire."

Two officers and the suspect were struck by the gunfire. The suspect was killed at the scene and the two officers were taken to a hospital, where one died and the second was in stable condition, Henderson said.

—Associated Press

### NEW YORK

#### Rep. Higgins Will Leave in February

Rep. Brian Higgins (D., N.Y.) said he would leave Congress before the end of his term after growing frustrated with dysfunction in Washington.

"It's just a time for change, and I think this is the time," Higgins, 64, said Sunday. He plans to leave office during the first week of February, he said.

Higgins, who serves on the House Ways and Means and Budget committees, began his 10th term in January.

"Congress is not the institution that I went to 19 years ago. It's a very different place today," he said. "We're spending more time doing less. And the American people aren't being served."

Higgins's departure will likely set up a special election for the spring in New York's heavily Democratic 26th Congressional District, which includes parts of Erie and Niagara counties, including the cities of Buffalo and Niagara Falls.

—Associated Press

### GEORGIA

#### Escaped Inmate Caught After Weeks

The third of four men who escaped from a Georgia jail in October was captured Sunday morning at a home in Augusta, local and federal authorities said.

Johnifer Dernard Barnwell, 37, was captured in a home where police also found large quantities of drugs, according to the Bibb County Sheriff's Office and the FBI.

Barnwell was being held on drug charges when he and three other inmates escaped through a damaged window and a cut fence at the jail early Oct. 16.

Authorities continue to search for 52-year-old Joey Fournier.

Chavis Demaryo Stokes, 29, was caught on Oct. 26; Marc Kerry Anderson, 25, was captured Nov. 3.

—Associated Press



# GREEN JOBS

Our Executive Chairman Anthony Pratt was joined by U.S. Ambassador to Australia Caroline Kennedy, Kentucky Governor Andy Beshear, and Australian Ambassador to the U.S. Kevin Rudd at the recent grand opening of Pratt Industries' newest **100% recycled paper mill and box factory** in Henderson, Ky.



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## U.S. NEWS

# Convictions of Black Soldiers Overturned

BY GINGER ADAMS OTIS  
AND BEN KESLING

The U.S. Army has overturned the convictions of 110 Black soldiers charged over a century ago with mutiny, murder and assault in a Texas riot.

Nineteen of the Black Army soldiers convicted were sentenced to death and executed following the riot in 1917, when members of the 24th Infantry Regiment clashed with police and white residents of heavily segregated Houston. Most of the other soldiers received life sentences.

The Army Board for Correction of Military Records had in recent years reviewed the

court-martial convictions of the 110 soldiers and recommended vacating all of them, an Army spokesman said on Sunday. The Army will hold a ceremony on Monday recognizing the overturned convictions, according to the Houston Chronicle, which earlier reported the story.

The service records of the soldiers will now show they were honorably discharged, said historian John Haymond. He is a leading authority on the incident who, along with former South Texas College of Law professor Dru Brenner-Beck, co-authored the clemency petition that prompted the Army to review the convictions.



The court-martial of 64 members of the 24th Infantry Regiment, following a 1917 riot in Texas.

The Black soldiers were sent to Houston in the summer of 1917, several months after the U.S. declared war on Germany during World War I. Along with seven white officers, they were to guard the construction site for a military training center, known as Camp Logan, according to newspaper reports from the time.

That August, two white Houston police officers de-

tained a Black soldier for interfering with the arrest of a Black woman. Not long after, a Black corporal from Camp Logan went to the arrest scene to get more information, Haymond said.

Words broke out between the corporal and one of the police officers, who pistol-whipped the Black man in the head and then shot at him as the corporal tried to flee. The

corporal and the soldier he had come to help were both arrested, Haymond said, and rumors spread that the corporal had been killed.

In the immediate aftermath of the riot, the general narrative was that a group of Black soldiers, angered by the racist treatment by local police and residents, marched into Houston looking for revenge, Haymond said.

Haymond and Brenner-Beck's research showed only some Black soldiers had gone into Houston that night, and they thought they were protecting the Black community from a possible white mob. Haymond and Brenner-Beck presented their evidence to the Army, which considered it when deciding to overturn the convictions.

## Parents See Own Peril From FTX

Continued from Page One

stands to be spent behind bars. His conviction carries a potential maximum sentence of 110 years, though defendants rarely receive the most severe punishment.

Their unwavering support isn't all that unusual. But Bankman, 68 years old, and Fried, 72, aren't like most parents. The luster of their careers as beloved Stanford Law professors helped pave the way for the stunning rise of their son's crypto exchange, FTX. And their direct dealings with that company, and the perks they received from their son before FTX filed for bankruptcy, have opened them up to legal headaches of their own.

Bankman worked for a time as a paid employee at FTX. Fried had no formal position there, but FTX has alleged that she helped direct her son's millions of dollars of political donations. The company, now under new management, has sued them both, arguing they pocketed millions of dollars that should be returned.

The couple's lawyers have said the allegations are "completely false" and "a dangerous attempt to intimidate Joe and Barbara."

If the parents harbor any regrets about their actions, or their son's, they haven't shared them, several friends said.

"I would think this is not the time for recriminations," said Bob Gordon, a longtime colleague at Stanford Law,



A sketch of Barbara Fried and Joseph Bankman reacting to the jury verdict this month.

where Bankman and Fried met and taught for decades. "For either their children, or themselves."

The couple raised Sam and his younger brother on the Stanford campus, near a student house known for its vegan food and nude parties. They often spoke to their young sons as if they were adults and encouraged others to do the same, friends and colleagues said.

Respected legal minds, the couple had a deep reserve of powerful friends from Silicon Valley to Wall Street. Their reputations served as a credential for Bankman-Fried when he was building his crypto empire, opening doors to investors, regulators and politicians.

FTX was a crypto giant valued in the billions of dollars when the company moved to the Bahamas in 2021. Both Bankman and Fried applied for permanent residency there, according to the lawsuit. Bankman went on leave from Stanford to work for his son.

Bankman became a key decision maker, FTX said, managing tax issues and advising on job hires. He was supposed to be the adult in the room at a company populated with young high achievers. FTX agreed to pay Bankman a \$200,000 annual salary, according to the lawsuit, and in early 2022 he lobbied for more. Bankman-Fried sent his parents \$10 million shortly afterward.

"We are so touched by this gift," Bankman wrote to his son, according to the lawsuit. "Mom is announcing retirement, which she would not have done otherwise."

There were other benefits, too. Bankman got a cameo in an FTX Super Bowl ad starring Larry David.

Soon, the lawsuit said, the company bought the couple a \$16.4 million house in a gated community near its headquarters. Their names were on the deed.

A spokeswoman for Bankman and Fried said that the house "was used as temporary

housing while Joe worked in the Bahamas" and they never believed they owned it.

She said that FTX's outside lawyers had assured the couple "that FTX would have all beneficial ownership of the house and agreed to document that in writing."

When FTX unraveled in November 2022, Bankman tried to remain upbeat for his son. Bankman-Fried soon stepped down as CEO, and FTX filed for bankruptcy. Within weeks, Bankman-Fried was arrested.

Bankman-Fried lived with his parents for much of the year, under house arrest. Two Stanford friends of his parents had put hundreds of thousands of dollars on the line to secure his release on bond.

From his parents' home, Bankman-Fried continued to speak openly about his case. In August, the judge revoked his bail and sent him to jail to await trial.

For most of the year, both before their son was sent to jail and afterward, the couple tried to hold on to a semblance of

normal life. They hosted Sunday night dinners with friends. Bankman hasn't taught at Stanford since late 2021, but he attended faculty luncheons and was often spotted walking around campus with their German shepherd, Sandor. The family got him after FTX collapsed, for security.

Bankman-Fried's trial started in New York last month. His parents arrived most mornings around 8:30. The two often took notes. Fried was sometimes allowed to speak briefly to her son during lunch breaks or before U.S. Marshals returned him to jail at the end of each day.

When Bankman-Fried first testified, without a jury present, his mother held her head in her hands as a prosecutor asked a barrage of rapid-fire questions.

On the day that closing arguments began, Bankman and Fried sat out the morning, when the government started its final pitch to the jury. They returned when the defense argued in the afternoon. They left court that evening, their arms around each other's shoulders.

The next day, a federal jury convicted Bankman-Fried on all seven criminal counts. Bankman slumped forward when the verdict was read. Fried put her palms against her cheeks as tears streamed down her face.

Throughout the trial, Bankman-Fried rarely turned to the gallery to search for his parents. As he was led away from the courtroom, he looked at them and smiled.

A hearing to set the length of Bankman-Fried's sentence is slated for March 28. He also faces additional charges, including allegations of conspiracies to commit bank fraud and bribery, that could go to trial in March. His parents are gearing up for an appeal.

It is likely a long shot. "Criminal appeals are always an extremely uphill battle," said Renato Mariotti, a former federal prosecutor who isn't involved in the FTX case. "When there's overwhelming evidence and sweeping charges, you need a potential game-changer. And there wasn't one."

Bankman and Fried returned to California last Wednesday, people familiar with the matter said.

Bankman, who is also a clinical psychologist, has continued seeing some clients over the past year. He plans to resume his full practice. People close to them said that their network of friends remains intact. They said they expect Bankman to start teaching again, possibly within the next year.

A Stanford spokeswoman declined to comment.

Paul Brest, a former Stanford Law dean, said he sees no reason the university wouldn't welcome back his friend.

"I can't imagine why any institution would take a position on the child of a faculty member," he said.

—*Caitlin Ostroff, Vicky Ge Huang, Alexander Osipovich, James Fanelli and Corinne Ramey contributed to this article.*

### Bankman and Fried are gearing up for an appeal. It's likely a long shot.

## Are Oreos Stinting on The Creme?

Continued from Page One

The couple thought it was a fluke. This fall, they decided to test Double Stuf Oreos, a variety Shane had never cared for—too much creme. This time, he recognized the cookie immediately.

"Here we go, that's the regular Oreo," Ransonet, 47, told his wife.

Ransonet is one of throngs of Oreo fans who have been perturbed in recent years by what some feel could be one of the biggest inflation scandals to hit supermarkets to date: "Double Stuf" Oreos with just a normal amount of creme, and even less in the original-sized versions. Some gripe that the filling no longer reaches the wafers' edges. Others say the cookies now bear little resemblance to the creme-stuffed images on Oreo's packaging.

Oreos, made by snack giant Mondelez, have long attracted a devout following, making them the world's best-selling cookie more than a century since their creation. Now, suspicion over subtle changes has prompted some devotees to protest what they believe is the latest cookie conspiracy.

Some fans are making videos of themselves twisting

Oreos open to reveal scant filling. Others touted Hydrox, an Oreo competitor.

Beverly Cooper, 60, of Lincoln, Neb., said she and her husband have withstood changes to many of their favorite foods recently, from cereal to ice cream. But finding what appeared to be a downsized dusting of creme in their Double Stuf Oreos last month was the last straw.

"It's a sign of the times," Cooper said.

On r/shrinkflation, a 100,000-user-strong Reddit forum for consumers aggrieved about all kinds of products, users bemoan the perceived cutback in creme. "Bought a full pack. EVERY SINGLE ONE had this little cream. I even called my mom to complain about it because I needed to vent it out." ("Hell yeah, brother, let it out," came a reply.)

Mondelez said it has used a variety of strategies in recent years to combat higher costs for ingredients such as cocoa and sugar, from raising wholesale prices to scaling back discounts to shrinking package sizes. It hasn't fought inflation through big changes to its products, the company said, though it welcomes feedback from fans on how to make them better.

"We would be shooting ourselves in the foot if we would start to play around with the quality," said Mondelez CEO Dirk Van de Put.

Van de Put said Mondelez is always working to improve Oreos, but that it hasn't



Some die-hard fans are running tests on their Oreos.

messed with the cookie-to-creme ratio. He said Mondelez monitors its brands closely and hasn't noticed significant creme-related complaints, nor have they affected the \$4 billion brand, which sells some 40 billion cookies in more than 100 countries each year.

Oreos have undergone changes in the 111 years since their origin. Nabisco, now owned by Mondelez, removed lard and added vegetable oil in the 1990s, making the cookies kosher. In the 2000s, Nabisco's then-owner Kraft Foods removed trans fats from Oreos, which involved reformulating their creme.

Lynn Dornblaser, director of innovation and insight at market-research firm Mintel,

said a review of regular and Double Stuf Oreos since 2004 found no observable changes in their on-pack ingredient and nutrition statements. She said consumer complaints could reflect manufacturing issues in cookie plants, adding that it's easy for fans to notice variations in products as specific and precise as Oreos.

On a recent day in November, a pack of regular Oreos in Chicago contained cookies that appeared stuffed with varying amounts of creme. Some Double Stuf cookies were similar in width to the fattest regular Oreos but the creme often spread farther to the cookie's edge.

Nicholas Fereday, executive director of food and consumer trends for agricultural lender Rabobank, said whether warranted or not, consumers can get particularly feisty when they suspect tinkering with an iconic brand. "It's crossing the Rubicon," he said.

David DiLena, a 44-year-old physicist in Ellsworth, Maine, who works on helium recycling, was shocked by how little creme he found in the Double Stuf Oreos he bought this fall. Still, he left room for debate when he uploaded a video to his Facebook page: squeezing the cookie between his fingertips, he spread the dollop of creme in the middle to the edges to reveal a layer no thicker than the wafers themselves.

"Conjecture: a double stuff Oreo is a normal Oreo," wrote DiLena. "Judge for yourself."

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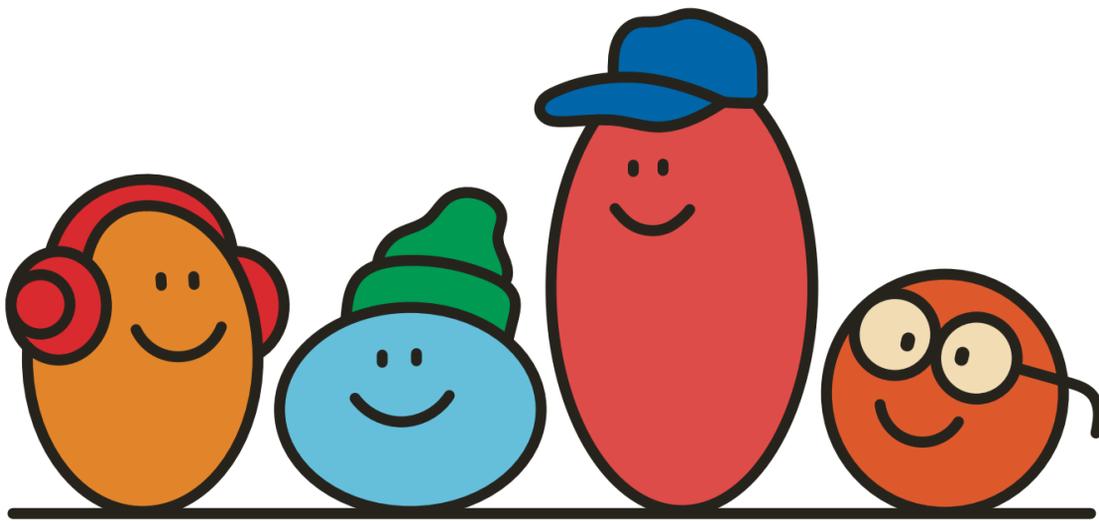
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## WORLD NEWS

## Sudan Militia Has Infamous Past

Group that grew out of Darfur attackers killed around 800 at refugee camp

By NICHOLAS BARIYO  
AND GABRIELE STEINHAUSER

The gunmen arrived on motorcycles and in the backs of Toyota pickups, brandishing Kalashnikovs and dressed in the telltale sand-colored uniforms of Sudan's Rapid Support Forces militia. Over three days, they killed hundreds of men and teenage boys in a Darfur refugee camp, witnesses, local human-rights groups and international aid agencies said.

The Sudanese-Arab militia worked its way systematically through the tents, shacks and mud houses of the Ardamata camp, shooting male residents. The settlement in western Darfur was home to about 30,000 non-Arab Sudanese people who had fled earlier bouts of fighting in the country's civil war, which started nearly seven months ago.

The United Nations Refugee Agency on Friday said around 800 people were killed in the camp and the surrounding community between Nov. 4 and 6. Local activists said the number of victims could be above 1,000.

The killings, these activists and international officials say, raise the specter of a repeat of the bloodshed inflicted on Darfur two decades ago, when Sudanese-Arab militias killed an estimated 300,000 people, most of them members of the region's non-Arab minority.

That wave of violence, widely viewed as the first genocide of the 21st century, was led by fighters known at the time as the Janjaweed, who were enlisted by Sudan's then dictator, Omar al-Bashir, to put down an uprising by non-Arab communities in Darfur.

Tensions in Darfur, a mountainous semidesert region roughly the size of Spain that



Women who fled to Chad from Sudan cry after being notified of the death of their relatives.

holds some of Africa's richest gold and silver reserves, have simmered and occasionally flared in the years since the 2003-2008 genocide.

In recent months, the region has experienced some of the worst violence from a broader war between Sudan's two top generals—Lt. Gen. Abdel Fattah al-Burhan, Sudan's de facto president and commander of the military, and his rival, Lt. Gen. Mohamed Hamdan Dagalo. Dagalo rose through the ranks of the Janjaweed during the genocide, eventually building it into today's RSF.

"People across the whole of Darfur are already enduring mass atrocities on the scale of those committed in the 2000s," said Mohammed Hassan, the director of Darfur Network for Human Rights, who spent much of this week interviewing survivors of the Ardamata attack who have fled across Sudan's border to Chad.

"We are worried this could even get worse because the RSF and its Arab militia allies

are better armed and more powerful now than they were 20 years ago," he said.

Hassan said he believes the assault on Ardamata was part of a campaign of ethnic cleansing, designed to clear Darfur of non-Arab communities.

A spokesman for the RSF denied responsibility for the attack. "The RSF does not target civilians," he said. "Today we are fighting side-by-side with the people of Sudan to restore our country to its rightful path of civilian-led democratic rule."

The U.S., U.N. agencies and Sudanese and international rights groups have all said the RSF was behind the assault on the Ardamata camp. The Bureau of African Affairs at the U.S. State Department on Thursday said it was "deeply concerned by credible reports of killings by the RSF and affiliated militias in Ardamata, West Darfur, and other abuses including killings and unjust detentions."

Witnesses and Sudanese activists interviewed by The

Wall Street Journal said RSF fighters entered the Ardamata camp on Saturday morning, soon after taking control of a nearby Sudanese army base in the city of El Geneina, the regional capital of West Darfur State. Soldiers from the base fled to neighboring Chad without offering protection to the camp's residents, they said.

A spokesman for the Sudanese Armed Forces didn't respond to requests for comment.

Malek Haruna, a 50-year-old farmer, said he tried to hide with some of his male relatives and neighbors when they saw the RSF fighters. Talking by phone from the Chadian town of Adré on the border with Sudan on Thursday, Haruna said he watched as the men shot his uncle and brother.

"I couldn't count the number of dead bodies. They were very many," Haruna said.

"I am lucky to be alive, but I don't know the fate of many of my relatives," he said.

Hassan Omer, a 30-year-old woman, said she and her three children covered for much of the first day of the rampage in a hut they used as a kitchen. She said they listened to RSF fighters shouting racial slurs as they searched homes for survivors.

Omer and her children are now in Adré, but she has no news of her husband, who had gone out to buy food when the RSF fighters roared into the camp. "I have no idea if my husband is dead or alive," she said. "But many people were killed." Among the dead was Farsha Mohammed Arbab—a prominent leader of the Masalit, one of the ethnic minorities in Darfur that has repeatedly been targeted by the ethnically Arab militias spearheaded by the RSF.

Arbab was shot along with a son, one of his brothers and eight of his grandchildren, the youngest of whom was just 10 years old, said Hassan, the director of Darfur Network for Human Rights, and other local activists.

The 75-year-old had chosen to stay in the Ardamata camp, Hassan said. Sudan's Sovereign Council, the country's de facto government, on Thursday said Arbab was killed by RSF fighters during attacks on civilian homes.

The World Health Organization and the United Nations Children's Fund in October cited projections from Johns Hopkins University that more than 10,000 Sudanese children under the age of 5 may die by the end of 2023 because of lack of food and disruptions of other essential services.

Filippo Grandi, the head of the U.N. Refugee Agency, on Friday urged all parties involved in the conflict to halt the fighting and to avoid "another catastrophe."

"Twenty years ago, the world was shocked by the terrible atrocities and human rights violations in Darfur," he said. "We fear a similar dynamic might be developing."

## WORLDWATCH

## SYRIA

## U.S. Strikes Sites Linked to Militants

The U.S. conducted a round of strikes against targets in eastern Syria on Sunday, the third time in recent weeks, in response to the growing number of attacks against U.S. forces there and in Iraq.

U.S. military forces struck a training facility in Abu Kamal and what was described as a safe house for militant groups in Mayadin. The Pentagon said the facilities were used by Iran's Islamic Revolutionary Guard Corps and other Iran-affiliated groups.

—Gordon Lubold and Nancy A. Youssef

## SAUDI ARABIA

## Iran's President Joins Summit

Iran's president joined dozens of Arab and Muslim leaders at a summit in Saudi Arabia on Saturday—the first such visit to the kingdom in more than 15 years—as the Islamic world sought to project unified opposition to Israel's military operations in Gaza.

At the meeting of the League of Arab States and the Organization of Islamic Cooperation, Iranian President Ebrahim Raisi accused the U.S. of complicity in what he called war crimes by supplying weapons to Israel.

—Stephen Kalin

## MEDITERRANEAN

## Five U.S. Troops Killed in Crash

The Pentagon said five U.S. service members died after a military helicopter crashed in the Mediterranean late Friday evening in a non-combat incident while refueling on a training mission.

The Pentagon had earlier said the crash had happened on Saturday and hadn't specified what kind of aircraft was involved. The Pentagon didn't identify the victims, pending notification of next of kin.

—Doug Cameron

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## WORLD NEWS

# Israel Presses Hamas to Surrender Hospital

Medical staff at Al-Shifa unable to retrieve fuel delivery amid intense fighting

Israel said it was pressuring Hamas to surrender its position inside Gaza's largest hospital on Sunday, as it engaged in intense fighting with militants in the area.

By Chao Deng, Dov Lieber and Saeed Shah

Israel alleges that Hamas hides underground complexes and a command center at Al-Shifa Hospital in northern Gaza, a claim Hamas denies. "The ultimate goal is for them to come out and surrender while we're in the vicinity of the hospital," said Lt. Col. Richard Hecht, a military spokesman, referring to Hamas militants. "We haven't gone in yet."

A second day of intense fighting on Sunday left thousands of displaced people



People in Rafah in southern Gaza salvaged belongings from a damaged building Sunday.

stuck inside the sprawling complex with dwindling medical supplies, water and food, as well as a power outage caused by a lack of fuel. Israel said Hamas prevented hospital

staff from retrieving containers of fuel left about 1,000 feet from the entrance by Israeli soldiers Sunday morning. Staff at the hospital said it was too unsafe to retrieve them.

Doctors at Al-Shifa have described an increasingly desperate situation, with the remaining medical staff there struggling to provide basic care. Mohammad Hawajri, a

nurse stationed at a Doctors Without Borders office 1,000 feet from Al-Shifa, said the gunfire was too intense for him to walk there on Sunday.

The head of Al-Shifa, Mohammed Abu Salmiya, told Qatari-funded Al-Araby TV that the fuel would have been enough to run the generators for only 15 to 30 minutes and couldn't be retrieved for security reasons. He said the fuel would need to be delivered through the Red Cross or other international aid agencies.

Since the war began, Israel has banned fuel from entering the Gaza Strip without the release of 239 hostages taken by Palestinians on Oct. 7. Israel says Hamas has fuel that it can provide to hospitals and other civilian organizations, but chooses to use its reserves for militant purposes. Israeli officials say Hamas would also steal new fuel imported into the enclave, as it needs fuel to keep ventilating hundreds of miles of tunnels used by its fighters.

Hamas has denied both taking over fuel in the strip and preventing reserves from reaching hospitals.

The lack of fuel at Al-Shifa has meant a near-complete shutdown of operations, from intensive-care to incubators for premature babies. Two babies died Saturday, doctors said.

A Hamas spokesman said Sunday that Israel was bombing Al-Shifa, and accused it of killing civilians inside. "The goal is to displace citizens to the south for political goals by trying to confuse citizens by killing the wounded, sick and medical staff," he said.

The Israeli military has said it is "taking all feasible measures to mitigate harm to civilians." It declined to comment on military activities.

## Watch a Video



Scan this code to watch a video on supply shortages at Gaza hospitals.

## Netanyahu Spurns Plan To Govern

Continued from Page One Saturday, endorsed in a draft declaration the Palestine Liberation Organization, the body overseeing the Palestinian Authority, as "the sole legitimate representative of the Palestinian people."

Israel's stance reflects tensions in Israel over the Palestinian Authority and Netanyahu's limited room to maneuver in his coalition government.

"It's all about political survival," Mitchell Barak, a political analyst at Jerusalem-based Keevoon Global Research, said of Netanyahu's approach to the Palestinian Authority and Gaza. "He hasn't articulated his plan

or his vision," because he is trying to appease the far-right, added Barak, who was an aide to Netanyahu in the 1990s.

The prime minister's foreign-policy adviser, Ophir Falk, said Israel's strategy is to free Gaza from Hamas and ensure the Palestinian enclave is demilitarized and deradicalized.

Israel's military has largely sealed off northern Gaza and its soldiers are engaged in intense fighting around Gaza City's Al-Shifa Hospital. The military has said it has killed dozens of midlevel Hamas military commanders, but has failed to take out any senior leaders—its stated goal.

The intense street battles on Sunday around Gaza's biggest hospital left the medical facility with dwindling supplies for thousands sheltering there while a power outage led to the death of two newborns, doctors at Al-Shifa said.

Israel said it isn't targeting hospitals and that it is allow-

ing safe passage out of them. It accuses Hamas of using civilians as human shields, including in health facilities.

Israel is facing growing calls for a cease-fire. According to health authorities in the Hamas-run enclave, Israel's offensive has killed more than 11,000 people in Gaza, the majority of them women and children. The figures don't distinguish between civilians and combatants. At least 44 Israeli soldiers have been killed in combat in Gaza since the ground incursion began, the Israeli military said.

Netanyahu's rejection of the Palestinian Authority could eventually have less impact, given that many political analysts said he might not remain in power when Gaza's postwar order comes into clearer focus.

Israelis are angry at his perceived failure to prevent the Oct. 7 Hamas attacks that sparked the current conflict in Gaza, in which more than 1,200

Israelis were killed. He is facing criticism for his handling of the war and failure to return around 239 hostages Israel said are being held in the strip.

Members of Netanyahu's Likud party have privately said he is unlikely to remain as leader after the war.

Still, the growing rift between the U.S. and Netanyahu over the Palestinian Authority illustrates wariness among many Israelis over its viability as a partner for security. The authority was formed during a peace process in the 1990s to govern Gaza and parts of the West Bank on an interim basis, ahead of a long-term peace agreement that never materialized.

Some on Israel's far right have advocated re-establishing Jewish settlements in Gaza, known in Hebrew as Gush Katif, rather than allowing the Palestinian Authority to return. The Palestinian Authority governed Gaza until 2007,

when Hamas wrested control in a fight with the Palestinian faction Fatah, which dominates the Palestinian Authority. Israel withdrew from settlements in Gaza in 2005.

Other Israelis are skeptical of the idea. "There are voices saying let's go back and rule Gaza. I don't think this has broad public legitimacy," said lawmaker Ze'ev Elkin of the National Unity Party, currently in the government's wartime coalition. "These are voices from particular factions on the extreme Israeli right."

The head of the opposition, Yair Lapid, in an interview on Israel's public broadcaster last week, said the Palestinian Authority is the only body capable of ruling Gaza after the war. "The prime minister is not stating what is reasonable—that the Palestinian Authority will have to be brought back," he said. Netanyahu, he said, "is trapped by the extremists."

Yet some in the coalition

who are considered more moderate also dismiss the Palestinian Authority, saying it is unable to control the West Bank and so would be unable to control Gaza.

Likud lawmaker Yuli Edelstein said an international solution should be found for governing Gaza that includes Arab countries.

