

# THE WALL STREET JOURNAL.

DOW JONES | News Corp \*\*\*\*

TUESDAY, OCTOBER 18, 2022 ~ VOL. CCLXXX NO. 92

WSJ.com

★★★★ \$5.00

DJIA 30185.82 ▲ 550.99 1.9%

NASDAQ 10675.80 ▲ 3.4%

STOXX 600 398.48 ▲ 1.8%

10-YR. TREAS. ▼ 2/32, yield 4.012%

OIL \$85.46 ▼ \$0.15

GOLD \$1,657.00 ▲ \$15.30

EURO \$0.9844

YEN 149.04

## What's News

### Business & Finance

**Intel** is eyeing a dramatically lower valuation than previously expected in the initial public offering of its Mobileye self-driving-car unit, according to people familiar with the matter, in the latest sign of the beleaguered state of the new-issue market. **A1**

◆ **The Justice Department's** last criminal case against former poultry-industry executives accused of price-fixing collapsed. **A2**

◆ **U.S. stocks surged** on a day of outsize moves on Wall Street, with the S&P 500, Nasdaq and Dow gaining 2.6%, 3.4% and 1.9%, respectively. **B1**

◆ **The FTC is investigating** whether Visa and Mastercard's security tokens restrict debit-card routing competition on online payments. **B1**

◆ **Fracking pioneer** Harold Hamm agreed to buy the shares of Continental not owned by him and his family for \$4.3 billion and take the oil producer private. **B1**

◆ **Neugebauer resigned** as CEO of GloriFi, a startup that sought to build a banking alternative for conservatives. **B1**

◆ **BP agreed to buy U.S.** biogas producer Archaea for \$3.3 billion plus debt in a bet on growing customer demand for renewable fuel. **B2**

◆ **The FAA asked Boeing** to review its safety paperwork for the 737 MAX 7, another setback for the company's push to win approval for the jet before a year-end legal deadline. **B3**

◆ **Bank of America's** quarterly profit fell 8% as the lender added \$378 million to reserves to cover potential loan losses. **B10**

### World-Wide

◆ **U.K. treasury chief** Jeremy Hunt said he was reversing nearly all the government's proposed tax cuts and would pare back an energy price-cap subsidy, as he works to reassure markets about the stability of the nation's finances. **A1**

◆ **Russian occupation** authorities told Ukrainian technicians they have until Thursday to choose sides in the escalating struggle for control of the Zaporizhzhia nuclear-power plant. **A7**

◆ **The European Union imposed** the bloc's broadest sanctions package against Iran in almost a decade over authorities' crackdown on protesters. **A9**

◆ **Prosecutors proposed** a six-month prison sentence and a \$200,000 fine for Steve Bannon for defying a subpoena from the House panel investigating the attack on the Capitol. **A4**

◆ **House Democrats said** a long-running probe found that properties controlled by Trump's company charged the Secret Service excessive rates on dozens of government trips. **A4**

◆ **Many U.S. households** are still struggling to find baby formula almost a year since supplies thinned on store shelves and eight months after a nationwide recall. **A3**

◆ **New England power** producers are preparing for potential strain on the grid this winter as a surge in natural-gas demand abroad threatens to reduce supplies they need to generate electricity. **A3**

**CONTENTS** Opinion..... A15-17 Arts in Review.... A13 Personal Journal All-12 Business News.... B3 Sports..... A14 Crossword..... A13 Technology..... B4 Equities..... B8 U.S. News..... A2-6 Heard on Street. B12 Weather..... A13 Markets..... B11 World News..... A7-9

## Iranian-Made Drones Launched by Russia Rain Down on Kyiv



FROM THE SKY: A drone approaches for an attack in Kyiv on Monday, as Russia launched a fresh wave of the Iranian-made devices to strike the Ukraine capital. Russian forces have increasingly turned to targeting civilian infrastructure. **A7**

## Small-Caps, Fueled by Dollar, Are Set to Outpace Large-Caps

By HANNAH MIAO

Small-cap stocks are bouncing back. A strong U.S. dollar is boosting their run.

The trend continued during Monday's broad rally. The S&P 600 rose 2.8%, versus the S&P 500's 2.6% increase, continuing the outsize moves in markets as investors look ahead to a busy week of corporate earnings and make bets about the path of Federal Reserve policy. The S&P 500 had been on track for a slight decline in October until Monday's rebound.

In October, the S&P 600 small-cap index rose 5.3% so far, beating the large-cap S&P 500's 2.6% increase. For the year, the S&P 600 is on pace to outperform the S&P 500 for the first time since 2016.

are handily beating the month-to-date performances of megacap bellwethers such as Apple Inc., Microsoft Corp. and Amazon.com Inc.

Investors are turning to U.S.-centric, small-cap stocks as the dollar's staggering climb this year looms over the profits of multinational companies. A strong dollar can hurt U.S. companies that sell goods overseas by making those products less affordable.

Among the standouts in the small-cap arena, Dave & Buster's Entertainment Inc. has gained 9.7% this month. First Bancorp Inc. has risen 13% and Children's Place Inc. has surged 30%. Those returns

are handily beating the month-to-date performances of megacap bellwethers such as Apple Inc., Microsoft Corp. and Amazon.com Inc.

more insulated from adverse foreign-exchange effects because they derive more of their business stateside. Companies in the S&P 600 generate 20% of their revenue outside the U.S., compared with S&P 500 constituents that make 40% of sales abroad, according to FactSet.

"The U.S. economy is pretty much the strongest economy in the world these days," said Thomas Martin, senior portfolio manager at Globalt Investments.

The largest companies in the U.S. are warning of the

Smaller companies are

more insulated from adverse foreign-exchange effects because they derive more of their business stateside. Companies in the S&P 600 generate 20% of their revenue outside the U.S., compared with S&P 500 constituents that make 40% of sales abroad, according to FactSet.

"The U.S. economy is pretty

much the strongest economy in the world these days,"

said Thomas Martin, senior

portfolio manager at Globalt

Investments.

The largest companies in

the U.S. are warning of the

Smaller companies are

more insulated from adverse foreign-exchange effects because they derive more of their business stateside. Companies in the S&P 600 generate 20% of their revenue outside the U.S., compared with S&P 500 constituents that make 40% of sales abroad, according to FactSet.

"The U.S. economy is pretty

much the strongest economy in the world these days,"

said Thomas Martin, senior

portfolio manager at Globalt

Investments.

The largest companies in

the U.S. are warning of the

Smaller companies are

more insulated from adverse foreign-exchange effects because they derive more of their business stateside. Companies in the S&P 600 generate 20% of their revenue outside the U.S., compared with S&P 500 constituents that make 40% of sales abroad, according to FactSet.

"The U.S. economy is pretty

much the strongest economy in the world these days,"

said Thomas Martin, senior

portfolio manager at Globalt

Investments.

The largest companies in

the U.S. are warning of the

Smaller companies are

more insulated from adverse foreign-exchange effects because they derive more of their business stateside. Companies in the S&P 600 generate 20% of their revenue outside the U.S., compared with S&P 500 constituents that make 40% of sales abroad, according to FactSet.

"The U.S. economy is pretty

much the strongest economy in the world these days,"

said Thomas Martin, senior

portfolio manager at Globalt

Investments.

The largest companies in

the U.S. are warning of the

Smaller companies are

more insulated from adverse foreign-exchange effects because they derive more of their business stateside. Companies in the S&P 600 generate 20% of their revenue outside the U.S., compared with S&P 500 constituents that make 40% of sales abroad, according to FactSet.

"The U.S. economy is pretty

much the strongest economy in the world these days,"

said Thomas Martin, senior

portfolio manager at Globalt

Investments.

The largest companies in

the U.S. are warning of the

Smaller companies are

more insulated from adverse foreign-exchange effects because they derive more of their business stateside. Companies in the S&P 600 generate 20% of their revenue outside the U.S., compared with S&P 500 constituents that make 40% of sales abroad, according to FactSet.

"The U.S. economy is pretty

much the strongest economy in the world these days,"

said Thomas Martin, senior

portfolio manager at Globalt

Investments.

The largest companies in

the U.S. are warning of the

Smaller companies are

more insulated from adverse foreign-exchange effects because they derive more of their business stateside. Companies in the S&P 600 generate 20% of their revenue outside the U.S., compared with S&P 500 constituents that make 40% of sales abroad, according to FactSet.

"The U.S. economy is pretty

much the strongest economy in the world these days,"

said Thomas Martin, senior

portfolio manager at Globalt

Investments.

The largest companies in

the U.S. are warning of the

Smaller companies are

more insulated from adverse foreign-exchange effects because they derive more of their business stateside. Companies in the S&P 600 generate 20% of their revenue outside the U.S., compared with S&P 500 constituents that make 40% of sales abroad, according to FactSet.

"The U.S. economy is pretty

much the strongest economy in the world these days,"

said Thomas Martin, senior

portfolio manager at Globalt

Investments.

The largest companies in

the U.S. are warning of the

Smaller companies are

more insulated from adverse foreign-exchange effects because they derive more of their business stateside. Companies in the S&P 600 generate 20% of their revenue outside the U.S., compared with S&P 500 constituents that make 40% of sales abroad, according to FactSet.

"The U.S. economy is pretty

much the strongest economy in the world these days,"

said Thomas Martin, senior

portfolio manager at Globalt

Investments.

The largest companies in

the U.S. are warning of the

Smaller companies are

more insulated from adverse foreign-exchange effects because they derive more of their business stateside. Companies in the S&P 600 generate 20% of their revenue outside the U.S., compared with S&P 500 constituents that make 40% of sales abroad, according to FactSet.

"The U.S. economy is pretty

much the strongest economy in the world these days,"

said Thomas Martin, senior

portfolio manager at Globalt

Investments.

The largest companies in

the U.S. are warning of the

Smaller companies are

more insulated from adverse foreign-exchange effects because they derive more of their business stateside. Companies in the S&P 600 generate 20% of their revenue outside the U.S., compared with S&P 500 constituents that make 40% of sales abroad, according to FactSet.

"The U.S. economy is pretty

much the strongest economy in the world these days,"

said Thomas Martin, senior

portfolio manager at Globalt

## U.S. NEWS

## Last Poultry Price-Fixing Case Dismissed

By DAVE MICHAELS

**WASHINGTON**—The Justice Department's last criminal case against former poultry-industry executives accused of price-fixing has collapsed, bringing an apparent end to a probe that alleged an effort by rival companies to coordinate prices of chickens sold to restaurants, grocery stores and others.

A federal judge on Monday dismissed charges against former **Pilgrim's Pride** Corp. employees Jason McGuire and Timothy Stiller after prosecutors moved to drop them. The Justice Department's decision came after the judge criticized the case and barred most of the government's evidence, including hundreds of emails and text messages and the anticipated testimony of

the government's main witness.

Prosecutors ceded the case while writing in a court filing that Judge Daniel D. Domenico's ruling "departed from prior rulings" in Colorado federal court over the sufficiency of similar evidence in an earlier case.

The government lost that prior case after a trial in July, which was its third attempt to punish 10 other current and former executives of Pilgrim's Pride, the second-largest U.S. chicken supplier by volume; **Tyson Foods** Inc., the biggest supplier by volume; **Koch Foods** Inc.; and **Claxton Poultry Farms**. The allegations covered the period from 2012 to 2019.

Separately, prosecutors in August dropped price-fixing charges against two other for-

mer Pilgrim's Pride sales managers accused of involvement in the alleged conspiracy. They also dropped charges against Claxton and Koch Foods. Pilgrim's Pride agreed in October 2020 to plead guilty to price-fixing and pay a \$110.5 million fine.

The cases were part of an effort, started during the Trump administration and continued during the Biden administration, to more aggressively pursue what antitrust enforcers see as anti-competitive conduct that inflates Americans' food bills. The Justice Department has also recently lost a string of civil lawsuits in which it sought to block proposed mergers of sugar producers, healthcare companies and national-security contractors.

A Justice Department

spokeswoman declined to comment on Monday. Pilgrim's Pride didn't respond to a request for comment.

Judge Domenico's order was a rare instance of a pre-trial federal court ruling that most of the government's evi-

**Judge had criticized the case and barred most of the evidence from prosecutors.**

dence couldn't be used to advance its price-fixing claims. In his ruling, the judge wrote that prosecutors hadn't shown the existence of a conspiracy under even the lowest legal standard.

D. Jarrett Arp, a partner at Davis, Polk & Wardwell LLP who represented Mr. McGuire, said his client "is grateful that this matter is concluded and he looks forward to moving on with his life." Kristen M. Frost, a lawyer for Mr. Stiller at Ridley, McGreevy & Winocur PC, said: "We think it is a just result and that justice was served."

While the government had shown that executives of competing chicken firms shared information about prices, the statements were often too cryptic to infer there was an illegal deal to rig bids to customers, the judge wrote.

"If the defendants were conspiring with their competitors to rig prices, they showed remarkable discretion in failing to leave clear evidence of it in their extensive

communications," Judge Domenico wrote.

The government's main cooperating witness, Robert Bryant, would have shown a pattern of information-sharing, not the existence of an illegal price-fixing deal, Judge Domenico wrote. Mr. Bryant was set to testify that as a Pilgrim's Pride employee he spoke with the defendants about the effort to raise prices in coordination with rivals, but the judge found his statements too weak to meet the standard for admitting them into court.

Mr. Bryant testified in the earlier trials against current and former employees of Pilgrim's Pride, Tyson Foods, Koch Foods and Claxton Poultry Farms.

—Patrick Thomas contributed to this article.

## U.S. WATCH

## MISSISSIPPI

**Congress Investigates Jackson Water Crisis**

Congress is investigating the crisis that left 150,000 people in Mississippi's capital city without running water for days in late summer, according to a letter sent to Gov. Tate Reeves by two Democratic officials.

Reps. Bennie Thompson, of Mississippi, and Carolyn Maloney, of New York, sent the letter Monday requesting information on how Mississippi plans to spend \$10 billion from the American Rescue Plan Act and from the Bipartisan Infrastructure Law, and \$429 million "specifically allotted to enhance the state's water infrastructure."

The letter indicates "the start of a joint investigation" by the House Homeland Security and the Oversight and Reform committees into a crisis that deprived Jackson's 150,000 residents of running water for several days in late August and early September, Adam Comis, a staffer for the committee, said.

Mississippi hasn't yet announced how it will spend American Rescue Plan Act money for water projects.

Mr. Reeves's office didn't immediately respond to a request for comment on the letter.

—Associated Press



**GOT ONE:** A pair picked out a pumpkin Monday at Gallagher's Pumpkins and Christmas Trees in St. Petersburg, Fla.

## NEW YORK

**Suit Against Spacey Partially Dismissed**

A federal judge has partially dismissed a lawsuit filed by actor Anthony Rapp related to sexual-misconduct allegations he made against "House of Cards"

star Kevin Spacey.

U.S. District Judge Lewis Kaplan on Monday threw out Mr. Rapp's claim of intentional infliction of emotional distress. Judge Kaplan permitted Mr. Rapp's claim of battery to move forward.

A lawyer for Mr. Rapp declined to comment. A lawyer for

Mr. Spacey didn't respond to a request for comment.

The trial in the U.S. District Court for the Southern District of New York, which began earlier this month, has focused on an alleged encounter in 1986 between Mr. Spacey, who was in his 20s, and Mr. Rapp, who was 14 years old. Mr. Rapp alleges

the encounter in Mr. Spacey's house, made public five years ago, began when Mr. Spacey grabbed his buttocks, placed him on a bed and lay on him without his consent, according to Mr. Rapp's complaint.

Mr. Spacey has denied the allegations.

—Joseph De Avila

## CONNECTICUT

**Train Hits Semi-Truck, Nine Passengers Hurt**

A commuter train on Monday hit a tractor-trailer whose operator had driven to a rail crossing after leaving the scene of an earlier crash, transit authorities said. Nine train passengers suffered minor injuries.

The tractor-trailer was involved in a crash with another vehicle near Metro-North Railroad property in Waterbury, Conn., shortly before 11 a.m., officials with the Metropolitan Transportation Authority said.

The tractor-trailer then drove a short distance to a railroad crossing and stopped in the path of the 10:45 a.m. train from Waterbury to Bridgeport, MTA police said.

The semi driver noticed crossing gates lowering and tried to move out of the way but was unable to clear the crossing before the train hit the truck, MTA police said.

About 30 passengers were aboard the train, and nine reported minor injuries that were evaluated at the scene, police said. The driver of the tractor-trailer refused medical attention. No train crew members reported injuries, authorities said. The driver was ticketed for stopping on a railroad crossing, police said.

—Associated Press

**Small-Caps Buoyed by The Dollar**

*Continued from Page One*

risks posed by fluctuations in the currency market. Nike Inc., Fastenal Co. and Domino's Pizza Inc. are among those that have highlighted negative foreign-exchange impacts during recent earnings calls. Microsoft warned of such pressures back in June.

In the coming days, investors are awaiting a number of quarterly results for more insights into the impact of the strong dollar—and how corporations are handling persistently high inflation, the Fed's aggressive interest-rate raises and a slowing economy. Goldman Sachs Group Inc., Netflix Inc. and Tesla Inc. are among the companies set to report results this week.

Small-cap stocks haven't been immune to the market downturn this year, but many look like bargains after the S&P 600's 20% pullback in 2022. Wall Street often uses the ratio of a company's share price to its earnings as a gauge for whether a stock appears cheap or overpriced.

The valuations of small-caps look even more attractive

when compared with large-cap stocks. The S&P 600 is trading at 10.8 times expected earnings over the next 12 months, according to FactSet as of Friday. That is below its 20-year average of 15.5 and well below the S&P 500's forward price/earnings ratio of 15.3.

"Small-caps are just radically cheap relative to large," said James Davolos, portfolio manager at Horizon Kinetics LLC.

The Kinetics Small Cap Opportunities Fund that he manages has returned 17% this year, according to Morningstar as of Friday. Its biggest holdings include landowner Texas Pacific Land Corp., real-estate company Dream Unlimited Corp. and defense-technology firm CACI International Inc.

Texas Pacific Land comprises more than half of the portfolio. Mr. Davolos said the firm is focusing on businesses, such as

as land companies, with exposure to real assets that benefit from inflation.

Even with small-caps' drawdown this year, some investment managers aren't ready to buy the dip. Aoifinn Devitt, chief investment officer at investment adviser Moneta, said her firm hasn't made changes to its small-cap allocation, which ranges from 2% to 10% of its portfolios.

"For long-term investors, we see the dollar as being a temporary phenomenon that will ultimately work its way out," Ms. Devitt said.

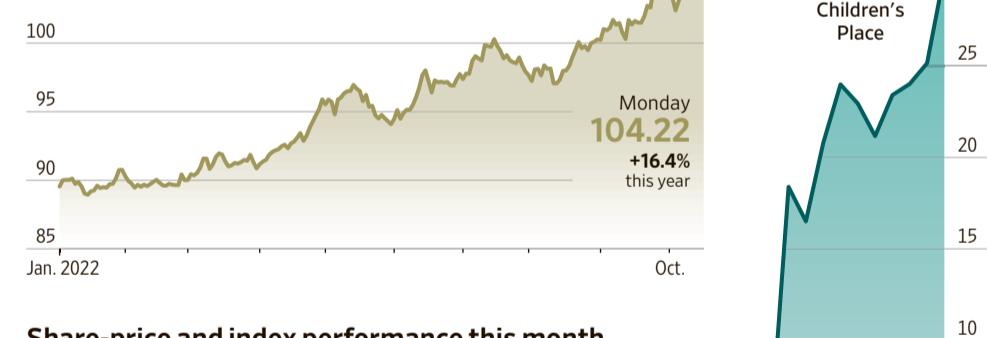
Other market participants are keeping an eye on small-cap stocks as a way to gauge investors' mood. "A rebound in small-caps could be one signal to look at for a broader shift in sentiment for risk assets," said Mona Mahajan, senior investment strategist at Edward Jones.