Ghassan Khatib, a lecturer at Birzeit University in the West Bank, said the Palestinian leader has few options other than to call for long-term peace negotiations. An arrangement in Gaza like Abbas currently oversees in the West Bank, where Israel manages security and controls roads, borders and parts of the economy, would make him even more unpopular, he said.

"If he would say yes, then he would be dragged into a situation in Gaza that is even worse than the situation he is in in the West Bank," Khatib said. "This is suicide."

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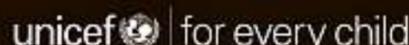
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WORLD NEWS

Ukraine War Slips Toward Stalemate

By JAMES MARSON AND DANIEL MICHAELS

Ukraine's 47th Mechanized Brigade was equipped with Western armored vehicles and trained for a lightning summer counteroffensive that was supposed to tip the war firmly in Kyiv's favor.

These days, after advancing only a few miles over several months in the south, the brigade is fighting to fend off a Russian attack on a small industrial city in eastern Ukraine.

"It's tough. Their advantage is in the quantity of people," one soldier in the brigade said. "They are coming nonstop."

The brigade's shift from offense to defense reflects a move to a new phase in the conflict as Ukraine's top commanders acknowledge that the counteroffensive didn't achieve the desired progress. Ukraine's top military officer, Gen. Valeriy Zaluzhnyi, described the war as a stalemate in an interview with the Economist, saying there would most likely be no significant breakthrough.

Russian officials have characterized the shift as a sign Moscow is gaining the upper hand and that its bet on the long game is paying off. Russian President Vladimir Putin has geared his country's econ-

omy to war and has more than 400,000 men deployed in Ukraine, Ukrainian officials said, while Kyiv depends on Western military and financial support, which is facing an uncertain future.

A growing number of Ukraine's backers in Europe and the U.S. said Kyiv likely would be in a stronger position today if the Biden administration had more quickly delivered valuable equipment such as tanks, long-range rockets and jet fighters. Protracted debates about the armaments, which have been provided or are being prepared for delivery to Ukraine, meant Kyiv lost valuable time early this year when it could have pressed gains achieved against Russia late last year.

"There is no silver bullet that will change the stalemate in the short run," said Douglas Lute, a retired U.S. Army lieutenant general and former ambassador to the North Atlantic Treaty Organization. "Our incremental approach to providing military assistance has assured that," he said of the impasse.

Administration officials say they are giving Ukraine weapons at an appropriate pace and in line with what can be offered.

Russia now controls around one-fifth of Ukraine's territory



Russian artillery shelled a private house in Ukraine's Kharkiv region in late October, as Kyiv's counteroffensive sputtered.

SEBASTIAN KODRZYNSKI FOR THE WALL STREET JOURNAL

and is seeking to advance in the northeast and east. Ukraine is still pressing in the south, where it had hoped to reach the Sea of Azov coast and split the Russian occupying forces in two. But exhaustion on both sides and the strength of defenses make large changes unlikely this winter.

"It's a trench deadlock," said a senior Ukrainian security official. "A general offensive is impossible for either side. Neither side can break through."

For now, Russia is concentrating on smaller cities such as Kupyansk in the northeast and Avdiivka in the east. The offensive on Avdiivka, a small industrial city near the occupied regional capital of Do-

netsk, has cost the Russians more than 100 armored vehicles and thousands of casualties since it was launched in October, the Ukrainian military said. Russian forces have made small gains in their efforts to surround the city, including seizing a railway line on the northwestern outskirts.

The Ukrainians are struggling, too. The soldier in the 47th said they were low on ammunition and manpower, meaning the crews of armored vehicles and drone pilots were sometimes deployed to frontline positions.

A senior NATO official said Russia likely lacks resources to mount a significant offensive this year and Ukrainian troops may hold an advantage

fighting in winter snow because they have shown greater mobility. "The Russians have shown limited ability to fight off-road and on foot."

The next phase of the war looks increasingly fraught for Ukraine. After fending off Russia's assault on Kyiv early last year, Ukrainian forces rolled back Russian troops in the northeast and south of the country, retaking half the territory that Moscow had occupied in the early weeks of its invasion.

But despite the West's having trained and equipped tens of thousands of troops for the counteroffensive, they were unable this year to achieve Ukraine's goal of breaking through Russian lines and

reaching the Azov coast.

While both sides say they want peace, talks are unlikely while Russia retains its initial goal of controlling Ukraine, and Ukraine wants to retake the rest of its territory. Ukrainian officials acknowledge that a long war likely favors Russia, which has shifted its economy to a war footing and can call on a population more than three times the size of its neighbor's.

Given the constraints on Ukraine's ability to seize the battlefield initiative against Russian forces, some outside observers say Kyiv's safest course of action is to shift to a defensive posture and force Russia to expend its troops and equipment seeking gains.

Path to Biden-Xi Summit Filled With Snubs, Slightings

By CHARLES HUTZLER AND LINGLING WEI

With only weeks to go to prepare for a possible summit with President Biden, Chinese officials floated a plan: If Xi Jinping agrees to meet, he first wants to sit down for a banquet with American business leaders.

The White House said no. With a lengthy agenda of friction points to go over, Xi should see Biden before the CEOs, American officials told their Chinese counterparts in October, people briefed on the plans said. Beijing backed down and rescheduled the dinner for after the summit.

Biden and Xi are set to hold their first face-to-face meeting in a year in the San Francisco Bay Area on Wednesday, with both saying they want to mend a divisive, rivalrous U.S.-China relationship. To get to the table, both sides have resorted to maneuvers that

appear aimed at putting the other off-balance.

The path to the summit has been strewn with diplomatic slightings and gamesmanship, according to interviews with current and former officials on both sides, foreign-affairs specialists and others briefed on summit discussions. There have been snubs, skipped meetings and the withholding of goodwill gestures.

"Every time we have a summit with China, both sides discuss who's in a stronger position," said Bonnie Glaser, who runs the Indo-Pacific program at the German Marshall Fund of the United States. "It's going on on both sides."

Xi, for example, declined for weeks to take a phone call from Biden, who said publicly that he wanted to talk to the Chinese leader after the U.S. shot down a suspected Chinese spy balloon. The two leaders haven't spoken since the balloon incident, which

derailed a planned visit to Beijing by Secretary of State Antony Blinken.

By the time Blinken traveled to Beijing in June, he managed to win an audience with Xi. But Chinese state media made him look like a supplicant, seated off to the side of a long table in the Great Hall of the People, rather than next to Xi, as Blinken's predecessor was.

Around the time of the Blinken trip, Chinese hackers breached the unclassified email accounts of top Blinken aides and Commerce Secretary Gina Raimondo, U.S. officials said.

The petty brush-offs and hardball tactics on display ahead of the high-stakes summit strain the goodwill needed to resolve global troubles and

seed the U.S.-China relationship with distrust. Wednesday's meeting isn't expected to change the adversarial trajectory Washington and Beijing are on as they vie to reshape the global order.

Domestic politics complicate any detente.

The Biden administration has engaged with Beijing while looking over its shoulder to avoid criticism from Republicans and other China skeptics in Congress, officials said. For Xi, being regarded as too eager for engagement would hurt the strongman image he has cultivated at home.

Both Biden and Xi have an interest in keeping the rivalry from careering into conflict. U.S. allies from Europe to Australia also want Washington to

manage tensions with Beijing.

The administration appears likely to achieve some substantive wins at the meeting. Both governments are moving closer to resuming contacts between their militaries, which Beijing suspended last year in anger over displays of U.S. support for Taiwan, according to U.S. officials. They have discussed cooperating on ending fentanyl trafficking. China is the source for chemicals that Mexican drug cartels use to produce the opioid.

Xi is looking for reassurances on Taiwan, with China urging the U.S. to rein in political leaders on the democratic island. A smooth summit might help Xi stave off, at least temporarily, more U.S. restrictions on technology transfers and shore up flagging foreign investor confidence in a struggling Chinese economy.

More broadly, Xi is looking to buy time to build up China's

economic and military resilience to ultimately prevail in the great-power competition. The Chinese leader was taken aback by the West's backlash to his alignment with Russia in the midst of its war on Ukraine and was surprised at how quickly the U.S. has strengthened alliances against Beijing. Now a tactical pause serves China's interest.

In recent commentary, the Communist Party's flagship People's Daily struck an unusually conciliatory tone, calling for the bilateral relationship to "stabilize and improve instead of sliding into conflict and confrontation."

"It's OK to be nice to the Americans now," said Evan Medeiros, a professor at Georgetown University. "But it's a cyclical warming-up amid structural deterioration in the relationship."

◆ Heard on the Street: Limits to China's Mideast clout... B11

Conflict Spawns Shift on Patriot Systems

By DOUG CAMERON

The U.S. military was set to display one of its prized Patriot missile-defense systems at the Dubai Airshow this week, part of the American showcase at one of the world's biggest arms fairs.

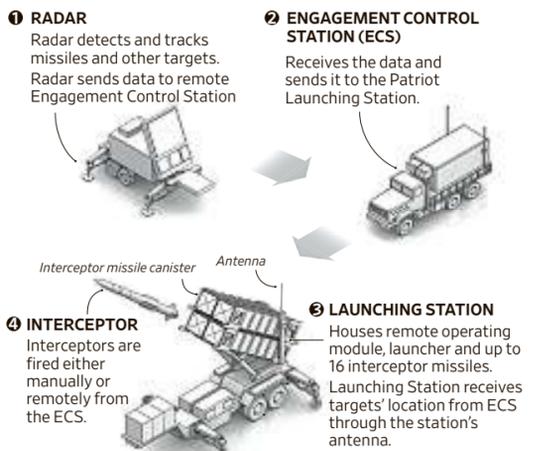
Then war broke out in the Middle East, and the \$1 billion battery, mounted on three trucks, was needed to defend U.S. troops based in the region from attack by Iran-backed militia groups—and the Pentagon dropped the plans for the show.

Army leaders have warned for years they lacked enough of the systems, which fire interceptors to shoot down aircraft, missiles and drones, to meet the myriad U.S. national-security challenges posed by strategic competition with China, war in Ukraine and fighting in the Middle East.

Some lawmakers have echoed the concerns. "I am concerned about our ability to provide air defense in other areas," said Rep. Doug Lamborn (R, Colo.), chairman of the House Armed Services subcommittee that handles missile defense. Lamborn said the threats to U.S. forces in the Middle East justified the deployments, but he has been pushing for the funding of more Patriots.

The Pentagon shipped one to Ukraine last spring, to help

How a Patriot Battery Tracks and Intercepts Targets



Note: Diagram isn't to scale. Source: Army Recognition. Jemal R. Brinson and Peter Champelli/THE WALL STREET JOURNAL

Kyiv's forces fend off Russian cruise missiles.

Now, following a series of drone and missile attacks on U.S. forces in Syria and Iraq that the Pentagon blames on militias backed by Iran, it has doubled the number of Patriot batteries in the region to at least 12, people familiar with the deployment said.

The shift of the U.S. Patriots over the past two weeks was a reversal from the trend in recent years in which the U.S. had been reallocating military hardware and personnel

from the Middle East to the Pacific to deter any potential challenge from China. It threatens to leave other regions of the world more exposed to cruise and ballistic missiles and other threats, especially in the Pacific.

The Patriot was introduced in 1980 to defend against aircraft and then cruise missiles from the former Soviet Union. After early testing problems and cost overruns that almost saw it canceled, Patriot has evolved into a key part of defenses against a rapidly evolu-

ing global missile threat.

The Patriot's success in defending U.S. forces in the Middle East over the past 20 years has helped fuel demand from buyers including Saudi Arabia and the United Arab Emirates. Poland, Sweden and most recently Switzerland are among European buyers drawn by perceptions of an increased threat from Russia.

RTX, formerly known as Raytheon Technologies, is estimated by analysts to generate \$3.5 billion in annual sales from building the Patriot.

The biennial Dubai Airshow, which starts on Monday, features displays of military aircraft and equipment and attracts big defense companies including RTX, Lockheed Martin and Boeing, as well as government buyers from around the world.

Planes, missiles, drones and other equipment will line the tarmac and pavilions at the Al Maktoum International Airport, which features weapons made by Russia and China as well as the U.S. and its allies, and fast-growing exporters including South Korea and Turkey.

The Pentagon was to display a battery, which includes the launcher, radar truck and command station. On Oct. 25, it announced plans to send more air-defense resources to the Middle East.

—Michael R. Gordon contributed to this article.

Advertisement for Ranken Jordan Pediatric Bridge Hospital. Text: "Your next tax-deductible donation could give playful healing to children in the hospital." Includes website rankenjordan.org/donate, location St. Louis, MO, and a photo of a smiling child on a slide.

## FROM PAGE ONE

# A Student Vanishes In Israel

Continued from Page One

corralled fellow workers to the safety of a nearby kitchen, then tried to rally the group to slip back out and rescue the grenade victims. Before they could move, though, the militants returned with reinforcements. The gunmen barged through the kitchen doors and grabbed Bipin and three Thai farmers hiding nearby. Bipin hasn't been heard from since.

Bipin Joshi's story is just one tiny piece of what is shaping up as the most complicated kidnapping crisis in modern history. By Israel's count, militants still hold 239 hostages taken during Hamas's Oct. 7 attack. Those captives, held in tunnels under the Gaza Strip, include 10 Americans.

There are also dozens of laborers from a half-dozen countries as far apart as East Africa and Southeast Asia. Among the known hostages are 23 Thai farmers, two Tanzanian dairy workers, and caregivers from Sri Lanka and the Philippines. The search to find them has become a crash course in hostage diplomacy for governments on the margins of global power.

While the U.S. has positioned two aircraft-carrier groups in the eastern Mediterranean, flown surveillance drones over Gaza and sent FBI agents and others to Israel to help identify and retrieve the kidnapped, Nepal, Thailand and Tanzania have faced a lonelier struggle.

Which of their nationals were taken? Who has them? And what could convince the hostage holders to release the ordinary farmworkers presumably stuck in tunnels, thousands of miles from home?

## No master list

In this mass abduction, there has been no formal master list of hostages held, because Hamas and the other Palestinian groups holding captives haven't provided one. Proofs-of-life have emerged as a trickle, starting with Israeli or European captives. To solve the riddle of a single student farm worker's disappearance, a small number of Nepali diplomats, local volunteers and Bipin's friends have had to piece together fragments of evidence and contradictory clues from an overwhelmed Israeli bureaucracy.

The Israeli government, still in its first year, has struggled in the chaos of wartime Israel to answer the most basic question: Is Bipin alive?

"The last 30 days have felt like 30 years...it's the first time we've been involved in a crisis like this," said Kanta Rizal, Nepal's ambassador to Israel, who said she has been telling the same story to every official she's managed to meet: "Bipin is special because he's a hero. He saved his friends."

To understand how nations on the periphery of the Middle Eastern crisis are navigating a new age of hostage diplomacy, The Wall Street Journal spoke to ministers, diplomats, and local officials from Nepal, Thailand and Tanzania, as well as the U.S., Israel, Qatar, Egypt and humanitarians involved in managing hostage exchanges, including at the International Committee of the Red Cross.

## 'Barely surviving'

Reporters also reviewed survivors' video and social-media messages from the Oct. 7 abductions, spoke to forensic investigators in Israel scrutinizing human remains, and traveled to the rural far west of Nepal to meet Bipin's family.

"We are barely surviving, hanging on to a thread of hope," said Mahanand Joshi, father of Bipin, who has helped organize #BringBackBipin marches in his town in the Himalayan foothills. "Every passing moment without the news of where our son is, whether he is even alive, is pushing us to the brink."

When he left for Israel on Sept. 13, Bipin reassured his mother, a teacher. "I will see the world," he told her.

An agricultural student at Nepal's Far Western Univer-



Bipin Joshi, above, disappeared from a citrus farm near the Gaza Strip during the Oct. 7 attack by Hamas after saving his friends from a grenade. His father, Mahanand Joshi, below left, waits in his home in far-western Nepal for news. Above left, Wilart Tanna, father of Thai worker Pongsak Tanna, holds a photo of his son, who is one of the confirmed hostages taken by Hamas.

sity, he numbered among the inaugural group of 49 Nepalis sent by his college to Israeli farmsteads, including Alumim, a kibbutz perched hard against the Gaza border. The idea of the program, dubbed "Learn and Earn," was to gain insight into Israeli farming techniques while making many multiples of what they could at home.

At nights, the 24 Thais who had worked on the kibbutz for years, picking up Hebrew, would feast on spicy *som tam* papaya salad and whiskey flown in from home. The Nepalis stuck to cumin-spiced potatoes and Israeli beer. After a few drinks, the Thais would break into karaoke and entertain a group of curious Nepalis dropping in from a nearby mushroom farm. Bipin, who preferred 2Pac and Nas, had rapped about the hardships of Nepali farmers in his politically conscious song—"Prashna," meaning "Question"—over a gritty, Wu Tang-stylized beat. Every evening, after shifts nearing 10 hours, he would call home to wish his mom good night.

## Cockfights

The Thais and Nepalis were among the tens of thousands of workers Israel had brought in to farm on kibbutzim that once relied on Palestinian labor. They included Pongsak Tanna, who would organize weekend cockfights for the other Thais. Korawit Kaeoekoed preferred to swim in the local pool after long weeks earning money for his two daughters and to develop a plot of land in eastern Thailand. The tattoo across his neck read: "Wealthy."

When occasional rockets flew overhead from Gaza, evading Israel's Iron Dome air defenses, Bipin would video call old university friends from his dormitory's kitchen bunker and describe vapor trails streaking the sky. He made his friends promise they wouldn't tell his parents—he didn't want them to worry.

"I'll send money, and you organize worship and prayers for me," he told his mom on Oct. 6. Soon, at a local temple of the Universal Mother Goddess Durga, she would offer prayers for Dashain, the biggest festival in the Hindu-majority Nepal, to mark her victory over demons to protect her children.

Almost as soon as Bipin awoke on Oct. 7 to the rumble of explosions, his phone began pinging with videos from other Nepali farmers of rockets streaking through the early morning sky.

"How frightening," one wrote on a group chat. "Be careful, guys," replied another.

Hearing the rockets and gunfire grow closer, Bipin realized this assault was different. The Nepalis and Thais split and scrambled to different bunkers. Kaeoekoed, who lived in the dorm next to Bipin, moved to the dairy farm, then eventually clambered up onto a hiding place above a refrigerator, texting his wife: "I won't be coming home."

Other Thais hid under wooden tables in a kitchen, next to crates of onions, and waited. As the nervous minutes ticked by, one farmer gestured to another to bring over a bottle of whiskey to pass the time. "Is that shooting? Is it soldiers?"

In the Nepali bunker, 17 workers had hunkered shoulder-to-shoulder, filling the small and windowless room. They posed for a selfie, with Bipin squatting in front, smiling at the camera. Several opened up a cellphone to play the board game Ludo, while Prabesh Bhandari, another farm worker, took a photo of Bipin, captioned on Facebook: "Bunker time."

Bipin looked up from the game to hear the gunfire drawing closer, then panicked screams. Bullets began crack-

ling through the walls of the dormitory.

Israeli laws requiring homes to maintain a secure safe room were enforced spotily, especially in the dwellings of farm hands, and it was easy for Hamas to burst in. One Nepali student taking videos near the door was shot dead, as was another who shouted, "we are Nepali." A pair of grenades tumbled into the room. The one that exploded left several people unconscious, while others writhed in pain.

The militants hurried on and soon the farmers could hear the voices of Israeli police officers telling those who could to gather in a nearby kitchen. As Nepalis and a handful of Thais retreated to hiding places, Bipin tried to rally the group to slip back out and help treat the Nepalis the grenade had wounded.

He hurriedly thumbed out a couple of texts to his cousin, Basu Dev, in English: "If something happen with me you have to take care of family."

"Be strong and always see future."

A rifle-clutching young militant burst into the kitchen, ordering Bipin and three Thais closest to the door out at gunpoint. Another assailant lifted up his phone to record the capture. It was the last time Bipin would be seen alive.

As the four farmers vanished, the Nepalis, still hiding, could hear one of the Thais, pleading to be exempt from the Middle East's most intractable conflict: "Thailand!"

"Are you Muslim?" a gunman asked.

In the kitchen, the Nepalis still hiding could hear the gunmen scream: "Run! Run!"

Nepal's ambassador was looking for answers nobody had.

Facebook pages and WhatsApp groups connecting Nepal

to Israel were piling up with pictures and messages of students caught in the attack and demanding ambulances or a flight home, a cloud of information, difficult to verify. Nepalis still in hiding were whispering horror stories into phone calls with Ambassador Rizal and the two other officials posted to her Tel Aviv embassy, who now needed to account for hundreds of their citizens in dozens of kibbutzim, lost in a country thrown into chaos.

## Avocado farmer

Soldiers were clearing the borderlands near Gaza, and the governments of Thailand and Nepal were turning to an avocado farmer at Kibbutz Alumim, Gilad Honwald, to confirm their fears.

"We are waiting for your message to inform my government," read a text on his phone, from Nepal's embassy.

Honwald was scouring the twisted masonry and torched tin roofs of ransacked and ash-strewn barns to take an inventory of the dead and missing. He counted more than 20 bodies lying in the bunkers, the kitchen, or on the pavement. Three of the men taken hostage had been shot and discarded behind the dairy plant. Kaeoekoed, the Thai farmer, remained in his hiding place above the fridge, afraid to come out. Friends had to repeatedly reassure him over a WhatsApp group it was safe to climb down.

Bipin was nowhere to be seen.

The notification to the Nepali ambassador came in a texted photo of a roughhewn scrap of paper, from Honwald's notebook, scrawled in Hebrew. Six Nepali workers from Kibbutz Alumim were alive, listed alongside their registration numbers.

Only one of the Nepalis, worker number 1725, was annotated: "missing."

"All the rest are dead."

Was Bipin among those killed, his body lost or too

badly burned for recognition? Or had Hamas abducted him into its tunnels? His friends scoured videos being posted from Gaza, looking for his face or tall, familiar figure. The Joshi family, from their home near the Mahakali River that winds between India and Nepal, was texting and calling Bipin's phone to no avail.

"I lost all sense of the world," his father said.

Nepal's ambassador notified the Israeli Foreign Ministry of a missing citizen. The name slipped into a stack of the disappeared that was growing into the thousands, overwhelming the Israeli authorities combing firsthand reports and unidentified bodies.

## Missed connection

Nepal's foreign minister flew to Tel Aviv, a chance to raise Bipin's case in person with Israel's foreign minister, who was supposed to meet him on arrival.

But Narayan Prakash Saud had to first fly commercial to Dubai, sidestepping Saudi Arabia's restrictions on Israel-bound flights, then transfer to a chartered jet. By the time he finally touched down, his Israeli counterpart had rushed off for an emergency security meeting.

Instead, a military officer and protocol officials escorted Saud toward the 254 Nepalis he had come to evacuate, some of their clothes creased from sleeping overnight on the airport floor. Workers from Kibbutz Alumim stepped forward with a question: Where is Bipin?

Qatar, Saud had learned, was the principal Middle Eastern government helping relay requests to the militants. But the tiny state's foreign minister, who also serves as prime minister, was inundated with calls and visits with the top diplomats of the U.S., Israel, France, Canada, Thailand, South Korea, Jordan, Liberia and Iran.

After several days, the Nepali foreign minister managed to reach the deputy to the Qatari foreign minister and asked him to deliver Hamas a message: Bipin Joshi was an innocent agricultural student who should be set free.

Qatar, rather than try to separately identify and negotiate the release of each disparate individual from so many countries, was encouraging Hamas to release all the civilians they had, from every nation. But Hamas wouldn't release its hostages until Israel stopped its airstrikes. And Israel wouldn't stop its airstrikes until Hamas released the hostages. Egyptian officials, complicating things, wanted to focus on negotiating humanitarian aid into Gaza first, then deal with the captives.

## 'Special attention'

In any event, Qatar didn't know whether Hamas held Bipin. Hamas wasn't providing a coherent list of hostages.

Nepal's ambassador tried other diplomatic avenues. When she met Israel's president, Isaac Herzog, she told him Bipin deserved "special attention" because his bravery had saved lives. But the presidency had no confirmation of his status, either.

She joined in seeking help from a group of Israeli volunteers in a makeshift office in Tel Aviv's Expo convention center, using facial-recognition software to painstakingly piece together what had happened to the missing.

The volunteers scrutinized hours of gruesome videos from Gaza, waking up at night disturbed—just as new texts came in from governments of Argentina, Thailand or Nepal. But Bipin didn't appear once.

Then, after weeks of pulling security camera footage from the farms along the Gaza border, and scrolling through hours of video, Honwald, the avocado farmer, sent them a 22-second stretch of four men being marched down a Kibbutz Alumim wall, two limping. Three of them looked Thai, their shoulders turned to the militant holding up his phone to record them. But the Nepalis couldn't agree on whether the fourth, bent over in a blue T-shirt and khaki shorts, was Bipin.

In recent days another piece of information has reached the Joshi family, after Israeli intelligence ran Bipin's phone number. The last place it had pinged from was Gaza.

—Anat Peled contributed to this article.



Korawit Kaeoekoed, a Thai worker who survived by hiding above a refrigerator, is now back home with his wife and daughter.



## Be Your Own Good Luck Charm

Unlucky people skip over opportunities right in front of them. Make sure you don't miss out.



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

**N**ir Zicherman was a mediocre law student having trouble landing a summer internship. On his way to an interview, he got in an elevator and made a joke to the woman next to him, who was holding a tray of coffee cups.

"You must really like coffee," he said. It changed his life.

The woman, it turned out, was the hiring manager for the job he was going for in NASA's legal department. She loved the joke and gave him the internship. The summer stint inspired Zicherman to teach himself to code, scrap his law career for tech and eventually co-found a startup. He sold it to Spotify for millions in 2019.

"It's just, like, everything can be traced back to that one elevator ride," says Zicherman, now an entrepreneur and writer in New Jersey.

We like to think we will our success into existence with our own hard work. And yet, so many of us knock wood, consult tarot cards and read horoscopes, or repeat affirmations to manifest our way to happiness.

It feels like our fate often comes down to circumstance and

coincidence, maybe even a bit of magic. But we have more power than we think to make ourselves luckier.

You can create your own serendipity, says Richard Wiseman, a psychology professor at England's University of Hertfordshire and author of a seminal book on luck. He and his team studied hundreds of people who considered themselves especially lucky or unlucky. The former tended to be cheery, optimistic, open and resilient. The latter had their metaphorical heads down, unable to spot and seize opportunities.

"When you are stressed and worried and anxious, you gain a kind of tunnel vision," Wiseman says.

In one experiment, participants were told to count photographs in a newspaper. The self-described unlucky swept past half-page ads that revealed the answer to the task. Instead of quickly completing the assignment and collecting their cash prize, they just kept poring over the paper.

### Change your mindset

Conjure a positive, expansive outlook by creating a "luck diary," Wiseman says. Record a good thing that happened that day, or something bad from the past that's not happening anymore. Since emotions are contagious, your good mood and sense of possibility can rub off on others, he says. Those people could make

things happen for you: funding your idea, making an exception in your favor or connecting you with the love of your life.

Next, try eating a new food, watching a movie you wouldn't normally watch or rearranging your furniture. You're showing yourself that you're a flexible person, Wiseman says. Unlucky people tend to see just one way forward. Lucky people set a goal but stay open to various ways of getting there.

### The power of chance

Bad news for the try-hards: Intelligence and ability only get you so far.

"Luck matters as much as talent," says Alessio Emanuele Biondo, an associate professor at Italy's University of Catania who researches economic policy.

In a 2018 paper, he and co-authors created a computer simulation where 1,000 people were exposed to 1,000 random events over a 40-year-career. Half of the events were positive, represented by green dots. Half were negative, symbolized by red dots. Each individual was assigned a different level of in-



▲ Laura Knight took a chance and launched a mermaid-themed trading card game.

telligence, ability and effort.

The workers who reached the heights of success were hardly ever the ones with the most talent, the model found. Instead, the biggest winners had average talent but had been spurred by random luck, hitting more green dots. So many things beyond our control—where we're born, our family wealth—can set the trajectory of our lives, Biondo notes.

Laura Knight, a creative director who works in toy packaging, grew up the eldest child of a single immigrant mother. Obsessed

with reaching financial stability, she said no to opportunities that felt too risky. There was the entrepreneur who invited her to join what turned out to be a wildly successful startup, the film-industry executive who promised her a screenwriting gig after high school. Looking back, she regrets all the chances she didn't grab.

"I was scared," says the 43-year-old, who lives in San Antonio.

This summer, she got up the nerve to accomplish a longtime dream, launching her own mermaid-themed trading card game. She was shocked when orders immediately began pouring in. It turned out Netflix had premiered a show called "MerPeople" that coincided perfectly with her game. Taking a chance on herself had paid off.

### Connect the dots

Serendipity is about connecting the dots between yourself and other people, says Christian Busch, an associate professor at the University of Southern California and author of the book, "The Serendipity Mindset."

Instead of introducing yourself with just your job when you meet a new person, throw out three information points that reveal your many facets, he recommends. You're intrigued by black holes, planning a canoe trip and figuring out how to parent your 2-year-old. The approach, which Busch calls the "hook strategy," increases your chances of establishing a deep connection with someone, or unearthing a coincidence.

If you're nervous to talk to someone new or pitch an idea, Busch suggests asking yourself: What's the worst that could happen if I don't do it?

Should a hurdle pop up while you're trying to make good on a goal, try flipping your thinking, he adds. We're often convinced things in our lives are terrible luck, only to realize later that the road-block propelled us down a new, wonderful path.

Years ago, planning a budget trip to Europe, I was crestfallen to find that my dream beachfront hostel in Barcelona was fully booked. Annoyed, I snagged a spot at another place.

I was right: The new hostel wasn't anything special. But in the common room, I started talking to a guy. It turned out we had both graduated from the same university a couple of weeks prior.

We are now happily married with two children. I still can't believe my luck.

*A note to readers: After years of writing about work-life balance, I'm finally taking my own advice. This is my last column before a short sabbatical to recharge and enjoy some unhurried time with family. I'll see you in early 2024, and wish you all a wonderful holiday season.*

## Co-Working Spaces Take On a New Look and Feel

By Ray A. Smith

**W**eWork has filed for bankruptcy, but a second wave of co-working spaces is here to fill the void.

Millions of white-collar workers are going to their employers' offices a few days each month. When they work remotely, a significant number of them want a "third place" between work and home. This fresh crop of co-working spaces doesn't look much like WeWork, as workers choose day passes to fire up laptops from a coffee shop or private clubs with good Wi-Fi. Gyms are co-working spaces now, too, as they seize the business opportunity.

Co-working spaces located outside downtown areas appeal to workers who don't want to commute. Smaller local competitors to WeWork, which charge lower rates, have proliferated in residential and suburban areas of cities, as workers launch their own businesses and cling to the work-life balance they struck during the pandemic.

When Roslyn Bazzelle Mitchell, a 49-year-old attorney in Houston, started her own firm last year, she rented an office at SheSpace, a colorful co-working office in a shopping center on a busy freeway.

"I needed to have a space for clients to come and be able to do closings and things like that," she said.

SheSpace, which targets professional women, is fully booked with a waiting list, said co-founder Stephanie Tsuru. She is busy scoping out future locations across Texas.

The Houston location isn't in any of the city's major business districts. It is appealing to working women with homes in the upper middle-class neighborhoods the space is near. Members are "surrounded by the things and conveniences that women need in their daily lives," Tsuru said.

Kara Przybyl McIver, a commercial art consultant at New York-based consulting firm Indiewalls, negotiated for the company to foot her \$250-a-month bill at SheSpace when she took the job nearly two years ago. Working in isolation doesn't suit her. "If I work at home, I'm gonna be unloading the dishwasher or washing bottles," the 34-year-old mother of two said.

Other WeWork rivals, including IWG and Industrious, recently re-



### New co-working spaces are learning from WeWork's mistakes.

ported strong earnings and revenue growth as demand for short-term office space continues to come from freelancers, entrepreneurs, tech-startup founders, and hybrid or fully-remote workers.

New co-working spaces are learning from WeWork's mistakes by offering cheaper prices, more premium or personalized experiences, and catering to specific demographics.

Even bigger players are leaving downtowns and going into neighborhoods. Before the pandemic, 30% of Industrious co-working space was outside business districts. Now 70% is. In a survey of JLL's commercial-real estate tenants, 40% of companies said they

would increase their flexible office space, including co-working arrangements.

To help keep overhead costs low for his virtual-tour real-estate startup CloudPano, Clayton Rothschild leases floating desks for \$200 a month for himself and three other employees at factory, a co-working space in Springfield, Mo., affiliated with Missouri State University.

"I am willing to do unorthodox ways of being in an office setting," he said. "It saves me a lot of money."

Independent coffee shops are hoping to get in on co-working, too. Bedford Studio opened in Manhattan's West Village in April as a place to comfortably work on a laptop for \$10 a day, \$30 a month or \$300 a year. The fee gives members access to power outlets and discounted coffee.

"There's very limited options on

### ◀ Soho House has expanded to nine co-working locations, including in Brooklyn, N.Y., left.

that in-between place where you could go for a couple of days a week or a couple hours and get some work done," said Bedford Studio founder Lawrence Helfant.

Soho House, a high-end social club long favored by creatives including fashion designers, media professionals and others in artistic fields, has expanded to nine co-working locations. Soho Works are located inside or close to Soho Houses in New York, Los Angeles and London.

Thousands are on the waiting list to become Soho House members, so the brand can tap a new audience for its co-working locations, said Thomas Allen, chief financial officer of Soho House. Members can access the co-working space for as little as \$100 a week, and nonmembers have access starting at \$525 a month.

Newer entrants to co-working are using their smaller size as a selling point.

The Malin is a membership-based co-working company with locations in New York's Soho and West Village neighborhoods, Williamsburg in Brooklyn and Wedgewood-Houston in Nashville, Tenn. Each location has between 200 and 300 members, which means staff can get to know them in a more personal way, said Ciaran McGuigan, who founded the Malin in 2021.

"You can take time to know who they are, write them a note, say 'hey, good morning,' get a cup of coffee, really exercise that hospitality component," McGuigan said.

## PERSONAL JOURNAL.

By RACHEL WOLFE

Would-be home buyers are giving up on the housing market and finding other ways to use the money they had been saving.

With mortgage rates near 8% and average home prices hitting record highs, sales of existing homes were down 15.4% year-over-year in September, according to the National Association of Realtors.

Those thwarted by one of the worst-ever times to buy instead of rent are deferring their first house hunts not just for a few months, but for years. Others locked into low mortgages are realizing they're stuck in their starter homes indefinitely.

Some of these people are putting money that would have gone into a home into their relatives' futures. There was a 15% increase in the number of new 529 college savings accounts opened in the third quarter from a year ago, according to data firm ISS Market Intelligence.

Others are taking more expensive vacations and shelling out for extensive renovations and decorations for their current spaces. Homeowners spent \$489 billion on improvements and repairs over the 12 months ending in September, according to Harvard University's Joint Center for Housing Studies, a 5.4% gain over the previous period on top of a 17% gain the year before.

These consumers are helping fuel a spate of increased spending in the U.S. that has confounded economists who were predicting a recession less than a year ago.

"People are taking their frustrations out by using that money on vacations and enjoying life," says Jamie Battmer, the chief investment officer at wealth-management firm Creative Planning. Unlike the equity they could build through a mortgage, "that money is gone and it's never coming back," Battmer says.

Beth Michalec thought moving back in with her parents in 2020 would enable her to put the thousands she saved on rent toward a down payment on a first home. She's still renting.

"What would have been a sizable amount down in 2020 or 2021 now barely put the smallest dent on anything that one might consider decent," the 41-year-old Michalec says of her search.

Michalec, who works in higher education, recently sat down with a financial planner to map out what retirement could look like while renting instead of owning a home. In the meantime, she's investing more in what she finds meaningful, including a \$2,000



## World-Be Home Buyers Move Money Elsewhere

Americans are postponing their housing searches by years, not months



Emilee and Kevin Hurtarte in Rome. Beth Michalec, right, at a Dolly Parton show.



trip to see Dolly Parton perform and contributions to college savings accounts for her two young nephews.

### Definitions of success

Katie Burke, a consumer behavior researcher at Accenture, says the unaffordability of the housing market is leading people to readjust their definitions of success.

"We used to be able to work for a few years, save for a home

and get our independence," Burke says. "That mental model is shifting."

Karen Lindsey, 50, would know. She got married in her early 30s and bought a four-bedroom home with her then husband. Over the next 20 years, she got divorced, sold the home, went back to school to become an assistant professor at Elon University, and got stuck renting.

Lindsey says her only regret is

that homeownership no longer feels possible. She has dipped into her down payment fund repeatedly in recent years, first to finance a move to Burlington, N.C., for her job, and then to help pay off credit-card debt and cover restarted student loan payments.

"By your 40s or 50s, you're supposed to own a home, and I'm not there. So have I failed?" says Lindsey.

### A market out of whack

The price of housing ordinarily goes down when mortgage rates increase, says Marco Giacoletti, a housing studies professor at the University of Southern California's Marshall School of Business. That hasn't happened.

The average monthly new-mortgage payment is now 52% higher than the average apartment rent, according to an analysis by commercial real-estate investor CBRE. That's worse than the lead-up to the 2008 housing market crash, when the premium peaked at 33%.

Though houses don't always shoot up in value over time, homeownership is a way of putting people on firmer financial footing over the long term. "We're eliminating one of the key savings vessels for a much wider swath of the

population," Battmer says.

Kevin and Emilee Hurtarte expected to spend the year after getting married this spring searching for a home of their own. After calculating that their \$2,500 monthly rent in Rockville, Md., would translate to paying over \$3,500 a month on a 30-year mortgage, the couple delayed their search.

"We started crunching the numbers and math doesn't lie," says Kevin, a 29-year-old architectural designer.

The Hurtartes have dipped into their new-house fund to pay for an upcoming road trip out West and to splurge a bit more than they planned on their honeymoon.

"We feel like we have all this money and have nothing to do with it," Emilee says.

### Stuck in a starter

If Andria and Brad Rosell knew when they bought their Raleigh, N.C., home in 2017 that they would still be living there now, they would have chosen differently. "It's not a dream house," says Andria Rosell, a public relations consultant.

Still, they feel lucky to have it, especially after Brad got laid off. The three-bedroom they paid \$285,000 for has almost doubled in value. After an unsuccessful hunt for a bigger house, they decided to spend around \$50,000 renovating, including \$10,000 on a new bathroom, \$30,000 to update the kitchen and a few hundred to repurpose the playroom into a lounge space.

"We finally accepted that it's not going to be a year where the market is like this, it's going to be years," Andria says.

MY RIDE | BY A.J. BAIME

## Rare Racer Runs Again Under Actress's Direction

Emelia Hartford, a car builder and an actress currently appearing in the film "Gran Turismo," who is based in the Los Angeles area, on her Cape Advanced Vehicles Ford GT40 replica, as told to A.J. Baime.

I lost my dad when I was young, so I didn't have that fatherly figure to help me figure out what to buy as my first car. I bought an Infiniti G35 with a manual transmission. I didn't even know how to drive stick, so I pretty much roasted the clutch getting the car home.

Living with my mom in Bloomington, Ind., I met a group of guys in the car community who took me under their wing and helped pull me out of a dark time. Instead of party-

ing on weekends, we were upgrading turbos and building engines. I started racing. I am so grateful for the car community, because wherever I go, I have family.

When I turned 18, I drove a Nissan across the country to Los Angeles to try to make it in film and television. The car needed a lot of work. At one point, my mom said, "You're doing all this work. You should film it and put it on YouTube." Moms are always right. I pulled out every penny I had to buy a camera.

My goal was to rebuild my Nissan as a drift car. I started doing three videos a week. I am still doing it, and I still have that Nissan. I have my own shop and now, a team that I work with that I consider my



family. A couple years ago, we built the world's fastest new-generation Corvette in the quarter mile. The record has since been broken, but it was a great milestone.

One of the things I love about cars is the opportunity to take an abandoned vehicle and bring it back to life. Trying to turn a negative into a positive. About three months ago, I brought this Cape Advanced Vehicles (CAV) GT40 home to my shop. When I found it, it had been sitting outside for almost 20 years, and I was told that it had never been driven. CAV is a South African company that makes replicas of the Ford GT40, a car that won the 24 Hours of Le Mans in 1966, as depicted in the movie "Ford v Ferrari." This car had been purchased in

2006. I trusted the owner, but when you have a car that has been sitting outside for a long time, you don't know: Has the engine seized? Will the brakes work? You have to go through everything. So the journey began.

The day after I parked this car in my shop, I noticed I had bug bites all over me. I looked into the car and saw fleas bouncing everywhere. So the first thing I had to do was bug bomb the car.

I love taking things apart and putting them back together—making something better than it was before. I started with fluid changes, replumbed the cooling system, fixed the shifter cables and replaced the tires. There is this feeling you get when you do the work and then the

Emelia Hartford with her Cape Advanced Vehicles GT40, a 17-year-old car she is rebuilding. It's a replica of the Ford racing car that won Le Mans in the '60s.

engine fires for the first time. The car has a beautifully built 427-cubic inch V-8. It is crazy to think that I was the first person to ever really drive it.

There is a lot of work left to do. The car is popping out of first gear, so I am going to pull out the transmission. I am going to put new wheels on the car, fresh paint and, ultimately, I will take it to the track. All cars are stories, and I love this one. There is something about getting to give a car a second chance at life.

# ARTS IN REVIEW

By EDWARD ROTHSTEIN

EXHIBITION REVIEW

## On the Borders of Belief

A show explores the roles of various religions and communities in the nation's westward expansion

There is something a bit dizzying about much of the New-York Historical Society's exhibition "Acts of Faith: Religion and the American West." And that turns out to be a good thing.

When we first hear the title, we think we are going to be on well-trod ground, exploring how a 19th-century religious view of the American future inspired the nation's westward expansion. We feel confident too that we are also going to be led down a parallel path demonstrating the delusions of Manifest Destiny, examining its costs, the resulting dispossessions, and tarnished ideals.

And these themes, which characterize the contemporary interpretation of the West, certainly make an appearance. In fact, a companion book for the exhibition—which was independently edited by Jessica Lauren Nelson, director of religion and cultural initiatives at the Eiteljorg Museum of American Indians and Western Art in Indianapolis (where the show is scheduled to travel after it closes in New York)—is largely focused on the consequences of "settler colonialism."

But something more unusual takes place in the exhibition, which was developed by the Historical Society's redoubtable Marci Reaven along with associate curator Lily Wong. It gathers some 60 artifacts, creating a series of explorations that show how religious views have shaped communities, determined identities, and altered public and private life. We encounter the history of Mormonism, the development of a united Cherokee culture, the missionary efforts of Protestantism and Catholicism, the beliefs of Chinese immigrants, the establishment of Jewish communities, and conflicts over religious practices and school curricula. Some examples may be familiar to many, some may be fresh to most, and all place familiar ideas in new contexts.

Even when the theme is "Confronting Colonialism"—as the first gallery is called—the material startles. This is because its focus is on the building of the Erie Canal and its impact on Native Americans—a subject that has only recently become the subject of scholarly examination.

For its creators, the canal was an immense project that opened the West to trade and remade the geography and economic power of the Northeast; we are shown surveying tools and maps and medals awarded for the enterprise. But the canal, completed in 1825, also required cutting through "the heart of Haudenosaunee lands" in upper New York state, which led to a series of religious revivals among the Native American tribes.

Protestant missionaries had long been active among them, and in this case an Episcopalian missionary of Mohawk descent, Eleazer Williams (1788-1858), reinterpreted the catastrophe as an opportunity to shape a new "Indian empire" in the West. Williams contributed hymns to a prayer book on

'Sagoyewatha, or "Red Jacket"' (1828), by Robert Walter Weir, below; 'Progress' (1935), by Ernest Smith, right



'Crossing the Mississippi on the Ice' (c. 1878), by C.C.A. Christensen, above; the Rev. Solomon Davis's 'A Prayer Book in the Language of the Six Nations of Indians' (1837), left

Jesus Christ of Latter-Day Saints in Utah, a narrative outlined in epic paintings by C.C.A. Christensen (1831-1912) seen in reproduction. Persecution and migration led to a vision of a new Zion.

And in yet another vignette, we encounter the Tract House, which opened near New York's City Hall in 1825, housing missionary societies proselytizing for Protestantism, creating a religious foundation for Western settlement. In four years, followers distributed 265,000 Bibles and 3,954,000 religious tracts, dispatched 330 ministers, and established 1,200 Sunday schools.

display here, written for speakers of Mohawk and Oneida; he led about half the Oneida to an area in present day Wisconsin. Another religious leader, Leopold Pokagon (c. 1775-1841), who guided Potawatomi life in the western Great Lakes region, converted his followers to Catholicism, which he believed would help protect their status in Michigan—a strategy that was only temporarily successful. We see less about how native religious beliefs altered, but we know from Western history how often religious practice is transformed by catastrophe and exile. Belief inspires action and experience transforms belief.

We also see these forces at work in a gallery that recounts the westward migrations that led to the establishment of the Church of

In other sections, we are asked to think about American constraints on religious practice—as in the Supreme Court's 1879 decision forbidding Mormon polygamy, or the U.S. banning the annual Sun Dance of the Lakota Nation beginning in the 1880s. And we get a sampling of controversies about the separation of church and state as played out in late 19th-century schools.

There are also less compelling episodes. Jewish settlement is illustrated with a somewhat kitschy scene showing a symbol-laden Rosh Hashana service above a grocery store in St. Louis—a display that misses the larger story of how Judaism evolved in response to the American experience. And a gallery devoted to Cherokee religious beliefs when segments of the tribe—forcibly relocated—were reunified in 1839 in

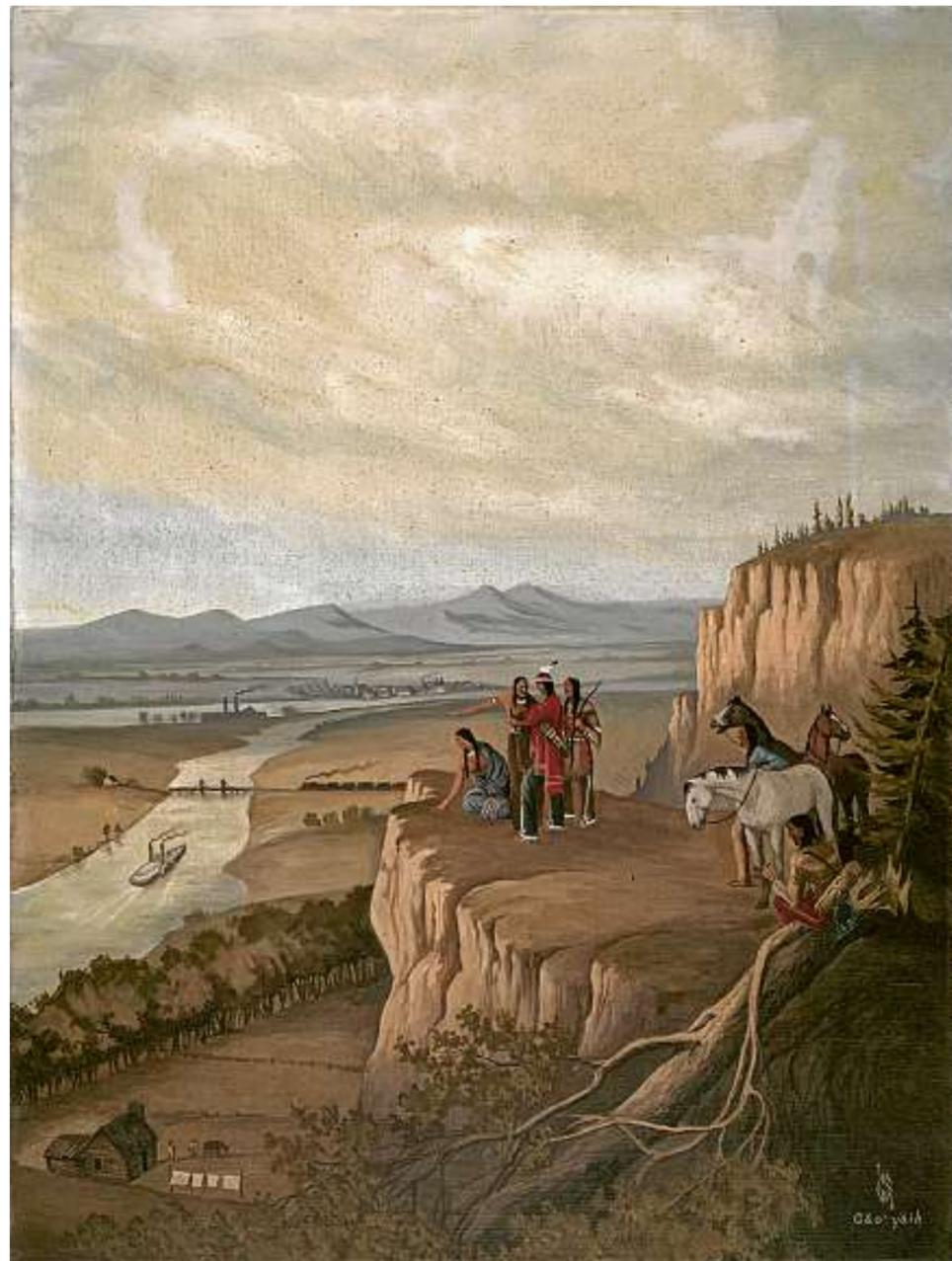
present-day Oklahoma falls prey to anodyne platitudes that don't really reveal much: "Community values" included "Visit one another with love" and "Think of one another in spiritual prayer."

There is more here than can be deeply explored by any single exhibition and some coherence is lost. But however dizzying, the result is effective. In how many national histories would such varied beliefs and convictions vie with one another and transform one another? And in how many other nations' experiences are there so many expectations that, despite injustices and flaws, something of importance was coming into being? In retrospect, we glimpse the evolution of one aspect of American exceptionalism.

**Acts of Faith: Religion and the American West**  
New-York Historical Society, through Feb. 25, 2024

Mr. Rothstein is the Journal's Critic at Large.

**We encounter a wide-ranging history of faith and conflict on the frontier.**



# SPORTS

## Michigan Girds for Legal Battle

The school will get a hearing ahead of Saturday's game in its effort to overturn coach Jim Harbaugh's suspension

By Andrew Beaton  
and Louise Radnofsky

The emotional aftermath of Michigan's key win over Penn State on Saturday turned into a celebration of the one person notably absent: Jim Harbaugh, the Wolverines' coach who had been suspended by the Big Ten over alleged sign-stealing.

Offensive coordinator Sherrone Moore, who filled in as acting head coach, gave a profanity-laced postgame interview thanking both God and his suspended boss. A player held up a white board with "FREE JIM" scrawled on it. Quarterback J.J. McCarthy pointed at a television camera and proclaimed: "Love you, coach."

But the even bigger battle for Harbaugh, the university and its No. 3-ranked football team comes on Friday. That's when a Michigan judge set a hearing for the school's efforts to block Harbaugh's ban in time for its next two games.

Michigan had rushed to get Harbaugh on the field after the Big Ten took a rare step by suspending him late Friday afternoon for the school's next three games. Up against a ticking clock for the game at No. 10 Penn State—and on the date the Veterans Day holiday is observed—lawyers for the school and the coach had sought a temporary restraining order to overturn the punishment. Harbaugh has denied any knowledge of the scheme that was allegedly orchestrated by a staffer who has since resigned.

Michigan wasn't shy about framing the stakes in its bid to block the suspension. Michigan's legal pushback against the Big Ten's action is the next phase of a controversy that may engulf the remainder of the college football season, one that could end with Harbaugh and the Wolverines winning the national championship.

The lawyers' complaint, brief, and motion arrived complete with carefully prepared affidavits and exhibits that ran to hundreds of pages, suggesting a meticulously



Michigan's acting head coach Sherrone Moore, right, and Blake Corum react after a win over Penn State.

with me. To this day, nobody associated with the NCAA, or the Big Ten has asked me any questions about the alleged NCAA infractions," Harbaugh's affidavit says.

The frenzied developments add to an extraordinary drama that's running parallel to the Harbaugh-led Wolverines chasing a spot in the College Football Playoff. The school is waging war with its own conference over allegations that its recent success was fueled by impropriety—at a time when the Big Ten has emerged as a powerful force in the ongoing consolidation of college sports, with a rich new TV deal that binds the members together for years.

The saga that has gripped college football centers on a Michigan football staffer named Connor Stalions, who is accused of being the focal point of a scheme to steal opponents' signs. Stalions resigned last week.

When the Big Ten, facing pressure from other member schools to take action, announced the discipline for Harbaugh, it accused Michigan of "conducting an impermissible, in-person scouting operation over multiple years." While sign-stealing isn't prohibited, the in-person scouting of future opponents is banned and Stalions reportedly bought tickets to games featuring teams that Michigan was set to play.

Michigan officials quickly assailed the Big Ten's decision for being rash. Athletic director Warde Manuel called the move "completely unethical" because of the lack of due process. Michigan spokeswoman Kim Broekhuizen blamed the Commissioner for "issuing his indefensible position at the end of the day" on a government holiday.

But for one game at least, the Wolverines were forced to play without Harbaugh. In his absence, they beat Penn State 24-15. In a gutty performance against a ferocious defense, Michigan prevailed without attempting an official pass in the entire second half.

It was the type of win that would make Harbaugh beam.

prepared back-up plan that had been days in the making after weeks of controversy. Michigan's message was urgent: It needs Harbaugh to finish off a dream season.

While a judge declined to issue an emergency decision in time for Saturday's noon kickoff, the school's offensive is set to continue, with an eye to getting Harbaugh back coaching for a game next Saturday against Maryland—and then the regular-season finale against rival Ohio State.

Michigan portrayed the last three games—and Harbaugh—as crucial to its shot at the national championship, arguing that barring Harbaugh from doing his job would irreparably damage him, his players, and even the public, based on what it called a flimsy initial investigation by the Big Ten.

"It is undisputed that the team

is in contention for the National Championship," the complaint said. "Standing between the student athletes and a chance at this extraordinary opportunity are three Big Ten Conference games against Penn State, the University of Maryland, and Ohio State University."

Michigan's lawyers say that Harbaugh's suspension, rooted in the Big Ten's sportsmanship by-law, amounted to a breach of contract—and interfered with his employment contract. The Big Ten had violated the procedural requirements of its Handbook too, Michigan's lawyers said.

The filings also reiterated Harbaugh's position that he had no knowledge of the alleged scheme that violated NCAA rules—and claimed that Big Ten commissioner Tony Petitti reneged on

meeting with the coach before the punishment.

The Big Ten declined to comment.

Harbaugh also offered a detailed description of his game day role—in filings that also cited an academic study of the significance of coaches—and said that he considered his own legacy to be at stake too.

Harbaugh said that, despite communicating with the Big Ten's Petitti, he has never been questioned by the conference about the scandal. Harbaugh's affidavit says he called Petitti following a call with other Big Ten coaches, and that the commissioner later said he would be in Ann Arbor and would come by the football facility to see him.

"He never came by or texted to say he wouldn't be coming to meet

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

Crossword puzzle grid with numbers 1-65 and some pre-filled letters.