**Dave & Buster's Entertainment** has gained 9.7% so far this month, making the company one of the small-cap standouts.

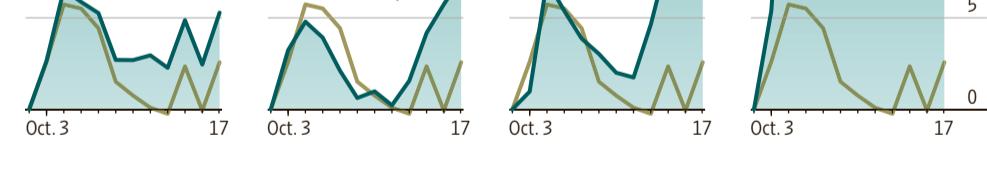


**Dave & Buster's Entertainment** has gained 9.7% so far this month, making the company one of the small-cap standouts.

## WSJ Dollar Index



## Share-price and index performance this month



## Price/earnings ratio, next 12 months\*



\*As of Friday  
Sources: Dow Jones Market Data (WSJ Dollar Index); FactSet (share-price and index performance, P/E ratios)

## CORRECTIONS &amp; AMPLIFICATIONS

**The annual rate** of inflation as measured by the consumer-price index has declined since June. A chart with a Page One article on Friday about the CPI incorrectly said prices overall have declined.

**The last name** of Nimesha Ranasinghe, who led a study on electronic taste-bud fool-

ing implements, was misspelled as Narasinghe in a Page One article Monday about attempts to simulate saltiness.

**Oryx** is an independent team of analysts that has tracked open-source intelligence on equipment losses throughout the war between Russia and Ukraine. A World

News article on Monday about the war incorrectly described Oryx as an open-source intelligence consulting firm. The Camp Hale-Continental Divide National Monument offers hiking and biking trails and backcountry skiing. A U.S. News article on Thursday about the site incorrectly said it has ski resorts.

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.

## THE WALL STREET JOURNAL

(USPS 664-880) (Eastern Edition ISSN 0099-9660)

(Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241)

Editorial and publication headquarters: 1211 Avenue of the Americas, New York, NY 10036

Published daily except Sundays and general legal holidays.

Periodicals postage paid at New York, NY, and other mailing offices.

Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd, Chicago, IL 60626.

All advertising published in The Wall Street Journal is subject to the applicable rate card, copies of which are available from the Advertising Services Department, Dow Jones & Co. Inc., 1211 Avenue of the Americas, New York, NY 10036. The Journal reserves the right not to accept an advertiser's order. Only publication of an advertisement shall constitute final acceptance of the advertiser's order.

Letters to the Editor: Fax 212-416-2891; email: [wsjtrs@wsj.com](mailto:wsjtrs@wsj.com)

Need assistance with your subscription? By web: [customercenter.wsj.com](http://customercenter.wsj.com); By email: [wsjsupport@wsj.com](mailto:wsjsupport@wsj.com) | By phone: 1-800-JOURNAL (1-800-568-7625)

Prints & Licensing: By email: [customerprints@djw.com](mailto:customerprints@djw.com) | By phone: 1-800-843-0008

WSJ Back Issues and framed pages: [wsjshop.com](http://wsjshop.com)

Our newspapers are 100% sourced from sustainably certified mills.

GOT A TIP FOR US? SUBMIT IT AT [WSJ.COM/TIPS](http://WSJ.COM/TIPS)

## Northeast Power Grid Faces Risk Of Strains

BY KATHERINE BLUNT AND BENOIT MORENNE

New England power producers are preparing for potential strain on the grid this winter as a surge in natural-gas demand abroad threatens to reduce supplies they need to generate electricity.

New England, which relies on natural-gas imports to bridge winter supply gaps, is now competing with European countries for shipments of liquefied natural gas, following Russia's halt of most pipeline gas to the continent. Severe cold spells in the Northeast could reduce the amount of gas available to generate electricity as more of it is burned to heat homes.

The region's power-grid operator, ISO New England Inc., has warned that an extremely cold winter could strain the reliability of the grid and potentially result in the need for rolling blackouts to keep electricity supply and demand in balance. The warning comes as executives and analysts predict power producers could have to pay as much as several times more than last year for gas deliveries if severe weather creates urgent need for spot-market purchases.

"The most challenging aspect of this winter is what's happening around the world and the extreme volatility in the markets," said Vamsi Chadalavada, the grid operator's chief operating officer. "If you are in the commercial sector, at what point do you buy fuel?"

Power producers in New England are limited in their ability to store fuel on site and face challenges in contracting for gas supplies, as most pipeline capacity is reserved by gas utilities serving homes and businesses. Most generators tend to procure only a

**A surge in natural gas demand abroad threatens to reduce supplies for power.**

portion of imports with fixed-price agreements and instead rely on the spot market, where gas prices have been volatile, to fill shortfalls.

New England has been grappling with fuel-supply challenges for more than a decade because the region has limited pipeline capacity. Imports of LNG can make up more than a third of the region's natural-gas supply during periods of peak demand, according to the Energy Information Administration. The Jones Act, a law restricting the movement of ships between U.S. ports, makes maritime delivery of domestic supplies nearly impossible, so the region relies on gas produced abroad.

Now, intense competition for LNG cargoes driven by European demand makes securing supply ad hoc a costly proposition.

This summer, the governors of New England states sent a letter to U.S. Energy Secretary Jennifer Granholm citing high natural-gas prices as a reason to waive the Jones Act and allow for domestic LNG imports to the region. They also requested more coordination with the federal government to ensure energy reliability and help modernizing New England's heating-oil reserve.

New England residents are facing some of their largest electricity bills in years and are likely to pay even more this winter because of higher gas prices.

Thad Hill, chief executive of Calpine Corp., which operates several plants in the region, said he expects fuel supplies this winter to be sufficient but expensive. The circumstances, he said, might warrant the need for the grid operator to implement stronger incentives for power producers to store or contract for firm supplies ahead of winter.

"The goal should be to put in place a market mechanism that's actually durable for all but the most egregious situations," he said.

## Baby-Formula Supply Woes Persist

BY JESSE NEWMAN AND KRISTINA PETERSON

Many U.S. households are still struggling to find baby formula, almost a year since supplies thinned on store shelves and eight months after a nationwide recall.

Adults in roughly one-third of households with infant children who typically use formula had trouble obtaining it last month, according to a recent survey by the U.S. Census Bureau. Nearly 1 in 5 of affected households has less than a week of formula on hand, the survey showed.

The survey offers one of the most detailed views yet into the nationwide formula shortage, and it comes as lawmakers are taking steps to address ongoing supply issues.

The census findings came from its Household Pulse Survey, launched in 2020 to assess how the Covid-19 pandemic has affected people's lives and livelihoods. The challenges were most acute for lower-income families, according to the survey, which had responses from nearly 51,000 households between Sept. 14 and Sept. 26.

On average, 40% of adults with household incomes less than \$75,000 reported difficulty finding formula the previous week, twice the rate of those whose household incomes topped \$75,000.

Parents and caregivers have been scouring stores and websites to find baby formula this year after a February recall by Abbott Laboratories, one of two top U.S. formula makers, compounded ongoing supply-chain problems.

For Meadow Burkhart, the hunt for formula begins when her 5-month-old son is on his last two cans of Similac Soy baby formula. At that point, the single mother in New Port Richey, Fla., starts calling around to see where she can buy more, not wanting to waste gas driving to stores where it is sold out.

If she can't find the formula nearby, Ms. Burkhart searches Facebook groups where hard-to-find formulas are sold, but like many others she has been the victim of online scammers who take her money but never deliver the goods.

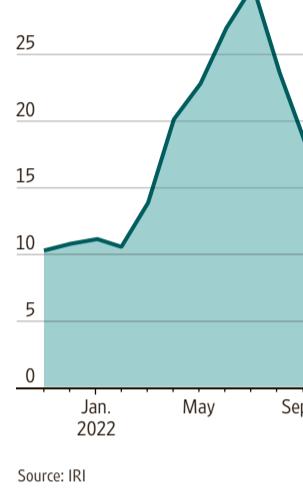
"I really don't recommend it, but I have no other choice at the moment," said Ms. Burkhart, who works in fast food. "I don't ever want to get caught without his formula."

The pandemic caused disruptions in formula supplies beginning in 2020. Nationwide out-of-stock levels for powdered formula increased during 2021, reaching 10% in November, according to market-research firm IRI. The firm said that typically out-of-stock rates for food and other merchandise are at 5% and that outages



Meadow Burkhart, preparing soy formula at right, and with her 5-month-old son, Hayden, above, outside their apartment in New Port Richey, Fla.

Monthly out-of-stock rates for infant formula



above 10% are considered a problem.

Out-of-stock levels worsened significantly last spring and peaked at 30% in July before declining, IRI data show. About 18% of powdered baby formula was out of stock in the month ended Sept. 30, according to the firm's data.

Some small formula makers say government support for startups could help improve supplies. They are looking to Congress to create incentives that would help them offset the risk and expense of building highly specialized new manufacturing plants to expand their capacity.

"We're getting out of the shortage, but the crisis still lingers," said Laura Modi, chief executive of formula startup Bobbie. She noted that the company is currently assessing whether to build its own manufacturing facility.

Rep. Rosa DeLauro (D., Conn.), who chairs the House Appropriations Committee, said she plans to introduce legislation next month aimed at addressing the roots of the supply shortage and fostering the growth of smaller domestic



manufacturers, but she declined to give specific details.

"For me, the underlying piece of all of this is market consolidation," she said.