- 26 Lofgren of the E Street Band
- 27 Abandons the script
- 29 Capital of Saskatchewan
- 31 Org. that tracks eagles?
- 32 Stayed out of sight
- 33 Quaint place to stay
- 34 Enterprise mover
- 35 Singer DiFranco
- 36 Banned pesticide
- 38 Pints at pubs
- 39 Rodeo rope
- 43 Baking emissions
- 44 Major money maker?
- 45 Noodles made with kansui
- 46 Ticked off
- 47 Short sausages?
- 48 Microwave feature
- 50 Alternatives to foils and sabers
- 51 Valuable thing
- 54 Gymnast Korbut
- 57 No-no for Jack Sprat
- 58 "Selma" director DuVernay
- 59 Desire

### NUCLEAR CORE | By Peter Silsbee

- Across
- 1 Campfire remnant
- 4 Corduroy features
- 10 Walking aid
- 14 Early auto
- 15 Avid fan
- 16 Alamo rival
- 17 Some cars at dealerships
- 19 Some relatives (not, strictly speaking, part of the puzzle's theme)
- 20 First-year law school student
- 21 "\_\_\_ them eat cake"
- 22 Board featuring an alphabet
- 23 Inclined to cause a ruckus
- 25 July 1 observation
- 28 Drama with divas
- 30 Pastoral poem
- 31 The last two words of this clue, for example
- 33 Woes
- 34 Amorphous mass
- 37 Minnow's beaching site
- 40 Put two and two together
- 41 Potter's oven
- 42 What to do while you grin
- 43 Oscar winner Bancroft
- 44 Take the wrong way?
- 45 Hearty cuts of beef
- 49 Hit half of a single
- 52 Bolt from a crossbow
- 53 "According to me," online
- 55 Some Dada works
- 56 Palindromic honorific
- 57 Kinship, and what holds this puzzle's theme together
- 60 "At Last" singer James
- 61 Exact retribution for
- 62 Neckline shape
- 63 Famous Scottish loch
- 64 Kilt pattern
- 65 D.C. clock setting
- Down
- 1 Passion
- 2 "\_\_\_ Evil" (1971 Mia Farrow movie)
- 3 Birthplace of science fiction?
- 4 Zodiac mammal
- 5 Reversed star
- 6 Tetra-: 4:: \_\_\_: 12
- 7 Screen legend Garbo
- 8 Snaky fish

### Previous Puzzle's Solution

Grid showing the solution to the previous puzzle with words highlighted in yellow.

The contest answer is STRIKE. For each of the six longest Across answers, if you remove the letters that appear twice in it, you get a new word (SLUM, OATH, URN, WIN, WALK, HOME). Taking these six words as a set, and removing the letters that appear twice, you get the contest answer.

## As Tennis Season Wraps Up, Djokovic Remains Relentless

By Joshua Robinson

NOVAK DJOKOVIC isn't going anywhere. A full two decades after turning professional as a skinny teenager in 2003, Djokovic appears set on finishing the year as world No. 1 for a record eighth season. His two great rivals, Roger Federer and Rafael Nadal, only managed five apiece. By all normal expectations, the 36-year-old Djokovic should be showing signs of wear by now. Or have a whole generation of players bidding to tear him down. But as he joked this season: "It ain't happening."

So Djokovic is at the ATP Finals in Turin this week still on top of the tennis world and keeping the competition at least a couple of racket lengths away. His longevity has only become more striking this year with the emergence of a 20-year-old rival, who figures to be Djokovic's prime opponent for the rest of his career. Carlos Alcaraz, the tennis prodigy from Spain, exploded onto the scene by winning the 2022 U.S. Open and then defeated Djokovic in a nearly five-hour epic final at Wimbledon.

Still, the other three Grand Slam titles of 2023 went to Djokovic. And after a brief absence from the top spot in the world rankings, he will this month ring up his 400th career week at No. 1, more than any player in men's or women's tennis. He surpassed Steffi Graf's all-time mark of 377 weeks earlier this year.

"I try to be a good student of the game and keep track with the numbers," Djokovic said after winning the Paris Masters tournament earlier this month. "But at the same time, I also want to be able to just direct my attention to the next challenge. As long as I'm an active player, I guess that's going to be the mentality I will nurture."

How much longer that



Novak Djokovic is at the ATP Finals this week on top of the tennis world and is set to end the year ranked No. 1.

will last is anyone's guess. Djokovic has focused his schedule on Grand Slams. (He didn't play a single grass-court tuneup before Wimbledon this year, for instance.) But he does pick and choose a few other spots to collect rankings points and guarantee favorable seeding at majors.

And while Djokovic often looks more gassed on court than he used to—he would crouch over his racket to catch his breath after long rallies at the U.S. Open—he remains the king of marathon matches.

Djokovic has lost only one five-setter since the spring of 2019—the Wimbledon final against Alcaraz. He is also 8-2 this season in best-of-three matches that went the distance.

In Paris, he played a trio of three-setters in 72 hours and won all of them despite a midweek stomach bug. "I really put a lot of effort into preparing myself for this last stretch of the season. Spent three, four weeks of really working on the tennis court and of course on my fitness," Djokovic said. "I'm feeling great in terms of my body. Of course there is always something that, you

know, tightens up here and there."

Alcaraz, despite his youth, hasn't exactly been able to say the same.

As he has ramped up his competition schedule and gone deeper into tournaments, Alcaraz has learned that managing his own body can be as challenging as any opponent. His semifinal showdown against Djokovic at the French Open in June ended early when he was overcome by full-body cramps—Alcaraz chalked them up to nerves and tension.

He then missed the chance to take on Djokovic in another major final in New York after losing a grueling four-set semifinal to Daniil Medvedev. When he returned to competition, his form dipped as he struggled with a foot injury. Alcaraz has lost three of his eight matches since the U.S. Open, including a surprise 3-6, 4-6 defeat in Paris to Roman Safiullin.

"The season has been so, so long. Probably that affected my game," Alcaraz said. "I have to figure out and I'll try to, the next years, to be better in this part of the year."

## OPINION

## Autonomous Cars Beat EVs



**INSIDE VIEW**  
By Andy Kessler

Subsidies for electric vehicles are a huge mistake. These cars are conceptually the same battery and motor as a fourth-grade science project—not a great innovation. And given high prices for EVs, subsidies are mainly a giveaway to the already well-off. If you add up carbon emissions from manufacturing, daily use and end of life, EVs have total life-cycle emissions 30% lower than gasoline-powered autos. In Silicon Valley, something is considered truly transformational if it's 10 times better, not a third.

And now there's a glut of them. Ford is losing billions, and Honda and General Motors have scrapped plans to build affordable EVs. Instead of throwing taxpayer money at EVs, President Biden could have been a hero and helped bring autonomous vehicles to the market faster.

Why? Start with the 42,795 traffic fatalities last year. Cost-benefit analysis involves something called the Value of Statistical Life, and the Transportation Department uses \$12.5 million per traffic death. Lowering annual crash fatalities to 10,000 would be worth \$400 billion to the U.S. economy every year. Technology seriously reduces driver error, a cause of many accidents.

Another reason? With fully autonomous vehicles, the U.S. would need only half of its

nearly 300 million cars. Most sit around doing nothing. Transportation as a service would become reality—no need to own cars; simply click and a driverless one shows up when you need it. That would mean way less emissions and no parking hassle or road rage.

So what's the problem? Tesla's Full Self-Driving capability, priced at up to \$300 a month, still runs stop signs. The company uses simple CMOS image sensors, like those in an iPhone, instead of more-expensive Lidar pulsed lasers. Teslas get confused and sometimes run into emergency vehicles with flashing lights. I recently rode in a Model 3 in self-driving mode that botched a simple yield.

It has been a bad few weeks for autonomous driving. Self-driving taxis from Cruise and Waymo in San Francisco halt at unexpected construction barriers. Or at least they used to. GM's Cruise cars had their California driverless permit revoked last month after a pedestrian hit by another car was pinned under a driverless Cruise. A rare case, but it did happen.

But, even with their problems, a joint study (albeit a very early one) by Alphabet-owned Waymo and the insurer Swiss Re showed 95% fewer injuries and 76% less property damage from autonomous driving vs. humans. That's a preview of 10 times. Auto insurance may force an autonomous shift. Imagine \$500 a year for autonomous-car insurance, but \$2,000 if you want to drive.

The Society of Automotive Engineers defines basic cruise control as Level 1 autonomous. Tesla's FSD, which still requires human attention, is Level 2 autonomous. Last month, Mercedes announced Drive Pilot, which uses Lidar and is currently the only Level 3 "conditional driving automation" system approved in the U.S. and Europe. Drivers can

**Biden should have updated our roads, not subsidized car purchases for the rich.**

take their hands off the wheel and eyes off the road, even surf the web, but only while driving less than 40 miles an hour and following another vehicle in dry conditions during the day. What's needed for an economic transformation is Level 4: autonomous driving at all speeds in clear weather. Level 5 is self-driving even in rain, snow and fog.

What can government do? Help the imaging systems in cars, which will never be totally accurate, by actively letting them know where things are. Stop signs could emit signals with their GPS locations. Traffic lights could digitally broadcast red, yellow and green. Digital signal transmitters in highway markings—dotted line, solid line, etc.—would digitally paint the road. Car sensors could see the real signs or paint and confirm them digitally. Ambulances

and police cars could broadcast their locations and warn others to slow down and stay away. Construction barriers and traffic cones could broadcast their location and indicate how long they will be there to help cars update their maps. Cars could even negotiate who gets to go first at a four-way stop sign. Encrypted signals would prevent hacking.

Don't confuse this with smart cities or smart roads, the dreams of central planners. The Silicon Valley adage works here: Intelligence moves out to the edge of the network. Make cars smart, and roads dumb but digitally visible.

Expensive? Back-of-the-envelope math: There are 4 million miles of road in the U.S., with perhaps 10 to 25 signs per mile. So we need to update 100 million metal signs and 300,000 traffic lights. I'll assume the cost of sign transmitters is \$100 and road-marking transmitters to paint the lines digitally is \$10 for every tenth of a mile. Even if I'm off by a factor of 10, the government could spend less than \$400 billion to save 32,000 lives a year, reduce emissions, lower capital costs of transportation, and transform the U.S. economy. That sure beats subsidizing the EV purchases of climate-smug rich folks.

The cost of EVs and batteries was going to fall anyway without handouts. It would have been better to spend that money making autonomous driving viable. What a waste. Write to [kessler@wsj.com](mailto:kessler@wsj.com).

**BOOKSHELF** | By James S. Hirsch

## A Century Of Saved Lives

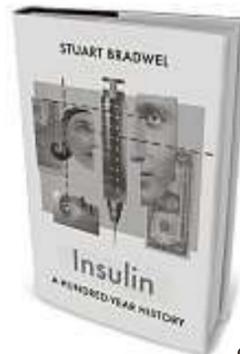
**Insulin**

By Stuart Bradwel  
*Polity, 272 pages, \$35*

Two years ago the diabetes community celebrated the 100-year anniversary of insulin's discovery—a medical miracle that saved the lives of dying patients, transformed unheralded Toronto scientists into Nobel Prize winners, and catalyzed a century of innovation for improved diabetic care.

In Stuart Bradwel's telling, however, insulin's anniversary was a gloomy reminder of all that is wrong with healthcare in many countries, particularly the United States: the autocratic doctors who impose their will on helpless patients, the predatory insulin companies that have no concerns beyond their bottom line, and the craven government officials whose faith in the free market has come at the expense of their citizens.

Nuance is in short supply in "Insulin: A Hundred-Year History," a stinging account of how patients, in Mr. Bradwel's view, have been betrayed in the aftermath of this scientific



breakthrough. An honorary research fellow at the University of Strathclyde in Scotland, Mr. Bradwel has Type 1 diabetes himself, and he brings a sharp historical eye to some of the major developments in the field. But his ideological cudgel also leaves unnecessary bruises.

An estimated 37.3 million Americans live with diabetes, while one in three American adults have prediabetes. The epidemic is equally daunting worldwide, but the disease itself often confuses the public. Type 1

diabetes is an autoimmune disorder in which the pancreas produces little to no insulin and patients must take insulin through injections or a pump. The more common Type 2 diabetes occurs when the body resists the insulin that it does produce and different therapies, including insulin, are used for treatment. Both types, if not treated properly, are characterized by dangerously high blood sugar.

Even readers who are familiar with the 1921 discovery of insulin will be moved by Mr. Bradwel's account. He describes the quarrelling researchers' attempts to isolate and purify a murky pancreatic secretion from their sacrificial dogs in a longshot effort to revive doomed diabetic patients. Mr. Bradwel notes that the first patient, 14-year-old Leonard Thompson, was a charity patient at Toronto General Hospital and suggests that this "unimportant boy from a working-class background [was] used as a human guinea pig." Insulin, once proved effective, became accessible to children of privilege and made the patients famous for their stunning recovery, while Thompson would be ignored and largely forgotten.

From its origins, insulin revealed the deep economic divide between the haves and have-nots, and that schism intensified as the drugs, devices and technologies for care became more sophisticated and expensive. According to Mr. Bradwel, this class-based distinction simply was less noticeable in the first half of the 20th century because the disease seemed to disproportionately affect wealthy white people.

But even wealthy patients, Mr. Bradwel contends, could not, and cannot, escape one inevitable menace: their own doctors. The guidance of physicians, he writes, has been motivated more by control over their patients than the promotion of health. Mr. Bradwel variously describes these clinical efforts as "paternalistic," "authoritarian" and "moral coercion." The most prominent apostle of this "strict authoritarianism" was Dr. Elliott Joslin, America's leading diabetologist in the first half of the 20th century.

**The discovery of insulin a century ago led to vastly improved diabetic care. But obstacles remain.**

It's true that Joslin had a moralizing streak that imputed character flaws to patients who had poor outcomes. But Mr. Bradwel paints with a very broad brush. Joslin died in 1962, but his clinic in Boston remains one of the most prestigious in the country. My son, Garrett, diagnosed with Type 1 diabetes at age 3, has received care at Joslin for almost 20 years, and I can report that he has never been subjected to treatment that was paternalistic, authoritarian or morally coercive. I can say the same for my own care at the diabetes clinic at Massachusetts General Hospital.

Are there bad doctors? Of course, and we should call them out. But the bigger hurdles to improved care are that doctors don't have enough time for their diabetic patients; that they are poorly compensated compared with many of their peers; and that they lack the expertise to manage a bewildering disease whose treatment relies increasingly on complicated technology. (Mr. Bradwel writes critically of the diaTribe Foundation, a nonprofit covering the diabetes field that I work for on a contract basis. He also summarizes an anecdote from my own book on diabetes and cites it in his endnotes.)

If doctors fare poorly in "Insulin," the book's true villains are the insulin companies: Eli Lilly, Novo Nordisk and Sanofi. Mr. Bradwel documents Americans who have died because they could not afford insulin, and he is rightfully outraged that this could happen in the wealthiest country in the world. I've also written critically about high insulin prices, but what patients pay for insulin is the result of an inscrutable process involving insulin makers, pharmacy benefit managers, payers, employer health plans and public officials—with each actor blaming the other.

Mr. Bradwel ignores those complexities and sees high insulin prices as part of the "banal evils of capitalism." He undermines his argument, however, by stating that the newer, more expensive insulin analogs (such as Humalog and Novolog) are more effective than the older, cheaper insulins. Mr. Bradwel also cites several technologies in development, including cell encapsulation and glucose-responsive insulin, that could transform patient care. But, like insulin, these technologies are made possible by private industry.

Price and accessibility are huge issues, but from inhalable insulins to smart insulin pens to automated insulin delivery systems, the banal evils of capitalism seem to have done a credible job of making life better for people with diabetes. Honestly, I'd be good if a cure made all future anniversaries for insulin an afterthought, but as long as we need this medical miracle, let's hope that its best days, driven by the insulin makers, are still ahead.

Mr. Hirsch is the author of "Cheating Destiny: Living With Diabetes, America's Biggest Epidemic."

## Argentina's Choice: Socialism or Capitalism



**AMERICAS**  
By Mary Anastasia O'Grady

When an unsustainable welfare state crumbles under its own weight, the population may not realize it's being buried alive. Argentina is flirting with this fate as it heads to a runoff presidential election on Nov. 19. The vote comes amid inflation expected to end the year at an annual rate of 180%. The economy is in recession and 40% of the population lives below the poverty line. Nevertheless, polls have the country's Peronist economy minister, Sergio Massa, running neck-and-neck with his rival, Congressman Javier Milei.

Six months ago, a victory for the incumbent party in this race was widely considered impossible. But Mr. Massa is a slick politician and the center-right has been divided. So it's now a horse race.

Both candidates have to fight negative images. But Mr. Massa, who beat all his opponents in the Oct. 22 first round with 37% of the vote, may have the more difficult challenge. The country seems to want change. He's Mr. Continuity.

Mr. Milei has the better shot but is by no means a shoo-in. He wasn't able to win more than 30% in either the August primary or in the first-

round election. Third-place finisher Patricia Bullrich of the center-right Together for Change coalition, who won 24% in the first round, has thrown her support behind Mr. Milei. But it's uncertain how many of her followers will join her.

Only weeks ago many center-right voters swore to abstain if the temperamental Mr. Milei, known for ugly rants against his opponents, made it to the runoff. Yet the thought of Mr. Massa in the Casa Rosada is making some of them think twice.

Mr. Massa works for the government of Peronist President Alberto Fernández. But his bigger liability may be the notoriously corrupt and influential Vice President Cristina Kirchner.

The former hard-left president (2007-15) and her late husband, Néstor Kirchner, also a former president (2003-07), launched their national political careers in 2002 when peso convertibility at one-to-one with the dollar came undone and the country defaulted.

The crisis unleashed an anticapitalist fury, and the lefty Kirchners smelled opportunity. As misery mounted and mobs blocked streets, they consolidated their power. Over time they politicized the judiciary and destroyed property rights and the independence of the central bank. They clamped down on the press by muscling advertisers and controlling newsprint. Their anti-

democratic populism became known as *kirchnerismo*.

President Mauricio Macri (2015-19) attempted to restore the rule of law. Mrs. Kirchner was investigated. In December she was convicted of fraud and sentenced to six years in prison. She remains free due to her official status. As long as her case is on appeal, she isn't expected to serve prison time.

**Only one candidate—Javier Milei—offers any hope of avoiding an economic disaster.**

If Mr. Massa wins, Argentines have good reason to fear that the economy won't improve. Crony capitalism, punishing export taxes, inflationary fiscal policy and capital controls are second nature to him. But the risk to the country's frail democratic institutions with a Massa presidency may be more worrisome. Asking his political tribe to reject police-state tactics like the surveillance of adversaries is asking a tiger to lose his stripes. The same goes for interference with the courts and a foreign policy aimed at placating the region's dictators.

Mr. Milei presents the opposite risk. The progressive claim that he's a threat to democracy is fearmongering, for two reasons. First, because his

ideology is all about decreasing state power and increasing the freedom of Argentines to run their own lives and to think independently. Second, because he is almost certain to be a weak president.

Mr. Milei is an advocate for the rights of the individual. His social views are consistent with his libertarianism. He's antiabortion because the unborn also have civil liberties; families should have choice in education. He opposes identity politics. These ideas stir panic among progressives, as does his skepticism about statist solutions to climate change.

None of this will matter if he can't stabilize an economy near implosion. He's telling the press that Ms. Bullrich's backing has come without conditions. But in December, when the new Congress is sworn in, his Liberty Advances party will have six seats of 72 in the Senate and 38 of 257 in the House. He's passionate about his vision for the country, but if he's to govern effectively he will have to work with moderates who won't always agree with him.

The next government will inherit enormous challenges, and it's tempting to think Mr. Massa should be made to eat his own cooking. Even a President Milei may not be able to avoid a mega-crisis. But if Argentines are unwilling to take a chance on the outsider, they're signing up for more of the same.

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

## Hawley Aims at Wokeness and Misses

By Bradley A. Smith

Conservatives celebrated when the Supreme Court ruled, in *Citizens United v. Federal Election Commission* (2010), that corporations have a right to free speech. Now Sen. Josh Hawley (R., Mo.) has joined Bernie Sanders to propose legislation that defies *Citizens United*.

Mr. Hawley is up front about wanting to silence publicly traded corporations because he doesn't like what some have to say. "Corporate America has funneled billions of dollars into elections in favor of politicians who favor their woke, social agendas," he says in a press release. He wants to "hold mega-corporations' feet to the fire and stop their dollars from buying our elections." He exhorts: "To my conservative friends, listen, there is no reason we should want to empower these mega-corporations."

Its blatant unconstitutional-ity isn't the only objection to his Ending Corporate Influence

on Elections Act. Even if it could be enforced, it wouldn't weaken the influence of "woke" corporations.

The senator cites TikTok as the type of corporation that is "buying our elections." His proposal to ban the site faltered, he says, after the company "spent incredible sums of money to get influence on both

**The corporate speech to which he objects has nothing to do with Citizens United.**

sides of the aisle." But while TikTok spends millions lobbying, the FEC's public database shows that neither TikTok nor its parent corporation has ever made independent political campaign expenditures or contributions to super PACs, which is what Mr. Hawley's legislation would ban. If Mr. Hawley's bill became law and

*Citizens United* were overturned tomorrow, TikTok could keep lobbying.

Mr. Hawley's concerns about corporate wokeism influencing the culture are unrelated to *Citizens United*. Publicly traded corporations spend almost nothing on the type of campaign speech that *Citizens United* allowed. For-profit corporations account for roughly 2% of total political spending.

The true beneficiaries of *Citizens United* are nonprofits such as the National Rifle Association, Patriotic Veterans and the Humane Society, and trade associations like the National Association of Realtors and the American Academy of Ophthalmology—though even these groups account for well under 10% of campaign expenditures. *Citizens United* has helped these voices be heard, promoting more-competitive elections and a better-informed electorate.

Repealing *Citizens United* wouldn't stop Target from featuring "women's" swimsuits

with extra room for male genitalia or Dick's Sporting Goods from pulling guns from its shelves. Without *Citizens United*, Disney would still be free to push woke themes in its films and to lobby against state efforts to curb woke curricula in public schools. Disney-owned ESPN can continue its odd practice of infusing every aspect of sports with leftist jargon and commentary. Mr. Hawley's legislation would have no effect on HR training that seeks to humiliate employees of disfavored backgrounds.

Mr. Hawley's bill indulges a fantasy that overturning *Citizens United* will stop "woke capital" and be a victory for conservatism. It would be a loss for democracy and free speech and do nothing to mitigate the spread of woke ideology.

Mr. Smith is chairman of the Institute for Free Speech. He served as chairman of the Federal Election Commission in 2004.

## OPINION

## REVIEW &amp; OUTLOOK

## The Day After Israeli Victory

While Israel focuses on winning the war against Hamas, the U.S. has been pressing for commitments on what will come next. Speaking in Tokyo last week, Secretary of State Antony Blinken laid out five “Nos”: “No forcible displacement of Palestinians from Gaza. . . . No use of Gaza as a platform for terrorism or other violent attacks. No reoccupation of Gaza after the conflict ends. No attempt to blockade or besiege Gaza. No reduction in the territory of Gaza.”

If only the Biden Administration had that many red lines for Iran. The Secretary of State might also recall that the postwar U.S. occupations of Japan and Germany continued into the 1950s and included territorial adjustments.

Mr. Blinken followed his five “Nos” with three “Musts”: the way forward to peace “must include the Palestinian people’s voices and aspirations at the center of postcrisis governance in Gaza. It must include Palestinian-led governance and Gaza unified with the West Bank under the Palestinian Authority. And it must include . . . a pathway to Israelis and Palestinians living side by side in states of their own, with equal measures of security, freedom, opportunity and dignity.”

It is sensible to think ahead but premature to give marching orders for the harmonious future. Israel still has intense urban fighting ahead. What happens after Hamas’s command center underneath al-Shifa Hospital falls? Will a terrorist insurgency persist in Northern Gaza? How will Israel root out Hamas from Gaza’s south, to which most civilians have fled?

The answers can’t help but affect how Gaza will be governed. “The reality,” Mr. Blinken acknowledged on questioning, “is that there may be a need for some transition period at the end of the conflict” in which Israel keeps some control. This is essentially what Israeli Prime Minister Benjamin Netanyahu had said earlier: “I think Israel will, for an indefinite period, have the overall security responsibility because we’ve seen what happens when we don’t have it.”

If Israel isn’t taking on the terrorists, who will? The rush to empower “the Palestinian people’s voices” after Israel left Gaza in 2005 saw Gazans elect Hamas in 2006. The Palestinian Authority hasn’t held another election in the West Bank, knowing Hamas could win there, too.

Could the PA even hold Gaza? Hamas overpowered it in 2007, throwing its members off

buildings. The PA has since decayed. Its hollow dictatorship can barely contain Hamas in the West Bank. Should Mahmoud Abbas, its 87-year-old ruler, pass away, the edifice may crumble.

The Soviet-trained Mr. Abbas, who blames the Holocaust on Jews, has been unwilling to clearly condemn the Oct. 7 massacres. A wing of his Fatah party even claims to have taken part. On Saturday and Sunday Mr. Netanyahu poured cold water on the idea of installing the PA in Gaza, but Mr. Abbas is already trying to dictate terms. He will only take over, he says, as part of a comprehensive solution including a Palestinian state.

Mr. Blinken also has a tendency to talk as if the peace process can soon return to regularly scheduled programming. After Oct. 7, it can’t. It matters that Palestinians elected an Iran-backed terrorist group that used the territory Israel had given up to commit a proto-genocide against Jews. Until there is substantive change among Palestinians, it is futile to demand that Israel empower them to do it all over again in central Israel.

“We don’t seek to conquer Gaza,” Mr. Netanyahu said Thursday. “We don’t seek to occupy Gaza. And we don’t seek to govern Gaza.” Though it was better for civilians on both sides when Israel was in charge, there is little appetite among Israelis to rule over a hostile people indoctrinated for a generation by Hamas. “We’ll have to find a civilian government that will be there,” added Mr. Netanyahu, but “we have to have a credible force that, if necessary, will enter Gaza and kill the killers.”

There should be no illusions that a United Nations force, rejected Friday by Mr. Netanyahu, could keep the peace. From Lebanon to the Sinai, that idea has failed every time. One speculative solution is a force from the Arab states that have recognized Israel. They may demur, but they have an interest in preventing destabilizing violence and defeating Iranian proxies.

“What we have to see,” Mr. Netanyahu said, “is Gaza demilitarized, deradicalized and rebuilt. All of that can be achieved.” While Biden Administration pessimism led it to withdraw from Afghanistan and surrender the territory, 6,000 miles away, to the Taliban, Israel doesn’t have that option. Gaza is next door. Ensuring “no use of Gaza as a platform for terrorism” will require a decisive Israeli victory and more flexibility than “Nos” and “Musts” allow.

## School Choice Dies in Illinois

Sometimes the worst political scandals occur in plain sight, even if most of the press corps chooses not to notice. That’s what happened last week in Illinois, where the Democratic-union machine killed scholarships for 9,600 low-income children.

The state and national teachers union made a priority of blocking an extension of the Invest in Kids program that provided a 75% state tax credit for donations to help families afford private schools. The unions claim the credit drained money from public schools, but public funding has increased nearly \$2 billion since Invest in Kids began under former Gov. Bruce Rauner. Only 35% of Illinois children read at grade level, according to Wirepoints, so no wonder there are more than 20,000 children on the Invest in Kids waiting list.

Current Gov. J.B. Pritzker refused to help save the program, even for children currently benefiting from it. Those families will now have to find some other way to pay tuition. Empower Illinois, the state’s largest scholarship-granting

organization, says it will seek private donors to cover tuition. But the most common donation was \$1,000, and many of those smaller donors may disappear without the tax credit.

Gov. Pritzker is a billionaire, and his Pritzker Family Foundation could help. According to Crain’s Chicago Business Journal, the foundation has donated \$8.3 million to Milton Academy, the Massachusetts boarding school Mr. Pritzker attended. It has donated \$2.5 million to Duke University, according to Carolina Journal, and \$100 million to Northwestern Law School, which has renamed itself in his honor. Invest in Kids is a bargain by comparison, requiring about \$71 million for the coming year.

Illinois is now the first state to kill a major school-choice program. The scandal reflects the bloody-mindedness of the unions that want to snuff out even minor competition to retain their monopoly. And it reveals how little most Democrats care about the children they imprison in these failure factories.

## Trump University, Now With Tax Money

As if the federal bureaucracy didn’t have enough to do, Donald Trump says that in a second term he’d create a new tuition-free online university to “compete directly” for college students. It would award bachelor’s degree equivalents “that the U.S. government and all federal contractors will henceforth recognize.” Step right up to enroll in Trump University 2.0.

Mr. Trump unveiled the idea recently in a video on Truth Social, and the plan includes all of the careful policy thinking typical of a video on Truth Social. “Whether you want lectures on ancient histories, or an introduction to financial accounting, or training in a skilled trade,” Mr. Trump said, “the goal will be to deliver it and get it done properly, using study groups, mentors, industry partnerships, and the latest breakthrough in computing.”

The American Academy, as he called it, also would be nonpolitical: “There will be no woke-ness or jihadism allowed.” This is on target in that many people are appalled by the radicalism on college campuses, including recent episodes of anti-Semitism. But alumni and parents are already dropping donations, the federal government can enforce civil-rights protections, and state politicians are free to steer cultures at public schools by replacing weak leaders.

Why does Mr. Trump think a new federally backed online university could provide a better education than alternatives already available, including Hillsdale College or the University of

Florida under its new President Ben Sasse? If Mr. Trump’s answer is that his American Academy would be tuition-free, paid for by “taxing, fining and suing excessively large private university endowments,” then it amounts to a proposal to outcompete conservative colleges using state power.

More likely, this would end up as another government boondoggle. Prominent colleges have already dumped endless lecture videos on the internet, and a decade ago the hype was that MOOCs, or Massive Open Online Courses, would be a revolution in education. The Covid pandemic might have helped to prove the model, except students hated remote learning and couldn’t wait to get back to campus. Trying to impart worth to the American Academy’s degrees by ordering federal contractors to take them would devalue the imprimatur.

No wokeness might be Mr. Trump’s order, but what happens to the American Academy as soon as the next Democratic President takes office? Here’s a free history lecture: Republicans have usually argued since at least 1979, when Jimmy Carter set up the Education Department, that the feds should step back from schooling, which is properly a state, local and private function.

The exception was George W. Bush’s No Child Left Behind Act, and we know how that turned out. A federal online university is a bad idea at any time, but especially when government can’t manage what it’s already doing.

## LETTERS TO THE EDITOR

## Anti-Semitism at Yale Requires Moral Clarity

Regarding Sahar Tartak and Neta- nel Crispe’s op-ed “Jewish Students Meet Hostility at Yale” (Nov. 8): Last week I published an open letter that has already been signed by more than 100 university presidents from a range of institutions offering moral clarity in calling out Hamas as a terrorist organization and distinguishing it from the Palestinian people who suffer under its cruel rule in Gaza.

I believe three steps are crucial for any comprehensive plan to combat campus hate. First, university leaders must speak with moral clarity to help their pro-Palestinian students disentangle themselves from the evil of Hamas and foster more productive conversations on their campuses.

Second, policies against hate speech on campus must be applied consistently. Calls for the genocide of Jews must be anathema, as hate speech toward other groups is.

Third, student safety should become a factor in the college rankings of respected publications. The most effective way to keep students safe is to align a university’s stated intention to protect its students and its desire for a higher national ranking.

RABBI ARI BERMAN  
President, Yeshiva University  
New York

When I was a freshman at Yale in 1986, I joined a group called “Yale Women for Life.” We petitioned the Yale Women’s Center to use space

there for our meetings and were refused because “pro-life meant anti-woman.” Not only did the administration intervene on our behalf, but the student leaders at the Women’s Center agreed to a public debate.

Passionate disagreement in those days meant opportunity for rigorous application of logic and the free exchange of ideas. Decades of anti-intellectual progressivism has effectively transformed Yale into a bastion of unquestioning conformity. This posture provides covering for the pernicious poisons of anti-Semitism.

SHANNON VOWELL  
Frisco, Texas

I had a chilling experience at Yale more than 60 years ago. Many of my classmates assumed that because I was from the South—Charlotte, N.C.—I was antiblack. One day, a group of classmates lectured me that I must treat the black students properly. As this group broke up, one student in a loud voice referred to “those god— Jews.”

I shook my head then and shake it again reading about Yale today. Obviously, not much has changed. If anything, the level of tolerance and respect at Yale and other so-called elite colleges has declined. While my annual gifts were minor, I no longer plan to contribute.

NICK GAEDE JR.  
Mountain Brook, Ala.

## Corporations Shouldn’t Fund Political Causes

In your editorial defending *Citizens United* (“Josh Hawley’s Unoriginal Constitution,” Nov. 7), which allows unlimited election spending by corporations and labor unions, you cite Justice Antonin Scalia’s principle that “the individual person’s right to speak includes the right to speak in association with other individual persons.” That principle, you argue, “is as true for a corporation as for a political party.”

That is a false equivalence. When individuals join a political party, they seek to promote its positions in association with the party’s other members. Joint political activity is the party’s essential purpose. By contrast, when individuals buy Apple or ExxonMobil stock, they seek a return on their investment; they are not

seeking to advance political positions “in association with” other shareholders. The essential purpose of these companies is to sell products and make a profit, not to engage in political activity.

When a corporation spends millions of dollars to fund politically contentious positions, it risks alienating large groups of dissenting investors and potential new ones. Why should U.S. corporations limit their access to capital in this way?

Corporate neutrality is the best business policy. If corporate directors and officers want to support political causes, they should reach into their own pockets, not those of their shareholders.

STUART ALTSCHULER  
New York

## Patrick Henry’s Principles Wilted on Slavery

David Stewart’s review of John Ragosta’s “For the People, for the Country” does an admirable job of highlighting Patrick Henry’s opposition to the Alien and Sedition Acts (“Patrick Henry’s Last Stand,” Book-

## AI Assistants Could Take The Drudgery Out of Law

Bruce Pandolfini and Max Raskin correctly point out that AI may overtake significant aspects of lawyers’ and artists’ jobs (“AI Won’t Stop People From Playing Games,” op-ed, Nov. 2). But AI will likely make better lawyers, better artists and better humans.

As a lawyer, I see AI overtaking some of the drudgery of the legal profession, liberating me to do more creative and client-focused tasks. For artists, AI could act as an assistant in a master’s workshop, similar to how Raphael relied on secondary artists in his workshop. I hope that AI will help us spark new ideas, collaborations and conversations offline.

If AI can increase our creativity, compassion and cognitive awareness by acting as a helper, not an overlord, then a positive collaboration is possible.

MARIA T. CANNON  
New York

## What’s the GOP Attraction?

The GOP’s problem is one of substance (“Are Republicans Tired of All the Losing?” Review & Outlook, Nov. 9). Its leaders want to increase gun ownership, ban abortion, and defund the government. They corrode our democracy with election denial. What’s the attraction here?

ANDREW HESS  
Ardmore, Pa.

I’d rather lose on the issue of abortion than support the intentional killing of an unborn baby, a procedure so barbaric that supporters never say or show what it is, but hide behind semantics with “reproductive care” and “pregnancy termination.” Abortion will eventually suffer the same defeat as slavery.

CYNTHIA MILLEN  
Toledo, Ohio

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

shelf, Nov. 1). Henry also advocated constitutional avenues of dissent rather than the nullification efforts that would have undermined the country’s new government.

His strong principles were on display in his famous line: “Give me liberty, or give me death!” He would certainly have faced hanging had the British won the war.

But his principles broke down when it came to slavery. Henry was a planter and owned slaves, as did so many others who were born at this time, when slavery was considered a natural dimension of the human condition. He claimed to abhor slavery as “a Principle as repugnant to humanity, as it is inconsistent with the Bible and destructive to liberty,” and he recognized his own hypocrisy.

He was drawn to accept slavery, he wrote to a friend, by “the general inconvenience of living without them.” He said “I cannot justify it.”

DAVID CHANOFF  
Visiting scholar, Brandeis University  
Somerville, Mass.

## Israeli Work Let Gazans Spy

In “Three Foreign-Policy Illusions” (op-ed, Nov. 2), Jakub Grygiel debunks the idea that trade improves ties with bad actors. Israel made the same tragic blunder, thinking that allowing Gazans to cross into Israel to work and take home higher pay would temper Hamas. Some Gazans used their time working in Israel to do reconnaissance for Hamas as it planned the slaughter of Israelis.

ARI WEITZNER  
New York

## Pepper ... And Salt

THE WALL STREET JOURNAL



“Openness and transparency are a big part of our corporate mythos.”

## OPINION

## Placating Xi Won't Change China's Behavior

By Thomas J. Duesterberg

In an article previewing President Biden's meeting with China's Xi Jinping this week, Treasury Secretary Janet Yellen said the U.S. has "a pragmatic economic strategy: one that protects our vital national security interests while seeking a stable and healthy economic relationship" with Beijing. But in the perilous and fast-changing world of late 2023, Beijing doesn't seem interested in that sort of balance. From supporting other authoritarians' military efforts to trying to displace the U.S.-led global financial system, Mr. Xi is undermining the security of America and its allies. But China's weakening economy offers an opportunity to win meaningful changes in Beijing's policies. It will take a hard-line approach to get China's attention.

Mr. Xi certainly won't be soft in negotiations. He knows two major wars have sapped America's diplomatic and military resources—in part because of China's efforts.

### Beijing is undermining U.S. interests worldwide, but there are ways of forcing concessions.

Mr. Xi has tried to create an alternative to the Western financial and economic system created by the Bretton Woods Agreement. A major component of Beijing's program is undermining the U.S. dollar as the world's reserve currency and principal medium of global payments. That system—in combination with Western dominance of high-tech industries—allows the U.S. and allies to enforce sanctions.

To become more economically self-sufficient and immune from Western financial pressure, Beijing has worked on its own financial and economic system. The Brics grouping—which also includes Brazil, Russia, India and, as of recently, Iran—intends to displace the dollar by settling inter-Brics trade in local cur-

rencies. China also has agreements with various Middle Eastern nations to settle trade in local currencies. Beijing tries to do so through its Cross-Border Interbank Payment System.

China has also become the world's largest provider of development finance, thanks to its Belt and Road Initiative and, to a lesser degree, to the Beijing-based Asian Infrastructure Investment Bank. In conjunction with this, China has focused its trade expansion on Brics nations and the Shanghai Cooperation Council, a group of eight full members and 10 observers and partners. Total Chinese exports to countries involved in Belt and Road now exceed those to the U.S., European Union, and Japan.

These efforts have yielded international political clout, which China has used to undermine U.S. interests. The Financial Times reported that between 2013 and 2020 Belt and Road nations voted with the Chinese position at the United Nations 75% of the time.

More ominous, China's economic and financial reach have already allowed it to bypass Western sanctions and materially support authoritarian regimes. The U.S. organization United Against Nuclear Iran in 2022 accused six Chinese banks—including the world's largest bank, the Industrial and Commercial Bank of China—of complicity in illicit trade with Iran. Though that matter was seemingly never investigated by U.S. authorities, ICBC has been fined for money-laundering-related offenses by the U.S., U.K., Spain and Canada.

The headline program for China's anti-Western financial system is the purchase and processing of oil and gas from Russia and Iran. China is estimated to be buying more than a million barrels of oil a day each from Iran and Russia, much of it in violation of various Western sanctions. China purchases this fuel at below market price, which aids its growing manufacturing dominance and economic power.



Xi Jinping and Joe Biden meet in November 2022.

China is also aiding weapons production in Russia and Iran. In March, the U.S. imposed sanctions on five Chinese suppliers for selling drone components, while Politico in April reported that China was in talks with Russia and Iran to replenish Tehran's supply of chemicals for rocket fuel. China and Hong Kong are major sources for Western semiconductors flowing to Russia in violation of sanctions.

In light of all this, it's vital that Mr. Biden discuss new U.S. programs to counter China's mercantilism, its drive to displace American leadership in the world, and, most important, to impose sanctions on China for its support of Russian and Iranian aggression. Straight talk from Washington will get Mr. Xi's attention.

Mr. Xi desperately needs relief from Western sanctions, tariffs and investment restrictions to prop up China's faltering economy. China is suffering from demographic decline, rural poverty, ecological stress, underdeveloped social services and youth unemployment. Yet Beijing can't rely on government stimulus or consumer-led recovery as it has

in past economic crises. Local governments provide 86% of public expenditures in China but their financing vehicles are horribly overleveraged. Banks are too, and that combined with falling returns on capital investment and the collapse of the real-estate sector leave few options for an investment- or demand-led rebound.

When Messrs. Biden and Xi meet, the latter will undoubtedly offer rhetorical support for cooperation on climate change and better access to Chinese markets in return for substantial reductions in U.S. tariffs, export controls and investment restrictions. Those will be empty promises, as in the past. In September 2020, China promised to begin reducing carbon emissions by 2030 and reach net zero by 2050. In January 2020, Beijing said it would increase U.S. imports under the Phase I trade agreement with the Trump administration. Neither happened. In fact, for all the Biden White House's attempts to slow carbon output internationally, China's chief climate negotiator in September said that phasing out fossil fuels is "unrealistic."

Carrots have never worked with

Beijing. Fortunately, at least four sticks are available to Mr. Biden.

First, Washington should find and impose sanctions on the banks laundering China's illicit purchases of Iranian and Russian oil. The administration has been hesitant to do so, likely because of its nuclear-deal negotiations with Iran and China's reputation for retaliation. It's clear pandering hasn't worked.

Second, Mr. Biden ought to revive a U.S. TikTok ban on the grounds of simple reciprocity—U.S. social media platforms don't operate freely in China—and security concerns. The Justice Department is investigating TikTok for allegedly spying on U.S. citizens, including journalists, even as the platform gains popularity in America.

Third, the president should indicate to Mr. Xi that his administration would oppose any Treasury or Federal Reserve dollar relief to China if its faltering financial system suffers a shortage. China's banks and many foreign investors lavished dollar-denominated loans on Chinese real estate and Belt and Road recipients. Seventy-five percent of China's Belt and Road loans are in dollars, and these loans are at distress levels not seen since the Asian financial crisis in the 1990s.

Finally, Mr. Biden ought to inform Mr. Xi that he will expand investment restrictions more broadly to American portfolio investments in any Chinese firm subject to sanctions by the U.S. or its allies.

Perhaps such straight talk at a time of growing domestic problems will induce Mr. Xi to rethink at least his support for Russia and Iran. It's clear that concessions won't do the job.

*Mr. Duesterberg is a senior fellow at the Hudson Institute and author of a forthcoming report, "China's Economic Weakness and Challenge to the Bretton Woods System: How Should the US Respond."*

## How Bidenomics May Cost Biden the Youth Vote



LIFE SCIENCE  
By Allysia Finley

President Biden turns 81 on Nov. 20, and polls show that Democrats are increasingly worried about his mental and physical decline. But the incumbent has another age problem: Donald Trump is running on par with him among young voters.

Mr. Biden won the youth vote by double digits in 2020, while seniors swung for Mr. Trump. Recent polls, however, show that seniors are now the only age group that favors Mr. Biden in a rematch. It isn't difficult to explain the reversal. Bidenomics has exacted a massive wealth transfer from young people to seniors.

Three recent polls underscore this trend. A Nov. 5 New York Times-Siena College poll of swing-state voters found Messrs. Biden and Trump splitting those under 30. A CNN national poll, and an Emerson College swing-state poll, similarly found the two separated by a

point among young Americans.

Drill down into the numbers and the picture looks even grimmer for the president. More young people think Mr. Biden is part of the nation's problems than they do Mr. Trump. The New York Times survey has independent candidate Robert F. Kennedy Jr. leading both men with voters under 45. In the Emerson poll, Mr. Trump leads or matches the president in Michigan, Georgia and Arizona among young people who reported voting for Mr. Biden three years ago.

The polls offer more context for the flip. Youngsters have a more negative outlook than seniors and are also more likely to identify the cost of living as the most important issue—closely followed by the economy and jobs. Few young people are likely to say so about abortion, climate change, gun control and threats to democracy. You wouldn't know it from the press coverage—or, say, from Ron DeSantis's presidential campaign—which portrays millennials and Generation Z as woke warriors. A silent majority aren't.

Mr. Biden's policies on climate, student debt and transgender "rights" curry favor with a vocal minority of young college-educated progressives. Yet only about a third of Americans under 40 have college degrees. Those who don't may resent a White House of, by and for liberal elites.

### He'll soon be 81, and it shows, but his economic policies have punished young people in particular.

Even many young college grads don't share the radical left's views. Most are more preoccupied with paying their bills than with ensuring that trans-identifying men can use women's bathrooms. The Inflation Reduction Act's rooftop-solar and electric-vehicle subsidies won't help them buy groceries or fill up their gas tanks.

Now that the administration's

gusher of pandemic payments that fueled inflation has finally ebbed, young people are struggling financially. Credit-card delinquencies among those under 40 are the highest since 2010, according to a recent New York Federal Reserve report. Young people are about twice as likely to be overdue on their bills as seniors.

That isn't difficult to understand, either. They have suffered more from inflation and benefitted less from the runup in asset prices during the Biden presidency. Millennials have gained \$2.3 trillion in wealth, not adjusted for inflation, since Mr. Biden entered office, while baby boomers' net worth has grown by \$8.9 trillion. For once, it's good to be old.

Seniors are more likely to own assets—the homeownership rate for Americans 65 and up is double that of those under 35—and have locked in low mortgage rates. Some saved hundreds of dollars a month by refinancing when rates were low, giving them more financial liquidity to deal with rising inflation.

But most young people don't own homes, and they've been slammed by skyrocketing rents. Nationwide rents have increased by more than 20% during the Biden presidency. The higher interest rates necessary for subduing inflation have priced young people out of the housing market. Even those who own homes and want to move can't afford to do so.

While Social Security checks are adjusted for inflation, worker paychecks haven't kept up with the cost of living. Inflation has outpaced earnings for young full-time workers by about 2% since the start of 2021. That may not seem like much, but it can be the difference between going out to dinner once a week and not.

In a recent American Psychological Association survey, seniors reported less stress than they did in 2019. Young people reported more, primarily because of concerns about money, the economy and housing. It isn't climate change, or the president's age, that's keeping them awake at night. It's the consequences of Mr. Biden's economic policies.

## America's Universities Need Serious Regulation

By Arthur Levitt

Americans who are rightfully appalled by the pusillanimous response to anti-Semitism on college campuses have been pulling their donations and calling for restrictions on anti-Israel student groups. Maybe those tactics will work. But in my experience, if you want real change in large and unwieldy organizations, you need to focus on fixing governance and assigning personal accountability. You need to regulate.

After the accounting scandals of the dot-com and Enron era, Congress passed laws requiring auditors to tighten their operations, establish

clear boundaries between their consulting and audit businesses, and assume far more accountability than they had before.

Directors, too, were informed that they bore a personal interest in preventing fraud. One rule made it clear that if a company passed fraudulent numbers off to investors, the person who signed the filing—usually the chairman—would be personally liable.

Lawmakers have also tightened anti-money-laundering statutes, requiring banks to review their customers closely and to ensure they aren't unwittingly providing services to organized crime, terror entities, tax evaders or other bad actors. The

rules are difficult to enforce and require a lot of work. But they come with real penalties for failure: Bank officers can go to prison if they fail to prevent money laundering, and several have.

Think of the difference this makes. When Russia invaded Ukraine, America's banks and other multinational corporations quickly had to implement sanctions—including anti-money-laundering rules—on Russia's government, politicians, financial institutions, oligarchs and others who make up the country's elite. This happened effectively because people had real skin in the game: their own.

Which brings us back to campus. Clearly, America's universities are in need of similar encouragement.

Universities have lately seen a raft of scandals related to their fundamental mission of scholarship and teaching. Students are graduating unprepared for basic work and deeply in debt. Prominent scholars are found to be fudging their own research. Admissions officers and other officials are found to be engaging in pay-for-admission schemes. Athletic programs are regularly found breaking rules and laws. Universities have taken charitable gifts from questionable sources such as Jeffrey Epstein and Chinese military and Communist Party fronts.

Add the explosion of anti-Semitism. America's campuses are the

source of some of the vilest Jew-hatred America has seen since 1939, when the German American Bund held a pro-Nazi rally at Madison Square Garden. Not only do some faculty and students call for Israel's destruction; they celebrated Hamas's brutal massacre as an act of "resistance."

### If you want real change in large organizations, focus on governance and personal accountability.

If public companies featured such systematic failures, they would be visited by regulators and called before Congress. Universities, by comparison, are lightly regulated. There are accrediting agencies, and the Education Department focuses on enforcement of civil-rights laws. In the case of professional education, some membership organizations set curricular standards.

But these don't constitute regulation in a comprehensive sense. Universities can pretty much set their own rules, and they answer to no one. They face no meaningful external pressure to tell the truth or honor their promises to students and others. They don't need to report or punish fraud or corruption. They don't set consistent standards

for contributions or spending.

None of this is acceptable. Not to students and parents. Not to alumni and donors. And not to taxpayers, who subsidize universities to the tune of \$1 trillion a year. The public has a clear interest in how these institutions operate and deserve to know how they became hotbeds of anti-Semitism.

Imagine what a difference it would make if universities were subject to the same kind of regulatory oversight the Securities and Exchange Commission provides to public companies. Administrators would have to meet basic standards of truthfulness and governance or face stiff financial penalties and sanctions, including permanent bans from working in higher education. If criminal acts were discovered, the Justice Department would step in.

When I led the SEC, I often spoke about my duty to the investing public. I said every public corporation needs to be trusted, and all should treat their investors with respect. Someone who breaks that trust should pay the price—including with time in prison.

Given what we are seeing on college campuses, it is time to impose the same standard on universities, their managers and their directors and trustees. It may be the only way to save them.

*Mr. Levitt served as SEC chairman, 1993-2001.*

## THE WALL STREET JOURNAL

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## ROLEX

# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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Last Week: **S&P** 4415.24 ▲ 1.31% **S&P FIN** ▲ 0.28% **S&P IT** ▲ 4.76% **DJTRANS** ▼ 0.59% **WSJ IDX** ▲ 0.83% **2-YR. TREAS.** yield 5.06% **NIKKEI** 32568.11 ▲ 1.93% **See more at WSJ.com/Markets**

## Investors Put Bonds Back in Play

High rates change equation in deciding whether to switch out of mutual funds

By Heather Gillers

The new era of higher interest rates has reignited a long-smoldering Wall Street debate: Is it better for ordinary investors to buy individual bonds outright? Or shares of bond mutual funds?

During the yearslong period of near-zero interest rates, the answer seemed simple: Funds had low fees and were easy to buy and sell, and share values rose alongside bond prices. If any one bond defaulted, losses were minimal.

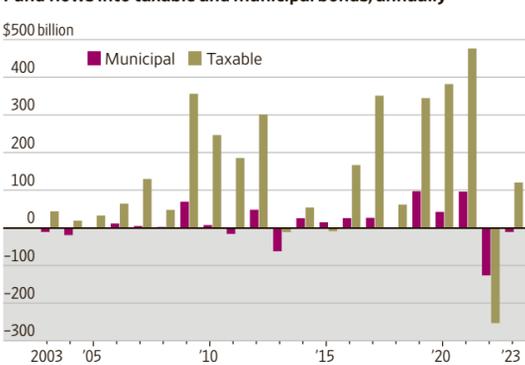
The historic declines suffered by major bond funds last year highlighted the risks of that approach. Rising rates crushed funds' share prices. That is because bond prices drop when new higher-yield-

ing bonds come on the market and make older, lower-yielding bonds less attractive. Because funds' share values are based on the market price of their bonds, someone who bought shares a few years ago could end up cashing out today with less money than they put in.

Many these days are considering buying individual bonds instead and holding them to maturity to lock in today's higher rates. But those come with their own downsides. Here's Wall Street's latest thinking on how to decide between bonds or funds:

Bond investors often share a sentiment credited to Mark Twain, that the return of their money is more important than the return on their money. For that reason, many prefer buying individual bonds and holding them until they mature. That way, it doesn't matter what happens to the price of the bond in the meantime—investors can lock in today's rate and generally expect to

Fund flows into taxable and municipal bonds, annually



Note: Taxable bond funds include corporate debt, Treasuries and sovereign debt; 2023 figures through Oct. 31  
Source: Refinitiv Lipper

get back what they put in.

A bond is effectively an investor lending money to the federal, state or local government, or a company. The borrower makes interest payments, usually in twice-yearly fixed amounts, until the time the issuer pays back the prin-

cipal. Investors can buy corporate or municipal bonds through an online brokerage account. Treasuries are also available through brokers or online from the government through TreasuryDirect.

The risk of buying them a la carte comes from concen-

tration. If a company runs into trouble and defaults on its debt, bondholders can suffer steep losses. Even local governments, generally safe, sometimes miss interest payments. Funds, in contrast, mitigate that threat. They hold thousands of bonds at the same time, so the occasional default isn't that big a deal. But the price of those funds rises and falls with rates—and getting your principal back requires selling the fund.

Consider how an investor who put \$10,000 in California municipal bond mutual funds in March 2022 would fare relative to someone who bought \$10,000 worth of one-year California state bonds on sale that month with a yield of 0.94%.

The bondholder would get back his \$10,000 plus payments of \$47 at the six-month and one-year marks, netting perhaps \$84 after brokerage *Please turn to page B2*

## 'Marvels' Opening Is A Letdown For Disney

By Robbie Whelan

"The Marvels," Disney's latest superhero feature, landed with a thud at the box office only days after Chief Executive Bob Iger called for an overhaul of the entertainment company's studio business.

A sequel to 2019's hit "Captain Marvel" from Disney's Marvel Studios, the new movie features an all-female trio of stars in Brie Larson, Teyonah Parris and Iman Vellani. It sold \$47 million in tickets in North America over its opening weekend, making it the weakest debut performance of any movie in the Marvel Cinematic Universe.

The result, which was expected, appeared to illustrate a problem that Iger identified on Wednesday during Disney's quarterly earnings presentation: Disney is making too much content, on both the big and small screens, and not focusing enough on quality.

Marvel Studios has produced 33 films with interconnected and overlapping casts of characters that are known as the Marvel Cinematic Universe, grossing nearly \$30 billion over the past decade and a half, a hot streak unmatched in the history of Hollywood. Most of these films were distributed by Disney, after the company known for Mickey Mouse and the Little Mermaid acquired Marvel Entertainment for \$4 billion in 2009.

Before "The Marvels," the only movies in the franchise to open to less than \$60 million domestically have been 2008's "The Incredible Hulk" and 2015's "Ant-Man."

Tony Chambers, Disney's head of theatrical distribution, said that the opening-weekend performance of "The Marvels" was "definitely not what we expected and not what we've hoped for." He said that Marvel is still working to achieve the right balance between its theatrical releases and the pack of episodic series it produces for Disney+, the company's flagship streaming platform, both of which are costly to produce and market.

Part of the issue confronting Marvel is that some of its movies seem to require a lot of homework to recognize crucial characters and understand even basic plot twists. For example, audiences are more likely to understand what is going on in "The Marvels" if they have watched the Disney+ series "Ms. Marvel," "WandaVision" and "Secret Invasion" in addition to the prequel movie "Captain Marvel."

*Please turn to page B2*

## The Path to Green Energy Is Getting Messier

By Phred Dvorak

The energy transition is getting a dose of reality.

Offshore wind projects are being scrapped, and renewable-energy companies' share prices are tanking. In the U.S., automakers are reining in electric-vehicle plans as demand falters.

Meanwhile, the oil-and-gas industry is embarking on a round of megadeals enabled by soaring profits and is pushing more forcefully the idea that fossil fuels will be around for a long time. Climate-warming carbon emissions are expected to climb to a record this year, some researchers say.

"There will be no easy solution or quick fix to the energy transition," James Yardley, an executive at pipeline operator **TC Energy**, told an audience at an energy-transition conference in Houston recently. Energy-mix forecasts show natural gas, oil and renewables "all play significant roles out to 2050," he said.

The shift away from oil and gas is still happening. Solar and wind capacity is growing fast, governments are rolling out policies to support low-carbon technologies and billions of dollars are flowing into projects ranging from hydrogen production to electric-vehicle charging stations.

Investment giant **Brookfield Asset Management** last year collected \$15 billion in capital for an energy-transition fund and is raising a second fund that it expects to be even bigger.

But Brookfield is seeing increased amounts of money



An Engie Sun Valley Solar project in Hill County, Texas.

flowing into more traditional types of energy assets, such as liquefied-natural-gas facilities and natural-gas pipelines, which are included in its infrastructure business. The asset manager is raising its biggest-ever infrastructure fund and has already exceeded its target of \$25 billion.

"The need for energy is not declining on a global basis," says Matthew Hutton, managing director responsible for energy investments in the infrastructure group at Brookfield. With headwinds ranging

from high interest rates and inflation to geopolitical tensions driving an increased focus on energy security, the path to a low-carbon future looks less straightforward, rockier and more expensive than it did a few years ago.