Some top Republicans have threatened to hold up future funding for the Food and Drug Administration unless the agency provides more explanation for its missteps during the formula shortage, calling a recent internal review inadequate.

Last month, the FDA said it would continue to allow formula imported from other countries to be sold in the U.S. on a long-term basis, so long as its manufacturers are working to meet all U.S. regulatory guidelines by the fall of 2025, including around specific nutrition requirements and labeling.

"That's a huge shift from an industry that before this crisis, 98% of the formula purchased in the country was manufactured domestically," said Brian Dittmeier, senior director of public policy for the National WIC Association. The group represents providers of the Women, Infants and Children supplemental nutrition program, a federal program that provides formula at no cost to families.

Mr. Dittmeier said formula supplies overall have improved significantly since the worst of the shortages earlier this year and were back to normal in many areas. However, some places are still experiencing problems, including from families overbuying and hoarding formula, he said.

**EXCEPTIONAL DAYS** October 15-23

Exceptional once-a-year offers on all collections.



Sira. Armchair, designed by O & M.

**roche bobois** PARIS

## Booster Shots See Soft Demand As Winter, Covid Variants Loom

BY STEPHANIE ARMOUR

Fewer than 5% of Americans got an updated Covid-19 shot in the month after the new bivalent boosters rolled out, a comparatively slow start as the Biden administration encourages more Americans to get the vaccine this month.

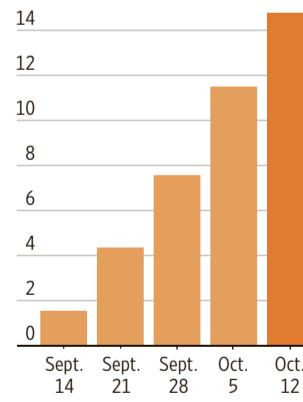
Health authorities have said they are counting on the new Omicron-targeting boosters to protect people during the cold-weather months from hospitalizations and deaths. Yet 7.6 million people in the U.S. got the shots in the four weeks after they were cleared for use, according to the Centers for Disease Control and Prevention.

By contrast, 13 million people got at least one dose during the first month of the U.S. Covid-19 vaccination program after authorizations in December 2021, though supplies were limited, according to the CDC.

Health experts said the uptake to date isn't sufficient to give the coverage needed to protect against an increase in cases in the winter, when people return indoors and the virus often spreads. The CDC on Friday said that two Omicron offshoots that appear to spread easily, BQ.1 and BQ.1.1, represent an estimated 11.4% of U.S. cases.

White House officials said

Cumulative bivalent vaccines administered in the U.S.



they weren't concerned and expect a lot more people will get boosted in November as it gets colder and closer to the holidays. About 14.8 million people, or fewer than 7% of people eligible for the shot, got the updated booster as of Oct. 12, according to the CDC.

"The new variants that we're beginning to see are raising a great deal of concern that we are going to see a wave," Food and Drug Administration Commissioner Robert Califf told a conference of rare-disease researchers Monday. "We can seriously mitigate that wave if the majority of people get vaccinated.

That's just not happening now."

The limited uptake of the new shots, called bivalent because they target both new versions of Omicron as well as the original strain of the virus, comes after previous booster campaigns also struggled with waning public interest. Some 37.9% of people 50 and older who were eligible for the last booster got it, down from the 48.9% who were eligible for the first booster and 68% who completed their primary vaccination series, according to the CDC.

Many health experts said people need to get the shots to maintain their immune defenses against a mutating virus, especially if a new variant emerges during the winter.

"I expect a surge. It's going to be bad in areas where booster uptake is really low," said Vin Gupta, a pulmonologist who was a health adviser to the Biden administration's post-election transition team.

Other health experts said the numbers should increase over time.

"I'm not worried yet," said Leana Wen, a health policy professor at George Washington University. "I've been hearing from people trying to time their booster because they had Covid or people waiting until Christmas or winter when people are more packed in."

Verdura. All rights reserved.

**VERDURA** EST. 1939

**THE CRISS CROSS CUFF**  
Verdura's signature bracelet, woven in 18k gold, \$21,500

Original gouache by Duke Fulco di Verdura

745 FIFTH AVENUE, 12TH FLOOR  
212.758.3388 • VERDURA.COM

## U.S. NEWS

# Black Voters Weigh Broad Mix of Issues

By AMARA OMEOKWE  
AND JOSHUA JAMERSON

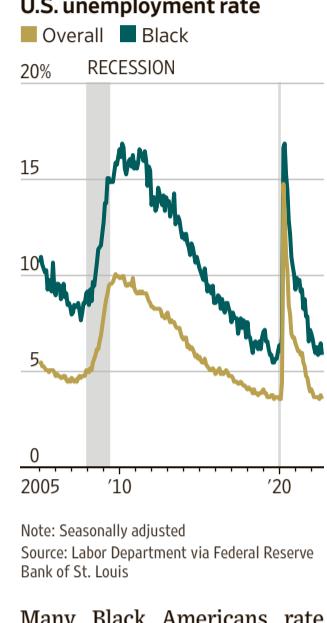
AUGUSTA, Ga.—Johnny Gregory III, a Black father with several teenage children, says his priority in the midterm elections is to vote for a candidate who will increase funding for education and teachers. For him, that issue rises above other concerns, including decades-high inflation.

"I do care about the economic issues. It's just for me, the social issues mean way more to me right now," said Mr. Gregory, a 43-year-old who leads a local nonprofit and lives in Augusta. He plans to vote for Democratic Sen. Raphael Warnock, who is in a tight race against Republican Herschel Walker. "The education system, I see it just getting worse."

In the final stretch of midterm campaigning, Democrats are trying to boost turnout among Black voters, a core constituency of the party, by touting the outsize economic gains Black Americans have made since the downturn early in the Covid-19 pandemic. Republicans are arguing that elevated inflation has left all Americans worse off financially, with steep price increases for items such as food, gasoline and shelter.

How much either message helps decide tight races this fall will in part depend on how Black voters weigh competing priorities.

Interviews with Black voters and recent public polling suggest that the issues that will determine how and if they vote are more varied than the economic woes that are preoccupying the broader electorate.



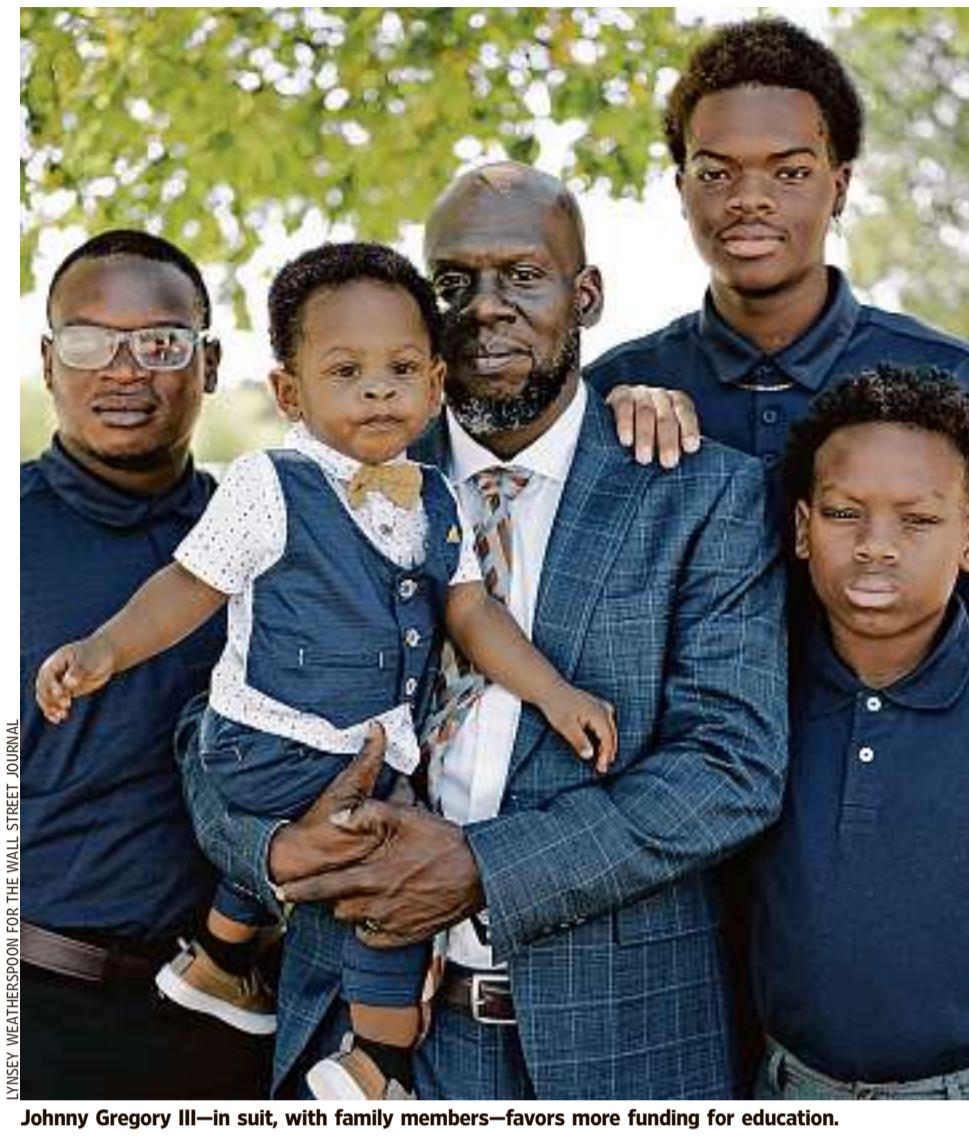
Note: Seasonally adjusted  
Source: Labor Department via Federal Reserve Bank of St. Louis

Many Black Americans rate healthcare, education and public safety as nearly as important in influencing their vote as the economy and rising costs.