"I think the transition to a more ESG, solar, wind et cetera world is going to take a lot longer," said Jeffrey DiModica, president of **Starwood Prop**. *Please turn to page B10*

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Index and ETF performance, year to date



Source: FactSet

## Former FTX Executives Plan Crypto Exchange

By Angus Berwick and Peter Rudegeair

A group of former FTX executives, including one who served as a key witness against Sam Bankman-Fried, are teaming up to build a new cryptocurrency exchange that aims to solve the problems that doomed their previous employer.

**Trek Labs**, a Dubai-based startup led by the former FTX general counsel Can Sun, received a license from the emirate's crypto regulator last month.

Another ex-FTX executive, Armani Ferrante, is chief executive of Trek's holding company in the British Virgin Islands and runs a partner firm, called Backpack, that designs and operates digital currency wallets. Sun's former legal deputy, who is Ferrante's wife, sits on Trek's executive team. The venture is looking to sell a 10% stake to investors at a valuation of over \$100 million.

Sun and Ferrante said they wanted to use the lessons they

learned from FTX's failure to protect user funds. Backpack Exchange, the name under which Trek Labs will do business, will use Backpack's technology to allow users to hold funds in their own "self-custody" crypto wallets that the exchange itself wouldn't be able to unilaterally access, they said.

Such wallets were designed using so-called multiparty computation techniques that require several parties to approve any transaction. Customers on Backpack Exchange, which plans to launch in beta later this month, would be able to verify their holdings at any time, they said.

It's unclear what sort of reception they will face from investors and users given their background working at FTX. Ferrante's name, not Sun's, appeared in a news release last month announcing the launch of Backpack Exchange.

"In a post-FTX world, you need trust and transparency to create a true alternative to the *Please turn to page B10*

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Microsoft gears up strategy that could upend videogames. **B11**

## CBS Looks to Defy Franchise Fatigue as 'NCIS' Goes Global

By Joe Flint

"Don't underestimate NCIS."

That dialogue from the 2003 series premiere of what was then called "Navy NCIS: Naval Criminal Investigative Service"—dubbed "that Navy show" by a CBS executive at the time—proved prophetic.

Flash-forward two decades, and that Navy show not only is still going, but also has spawned "NCIS: Los Angeles," "NCIS: New Orleans" and "NCIS: Hawaii." The latest iteration and first international installment, "NCIS: Sydney," will make its debut on CBS on Nov. 14.

Hollywood loves spinoffs and sequels, but studios are always conscious of the risk of franchise fatigue if they go to the well too many times—a complaint leveled at some superhero movies and shows.

"NCIS," a drama about a little-known agency that focuses on counterintelligence, counterterrorism and crimes involv-



'NCIS: Sydney,' with Olivia Swann and Todd Lasance.

ing the Navy and Marine Corps, has managed to avoid that trap despite going on. And on.

Nearly 1,000 "NCIS" episodes have been produced. Last year, more than 300 million people around the world watched some version of "NCIS," according to **Paramount**-owned CBS. David Stapf, president of CBS Studios, says the show is popular because it isn't just a crime and

action drama but also has a touch of humor and good vs. evil themes that have universal appeal.

While some critics deride the show as formulaic, that is a lazy and inaccurate assessment, according to Stapf. "The show has thrived as long as it has because of the inventiveness of the writers to find new and interesting story lines," he said. *Please turn to page B2*

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# CBS Defies Franchise Fatigue

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According to Nielsen, the original "NCIS" averaged nearly 10 million viewers per episode last season, making it the most popular CBS show as well as the most-watched television drama on broadcast TV. As with all broadcast shows, the audience for "NCIS" and its spinoffs has declined over the years. At its peak in the 2012-2013 season, the original "NCIS" averaged 21.6 million viewers per episode, according to Nielsen. "NCIS" and its spinoffs have never been the darlings of critics and don't clean up during awards seasons, overshadowed by streaming's "prestige TV" fare, but the franchise has generated about \$8 billion since the first NCIS launched, according to people familiar with the matter.

As its rivals in the entertainment business have done, CBS parent company Paramount Global has pivoted toward streaming. It has made "NCIS" a mainstay of its Paramount+ service, banking on its popularity to help stop subscribers from leaving.

Other networks have been able to turn long-running shows into lucrative franchises, notably NBC with "Law & Order" and its various iterations. ABC hasn't had as much success developing spinoffs of "Grey's Anatomy," though it has squeezed out a few. Naysayers say TV networks are leaning too hard on old franchises because they are afraid of taking creative risks in an era when cable cord-cutting and competition with streaming is making it harder each year to attract audiences. Their dedication to predictable "procedurals"—shows in which a crime is solved or a medical emergency attended to in each episode—is draining the creativity in Hollywood, the critics say.

Still, even streaming giants aspire to create bankable franchises in that mold. Amazon's Prime Video had success with the police drama "Bosch," which led to a spinoff, while Netflix is hoping "The Lincoln Lawyer" and "The Night Agent" will have long runs.

"NCIS: Sydney" was developed specifically for the Australian market and started streaming there Friday on Paramount+, and will air later on the broadcaster Network 10. In the U.S., where strikes by actors and writers delayed the fall television season, "NCIS: Sydney" has been called up to help plug the programming hole.

"We had a perfect option that was only 7,000 miles away," said CBS Entertainment President Amy Reisenbach.

"NCIS: Sydney" is part of a broader effort to create local versions of the franchise. CBS's Stapf recalled that a few years into the run of "NCIS" on CBS, the head of international distribution told him reruns of the show were hugely popular around the globe. Stapf was surprised.

O'Neill, whose directing credits include the feature films "Solo" and "Drift," binge-watched hundreds of episodes of the original in preparation for making the new iteration. "I cleared the deck for a month or so and did some hard-core couch time to make sure I was

**During strikes, it was 'a perfect option that was only 7,000 miles away.'**

absolutely familiar with the show," O'Neill said. "NCIS" has dramatically boosted the fortunes of every network or streaming service that has aired its reruns. It is one of Net-

flix's most successful offerings, reaching more viewers in the U.S. than the streamer's most popular original show, "Wednesday." Reruns of "NCIS" are still a staple of NBCUniversal's USA Network. The show has also been a training ground for executives. CBS's Reisenbach cut her teeth at the network as the executive in charge of the flagship "NCIS" in its first decade. "I don't think I'd be where I am without having gotten as intimately involved with the show and been on that ride," Reisenbach said.

### Inside the Technology Creating The Las Vegas Sphere's Visuals



Scan this code for a video on what it takes to create the groundbreaking visuals of the Las Vegas Sphere, with insight from camera architect Deanan DaSilva and director Darren Aronofsky.

SPHERE ENTERTAINMENT

## BUSINESS & FINANCE

# 'Marvels' Opening Is A Letdown

Continued from page B1

This is a result of decisions made by Disney to go all in on streaming during the Covid-19 pandemic, when theaters were closed and Marvel's appeal was at its peak. Its "Avengers: Endgame," released in 2019, became the best-grossing movie in history, a record that lasted until this year. Between early 2021 and the summer of 2022, Marvel launched eight different series on Disney+, a pace that even some superfans found hard to keep up with.

During this past week's earnings call, Iger said that he planned to get personally involved with the movie studio and push for it to focus on quality over quantity. He said that making better movies, especially those that are popular on Disney+ once they leave theaters, would help Disney spend less on streaming television shows.

"Covid created challenges creatively," Chambers said on Sunday. "There's a realization that possibly the quality and performance has suffered."

Chambers said that next year, Marvel has only one release on the calendar in "Deadpool 3," which was delayed several months by the recently resolved Hollywood actors' strike. He said delays from the strike, which will reverberate into future years, would allow Marvel to emphasize quality in its movies over quantity and help Disney re-



LAURA RADFORD/WALT DISNEY/EVERETT COLLECTION

The superhero film cost about \$220 million to produce and likely tens of millions more to market.

### Estimated Box-Office Figures, Through Sunday

Film	Distributor	Sales, in Millions		
		Weekend	Cumulative	% Change
1. <b>The Marvels</b>	Disney	\$47.0	\$47.0	—
2. <b>Five Nights at Freddy's</b>	Universal	\$9.0	\$127.2	-53
3. <b>Taylor Swift: The Eras Tour</b>	Variance Films	\$5.9	\$172.5	-57
4. <b>Priscilla</b>	A24	\$4.8	\$12.7	-4.9
5. <b>Killers of the Flower Moon</b>	Paramount	\$4.7	\$59.9	-32

\*Friday, Saturday and Sunday in North American theaters

Source: Comscore

duce its reliance on streaming series, a factor that differentiates Disney from rival Netflix.

Most superhero films must gross at least \$500 million at the global box office to break even on production and marketing costs, said Paul Dergarabedian, senior media analyst at Comscore, which tracks movie-ticket sales. "The Marvels" cost about \$220 million to produce, according to people familiar with the matter, and likely tens of millions

more to market. Studios typically take a little more than half of the box-office gross, with the remainder going to theater owners.

"You can't make a superhero movie on the cheap—it's pretty much impossible," Dergarabedian said. "The bar has been set so high by Marvel that seeing a sub-\$50 million opening puts a spotlight on not only how successful the MCU films have been over the years, but also that audiences

may be telling the studios that they want them to take the superhero genre to a place where it's not the same thing, year after year."

Disney is hoping that "The Marvels" will benefit from a strong showing on Thanksgiving weekend, Dergarabedian said, when many families go to the movies during holiday breaks from work and school.

Theaters sold roughly 3.3 million tickets to "The Marvels" this weekend, according to media-analytics company EnTelligence, at an average general admission price of \$14.45.

The superhero sequel was the top-selling domestic movie over the weekend, with \$47 million in box-office gross, Comscore said, followed by the videogame-based horror flick "Five Nights at Freddy's," with \$9 million, and concert movie "Taylor Swift: The Eras Tour," at \$5.9 million.

# Bonds Are Back In Play

Continued from page B1

costs. Had the investor instead put his \$10,000 into a California muni mutual fund on the bond sale date of March 17, 2022, and pulled it out on the bond maturity date of April 1, 2023, he would likely have done worse.

Thornburg's LTCAX, a limited-term California muni fund, would have returned 0.1% counting price changes and dividend payments, or \$10 for the investor, according to FactSet. A longer-term California muni fund like Capital Funds' TEFEX, would have lost him \$163 according to FactSet.

Leslie Falconio, head of taxable fixed-income strategy, Americas, at UBS, said clients who previously invested in bond funds are showing new interest in buying bonds outright.

"We're definitely seeing more of that today than we did when we had a 2% 10-year yield," Falconio said.

But bond and fund returns look more similar over multi-year periods, which is how long you should be investing in bonds for anyway, advisers say. And going forward, rising rates will increase gains for bond and fund investors alike, as managers buy more freshly issued, higher-yielding bonds.

That disappointed investor who was down \$163 in March, a year after investing \$10,000 in TEFEX is down even more today, about \$413. But the fund now projects an annual yield of 4%. If rising rates don't push bond prices down a lot further, that gain would more or less wipe out the investor's losses by next Thanksgiving.

Buying individual bonds is a lot of work. New York state resident Jonathan Kahn estimates he spends a total of five hours a week researching and managing his municipal-bond portfolio, browsing available bonds several times a day for five to 10 minutes at a time. To understand repayment plans, he reads the legal prospectuses on the public Electronic Municipal Market Access website.

After a bond purchase, bondholders will want to continue keeping tabs on the companies or governments they are invested in. S&P Global's rating on the bonds of Hawaii's government utility company, for example, dropped from investment-grade to junk following the summer's deadly Maui

wildfire.

There is enough additional complexity that many people choose to hire a financial adviser, a choice that in some cases can pay for itself. Bondholders will need to reinvest the interest and principal money when it comes in. Often people buy "ladders" of bonds that mature sequentially over a series of years—and must also reinvest the proceeds of each year's maturing bond. Even buying a 30-year bond doesn't guarantee 30 years of interest payments because many borrowers retain the right to repay their bonds early if borrowing costs drop. Investors buying a bond need to see if it is "callable," no matter the length of time until maturity.

Bondholders who find themselves needing to cash out before maturity lose the protection-of-capital benefit. They will also pay additional brokerage costs and could well end up with crummy prices selling a handful of bonds in a market that favors bulk trades. Prices can drop if borrowers run into financial trouble, too, just because investors are concerned about default.

"Everyone thinks they're a buy-and-hold investor until prices fall 20%," said Matt Fabian, a partner at bond research firm Municipal Market Analytics.

Funds are much easier to buy and sell, especially in small quantities. That makes them a far more popular investment than individual bonds. About half of U.S. households own stock or bond mutual funds, most of them in retirement accounts, according to the Investment Company Institute. Families that hold bonds outright make up only 1% of the total and 5% of those with top incomes, according to the federal Survey of Consumer Finances.

Investors can buy shares of mutual or exchange-traded funds online through a range of money managers. Mutual funds typically set minimum buy-in prices at a few thousand dollars, sometimes less. Investors can buy into an ETF for as little as the price of a single share—often less than \$100.

Mutual-fund investors have opportunities to cash out daily in an amount equivalent to the estimated end-of-day price of the underlying bonds. ETF holders can sell shares any time at their trading price.

That doesn't always work in the funds' favor. In the early weeks of the pandemic,

investors yanked billions from funds. To pay them, mutual-fund managers had to sell bonds at unappealing prices, which in turn pushed prices down further. Some ETF share prices fell even further than the prices of the bonds they held. (Meanwhile, some individual bondholders got bargains.) Advisers generally recommend holding bond funds for at least a few years—and not selling out of panic.

Bonds on sale on the open market will have a price, a coupon and a yield. The coupon tells you the set amount of interest that you will receive annually, in twice-a-year payments. But that is not the same as the return on your investment. The yield factors in the price you paid for the bond to determine the actual return you are getting. Investment firms offer calculators to help figure out the yield. Mutual fund and ETF hold-

ers, on the other hand, receive a yield in the form of monthly dividend payments. The amount of those payments can vary from month to month depending on rates, prices and the performance of the fund.

Bond fund investors are effectively holding the debt of hundreds of different borrowers so the consequences of a few defaults or downgrades are negligible. Some taxable bond funds mix corporate bonds with Treasuries and bonds sold by other countries, giving investors even more diversification. Investors can also choose between funds geared toward bonds maturing in just a few years and those with further off payouts and generally higher interest rates. That variety means investors might be comfortable holding lower-quality debt that throws off more income. VWEAX, a Vanguard-managed corporate mutual fund focused on high-yield corporate bonds, returned 5.67% for the year ended Oct. 31, according to FactSet. That compares with 2.45% for VFICX, which invests in higher-grade government and corporate bonds.

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BUSINESS NEWS

# Australian Ports Open After Hack

Four terminals handling nearly 40% of country's imports had been offline

By STUART CONNIE

SYDNEY—Some of Australia's biggest ports restarted operations on Monday following a cyberattack that disrupted container traffic ahead of Christ-

mas and highlighted vulnerabilities in the nation's critical infrastructure.

Dubai-based logistics company DP World shut down its terminals in Sydney, Melbourne, Brisbane and Fremantle after detecting suspicious activity on its systems Friday. Operations at the four terminals, which handle almost 40% of goods in and out of the country, resumed Monday morning after it successfully

tested key systems.

Still, DP World said there could be more disruptions in coming days as it investigates the cyberattack.

"Importantly, the resumption of port operations does not mean that this incident has concluded," said DP World's Australian unit. "DP World Australia's investigation and ongoing remediation work are likely to continue for some time."

Earlier on Monday, Darren Goldie, Australia's national cybersecurity coordinator, said cargo yards were filling up because of the temporary closure of the ports.

Australia has grown more concerned around its infrastructure in recent years as its military alliance with the U.S. deepens. Officials have lamented past sales of infrastructure to foreign companies, including ports, power grids

and gas pipelines.

As an island nation with little local manufacturing, resource-rich Australia depends on its ports to sustain its economy. It imported more than 100 million metric tons of goods over the same period, more than 98% of which was through its ports.

Australia's ports-industry body said that the latest disruption was isolated to DP World terminals.

# Fashion Mogul Guilty of Sex Assault

By VIPAL MONGA

TORONTO—Canadian fashion and retailing mogul Peter Nygard was found guilty in a Toronto court on Sunday of four counts of sexual assault.

A jury, which deliberated for more than three days, also found Nygard not guilty on one other count of sexual assault and not guilty on a count of forcible confinement.

The verdict concludes a six-week-long trial, which featured testimony from several of Nygard's accusers, who can't be identified under court orders. The women testified that Nygard lured them to his offices in Toronto, where he sexually assaulted them in a bedroom located on the top floor, in incidents that occurred over a span of almost 20 years.

The court will set a date for sentencing this month. Nygard's lawyer, Brian Greenspan, said he hasn't decided whether to appeal.

Nygard, who was arrested in Winnipeg, Manitoba, in 2020, faces charges in the U.S. for sex trafficking and racketeering. He also has been charged in the provinces of Quebec and Manitoba. He is expected to stand trial in each of those jurisdictions.

Nygard has denied the allegations.

In the U.S., prosecutors have accused Nygard of criminal conduct involving dozens of victims in the U.S., Canada and the Bahamas. According to the U.S. prosecutors, Nygard, who is 82 years old, lured women and girls in the U.S. and Canada to his home in the Bahamas and assaulted them.

Nygard, who was born in Finland and raised in Canada, was the founder of Nygard International, which was once Canada's largest women's clothing manufacturer.

# Chipotle Founder Goes Meatless in New Venture

By HEATHER HADDON

Chipotle Mexican Grill founder Steve Ells built an empire on chicken and beef burritos made in assembly-line fashion. Now he is dropping the meat and is adding machines.

Ells early next year will open in Manhattan the first location of Kernel, serving meat-free sandwiches, salads and sides made to order. A skeleton crew will run the restaurants alongside robots, making faux chicken sandwiches and sides such as cucumbers with wild rice.

Customers' orders are beamed to the kitchen, where a robotic arm puts food-laden pans into the oven.

A programmed toaster flips a bun into the oven for warming, while conveyor belts move dishes through the kitchen. Workers finish off the dishes, package the food and slot it into cubbies for pickup.

"We've taken a lot of human interaction out of the process and left just enough," Ells said.

Kernel marks the 58-year-old entrepreneur's first return to the food stage since 2020, when he stepped down as Chipotle's executive chairman. Ells led the burrito chain for more than two decades since founding it in 1993, and he said he figured he would



Steve Ells, left, with chefs Andrew Black and Neil Stetz. Kernel's menu leans on legumes and vegetables.

spend his entire professional career there.

Then came a series of foodborne illness outbreaks tied to Chipotle's food. Beginning in

2015, hundreds of people were sickened by E. coli and norovirus, eventually prompting Ells's departure. Ells called his resignation a "bitter pill" but

the right one for the company to move forward.

He said he no longer eats Chipotle regularly.

After leaving, he designed

Kernel as a new kind of restaurant that would need fewer resources to run, envisioning a system that could help eateries generally operate better.



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# One Road to Affordable EVs Runs Through Outsourcing

Foxconn affiliate is looking to reshape the auto industry, starting in Asia

By RIVER DAVIS  
AND YANG JIE

If Jack Cheng has his way, any company will be able to make its own car or truck, even if it doesn't have suppliers, blueprints or factories.

They could do it, he says, by outsourcing—the same business model that has been widely adopted in consumer electronics.

Companies including Sony and Apple realized decades ago that it was easier to hand production of PlayStations and iPhones over to contract-manufacturing giants such as Taiwan's **Foxconn Technology Group**.

Cheng leads a Foxconn affiliate that can take a similar approach with electric vehicles and bring down costs, he says. Price is the biggest difference between EVs in the U.S., where some expensive models are now sitting unsold on dealer lots, and in China, where EVs have taken a big chunk of the market and on average cost less than half as much as they do in the U.S., according to consumer-research group Jato Dynamics.

"The world is wasting too much time tooling the same parts and losing money. It doesn't make sense," Cheng said in an interview. "What I learned in China in the last 20 years—I can replicate that."

Many in the industry question whether automakers will be interested in a new business model since they have long been accustomed to creating their own proprietary designs and assembling vehicles themselves.

Automakers including General Motors, Volkswagen and



Jack Cheng of the MIH consortium shows off its MIH three-seater concept car in Tokyo.

Toyota are building their own modular EV platforms that they believe give them an edge over the competition. Toyota, for example, is working on designs to give its future EVs roomier cabins and longer driving range.

"In the car industry, there was a worry that EVs are on the road toward becoming commoditized," Toyota Chief Branding Officer Simon Humphries said at a recent event. Thanks to the in-house work, Toyota's EVs in the pipeline "are anything but commodity," he said.

For now, Cheng is focusing on Asia, where stirrings of the new approach are already being felt. He used it himself when he co-founded Chinese EV startup NIO, which designs its vehicles but works with another Chinese manufacturer to assemble them.

The 64-year-old Cheng, a Taiwan native, brings a lifetime of auto experience to the outsourcing push, including many years at Ford Motor in

China and a post at Fiat.

The Foxconn-led consortium Cheng now leads is called **Mobility in Harmony**, or MIH. At the recent Tokyo auto show, it showed off a three-seat concept car. Cheng said MIH was talking to a handful of companies and saw corporate clients in Southeast Asia as potential customers.

Compared with gas-powered vehicles, EVs require fewer parts and tend to rely more on software. As Cheng envisions it, MIH will offer customers a standardized package of EV parts and software that they can customize. If customers wish, MIH can introduce them to Foxconn or other companies to manufacture the cars.

What about the biggest potential customer of all, the one Chinese call the "fruit company"? Cheng said his door is open should Apple come knocking with an EV plan. "It's like with phones," he said. "Just tell me what you want to do." Apple didn't re-

spond to a request to comment.

Foxconn built itself into the world's largest contract manufacturer with hubs such as the sprawling "iPhone city" in central China that can churn out hundreds of thousands of devices a day. Frustrated with thin profit margins associated with assembling Apple products, the Taiwanese company says it hopes to build its EV business into a growth pillar.

While Foxconn has some business with U.S. carmakers, most of its auto footprint is in Asia, where it is already a supplier to Tesla.

Foxconn hasn't disclosed its total EV investment, but executives have said they are putting up to around \$600 million annually into new initiatives led by the EV push.

Foxconn is gearing up in India, where it plans to start EV-component projects next year, Chairman Young Liu said in August. Cheng said he would also like to have EVs assembled in India.

# Amazon Takes New Tack To Pitch Its Software

By ISABELLE BOUSQUETTE

The traditional enterprise software sales process is hitting Manhattan's Fifth Avenue.

This fall, **Amazon.com's** cloud-computing business Amazon Web Services opened a New York City "Builder Studio," designed to showcase cloud-based technology and provide a space where companies can build prototypes alongside AWS engineers.

Chief information officers walking through the space can experience prototypes of technologies such as a digital twin—a virtual, real-time rendering of a sensor-studded physical space or other asset. It boasts a virtual try-on demo where visitors can see renderings of what some shoes sold on Amazon.com would look like on their feet and an advertising-mood-board creator fueled by generative AI.

The in-person aspect of the experience is critical for CIOs to really understand what they can do on the AWS cloud, said Shaown Nandi, director of technology, strategic industries, at AWS and a former CIO of Wall Street Journal publisher Dow Jones. "The tangible aspect makes everything go from seeming sort of theoretical and I read about it to like, 'Oh, this is real, and there are other customers doing it.'"

The studio, in Amazon's

new outpost at the Lord & Taylor building, is one of two studios AWS operates in the U.S., with a similar site located in Santa Clara, Calif.

The plan is for 80% of the demos to rotate every three to eight months, though they are somewhat geared around New York-centric industries, like financial services, media and retail. "It's almost like they're trying to deliver a Disney-like experience when you walk in there," said R "Ray" Wang, founder and principal analyst of IT consulting firm Constellation Research.

Systems integrators such as Capgemini and Infosys have operated similar prototyping labs for years, Wang said, but cloud providers are just starting to get in the game. That's because customers of companies like AWS are increasingly looking for specific solutions rather than just needing to put stuff in the cloud.

For startup Proto, which has teamed up with AWS to demo its hologram technology in the Builder Studio, the chance to get the tech face to face with customers is incredibly valuable.

"We have YouTube videos all over the place of people experiencing our products. It's just not the same as having a volumetric spatial computing experience in person," said Raffi Kryszek, Proto's head of AI & innovation.



Amazon's 'Builder Studio' in Manhattan.

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BUSINESS & FINANCE

# Microsoft Executive Takes On Bringing AI to Main Street

Chris Young sees nontech customers as artificial intelligence's big untapped market; 'people want playbooks...there is a tremendous amount of demand for help'

By TOM DOTAN

Microsoft has spent most of this year touting the promise of artificial intelligence and how it can re-shape society. The job for Chris Young, head of Microsoft's corporate strategy, is making sure that hype turns into purchases of Microsoft's AI tools.

Young leads a hundreds-strong team that works with outside partners like Facebook parent Meta Platforms to develop products made with technologies such as augmented reality and generative AI. Young oversees Microsoft's venture investment arm M12, which does early-stage startup investments.

**BOSS TALK** There is a lot riding on Microsoft's AI strategy. The company spent \$13 billion backing ChatGPT maker OpenAI, and analysts say it will likely spend billions more building and upgrading its cloud infrastructure for AI. Young says the new technology has caught on in some sports leagues and pharmaceutical companies, but the adoption of AI products needs to be as widespread as Microsoft's staple offerings like Windows and Excel to fulfill its promise.

There are positive early signs. In Microsoft's most recent earnings report, the Azure cloud-computing division was a standout business, thanks partly to the growth in customers' AI spending.

Young discussed the challenges and opportunities in a recent interview with The Wall Street Journal. Here are edited excerpts:

**WSJ: You joined Microsoft when the hype around AI wasn't anywhere near where it is today. Why did you choose Microsoft at that point?**

**YOUNG:** I spent a lot of my career in cybersecurity, and cybersecurity is great, but you tend to be a little bit more in your world and don't really see the tech landscape at quite the same level as you do when you're at Microsoft and in a job like this one. And here I am now three years later, and we're in the middle of everything happening with AI. I couldn't have predicted that this would be happening. But what is happening is exactly why I wanted to come and be at Microsoft.

**WSJ: What is the next step in making a business out of AI for Microsoft?**

**YOUNG:** Any software company, any technology company at this point is an AI company or they are trying to be an AI company. And even Main Street companies are pretty excited about what's going on, but no one's rolled anything out at scale at this point where they have really changed their customer-support operation. We're clearly at a place where now we've got to translate the excitement and the interest level into true adoption.

**WSJ: Isn't there a risk that you make huge investments today and it takes much longer than anyone hoped for AI to become a real driver of revenue for Microsoft because of these issues you're highlighting?**

**YOUNG:** I'm less worried about that. I think about this quote from Bill Gates, that

you always accomplish more than you think you will in 10 years and less than you think you will in one year. And I think it is hard to predict the time frame with which this will all play out. I think you have to take the long view. You can't go quarter by quarter.

My point of view is this is going to change how we live our lives, down to how you buy coffee in a coffee shop. I think it is going to be transformative and I think that is a long-arc problem now. What happens in year two or three in terms of the actual demand that comes through? I don't think anybody knows exactly.

**WSJ: What are you doing now to make AI work for a broader set of businesses?**



'Any technology company at this point is an AI company,' says Young. Microsoft's Bing search engine.

**YOUNG:** People want playbooks. Particularly in nontech companies, there is a tremendous amount of demand for help. People don't know what to do, they don't know where to go first. And so we are fanning out to have those dialogues.

**WSJ: Who are some of the nontech early adopters of AI who are looking at it seriously?**

**YOUNG:** Sports leagues. What a sports league is going to want in the long run is personalization for fans. I'm an avid sports fan, and I find myself in the middle of a game using Bing. Who is this person, what was their career? You're asking a lot of questions through the course of a game and so it'd be easier if I could just ask



Chris Young, head of Microsoft's corporate strategy.

an AI. I do now—I'm asking Bing chat—but if you're the NFL or the NBA, having these tools available, it increases fan engagement and makes it a lot more interesting for the fan base.

# For Musk, Future of Humanity Will Mean Doing Less Work

By TIM HIGGINS

When it comes to the future, Elon Musk's best-case scenario for humanity sounds a lot like Sci-Fi Socialism.

The world's richest man, who for years warned about the dangers of artificial intelligence, lately has been painting a more utopian vision for what could occur when supersmart robots are able to replace everyday workers.