Black voters make up roughly one-third of the electorate in Georgia, according to the Pew Research Center, and will be especially important to Democrats in the state this fall. Georgia is home to marquee races for governor and the U.S. Senate, making this electorate crucial to Democrats' hopes for keeping control of the chamber.

An October Quinnipiac University poll of likely Georgia voters showed 21% of Black voters viewed inflation as the most urgent issue facing Georgia, followed by gun violence at 19% and abortion at 17%.

Other surveys also showed Black Americans have broader concerns than the overall electorate heading into voting. An



Johnny Gregory III—in suit, with family members—favors more funding for education.

August survey by The Wall Street Journal showed that, generally speaking, Black Americans nationwide were more likely than all voters to say issues such as gun violence and the Supreme Court's overturning of Roe v. Wade made them more likely to vote this fall.

The Biden administration has credited its policies, such as its vaccine rollout and the expanded child tax credit during 2021, for helping drive Black Americans' economic gains from the brief, sharp pandemic-induced recession in 2020. The unemployment rate for Black Americans fell to 5.8% in September, according to the Labor Department. That was

well down from near 17% early in the pandemic and only slightly above record lows set in 2019, although still higher than the overall unemployment rate of 3.5%.

After the 2007-09 recession, it took more than six years for the Black unemployment rate to fall to 8.5%, where it was just before the start of that downturn.

Other metrics show Black Americans' gains in the labor market are outpacing those of the overall population. Additionally, research from the JP Morgan Chase Institute found that Black households experienced more income growth than other racial groups be-

tween 2019 and 2021, on an inflation-adjusted basis.

"African-Americans saw more gains in this recovery," said Cecilia Rouse, chair of the White House Council of Economic Advisers. "Our focus is on ensuring that we continue to make that kind of progress."

Still, research from the Federal Reserve Bank of New York finds that Black Americans, along with Latino Americans, are facing higher inflation than the national average, likely because those groups spend a greater proportion of their income on items, such as transportation and housing, that have experienced particularly steep price increases.

## Trump Hotel Bills for U.S. Called Excessive

By SIOBHAN HUGHES

WASHINGTON—House Democrats said a long-running probe found that properties controlled by former President Donald Trump's company charged the Secret Service excessive rates on dozens of government trips but that investigators lacked many details.

House Oversight and Reform Committee Chairwoman Carolyn Maloney (D., N.Y.) detailed the preliminary findings in a letter to Kimberly Cheatle, the director of the Secret Service. In the Oct. 17 letter, she wrote that the committee still hasn't received complete information on nightly rates or the total amount the Secret Ser-

vice paid to the Trump Organization, and asked the agency for more records related to all stays at properties owned, controlled or branded by the former president's company.

The committee "has a strong interest in obtaining a complete accounting of federal government spending at Trump properties," she wrote,

saying the panel is examining potential legislation to prevent presidential self-dealing.

Mr. Trump's son Eric Trump said that "any services rendered to the United States Secret Service or other government agencies at Trump-owned properties were at their request and were either provided at cost, heavily discounted or

for free." He added that the company "would have been substantially better off if hospitality services were sold to full-paying guests, however, the company did whatever it took to accommodate the agencies."

With November elections approaching, the House Oversight Democrats have only months left to receive a formal response while they can be guaranteed to be in charge of the panel. Republicans are favored to win the midterm elections, and if that happens, they would be in charge of the committee during the new Congress, which begins next year.

The committee wrote to the Secret Service in February

2020 following a report in the Washington Post that Mr. Trump's properties were charging the Secret Service exorbitant rates. It sent another letter reiterating its request in September 2021—after Mr. Trump had left office—and obtained records from the Secret Service reflecting the agency's spending at Trump-owned properties in the U.S. from his inauguration in January 2017 through Sept. 15, 2021.

The documents it received, according to Ms. Maloney, show that the Trump Organization charged the Secret Service a nightly rate in excess of the government per diem at least 40 times over that period. In several instances, the

rates were more than three times the per diem, she said. Records showed the Secret Service spent more than \$1.4 million on lodging at Trump-owned properties in the U.S. over that period, she said.

But that total didn't appear to the committee to cover all Secret Service payments to Trump properties, she said.

In one instance in March 2017, the Trump Organization charged the Secret Service a nightly room rate of \$1,160—nearly five times the then-government rate—for a stay at the Trump International Hotel in Washington, D.C., as part of the protective service's obligation work to protect Eric Trump.

## Six-Month Sentence, Fine Are Sought for Bannon

By SADIE GURMAN

WASHINGTON—Federal prosecutors are recommending a six-month prison sentence and a \$200,000 fine for Steve Bannon, the former Trump strategist set to be sentenced this week for defying a subpoena issued by the House select committee investigating the Jan. 6, 2021, attack on the Capitol.

Mr. Bannon's lawyers asked the judge to allow their client to exhaust his appeals before any punishment takes effect, raising the prospect of years of litigation and a Supreme Court petition before the case is finished. In any case, they said, Mr. Bannon should get no punishment beyond probation.

Mr. Bannon was convicted in July on two counts of contempt of Congress for failing to cooperate with the committee, as it sought documents and testimony about the events leading up to the riot, in which a pro-Trump mob sought to delay the certification of President Biden's victory. The panel was interested in Mr. Bannon's efforts to help former President Donald Trump try to undo the election results.

Mr. Bannon faces a minimum sentence of 30 days and a maximum of one year in prison for each count.

From the moment he received the subpoena in September 2021, Mr. Bannon "pursued a bad-faith strategy of defiance and contempt," the Justice Department wrote in a Monday memo to U.S. District Judge Carl Nichols, who is set to sentence Mr. Bannon Friday morning. "To this day the Defendant has not produced a single document to the Committee or appeared for testimony."

Mr. Bannon said in court filings that he didn't cooperate with the committee because of legal advice he received and concerns about executive privilege, a legal doctrine that protects the confidentiality of some White House communications.

"Should a person who has spent a lifetime listening to experts—as a naval officer, investment banker, corporate executive and Presidential adviser—be jailed for relying on the advice of his lawyers?" Mr. Bannon's lawyers, Evan Corcoran and David Schoen, wrote in their Monday memo. They noted that the department declined to prosecute other Trump advisers who refused to fully cooperate with the committee.

◆ Kanye West to buy Parler social-media platform..... B4

## Better than working for a bank!

SI Capital has opportunities for you to join us, or become a partner in a newly formed independent firm. You provide the talent or talented team, ambition, and niche opportunities in financial services (investments, trading, raising capital, etc). We provide capital, regulatory (FINOPS, etc), class A office space (Grand Central Station area), IT, legal and more.

SI Capital is an investment/trading firm with 5+ billion dollars AUM owned by the founder of 5-hour ENERGY. We don't make decisions by committee. We don't participate in ESG or other irrational fashions. We don't "adjust" compensation plans on the fly. And we move fast.

If you're really good at what you do, and really enjoy the work (but not necessarily the... "overhead") this may be a good fit. If you like working for a bank... this may not fit.

If you're interested contact:

Chris Fowler  
C: 248-826-4306  
cfowler@SICapitalGroup.com

SI Capital  
SICapitalGroup.com

## Intel Lowers Sights on Car IPO

Continued from Page One by the surge in markets Monday, with the S&P 500 rising more than 2.5% on some positive earnings reports. Their hope is that the markets will improve at least somewhat and give way to a more hospitable environment by the time the shares debut.

Intel, which last month filed publicly for an IPO of Mobileye, is expected to detail its new valuation expectations Tuesday.

The deal is a test of the beleaguered IPO market, which has been hit hard by rising inflation and interest rates, fears of a recession and plummeting stock prices, especially for Mobileye's technology-company peers.



A vehicle from Mobileye's autonomous fleet in Israel. Intel acquired the company in 2017.

The U.S. IPO market is having one of its worst years on record, with traditional offerings on track to raise the least money since at least 1995, according to Dealogic. Major U.S. indexes are all still in bear markets, defined in Wall Street parlance as a decline of 20% or more from a recent high. Also deterring new listings: The majority of companies that went public in 2020 and 2021 are trading below their IPO prices, many far below.

Hundreds of companies that were set to go public in the U.S. in 2022 are now being forced to watch from the sidelines as the price investors are willing to pay for their businesses shrink. Instead of listing shares and raising money in the public markets, these companies are being forced to seek private money at far lower valua-

tions, cut costs through layoffs or take other steps like exiting certain markets—or go public at far lower valuations than anticipated. That gives these companies less money for growth or hiring, in another potential hit to the broader economy.

While most companies on the docket for 2022 IPOs delayed their public offerings until next year, Mobileye was one of the biggest and most well-known exceptions. The other big IPO set for later this year is that of grocery-delivery company Instacart Inc. Mobileye's slashed valuation is a bad sign for Instacart, which has already cut its internal valuation. If Mobileye trades poorly, it would be another bad omen for Instacart's IPO hopes.

Intel Chief Executive Pat Gelsinger has said that listing Mobileye would give the self-

driving-car unit a higher profile and attract more business. He has also said Intel doesn't need the money Mobileye's IPO would generate.

Intel will retain a large stake in Mobileye, including all of the Class B shares Mobileye plans to issue, it has disclosed. Each Class B share will have voting rights equivalent to 10 Class A shares.

Mobileye had \$854 million in revenue for the first six months of its fiscal year, up 21% from the year-earlier period. The company had a net loss of \$67 million.

It is the second IPO in less than a decade for Mobileye, which first went public in 2014 at a roughly \$5 billion valuation. Intel acquired the Israeli company in 2017 for \$15.3 billion.

Goldman Sachs Group Inc. and Morgan Stanley are leading the offering.

## Student Loan Relief Portal Is Now Open

BY ANDREW RESTUCCIA  
AND GABRIEL T. RUBIN

WASHINGTON—The Biden administration launched an online portal that will allow individuals with federal student loans to apply for up to \$20,000 in debt forgiveness, formally kicking off a program threatened by an array of legal challenges.