"We will be in an age of abundance," Musk said this month. He was speaking publicly with U.K. Prime Minister Rishi Sunak, who like many world leaders is trying to navigate the fast-developing technology's effect on work and life. Sunak said he believes the act of work gives meaning, and had some concerns about Musk's prediction.

"I think work is a good thing, it gives people purpose in their lives," Sunak told Musk. "And if you then remove a large chunk of that, what does that mean?"

That is the question.

So often when Musk talks about the threats of AI he is describing world-ending scenarios that seem straight from science fiction works where robots turn on their creators.

More recently, in talking about the technology positively, Musk likes to point to another work of sci-fi to describe how AI could change our world: a series of books by the late-, self-described-socialist author Iain Banks that revolve around a post-scarcity society that includes superintelligent AI.

In a way, Musk is talking up his own book of business.

Part of the enthusiasm behind the sky-high valuation of Tesla, where he is chief executive, comes from his predictions for the auto company's abilities to develop humanoid robots—dubbed Optimus—that can be deployed for everything from personal assistants to factory workers. He also founded an AI startup, xAI, that he said aims to develop its own superhuman intelligence,



Tesla's Optimus at the World Artificial Intelligence Conference in Shanghai in July.

even as some are skeptical of that possibility.

"Digital super intelligence combined with robotics will essentially make goods and services close to free in the long term," Musk said at a conference in July.

Musk has cast his work to develop humanoid robots as an attempt to solve labor issues, saying there aren't enough workers and cautioning that low birthrates will be even more problematic.

"I wouldn't worry about...putting people out of a job," Musk said last year during a TED talk presentation. "We're actually going to have—and already do have—a massive shortage of labor. So, I think we will have not people out of work but actually still a shortage of labor—even in the future."

Instead, Musk predicts robots will be taking jobs that are uncomfortable, dangerous or tedious. "It's fun to cook food but it's not that fun to wash the dishes," Musk said this month. "The computer is perfectly happy to wash the dishes."

Musk isn't alone in predicting change is afoot after the surprise success of OpenAI's chatbot.

In the near term, Goldman Sachs in April estimated generative AI could boost the global gross domestic product by 7% during the next decade and that roughly two-thirds of U.S. occupations could be partially automated by AI.

That could be just the beginning. At The Wall Street Journal's Tech Live conference last month, Vinod Khosla, a prominent venture capitalist whose firm has invested in the technology, predicted within a decade AI will be able to do "80% of 80%" of all jobs today.

"I believe the need to work in society will disappear in 25 years for those countries that adapt these technologies," Khosla said. "I do think there's room for universal basic income assuring a minimum standard and people will be able to work on the things they want to work on."

In Musk's world, he foresees something more lush, where most things will be abundant except unique pieces of art and real estate.

"We won't have universal basic income, we'll have universal high income," Musk said this month. "In some sense, it'll be somewhat of a leveler or an equalizer because, really, I think everyone will have access to this magic genie."

All of which kind of sounds a lot like socialism—except it's unclear who controls the resources in this Muskism society. A few years ago, Musk declared himself a socialist of sorts. "Just not the kind that shifts resources from most productive to least productive, pretending to do good, while actually causing harm," he tweeted. "True socialism seeks greatest good for all."



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# CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-end generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. NA signifies that the information is not available or not applicable. NS signifies funds not in existence for the entire period. 12 month yield is computed by dividing income dividends paid (during the previous 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Fund (SYM)	NAV	Prem 12 Mo Close/Disc	Yield
Gab Utility <b>GUT</b>	2.79	5.57	+99.6 -3.8
GAMCO Gold & Nat Res <b>GGN</b>	3.72	3.65	-1.9 12.1
J Han Finl Oppty <b>BTO</b>	24.75	26.19	+5.8 -20.9
Neuberger Birm Emg Inv <b>NML</b>	7.65	6.60	-13.7 5.4
Neuberger Nxt Gen Conn <b>NBXC</b>	12.61	10.60	-15.9 17.2
Nuv Dow 30 Dyn Overwrite <b>DIAX</b>	15.38	13.40	-12.9 -7.5
NuvCorEqAlpha <b>JCE</b>	NA	12.70	NA 6.0
Nuven Nasdaq 100 Dyn <b>QQX</b>	23.85	22.12	-7.3 2.1
NuvReal Est <b>JRS</b>	7.52	6.48	-13.8 -14.0
NuvSP500BuyInCm <b>SPXX</b>	15.77	14.41	-8.6 -9.5
NuvSP500BuyInCm <b>BXMX</b>	13.66	12.28	-10.1 -3.0
ReavesUtilityIncome <b>UTG</b>	25.13	24.97	-0.6 -5.7
Tortoise Enrgy Infra Crd <b>TYG</b>	33.73	27.88	-17.3 -9.1
Tortoise Midstream Enrgy <b>NTG</b>	40.48	33.33	-17.7 -2.3
VDivInt&PremStr <b>AIJ</b>	NA	11.01	NA 2.0
VArt Int&Tech Opps <b>AIO</b>	NA	16.41	NA 5.5

Friday, November 10, 2023

Fund (SYM)	NAV	Prem 12 Mo Close/Disc	Yield
General Equity Funds			
Adams Diversified Eq <b>ADX</b>	20.25	17.30	-14.6 15.2
Central Secs <b>CET</b>	42.95	35.16	-18.1 5.3
CohenStrcsCEOppFrd <b>FOF</b>	10.20	10.59	+3.8 4.3
EVTVAdvDivIncm <b>EVT</b>	NA	19.77	NA -12.2
GabelliDiv&IncTr <b>GDV</b>	23.31	19.21	-17.6 -4.6
Gabelli Equity Tr <b>GAB</b>	4.75	4.83	-1.7 -4.9
General Amer <b>GAM</b>	48.80	39.50	-19.1 7.7
JHancockTaxAdvDiv <b>HTD</b>	19.41	16.84	-13.2 -21.8
Liberty All-Star Equity <b>USA</b>	6.22	6.15	-1.1 6.7
Liberty All-Star Growth <b>ASG</b>	5.16	4.83	-6.4 -3.8
Royce Micro-Cap Tr <b>RMT</b>	9.08	7.91	-12.9 -7.4
Royce Value Trust <b>RVT</b>	14.32	12.38	-13.5 -8.7
Source Capital <b>STC</b>	42.56	39.30	-7.7 12.1
Sprott Focus Fund <b>SFND</b>	7.91	7.16	-9.5 -6.2
SRH Total Return <b>STEW</b>	16.21	12.99	-19.9 6.5
Tri-Continental <b>TY</b>	30.40	26.59	-12.5 3.0

Fund (SYM)	NAV	Prem 12 Mo Close/Disc	Yield
Specialized Equity Funds			
abrdn Gbl Prem Prop <b>AWP</b>	3.74	3.45	-7.8 -9.1
abrdn Gbl Infra Inc <b>AGI</b>	19.08	16.22	-15.0 1.3
Adams Natural Resources <b>PEO</b>	25.28	21.27	-15.9 -4.3
ASA Gold & Prec Met Ltd <b>ASA</b>	15.17	12.90	-15.0 -7.4
BR Enh C&I <b>CI</b>	18.66	17.80	-4.6 1.4
BlackRock Energy <b>BGR</b>	14.15	12.53	-11.4 1.4
BlackRock Eq Enh Div <b>BDJ</b>	8.38	7.35	-12.3 -10.3
BlackRock Enh Gbl Div <b>BOE</b>	11.13	9.43	-15.3 4.5
BlackRock ESG Cap Allt <b>ECAT</b>	5.81	4.90	-15.7 5.5
BlackRock ESG Cap Allt <b>ETC</b>	17.05	15.11	-11.4 18.0
BlackRock ESG S&P Term <b>BMEZ</b>	15.95	13.39	-16.1 -6.0
BlackRock Hlth Sciences <b>BME</b>	39.94	37.09	-7.1 -9.0
BlackRock Innov&Growth <b>BIGZ</b>	8.00	6.79	-15.1 0.1
BlackRock Res & Comm <b>BCX</b>	10.07	8.47	-15.9 -7.3
BlackRock Sci&Tech <b>BSTZ</b>	20.08	15.95	-20.6 1.2
BlackRock Sol&Tech <b>BST</b>	32.83	33.10	+0.8 12.2
BlackRock Sol&Tech Intl <b>BUI</b>	20.72	19.24	-7.1 -3.8
CLEARBRIDGE ENH MDS <b>OPM</b>	36.50	32.12	-12.0 13.0
CLEARBRIDGE M&P Midst <b>CTR</b>	37.83	31.21	-17.5 6.6
Clearbridge MLP & Midst <b>CEM</b>	41.70	35.71	-14.4 7.8
ChnStrInfr <b>UTF</b>	20.68	20.14	-2.6 -10.2
Cohen&SteersQual Inc <b>ROU</b>	11.03	10.01	-9.2 -13.9
Cohen&Steers Real Est <b>RFLY</b>	14.26	12.35	-13.4 -3.8
Cohen&Steers TotRet <b>RTI</b>	10.61	10.59	-0.2 -8.4
Cohen&Steers Pref Inc <b>RNP</b>	18.31	16.98	-7.3 13.3
Columbia S&P Term Tr <b>STK</b>	26.22	28.60	+9.1 -18.1
DNP Select Income <b>DNP</b>	7.55	9.02	+19.4 -10.3
DuffPhoUS&Intnl Inc <b>DPG</b>	NA	8.57	NA -31.1
EtnVncEqIncl <b>EOI</b>	NA	15.56	NA 3.2
EtnVncEqIncl <b>EOS</b>	NA	17.59	NA 9.99
EVReskMnDvsEqIncl <b>ETJ</b>	NA	7.72	NA 0.3
EtnVncT&MgdBuyWrtIn <b>ETB</b>	NA	12.56	NA -9.3
EtnVncT&MgdBuyWrtIn <b>ETW</b>	NA	12.94	NA -2.3
EvTxMnDvsEqIncl <b>ETV</b>	NA	11.31	NA 3.8
EtnVncT&MgdGlb <b>ETY</b>	NA	7.43	NA -2.1
EVTXmGblDvEqIncl <b>EXG</b>	NA	7.24	NA 0.7
Ecofin S&S Impact Term <b>TEAF</b>	14.84	11.61	-21.8 -6.4
First Trust Energy Inc <b>FEN</b>	15.32	14.26	-6.9 3.5
First Tr Enhanced Eq <b>FFA</b>	17.96	16.92	-5.8 13.3
First Tr Energy Infra <b>FIF</b>	16.72	15.65	-6.4 14.8
First Tr MLP/EnrgIncl <b>FRX</b>	9.17	8.47	-7.6 15.5
Gabelli Healthcare <b>GRH</b>	10.17	8.25	-18.9 -11.9

Fund (SYM)	NAV	Prem 12 Mo Close/Disc	Yield
U.S. Mortgage Bond Funds			
BlackRock Income <b>BKT</b>	11.83	11.12	-6.0 9.96
Invesco H2023 Tgt Term <b>IHT</b>	6.96	6.91	-0.7 5.6
Investment Grade Bond Funds			
Angel Oak FS Inc Trm <b>FINS</b>	13.58	12.13	-10.7 9.7
BlkRc Core Bond <b>BHK</b>	10.08	9.76	-3.2 9.7

Fund (SYM)	NAV	Prem 12 Mo Close/Disc	Yield
Convertible Sec's Funds			
AdmntCntrbInclFnd <b>AVK</b>	11.23	10.07	-10.3 -6.1
Calamos Conv/Hl <b>CHY</b>	9.78	11.36	+16.2 9.0
Calamos ConvOp <b>CHI</b>	9.26	10.20	+10.2 -0.5
Nuven Con & Inc <b>NCV</b>	NA	3.08	NA 7.0
V Conv & Inc <b>NCV</b>	NA	2.67	NA -1.7
V Div Inc & Con <b>NCZ</b>	NA	18.61	NA 0.0
V Eqty & Conv Inc <b>NIE</b>	NA	19.90	NA 13.8

Fund (SYM)	NAV	Prem 12 Mo Close/Disc	Yield
World Equity Funds			
abrdn Gbl Mkt <b>AGF</b>	NA	4.69	NA 1.8
abrdn Gbl Dyn Div <b>AGD</b>	NA	8.77	NA 2.8
abrdn Tot Dyn Div <b>AOD</b>	NA	7.45	NA 1.1
Allspring Gbl Opp <b>AGO</b>	4.73	4.01	-15.2 -8.2
BlackRock Cap Allt <b>BCAT</b>	16.52	14.65	-11.3 11.4
Calamos GloDyIncl <b>CHW</b>	6.32	5.46	-13.6 0.3
EV Tx Adv Gbl Div Inc <b>AGD</b>	NA	15.43	NA 2.1
EtnVncAdvOpp <b>ETO</b>	NA	21.49	NA 3.5
First Tr Dyn Emg EqIncl <b>FEU</b>	12.51	12.20	-2.5 18.3
Gabelli MultiGlobal <b>GGT</b>	3.44	4.58	+33.1 -7.7
GDL Fund <b>GDM</b>	10.05	7.73	-23.1 4.1
Highland Global Alloc <b>HGLB</b>	NA	7.06	NA -18.4
India Fund <b>IFN</b>	NA	18.84	NA 15.4
Japan Smaller Cap <b>JOF</b>	8.68	7.00	-19.4 14.6
Lazard Gbl TotRet <b>LGI</b>	16.28	13.67	-16.0 0.3
Mexico <b>MXF</b>	NA	16.33	NA 13.7
Miller/Howard High Inc <b>HIE</b>	NA	9.89	NA -0.8
MS ChinaShrFd <b>CAF</b>	NA	12.03	NA -7.3
MS India <b>IF</b>	NA	22.17	NA 7.3
MS CBRE Gbl Mgt <b>MEGI</b>	13.68	11.65	-14.8 -7.7
Nuven RE Asst Inc & Gro <b>JRI</b>	12.32	10.49	-14.9 -5.6
Templeton Dragon <b>TDF</b>	9.90	8.14	-17.8 -9.8
Templeton Em Mkt <b>EMF</b>	13.37	11.30	-15.5 7.6

Fund (SYM)	NAV	Prem 12 Mo Close/Disc	Yield
Other Domestic Taxable Bond Funds			
abrdn AP IncFd <b>FAX</b>	2.91	2.54	-12.7 13.8
MS EmMktDomDebt <b>EDD</b>	5.24	4.55	-13.5 7.3
PIMCO Assets <b>PAXS</b>	NA	13.50	NA 17.7
PIMCO Dynamic Inc <b>PDI</b>	NA	17.13	NA 20.1
PIMCO Dynamic Inc <b>PDO</b>	NA	11.51	NA 22.8
PIMCO Stratg Inc <b>RCS</b>	4.09	5.36	+31.1 12.7
Templeton Em Inc <b>TEI</b>	5.46	4.72	-13.6 12.3
Templtn Gbl Inc <b>GIM</b>	4.27	3.81	-10.8 9.2
WstAstEmergDebt <b>EMD</b>	9.71	8.36	-13.9 11.2
Western Asset Gld Cr Dp <b>GDO</b>	12.19	11.52	-5.5 10.6

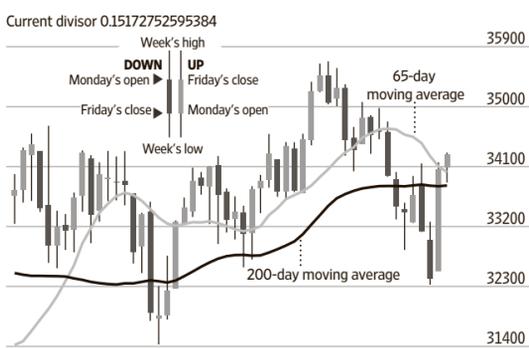
Fund (SYM)	NAV	Prem 12 Mo Close/Disc	Yield
National Muni Bond Funds			
AllBerNatMunInc <b>AFB</b>	11.56	9.84	-14.9 4.4
BlkRck Inv Q Mun <b>BKN</b>	12.12	10.57	-12.8 5.1
BlackRock Muni 2030 Tgt <b>BTT</b>	22.77	20.16	-11.2 3.4
BlackRock Muni <b>BFK</b>	10.85	9.25	-14.9 4.4
BlackRock Muni II <b>BLE</b>	11.23	9.56	-14.9 4.8
BlkRck Muni Qly <b>BYM</b>	11.77	10.19	-13.4 4.8
BR MuniAssets Fd <b>MUA</b>	10.58	9.40	-11.2 6.0
BR MH Qly 2 <b>MUE</b>	10.87	9.28	-14.6 4.3
BR MuniHoldings <b>MHD</b>	12.62	10.73	-15.0 4.5
BR MuniVest Fd <b>MVF</b>	7.46	6.41	-14.1 4.2
BR MuniVest 2 <b>MVT</b>	11.47	9.72	-15.3 4.4
BR MuniYld Fd <b>MYF</b>	11.24	9.57	-14.9 5.0
BR MuniYld Qly <b>MQY</b>	12.30	10.59	-13.9 5.4
BR MuniYld Qly2 <b>MQT</b>	10.86	9.30	-14.4 5.0
BR MuniYld Qly 3 <b>MYI</b>	11.69	10.17	-13.0 5.0
BNY Mellon Muni Bd Infl <b>DMB</b>	11.02	9.61	-12.8 5.3
BNY Mellon Str Muni Bond <b>DSM</b>	6.09	5.15	-15.4 5.2
BNY Mellon Strat Muni <b>LEO</b>	NA	5.43	NA 5.2
DWS Muni Inc <b>KTF</b>	NA	8.12	NA 4.2
EV MuniBd <b>EIM</b>	10.76	9.25	-14.0 4.6
EV Munilncm <b>EVN</b>	10.65	9.37	-12.0 5.4
EV NatMuniOpp <b>EOT</b>	17.22	15.63	-9.2 5.0
InvAdvMunlncTrl <b>ETI</b>	9.04	7.77	-14.0 5.5
Invesco MuniOpp <b>OIA</b>	5.84	5.66	-3.1 6.3
InvescoMunOppTr <b>VMO</b>	10.09	8.63	-14.5 5.4
InvescoMunTr <b>VKO</b>	10.17	8.75	-14.0 5.5
InvescoQual Inc <b>IQI</b>	10.19	8.72	-14.4 5.5
InvTrlnvGrMun <b>VGM</b>	10.44	8.95	-14.3 5.4
InvescoValMunInc <b>HIM</b>	12.52	10.84	-13.4 5.6
MAINSTRAY MDEFIN MUN OP <b>MMO</b>	16.13	15.42	-4.4 6.3
NeubrgBrm <b>NBH</b>	11.17	9.44	-15.5 5.5
Nuven AMT-Fri Mkt <b>NWV</b>	NA	13.10	NA 3.8
Nuven AMT-Fri Qly Mkt <b>NEA</b>	NA	10.14	NA 4.6
Nuven AMT-Fri Mkt <b>NVG</b>	NA	10.78	NA 5.3
Nuven Dyn Muni Opp <b>NOMO</b>	10.21	9.85	-3.5 8.7
Nuven Muni Crdt Opps <b>NMO</b>	NA	9.42	NA 7.1
Nuven Muni Credit Income <b>NZF</b>	NA	10.90	NA 5.2
NuvenMuniHlncOpp <b>NMZ</b>	10.07	9.31	-7.5 6.6
Nuven Muni Val <b>NUV</b>	NA	8.31	NA 4.2
Nuven Quality Muni Inc <b>NAD</b>	NA	10.48	NA 4.8
Nuven Sel Tfr <b>NXP</b>	NA	13.58	NA 4.3
PIMCO Munilnc <b>PMF</b>	8.70	8.57	-1.5 6.7
PIMCOMunilncI <b>PML</b>	8.10	7.67	-5.3 7.2
Pimco Muni III <b>PMX</b>	7.42	6.82	-8.1 6.8
PioneerHlncAdv <b>MAV</b>	8.30	7.07	-14.8 6.3
PionrMuniHlncOpp <b>MIO</b>	11.55	9.91	-14.2 6.0

Fund (SYM)	NAV	Prem 12 Mo Close/Disc	Yield
Alpha & Preferred Stock Funds			
Alternative Strategies I <b>1645</b>	NA	NA	-14.5
First Trust Hdg Strat <b>999</b>	NA	NA	N
First Trust Hdg Str I <b>1001</b>	NA	NA	N
Specialized Equity Funds			
Apollo Diversified REA <b>2527</b>	NA	NA	-9.5
Apollo Diversified REC <b>2377</b>	NA	NA	-10.1
Apollo Diversified REI <b>2581</b>	NA	NA	-9.2
ARK Venture <b>2134</b>	NA	NA	12.0
ArrowMkt Financial Crd <b>1680</b>	NA	NA	18.0
CBRE GblRIEST <b>IGR</b>	4.92	4.28	-13.0 -17.0
CIM RA&C <b>2418</b>	NA	NA	-0.3
CIM RA&C <b>2355</b>	NA	NA	-1.1
CIM RA&C <b>2439</b>	NA	NA	-0.1
CIM RA&C <b>2395</b>	NA	NA	-0.6
Claron Partners REI D <b>1192</b>	NA	NA	-0.5
Claron Partners REI I <b>1193</b>	NA	NA	-0.2
Claron Partners REI S <b>1193</b>	NA	NA	-1.1
Claron Partners REI T <b>1191</b>	NA	NA	-1.1
Forum RE Income <b>931</b>	NA	NA	NS
NexPointRIESTStratA <b>1781</b>	NA	NA	-8.4
NexPointRIESTStratC <b>1802</b>	NA	NA	-9.2
NexPointRIESTStratE <b>1804</b>			

MARKETS DIGEST

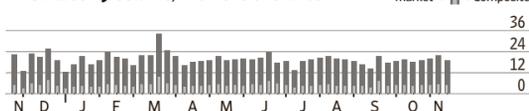
Dow Jones Industrial Average

34283.10 ▲ 221.78, or 0.65% last week
Trailing P/E ratio 25.00 20.84
P/E estimate \* 18.72 18.40
High, low, open and close for each of the past 52 weeks
Dividend yield 2.11 2.00
All-time high 36799.65, 01/04/22



Current divisor 0.15172752595384

NYSE weekly volume, in billions of shares



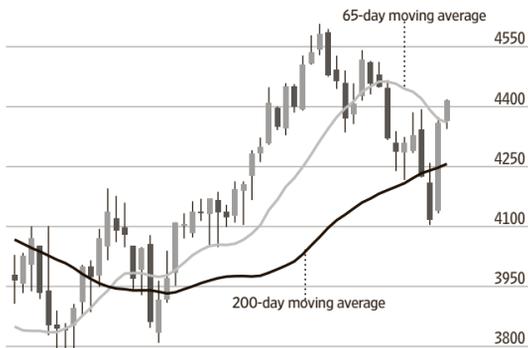
\*Weekly P/E data based on as-reported earnings from Biriiny Associates Inc. †Based on Nasdaq-100 Index

Major U.S. Stock-Market Indexes

Table with columns for Index Name, High, Low, Latest Week Close, Net chg, % chg, 52-Week Range, High, % chg, YTD % chg 3-yr. ann. Includes Dow Jones, Nasdaq Stock Market, S&P 500 Index, and Other Indexes.

S&P 500 Index

4415.24 ▲ 56.90, or 1.31% last week
Trailing P/E ratio \* 19.37 19.35
P/E estimate \* 19.72 17.72
High, low, open and close for each of the past 52 weeks
Dividend yield \* 1.60 1.68
All-time high 4796.56, 01/03/22



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New to the Market

Public Offerings of Stock

IPOs in the U.S. Market

None expected this week

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Table with columns: Lockup expiration, Issue date, Symbol, Offer price, Offer amt, Through Friday, Lockup provision. Includes CaliberCos, SRM Entertainment, Webyu Global Ltd, etc.

IPO Scorecard

Performance of IPOs, most-recent listed first

Table with columns: Company, SYMBOL, Friday's close, % Chg From Offer price, 1st-day close, % Chg From Offer price. Includes CARGO Therapeutics, CRGX, Hamilton Insurance Group, etc.

Public and Private Borrowing

Treasuries

Monday, November 13 Thursday, November 16
Auction of 13 and 26 week bills; announced on November 9; settles on November 16 announced on November 14; settles on November 21
Wednesday, November 15
Auction of 17 week bill; announced on November 14; settles on November 21

Borrowing Benchmarks

wsj.com/market-data/bonds/benchmarks

Money Rates

November 10, 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.

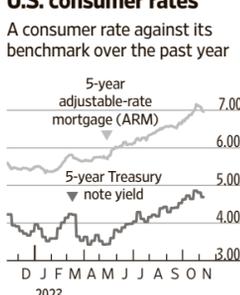
Table with sections: Inflation, U.S. consumer price index, International rates, Prime rates, Policy Rates, Overnight repurchase, U.S. government rates, Discount, Federal funds, Treasury bill auction.

International Stock Indexes

Table with columns: Region/Country, Index, Close, Latest Week % chg, Low, 52-Week Range, High, YTD % chg. Includes MSCI ACWI, Euro STOXX, Nikkei 225, etc.

Consumer Rates and Returns to Investor

U.S. consumer rates

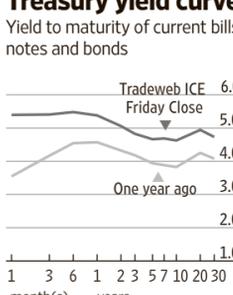


Selected rates

Table with columns: Rate Name, Rate, 52-Week Range, High, 3-yr chg (pct pts). Includes 5-year ARM, 5-year Treasury, etc.

Benchmark Yields and Rates

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table with columns: Bond total return index, Yield (%), Spread +/- Treasury, Total Return 52-wk, 3-yr. Includes U.S. Treasury, U.S. Treasury Long, etc.

Corporate Borrowing Rates and Yields

Table with columns: Bond total return index, Yield (%), Spread +/- Treasury, Total Return 52-wk, 3-yr. Includes U.S. Treasury, U.S. Treasury Long, etc.

Cash Prices

Friday, November 10, 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 sections: Energy, Metals, Gold, per troy oz, Silver, troy oz, Battery/EV metals, Fibers and Textiles. Lists various commodities and their prices.

Bankrate.com rates based on survey of over 4,800 online banks. \*Base rate posted by 70% of the nation's largest banks. † Excludes closing costs. Sources: FactSet; Dow Jones Market Data; Bankrate.com

BUSINESS & FINANCE

China's Green-Energy Spree Spurs a Glut

Renewables funding draws newcomers, leads to oversupply of solar components

By Sha Hua and Phred Dvorak

China's newest solar-energy manufacturers include a dairy farmer and a toy maker.

The new entrants are examples of a green-energy spending binge in China that is fueling the country's rapid buildout of renewable energy while creating a glut of solar components that is rippling through the industry and stymieing attempts to build such manufacturing elsewhere, particularly in Europe.

Since the start of the year, prices for Chinese polysilicon, the building block of solar panels, are down 50% and panels down 40%, according to data tracker OPIS, which is owned by Dow Jones.

Inside China, some companies fear a green bubble is about to pop.

China's state-guided economy spent nearly \$80 billion on clean-energy manufacturing last year, around 90% of all such investment worldwide, BloombergNEF estimates. The country's annual spending on green energy overall has increased by more than \$180 billion a year since 2019, the International Energy Agency says.

The rush of funding attracted an unusual array of companies to the business.

Last summer, Chinese dairy giant Royal Group unveiled plans for three new projects. There was a farm with 10,000 milk cows, a dairy processing plant and a \$1.5 billion factory

to make solar cells and panels.

"The solar industry is improving over the long term, and the market potential is huge," Royal Group wrote in a document outlining the project last year. More recently, Royal Group said it wants to create synergies between its core agricultural business and photovoltaics, "and promote solar technology to empower dairy owners to reduce costs and increase efficiency," the company said in a response to The Wall Street Journal.

Other newcomers include a jewelry chain, a producer of pollution-control equipment and a pharmaceutical company.

The newcomers are helping an ambitious wind and solar push in China—this year alone the country is set to install roughly as much solar as the U.S. has in total, Rystad Energy estimates.

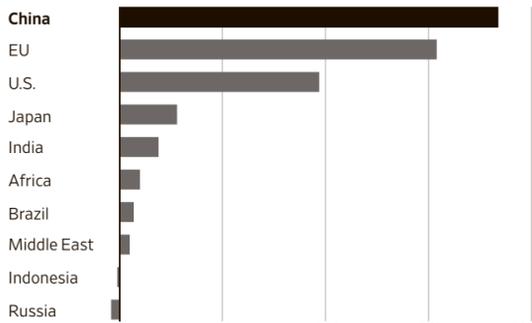
Meanwhile, Chinese exports of everything from batteries and electric vehicles to solar panels and wind turbines have surged, raising hackles in places such as Europe and the U.S., which are trying to grow their own domestic clean-energy manufacturing.

In solar, the investment is an important reason for the huge oversupply of components, and falling prices that are pummeling profits at manufacturers around the world. Many established Chinese solar companies are warning that the fallout could be grim, with losses or bankruptcies looming.

"The entire industry is about to enter a knockout round," said Longi Green Energy Technology, one of China's biggest solar-manufacturing companies, in its half-year financial report in August.

At least 13 companies, including Chinese industry lead-

Change in annual clean energy investment by country/region since 2019



Source: International Energy Agency

A worker at a Trina Solar project in Jiangsu province, China.



PHOTO: DDP/REUTERS

ers such as Jinko Solar, Trina Solar and Canadian Solar, have put capacity expansion plans on hold, according to TrendForce, a Taiwan-based market intelligence firm.

Many Chinese manufacturers have been trying to unload inventory at bargain prices in Europe, one of the few big solar markets without tariffs or other barriers to panel imports. While European solar developers are delighted, the region's already hard-pressed manufacturers are crying foul.

Some European producers were already struggling with homegrown challenges such as slow permitting, a lack of skilled labor and high energy costs, making it difficult to compete with Chinese counterparts.

The oversupply was exacerbated by barriers to imports in India and the U.S., which threw off Chinese manufacturers' forecasts and left their panels languishing in ports and warehouses. The U.S. proved particularly unpredictable with the threatened im-

position of antidumping duties and the implementation of the Uyghur Forced Labor Prevention Act, which ended up preventing panels made with Chinese polysilicon from entering the country.

The Chinese solar-manufacturing industry has gone through booms and busts before and had its share of odd new entrants. Tongwei Solar began as a fish-feed supplier that acquired a solar-panel maker during the downturn of 2013 to complement its aquaculture business with solar parks. Tongwei is now the largest polysilicon maker in the world.

This time, more than 70 listed companies—ranging from fashion, chemicals and real estate to electrical appliances—entered the solar sector in 2022, according to data intelligence company InfoLink.

In February, Zhejiang Ming Jewelry, which runs 1,000 gold jewelry stores in China, announced plans to invest \$1.5 billion to build a solar-cell factory. Last August, toy maker

Mubang High-Tech announced a joint venture with the local government for a \$660 million solar-cell production base.

Supply-chain disruptions from the pandemic squeezed inventories and pushed up prices in previous years. European solar buyers ordered large amounts of panels as they became available, while many Chinese manufacturers overestimated demand, said Matthias Taft, chief executive of BayWa r.e., Europe's biggest solar distributor.

"We and others ordered massively" during the second half of 2022, he said.

The recent drop in solar prices meant Chinese panels are selling for around half of manufacturing cost for members of Europe's solar-manufacturing industry association, said Johan Lindahl, the group's secretary-general. Around 40% of the panels manufactured this year by members who responded to the association's survey were languishing in inventory.

One Norwegian producer of

solar wafers, a key panel component, went bankrupt in August. Its sole remaining European rival, NorSun, stopped production in recent weeks because its customers—mostly European solar cell and panel manufacturers—weren't able to sell their products, said Carsten Rohr, NorSun's chief commercial officer.

At this rate, Europe's dependence on Chinese solar is increasing rather than decreasing, said Gunter Erfurt, chief executive of Swiss solar cell and panel manufacturer Meyer Burger. The company has opted to postpone its planned European expansion and instead ship the manufacturing equipment to a new factory in the U.S., which has offered big government subsidies to solar manufacturers.

Market watchers say the oversupply may work itself out faster than expected, because some companies are likely to cancel or postpone expansion plans and others are retiring old factories in favor of new ones.

Green Power Path Gets Messy

Continued from page B1

erty Trust, during an earnings call recently.

A big chunk of the clean-energy industry's woes are macroeconomic. Some of the worst-hit companies started big, expensive projects before pandemic supply-chain bottlenecks helped send the cost of materials such as steel soaring, and interest-rate increases made financing more expensive.

In the U.S., dozens of renewable-power developers increased prices they are charging for electricity and rewritten contracts to try to recoup costs.

French power company Engie raised many of its wind and solar-power contract prices in the U.S. around 50% compared with before the pandemic, as financing partners demand steeper margins for the high and uncertain interest-rate environment, says David Carroll, the company's North American business head.

Although Engie has seen some customers recoil from those higher power prices, the demand for green energy has been so strong that the company is on track to hit its aggressive goal of installing an additional 12 gigawatts of renewables in the U.S. by 2030, Carroll says.

Still, other companies pulled out of deals completely,

such as Danish renewable-power developer Orsted, which this month said it would abandon two wind projects that it was building off the coast of New Jersey, booking a \$4 billion loss to do so. It cited factors including supply-chain issues and rates.

Many other wind developers have taken hundreds of millions of dollars in losses on U.S. offshore projects this year, throwing into doubt the Biden administration's goal of deploying 30 gigawatts of such power by 2030.

"A lot of these contracts were entered into when the world was just awash in cheap capital," says Abraham Silverman, who until earlier this year was working with New Jersey's public-utilities board on its offshore wind and solar projects.

Silverman says he was disappointed to see Orsted walk away from the New Jersey projects, since "it was something I spent the last four years of my life working on." Still, "the financial situation on a global basis has fundamentally changed—at least for the foreseeable future," he says.

Such troubles have helped push down share prices for many renewable-power companies, with Orsted's shares more than halving in value since the beginning of the year, and a big exchange-traded fund that invests in

clean-energy stocks, the iShares Global Clean Energy ETF, down 35%.

As clean-power development faces hurdles, many fossil-fuel companies are encountering less pressure to rush away from oil and gas than they had a few years ago. A big reason is geopolitics, combined with a growing pragmatism as companies and governments find decarbonizing tougher than expected.

The Ukraine war focused governments on energy security after a sharp drop in Russian oil and gas supplies sent fossil fuel prices soaring and led to energy shortages around the world.

The disruptions added force to arguments that the energy transition needed to move more slowly, and that it was dangerous to call for sharply trimming investment in fossil fuels, as energy watchdog Inter-

national Energy Agency has done in reports on steps needed to curb climate change.

The U.S. has seen a political backlash against climate change-focused investing, with a number of Republican-led states and conservative lawmakers pushing for curbs on ESG—or environmental, social and corporate-governance—investments. Investors pulled a net \$2.7 billion out of U.S. sustainable-investment funds during the three months through September, while a growing number of U.S. funds

dropped ESG-related terms from their names, according to Morningstar.

Energy executives point out that economies such as those in the U.S. or Europe will be able to shift to cleaner power sources and electric cars much faster than the rapidly growing and modernizing economies of Asia and Africa, which will need increasing amounts of energy for decades to come.

"There's this notion that it is going to be a linear energy transition," said Daniel Yergin, vice chairman of S&P Global and a veteran chronicler of energy trends. "It's going to unfold in different ways in different parts of the world."

Energy giants Exxon Mobil and Chevron, which made windfall profits as prices rose during the past few years, are now using billions of dollars of that cash to snap up more oil and gas assets, arguing that the fuels will be needed for a long time to come.

Some analysts say such consolidation isn't necessarily a step back for the energy transition, since the companies bought existing players that have oil and gas holdings that can be harvested quickly—rather than pumping money into looking for resources that could take decades and billions more dollars to develop.

But investors are more welcoming to such moves than they were two years ago, when activist Engine No. 1 won a proxy fight to get three of its director candidates appointed at Exxon, arguing the company didn't have a good enough energy-transition and climate strategy.

Ex-FTX Executives Team Up

Continued from page B1

other players," Sun said.

Sun said he and Ferrante hired other former FTX legal and compliance employees at Trek because of their skills and experience. Sun disclosed his previous role at FTX in regulatory filings and investor materials, and he informed Dubai's regulator of his testimony.

At FTX, Bankman-Fried com-mingled customer and company funds, allowing him to divert money to his trading firm, Alameda Research, via a secret software backdoor. Clients were unaware of this until a run on FTX exposed that their money was no longer there. Roughly \$9 billion of customer deposits on FTX went missing.

"This went against everything that I stood for and was represented to me by Sam," Sun said. At the trial, Sun told jurors that Bankman-Fried always represented that customer funds were segregated and protected.

Bankman-Fried turned to Sun while he tried to raise emergency cash from investors during FTX's meltdown and asked Sun to come up with legal justifications for why FTX funds were at Alameda. Sun refused and quit as FTX's general counsel the day after Bankman-Fried told him about the use of customer money.

Sun later signed a nonprosecution agreement with federal prosecutors and cooperated with the investigation that led to Bankman-Fried's conviction this month. In his Oct. 19 testimony, Sun said he requested the agreement out of "an abundance of caution" because, as general counsel, he was involved in transactions that, though unknown to him at the time, may have involved misappropriated client funds. The agreement, signed two days earlier and reviewed by The Wall Street Journal, says it "should not be construed as a legal or factual determination that Mr. Sun has violated any federal law."

Ferrante worked at Alameda for a few months in 2018 and took a job at FTX on a crypto token project. His digital-currency-wallet company closed a \$20 million investment round in September 2022, in which FTX's venture arm contributed half of the total sum. Ferrante held most of the raised funds on the FTX platform, and said he lost it all when the exchange collapsed.

Ferrante holds a minority share in Trek's holding company, corporate documents show. The pair recruited several other former FTX employees, including Sun's ex-deputy Claire Zhang, who holds a stake in Trek. Sun said he hired Zhang because she was a talented lawyer. Trek disclosed her marriage to Ferrante in a May submission to Dubai's regulator. Once Trek raises an investment round, Zhang said she plans to transition out of the company. She said she has been working without pay.

35% Decline in the iShares Global Clean Energy ETF so far this year.

THE TICKER | MARKET EVENTS COMING THIS WEEK

Monday

Table with 2 columns: Company Name and Earnings/Price Change. Includes AECOM, Henry Schein, Monday.com, Roivant Sciences, Tyson Foods, XP Inc.

Tuesday

Table with 2 columns: Index Name and Change. Includes Consumer price index, Earnings expected, Crude-oil stocks, Gasoline stocks, Distillates.

Wednesday

Table with 2 columns: Index Name and Change. Includes Business inventories, EIA status report.

Note: EIA conducted a systems upgrade from November 8-10 and delayed the release for the week ended Nov. 3. EIA will release data for the weeks ended Nov. 3 and 10 this week.

Empire Manufacturing

Table with 2 columns: Index Name and Change. Includes Empire Manufacturing, Mort. bankers indexes.

Producer price index

Table with 2 columns: Index Name and Change. Includes All items, Sept., Oct., expected, Core, Sept., Oct., expected.

Retail sales, ex. autos

Table with 2 columns: Index Name and Change. Includes Retail sales, ex. autos.

Retail sales

Table with 2 columns: Index Name and Change. Includes Retail sales.

Earnings expected

Table with 2 columns: Company Name and Earnings/Price Change. Includes Cisco Systems, Experian, Palo Alto Networks, Target, Tetra Tech, TJX.

Thursday

Table with 2 columns: Index Name and Change. Includes Initial jobless claims, Import price index, Philadelphia Fed survey.

Capacity utilization

Table with 2 columns: Index Name and Change. Includes Capacity utilization.

Industrial production

Table with 2 columns: Index Name and Change. Includes Industrial production.

EIA report: natural-gas

Table with 2 columns: Index Name and Change. Includes EIA report: natural-gas.

Freddie Mac mortgage survey

Table with 2 columns: Index Name and Change. Includes Freddie Mac mortgage survey.

Earnings expected

Table with 2 columns: Company Name and Earnings/Price Change. Includes Applied Materials, Bath & Body Works.

Ross Stores

Table with 2 columns: Company Name and Earnings/Price Change. Includes Ross Stores, Walmart, Williams-Sonoma, Woodward.

Friday

Table with 2 columns: Index Name and Change. Includes Building Permits, Housing Starts.

Earnings expected

Table with 2 columns: Company Name and Earnings/Price Change. Includes Atkore, BJ's Wholesale Club, Holdings.



Walmart is expected to post per-share earnings of \$1.51.

\* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) ◆ Adjusted for stock split Note: Forecasts are from Dow Jones weekly survey of economists

# HEARD ON THE STREET

FINANCIAL ANALYSIS &amp; COMMENTARY

## Microsoft Gears Up New Game Play

'Call of Duty' gives the company ammo to boost its subscription service—and could upend the industry's business model

Microsoft now owns some of the biggest videogames in the world. What it does with them could ripple across the entire industry—for good and bad.

The biggest of those games is in the spotlight this week, as Activision Blizzard's latest "Call of Duty" sequel went on sale Friday. Called "Modern Warfare III," the new game is notable for a couple of reasons. The first is that much of its development took place during a period in which Activision's future structure was uncertain, as the \$75 billion acquisition by Microsoft took nearly two years to close. Opposition from regulators made the deal far from a sure thing; it closed last month almost immediately after U.K. regulators ended their extended probe following concessions from Microsoft.

The second reason is that it could be the last installment of the franchise released on the industry's traditional business model, where such so-called triple-A games are typically sold as discs or digital downloads for \$70 each. Microsoft has been building a game subscription service called Xbox Game Pass since 2017 and has been launching a growing number of games on the service on the same day of their retail release.

That includes "Starfield," a sci-fi game released in early September by Microsoft's Bethesda Softworks. Microsoft said in its fiscal first-quarter earnings call last

month that the game drove a record number of new Game Pass subscriptions in a single day. It credited the title as the main driver for gaming revenue jumping 9% year over year, the biggest growth for that segment in two years, according to Visible Alpha.

"Call of Duty" is a much bigger force. Even in weak years, the franchise's annual release sells at least 24 million copies globally, according to Wedbush analyst Michael Pachter. It was ranked as the top-selling game in the U.S. market in eight of the past 10 years, according to data from market-research firm Circana. Analysts estimate the "Call of Duty" franchise, which includes a mobile game and an online free-to-play version that make money through microtransactions, generates more than \$3 billion in annual revenue, according to Visible Alpha.

The battle to close the merger cost Microsoft the ability to put "Modern Warfare III" on Game Pass on the day of its release, according to a post on the X social-media platform from Activision's main account last month. That might be just as well, as a reportedly rushed development cycle may have affected the game's quality. Early reviews of the game's single-player campaign from influential publications like IGN, GameSpot and GamesBeat have been underwhelming; IGN called the game "a pale imitation of the past." Ironically, the last "Call of Duty"



The 'Call of Duty: Modern Warfare III' launch in the U.K. on Thursday.

game to flop with critics was the 2021 release called "Vanguard," which helped weaken Activision's stock and created an opening for the Microsoft takeover.

But launching future "Call of Duty" sequels on Game Pass seems inevitable. And that could change the game for the industry, which has been reluctant to fully embrace subscription-based models for major games that can still garner premium a la carte prices.

"We strongly believe that an overall shift to a subscription model for the industry would negatively impact value creation at the publishers," TD Cowen analyst Doug Creutz wrote in his final report on Activision last month.

He added "but if publishers see diminished unit sales as a result of increased Game Pass consumption of other titles, they may have no choice but to submit."

Other media industries already

made this shift—or are in the process of doing so. It can be painful. The impact of subscription-based video streaming on cable fees and movie ticket sales was a major factor in the labor strikes that have roiled Hollywood for much of this year. The music industry is even further along; physical sales and digital downloads now account for just 14% of recorded music revenue in the U.S., according to data from the Recording Industry Association of America. The same formats accounted for more than three-quarters of the industry's revenue 10 years ago.

But the same trend also offers a hopeful note. Total recorded music industry revenue in the U.S. has surged 81% in that same time, even adjusted for inflation. Ownership of Activision puts Microsoft in a position to disproportionately benefit from a similar trend in games, given both its sizable gaming business and even larger cloud operation, which would be helped by more gameplay moving to a streaming setup that is still relatively nascent now. "If Xbox Game Pass shows increasing traction, this could have a substantial impact on the gaming industry," Bernstein analysts said in a Nov. 8 report.

Having spent more than a year's worth of free cash flow on Activision, disrupting the game business is the least Microsoft should hope for.

—Dan Gallagher

## China's Middle East Clout Has Limits

For most of the past decade, China's story in the Middle East has been straightforward: endlessly rising investment, trade and influence. Having brokered a return to diplomatic relations between Saudi Arabia and Iran earlier this year and given its strong economic relationship with Israel, China has also found itself in the spotlight as the conflict in Gaza has boiled over.

But is the Middle East destined to keep becoming—economically, at least—less middle and more east?

Perhaps not—at least, not as rapidly as seemed likely just a few years ago. Two pillars of China's rising sway in the region, energy purchases and overseas investment, are in significant flux.

China's oil imports have lurched decisively toward Russia since the outbreak of the Ukraine war, to the point where it has become China's biggest supplier. Chinese imports of Russian crude in the third quarter of 2023 were 42% higher than in the third quarter 2021, according to figures from data provider CEIC. Imports from Iraq were up just 6%.

And imports from Saudi Arabia, previously China's top supplier, were down 11%.

In the short run, lack of Russian pipeline capacity might limit how much further that change can progress—but over the long run, the geopolitical logic of higher imports over land from Russia, rather than over sea from the Middle East, might be difficult to ignore. As long as tensions with the U.S. remain elevated, China will have a strong incentive to work with Russia to further expand pipeline capacity, especially since, in the event of any future conflict with the West, sea lanes would be vulnerable. China's own slowing growth, particularly in energy-hungry, construction-related heavy industrial sectors such as petrochemicals, could also weigh on its oil demand growth for years.

China's role as an endless font of investment capital for Middle Eastern economies also looks more uncertain than it did a couple of years ago. In 2021, the Middle East and North Africa became the top destination of new funding from the Belt and Road Initiative—China's tril-

lion-dollar overseas infrastructure program—receiving about 29% of the \$59 billion of total investment and BRI contracts that year, according to a report from the Green Finance and Development Center at Fudan University. But the ambition and scale of the BRI have taken a significant hit in recent years, owing in part to the pandemic and rising concerns over debt and project quality in China and abroad.

And outside official BRI projects, the foreign-investment picture looks even less rosy. China's net overseas direct investment in the eight largest Middle Eastern economies, excluding Israel and Iran, fell by about a third in 2021 from 2020 levels, according to CEIC data. China wasn't among the top 10 investors in Arab countries in 2022—in capital expenditure terms—for the first time since at least 2018, according to data from the Arab Investment and Credit Guarantee Corp., a multilateral credit insurer funded by Arab states and based in Kuwait.

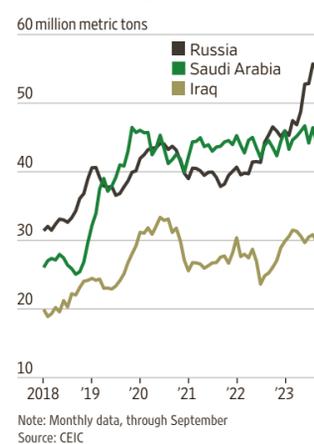
Investment will probably recover this year and next, now that China

has abandoned its Covid-19 controls and begun to re-engage with the world. Official Chinese data puts total outbound foreign direct investment, or FDI, up 6.7% year over year in the first three quarters of the year. Nonfinancial belt and road investment is up 50%.

But China's rising financial burdens at home—particularly the collateral damage to banks and state balance sheets from the continuing property and local government fiscal meltdown—will also probably mean it needs to be more parsimonious abroad in the years ahead. And as foreign investment in China from the West continues to evaporate, many Chinese firms might increasingly begin looking to dollar-rich Middle Eastern financiers for capital, rather than the other way around.

Finally, China's refusal to forthrightly condemn the attack from Hamas could limit its opportunities to invest further in Israel's high-tech sector in the future—although bilateral trade will probably remain large. China is currently Israel's second-largest trading partner.

Chinese crude oil imports by source, six month rolling sum



Note: Monthly data, through September  
Source: CEIC

And China is the world's top energy consumer, which means it will have an enduring interest, and enormous influence, in the Middle East for a long time. But the events of the past three years have also upended global energy markets and assumptions about China's future growth. That will have an impact on the shifting sands of the Middle East, too.

—Nathaniel Taplin

### MARKETS

## Copper Slump Threatens Shift to Wind Power and EVs

BY BOB HENDERSON

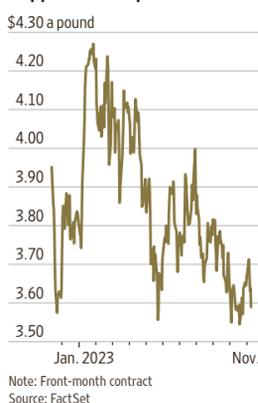
A prolonged slide in copper prices is challenging the world's shift to renewable energy sources.

Mining firms will need to dig up gigantic amounts of new copper over the next several years to supply the transition to renewables. But demand is slumping right now from manufacturers and builders who use the metal in everything from electrical wire to roofing.

The result of that timing mismatch is what Wall Street analysts say is a temporary surplus that is keeping copper prices low and discouraging the investments necessary to meet the needs of the world's expanding population of wind farms, solar arrays and electric vehicles.

The dynamic leaves the market poised for a crunch that could lead to price increases and shortfalls, said Goldman Sachs metals strategist Nicholas Snowden. "It's a matter of when, not if, the market goes into an extreme state of scarcity and the copper

Copper futures price



Note: Front-month contract  
Source: FactSet

price spike plays out," he said.

Copper futures slid more than 15% in the past 10 months, to about \$3.60 a pound. One source of pressure has been a weaker than expected pandemic recovery in China, the world's largest copper consumer.

Other factors include a strengthening dollar, a slowing global manufacturing sector and the resolution of supply disruptions in Chile and Peru, two of the largest producers.



A temporary surplus that is keeping copper prices low.

Two copper mining firms said in recent earnings calls that they are waiting for higher prices before committing to big new investments. Kathleen Quirk, president of Freeport-McMoRan, cited higher capital costs to develop new mines.

Gary Nagle, CEO of Glencore, said he wants to deliver copper to the world when it is needed and not before. He said he would prefer prices reach at least \$4.50 a pound before opening a new mine in

Argentina that he expects to produce copper for three decades. "We want to make a lot of money for every one of the 30 years," Nagle said.

Builders of new energy sources, batteries and power lines are demanding more copper, but they account for less than 10% of global usage, said Max Layton, global head of commodities research at Citigroup. Layton estimates copper prices would be roughly 15% lower if not for the growing green market.

The powerhouse behind that market is China, which is making huge investments in renewable energy and EVs. The country's solar-related copper demand over the first three quarters of this year was more than 150% higher than during the same period in 2022, according to Goldman Sachs.

Analysts say investments are needed soon, because new mines take years to develop. McKinsey & Co. forecasts a copper shortfall of 6.5 million metric tons in 2031, based on its projection that annual supply will increase to 30.1 million tons, from about 25 million in 2022.

Goldman expects the growing supply gap to power its price to \$4.50 a pound in a year and to more than \$6.80 a pound in 2025.

But prices could flag in the coming months because of incoming new supplies and softness in the 90% of demand unrelated to the transition. The Eurozone is bracing for a recession. China's economy is showing fresh signs of slowing. The International Copper Study Group predicts production will outstrip demand by

467,000 tons next year.

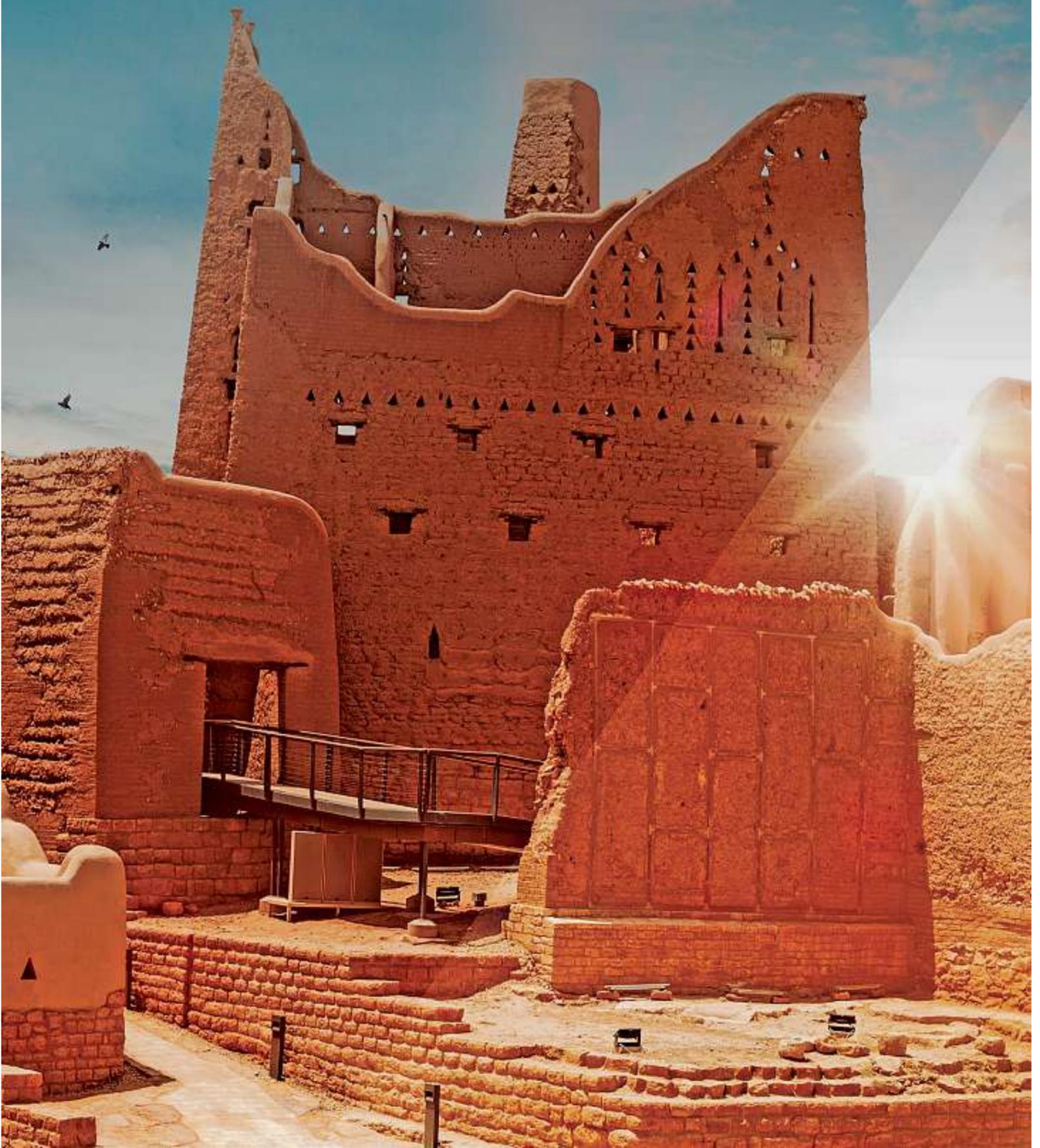
"In the very short term, there is a big concern in terms of how much lower prices could go," said Sudakshina Unnikrishnan, base-metals analyst at Standard Chartered Bank.

The project pipeline of French cable supplier Nexans tripled over the past five years, owing largely to clean energy projects, said Chief Executive Christopher Guérin. His company uses more than half a million tons of copper a year, and while he worries about future shortages, he limits the buying he does in advance to the amount his pipeline requires, to avoid speculation. "Governments potentially can do a strategic reserve like oil or whatever," said Guérin, "but companies cannot do anything."

Meanwhile, speculators' bearish bets outnumber bullish ones on the London Metal Exchange by the most in a decade, according to TD Securities. Many who expect prices to rise prefer buying shares of producers to holding copper futures, because they like the miners' prospects even if prices remain rangebound.

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