More than eight million people applied for relief over the weekend following the Education Department's launch of a beta test version of the application, the administration said. Mr. Biden said the testing period was deemed a success by the Education Department's leadership, allowing the administration to officially launch the application on Monday.

The online application is available in English and Spanish and can be accessed via a computer or mobile phone. The application requires only basic information from borrowers, including their legal names, Social Security numbers, phone numbers and email addresses.

"This is a game-changer for millions of Americans," President Biden said.

The program will forgive up to \$10,000 in debt for federal student-loan borrowers, or up to \$20,000 for borrowers who received Pell Grants when they were in college. Borrowers who make less than \$125,000 a year, or less than \$250,000 a year for a household, are eligible for the program. A borrower's income will be based on adjusted gross income from 2020 or 2021.

GOP leaders in several states are seeking to stop the administration's effort to write off hundreds of billions of dollars in student debt. Other lawsuits have been filed by an array of conservative groups.

# Overtime Rules Irk Apple Growers

BY JIMMY VIELKIND

KINDERHOOK, N.Y.—Golden Harvest Farms has grown from a small apple-growing operation when Doug Grout's grandfather opened it after World War II, to a multipronged business that includes a retail stand, cider press, distillery, tasting room and barbecue restaurant.

But Mr. Grout said he sees a cloudier future for the business due to new state regulations that will require him to increasingly pay more overtime to the farmworkers who pick his apples in the coming years, raising one of his primary costs.

"We were looking to buy another orchard, and that whole thing is tabled," said Mr. Grout, 52 years old, who co-owns Golden Harvest with his father, as he drove between rows of Honeycrisp trees. "We're stepping away. You're going to see farms go out of business. This is very shortsighted."

State Labor Commissioner Roberta Reardon signed an order last month that will gradually lower the threshold at which farmworkers must be paid the overtime rate of time-and-a-half, from 60 hours—where it was set in 2020—to 40 hours in 2032. The threshold will fall in four-hour increments starting in 2024.

Agriculture groups including New York's apple industry lobbied against the change, arguing that it could force some farmers to close and sell their land. Labor groups and Democratic officials said farms should be able to cope because the change's full effect won't be felt for a decade and a tax credit enacted this year will help make up for increased overtime costs.

"It feels good that workers who have always been treated as second-class citizens will finally be treated with the dignity and respect that they deserve," said Mario Cilento, president of the New York State AFL-CIO.

New York is one of seven states with laws allowing agri-



Seasonal workers at Golden Harvest Farms. Co-owner Doug Grout, below, says New York's new overtime rules will hurt his business.



cultural overtime, though only three have decided to lower the threshold to 40 hours, the legal overtime standard for workers in most other industries. The agriculture overtime threshold in California, which was set at 60 hours in 1976, dropped to 40 hours this year. Washington will implement a

40-hour farm overtime threshold in 2024.

While Washington grows more apples than New York, the fruit has a long history in the Empire State. The first nursery to grow apples in New York opened in 1730, and iconic varieties like Cortland and Empire were first devel-

oped at a state farm in Central New York. State orchards produce 29.5 million bushels a year, according to the New York Apple Association Inc., a trade group. The state has more than 600 orchards covering more than 50,000 acres.

Dairy products make up roughly half the value of New York's farm production, according to a 2019 state comptroller's report. But while labor accounts for roughly 17% of expenses for dairy farmers, it makes up more than half for fruit and vegetable farmers, according to a 2021 Cornell University study.

Most of those costs come at harvest time, when there is a short window to pick crops. Orchards like Golden Harvest rely on temporary laborers, many from Jamaica, who use the federal H-2A guest worker visa program. Workers' stays are limited, and several said they try to pack in as many hours as possible. The federal government sets a minimum wage, which is \$15.66 an hour this year in New York.

"We came to work. Our boss gives us hours so we can get a decent paycheck," said Beres Young, a 54-year-old worker from Jamaica who has been coming to Golden Harvest every autumn since 2008. Golden Harvest hires as many as 60 workers for the harvest season and provides housing in a building on-site. Workers' hours are capped at 60, Mr. Grout said, because at the market price for apples, it wouldn't make financial sense to pay the overtime wage rate.

Mr. Grout said some apples might stay on trees because at time-and-a-half, the income from their sale wouldn't cover the cost to pick them.

Crew boss Christopher "Bigger" McEwan said he expects some longtime workers would instead take jobs in other states, where they don't face hourly caps due to overtime requirements.

When the overtime threshold starts falling, Mr. Grout said, he will weigh hiring additional workers against planting fewer acres at Golden Harvest.

"A hobby farm isn't going to feed the country," he said.

Our gorgeous 1.40 ct. t.w.  
diamond studs shine  
in platinum

Showcasing timeless beauty and an amazing amount of sparkle, our 1.40 ct. t.w. round brilliant-cut diamond stud earrings in platinum are the must-have pair for every jewelry box. Whether for you or someone you love, our fabulous studs are the perfect gift!

*Shown larger for detail.*



\$1,995

Compare at \$3,695

ROSS + SIMONS

Fine Jewelry | Fabulous Prices

FREE EXPRESS SHIPPING — ORDER TODAY!

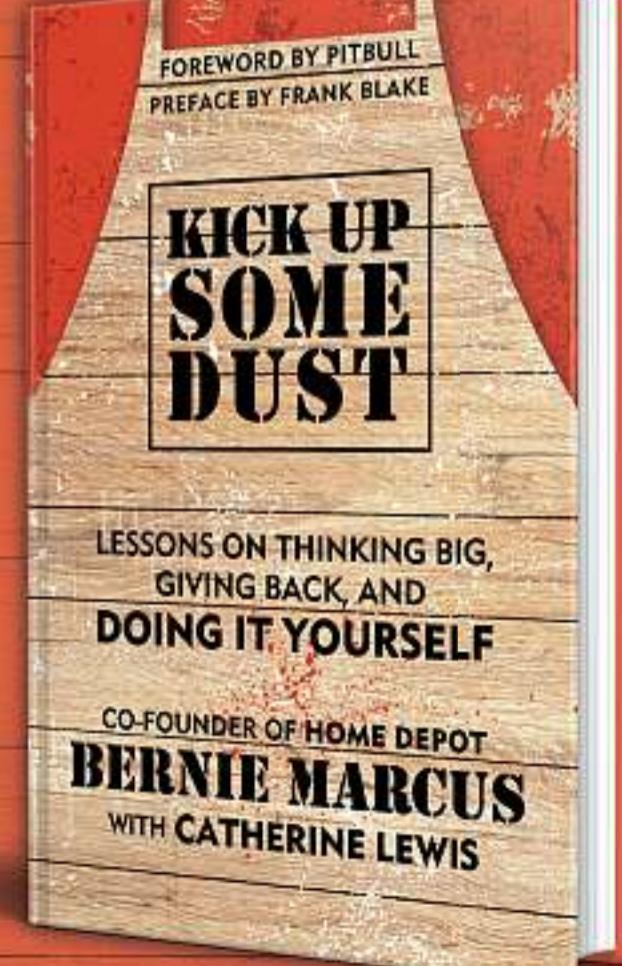
To receive this special offer, use code: **BLAZE21**  
1.800.556.7376 or visit [ross-simons.com/blaze](http://ross-simons.com/blaze)  
Item #935768

ON SALE NOW

A CANDID, ROLICKING BUSINESS MEMOIR FROM THE CO-FOUNDER OF HOME DEPOT

"A classic Cinderella story of the American dream fulfilled."

—GARY SINISE,  
actor, philanthropist, and founder  
of the Gary Sinise Foundation



LEARN MORE AT [HC.COM/KICKUPSONEDUST](http://HC.COM/KICKUPSONEDUST)

HC.COM

## U.S. NEWS

# In California, Key Reservoir Is Running Low

Severe drought pushes Shasta Lake to brink, risking water supply for millions in state

By JIM CARMAN

**SHASTA LAKE, Calif.**—Few places are more critical to the water supply in California than this immense northern reservoir in the foothills of the Cascade Range.

Fed by runoff from 14,163-foot Mount Shasta and other peaks, California's largest reservoir opened in 1945 as part of the federal Central Valley Project, an elaborate system of man-made dams, pumps and aqueducts that aims to reduce flood risks and deliver water to farms and cities in the heart of the semiarid state.

Shasta Lake can hold enough water to meet the needs of six million people and one-third of California's farmland. It also provides water for salmon and other threatened species and helps keep saltwater at bay in the Sacramento-San Joaquin Delta, which serves as a hub for statewide water transfers.

Until this century, Shasta successfully did all of that, helping California grow to more than 39 million people and the world's fifth-largest economy. But a succession of ever-worsening droughts over the past two decades has made inflows into Shasta far less reliable. The current drought is the most severe on record, and Shasta's water level is now 33% of capacity.

Federal water managers are now administering painful cuts in allotments to Shasta and other Central Valley Project reservoirs, putting at risk farmland which accounts for a critical part of California's \$50 billion-a-year agriculture industry, disrupting supplies to large cities and small towns, and leaving less for fish.

"Every aspect of water supply will be impacted, devastating impacts."

affected, as well. Hydropower from the Shasta Dam power plant has been cut in half this year due to reduced allocations to farmers.

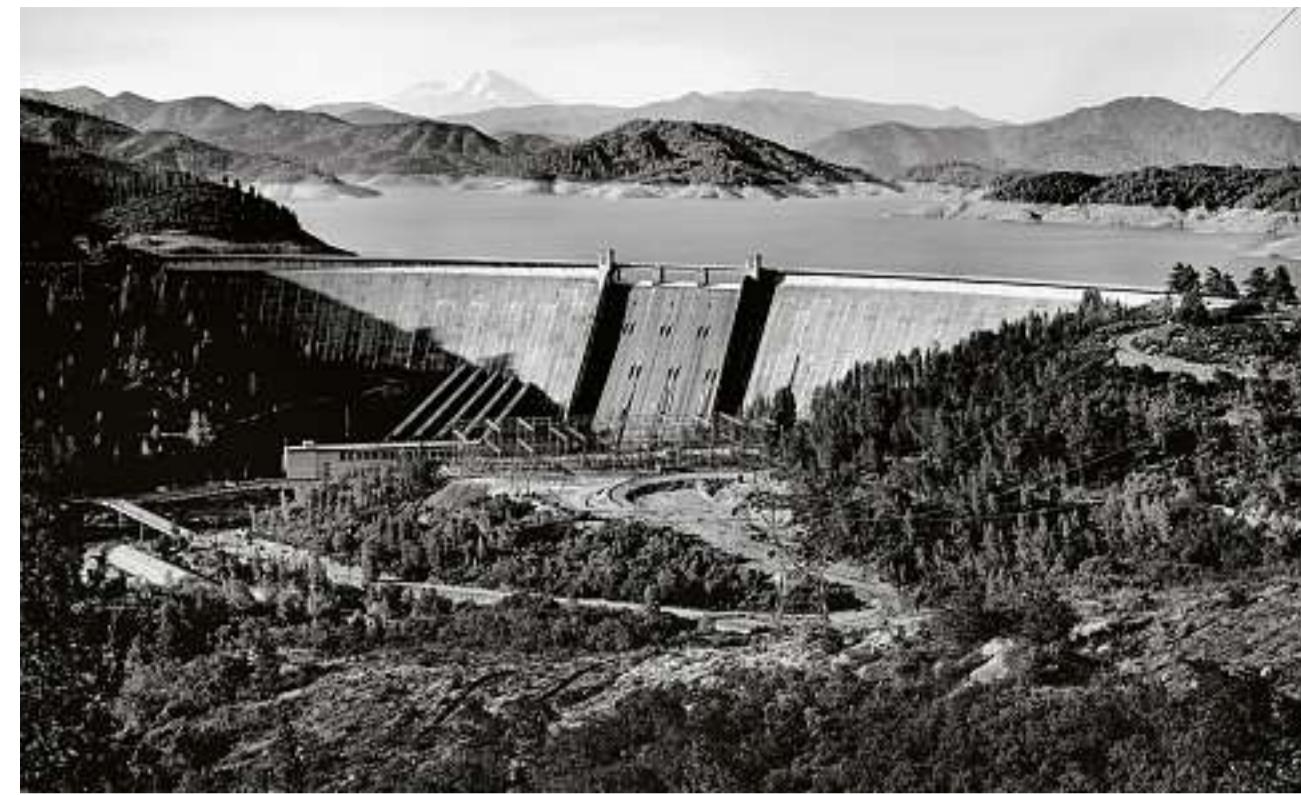
Federal officials are taking actions to fulfill a legal mandate to safeguard winter-run Chinook salmon, a threatened species and cultural touchstone for tribes like the Wintu. "If the salmon go away, we feel the Wintu will follow," said Rick Wilson, tribal dance captain.

Some of the most-senior water rights belong to the Glenn-Colusa Irrigation District. Until this year it had never received less than 75% of its federal water, which farmers use primarily for rice.

Last spring, the Bureau of Reclamation coordinated with Glenn-Colusa and other senior irrigators to reduce their water supply to 18%. The amount of rice planted plunged from about 100,000 acres in the district to 1,000.

Junior rights holders got none of their contracted allotment. Many resorted to buying water, at up to five times the normal price, from farmers in districts with senior rights.

Before the Shasta water can make it to the southern Central Valley, it has to be moved through the Sacramento-San Joaquin Delta. That is done through a pumping plant that lifts the water nearly 200 feet into a canal for delivery to farmers and rural communities via the San Luis Reservoir and other facilities. Environ-

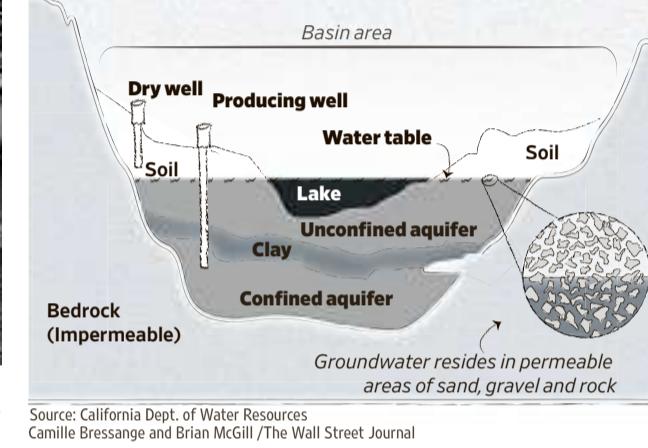


**Shasta Lake and Shasta Dam in Northern California.** The reservoir is the largest in the state, providing water for 5 million acres of farmland and six million people. After years of drought, it stands at a third of capacity.



**Workers prepare water for emergency distribution in East Orosi, Calif., where wells have run dry amid increased pumping by farmers seeking an alternative to water from the Central Valley Project.**

A majority of America's drinking water comes from groundwater pulled from wells. As groundwater decreases, wells can dry up.



Source: California Dept. of Water Resources

Camille Bressane and Brian McGill /The Wall Street Journal



**Farmers' increased pumping of groundwater has dried up wells in Tulare County, where oranges and grapes are among the top crops.**



**Noemi Barrera, right, a Tulare County resident, lost access to clean running water for her family of six. Above, contaminated tap water in East Orosi.**



**A shutoff of federal water to farmers in the southern Central Valley has prompted many growers to rip out almond orchards, like at this one near Coalinga. Some growers have resorted to buying water to help keep their orchards alive.**

MATT BLACK/MAGNUM PHOTOS FOR THE WALL STREET JOURNAL (6)

# Washington Wildfire Forces Thousands to Evacuate

By GINGER ADAMS OTIS

A fast-moving wildfire in Washington state has charred more than 1,500 acres and forced thousands of evacuations, officials said Monday.

Additional firefighters from Oregon will travel to Clark County, Wash., to help get the Nakia Creek Fire under control, said Trina Contreras, a spokeswoman for Washing-

ton's Department of Natural Resources. The fire was about 5% contained on Monday, she said.

Hot, gusting winds on Sunday caused the wildfire to spread from 156 acres to 1,565, she said. Those winds had calmed down by Monday, she said.

Washington firefighters were able to get some infrared pictures of the fire zone over-

night, allowing officials to get a better sense of its size.

"Due to increasing complexity of the fire, they're calling in a larger team," Ms. Contreras said. "We have a lot of new resources incoming...and the weather is giving us a little bit of a break."

Clark County Sheriff Chuck Atkins said road closures remained in effect, with officers limiting access to the fire

zone. The county said it would be able to tackle the fire using aerial equipment.

Washington officials said there were no known injuries, accidents or deaths attributed to the fire, but they issued evacuation orders to nearly 3,000 residences. Another 5,000 homes have been put on evacuation alert.

The Nakia Creek Fire began Oct. 9 on Larch Mountain, an

area northeast of Camas, Wash., in the steep terrain of the Yacolt Burn State Forest near the Oregon border.

Officials investigating the cause of the Nakia Creek Fire said there were no lightning strikes in the area at the time the blaze began and it was likely sparked by a human. It isn't yet known if it was accidental or deliberate.

Both Oregon and Washing-

ton have had a long summer of fighting wildfires, as have states such as California and New Mexico.

In early September, 19 large fires across Oregon and Washington encompassed more than 295,000 acres, according to the Northwest Interagency Coordination Center, which provides logistical and intelligence support for agencies in the region.

## WORLD NEWS

# Russia Unleashes Fresh Drones on Kyiv

Energy infrastructure targeted with Iranian-made weapons, many have been shot down

By MATTHEW LUMMOORE AND ISABEL COLES

KYIV, Ukraine—Russia launched a fresh wave of Iranian-made drones to attack central Kyiv in the early hours of Monday, Ukrainian officials said, as Moscow presses a campaign targeting Ukraine's energy infrastructure before the onset of winter.

Rescue workers pulled 18 people from the rubble of a residential building that was damaged by a strike in the central Shevchenkivskyi district, said Kyiv's mayor, Vitali Klitschko.

At least four people, including a pregnant woman, were found dead amid the debris, according to Mr. Klitschko. Authorities cordoned off a section of the city center and emergency services worked to put out a fire.

"The enemy can attack our cities, but it won't be able to break us," said a message posted to the Telegram channel of Ukrainian President Volodymyr Zelensky, who shared footage of the rescue operation.

The strikes underscored the threat posed by Iranian-made drones, which Moscow has deployed more widely on the battlefield as its forces lose ground to Ukrainian troops.

Mr. Klitschko posted an image of the fragments of a kamikaze drone he said was used in the attack. Of 28 drones Russia launched toward the capital, five evaded Ukraine's air defenses, he said, providing no details about what else had been struck. The rest of the drones were intercepted, he said.

There were also drone-and-missile strikes elsewhere in Ukraine.

"As a result of the terrorist attack, energy infrastructure facilities in the central and northern [regions] of Ukraine



Local residents looked at what is believed to be remnants of an Iranian-made drone amid Russia's attack on the Ukrainian capital of Kyiv on Monday. Below, a police officer in Kyiv fired at a drone on Monday. The attack included more than two dozen drones.

have been damaged," said Ukraine's electricity-transmission-system operator, Ukrtransenergo. Repair work is under way, it said.

Russian forces have increasingly turned to targeting civilian infrastructure in Kyiv and other cities as winter approaches, disrupting electricity and fuel supplies. Ukraine's Western partners have pledged to strengthen the country's air defenses in the wake of the missile and drone attacks in recent weeks that often now target the heart of Kyiv, the capital.

"We need more air-defense systems and as soon as possible," said presidential spokesman Andriy Yermak.

Commenting on the renewed strikes on civilian infrastructure in Kyiv, the U.S. Embassy vowed to support Ukraine "for as long as it takes."

An adviser to Mr. Zelensky blamed Tehran for the casualties: "Iran is responsible for



the murders of Ukrainians," Mykhailo Podolyak wrote on Twitter. "[A] country that oppresses its own people is now giving [Russian] monsters weapons for mass murders in the heart of Europe."

An initial barrage last week—one of the broadest and most intense of the war—dam-

aged electricity substations and other infrastructure facilities with drones and more than 80 missiles, of which roughly half were shot down by Ukraine's defenses.

Russian President Vladimir Putin said last week that most designated targets had already been hit and there was "no

need for massive strikes," but attacks have continued, with power knocked out again in parts of Kyiv on Saturday.

Energy workers have imposed blackouts to ensure the grid's stability. In his nightly address, Mr. Zelensky appealed once more for Ukrainians to limit their electricity consumption during peak hours to reduce pressure on the grid.

"This is a step that, along with others, will ensure the failure of Russian terrorist plans," he said.

The Iranian-made drones that carried out Monday's attack were launched from southern Ukraine, the air force said, adding that a further 11 had been shot down.

Three Russian cruise missiles were also shot down over the Dnipropetrovsk region, but another hit a power facility.

Serhiy Kovalenko, the head of Ukrainian energy company Yasno, said there would be

power outages in the region while workers repaired the damage.

A missile launched from the Black Sea also struck an unspecified infrastructure facility in the Odessa region, according to the Ukrainian military's southern operational command.

Ukrainian officials see the recent intensification of strikes as an effort by Russia to wear down the civilian population in response to a series of setbacks for the Kremlin on the battlefield.

Moscow has been under growing pressure to escalate its attacks in Ukraine since Russian forces began losing ground in September, when Kyiv launched an offensive in the northern Kharkiv region. While retaking thousands of square miles there, Ukrainian forces have also made gains in the south as they seek to recapture as much territory as possible before the onset of winter and the logistical challenges the season brings.

Struggling to advance, Russian forces have focused their efforts on seizing the city of Bakhmut in the eastern Donetsk region—a task that has eluded them for months.

Russian officials said Monday that the call-up of reservists was finished in Moscow and that recruiting stations in the city would close. The announcement followed remarks by Mr. Putin at a news conference on Oct. 14 that the defense department had already called up most of the 300,000 troops needed for the so-called partial mobilization, which Mr. Putin said would be completed later this month.

The call-up of reservists has laid bare resentments in Russian regions that the Kremlin has been calling on poorer, far-flung provinces to prop up its flagging campaign in Ukraine. Experts say that Mr. Putin's support among Russia's elites could crumble as mobilization draws from renters in Moscow and St. Petersburg.

—Alan Collison contributed to this article.

## Exxon's Sakhalin-1 Holding Snatched

By COLLIN EATON

The Kremlin has pushed Exxon Mobil Corp. out of a major Russian oil-and-gas project and transferred the Texas oil giant's stake to a Russian entity, according to the U.S. company.

Moscow blocked Exxon's efforts to transfer operatorship and sell its 30% stake in the Sakhalin-1 venture in Russia's Far East for months, and has now wiped out Exxon's stake entirely. Exxon described Moscow's move as expropriation on Monday and said it had pulled out of Russia.

The Kremlin didn't provide any indication it would pay Exxon for the value of its stake. Exxon said it has left its legal options open under its production-sharing agreement and international arbitration law. If the company pursues legal action, the matter could take years to resolve.

The U.S. oil company vowed in March to leave Russia shortly after the invasion of Ukraine, saying it would make no further investments in the country. It had cultivated ties with Russia for decades, but had withdrawn from at least 10 other joint ventures after the U.S. and its allies imposed sanctions on Russia following its 2014 invasion of Crimea; Sakhalin-1 hadn't been covered by those sanctions.

Exxon declared force majeure in April, and reduced production from the Sakhalin Island development to about 10,000 barrels of oil and gas a day from 220,000. It also took a \$3.4 billion accounting charge related to its Russia exit in the first quarter.

European oil companies with interests in Russia have also worked to depart. In February, Shell PLC said it would exit the Sakhalin-2 venture, another oil-and-gas project, and BP PLC said it would exit its nearly 20% stake in state-run Rosneft.

## Nuclear-Plant Workers Given Ultimatum

BY DREW HINSHAW AND JOE PARKINSON

Ukrainian technicians working to ensure the safe operation of the Russian-occupied Zaporizhzhia nuclear-power plant have been told by occupation authorities that they have until Thursday to choose sides in the escalating struggle for control of the reactor complex.

Senior officials of Russia's Rosatom said Ukrainian staff who sign up as employees of Moscow's atomic-energy company would keep their jobs and could be offered Russian passports, according to plant workers, Ukrainian officials and diplomats posted to the United Nations' nuclear agency.

Russian President Vladimir Putin declared this month that the nuclear plant, Europe's largest, is the property of the Russian Federation. Workers fear that not signing could cost them their jobs and make them targets for occupation authorities.

Under Ukrainian law, joining Rosatom could make the technicians collaborators and subject to arrest, trial and imprisonment. Ukraine's military has been rolling back Russian advances. The front line in the area is just across a river from the plant.

"If they don't sign the statement, they won't have a livelihood, to feed their family, children," said a worker who left the plant this summer and made his way to Ukrainian-held territory. "If they sign, they will be a traitor and a collaborator...It all stinks."

For seven months, the nuclear plant has been patrolled by Russian soldiers, ringed with land mines, and run by Ukrainian specialists, who now number around 3,000—down from 11,000 before the war—and still answer to their government's atomic-energy company.

But on Wednesday, a small team of Rosatom officials summoned the plant's Ukrainian management into an assembly hall and handed out forms to join the Russian company. When the officials asked if there were any questions, the Ukrainians silently stood up and walked out of the hall, a plant employee



A soldier with a Russian flag on his uniform stands guard near the Zaporizhzhia nuclear-power plant.

and Ukrainian officials said.

Since then, Ukraine's state nuclear company Energoatom has sent public messages and quietly reached out over encrypted chat apps and in private calls to lobby the staff: Keep working. Don't sign.

"The idea of safety is like a religion in the plant," said Oleksandr Kharchenko, an adviser to Ukraine's energy ministry. "They know that if most of them leave it will create a huge danger for the station itself."

There may be concessions for workers who sign the Russian contracts, since they are needed to prevent an accident, Ukrainian officials said. They wouldn't necessarily be labeled as collaborators.

"Staff at the plant are being forced to make a hugely difficult decision for themselves and their loved ones," said Rafael Grossi, director-general of the U.N. atomic-energy watchdog, based in Vienna.

The shrinking—and increasingly insufficient—crew of employees still working at Zaporizhzhia does so under the fear that abandoning it could risk a nuclear catastrophe. Rosatom doesn't have the manpower or expertise to run the plant without the Ukrainian staff, said Ukrainian officials and independent Western nuclear analysts who helped modernize the Soviet-era plant.

### Artillery Knocks Out A Key Power Line

On Monday, artillery strikes near a substation knocked out the sole functioning power line between Ukraine's electrical grid and the Zaporizhzhia nuclear-power plant, the state atomic-energy corporation Energoatom said.

The plant, Europe's largest,

needs a stable supply of electricity from the grid to cool spent fuel, power ventilation fans and prevent a safety crisis. For now, the plant is using backup diesel generators to cool spent fuel and power ventilation fans, Energoatom said, something the United Nations' International Atomic Energy Agency has repeatedly warned is dangerous and unsustainable.

Both sides have blamed the other for shelling the plant.

The company has unsuccessfully tried to lure its own employees to leave Russia and work at the plant, in an active war zone.

A small number of Zaporizhzhia's Ukrainian staff sympathize with Moscow, plant workers say, but most of those still present have stayed on out of a sense of duty—or in hope that Ukrainian forces will soon end the Russian occupation.

The employment-registration forms distributed by Rosatom juxtaposed the horrors of war with mundane human-resources speak. "What can be expected upon transfer," one form says: "Accumulated vacation days, accumulated seniority, accumulated pension contributions will be taken into account in the subsequent registration."

The Wall Street Journal spoke to plant workers, Ukrainian energy-department officials and diplomats and saw copies of the transfer forms Rosatom gave the staff and an internal memo circulated to the plant workers' union, offering the Ukrainian government's advice on how to handle the standoff.

Rosatom representatives didn't respond to requests to comment. The Kremlin and Russia's Defense Ministry also didn't respond.

Ukraine has tried to stall the takeover by turning to the U.N.'s International Atomic Energy Agency, whose Mr. Grossi has been shuttling between Kyiv and Moscow trying to persuade Mr. Putin to allow a military-free zone around the plant instead.

The stress on plant staff intensified after Mr. Putin said on Sept. 30 that Russia would formally claim four Ukrainian oblasts—including Zaporizhzhia, the region surrounding the plant—none of which he fully controls.

He then decreed that the Zaporizhzhia plant was a Russian federal entity, and established a new state company, with \$2 billion of startup capital, called the Joint Stock Company Operating Organization of the Zaporozhye Nuclear Power Plant, using the Russian spelling for the location.

In the past two weeks, the plant's Ukrainian director-general, Ihor Murashov, and a deputy director general were detained by Russian forces after refusing to sign forms transferring their jobs and loyalties to the new Russian company.

Mr. Murashov had taken up the post just days before the Russian invasion and was popular with the Ukrainian staff after overseeing the plant's operations throughout the occupation.

The director-general was freed as part of a mediation led by the IAEA. The deputy director remains missing.

On Oct. 10, Russian soldiers abducted Valeriy Martynuk, Zaporizhzhia's deputy director-general for human resources, according to Energoatom, the state energy company. Mr. Martynuk's whereabouts is unknown.

"They seem to be moving in the direction of trying to put in place their proxy administrators," said Michael Carpenter, U.S. permanent representative to the Organization for Security and Cooperation in Europe, an intergovernmental security group.

"It's an open question of whether they can proceed down this path for that much longer, because Zaporizhzhia Oblast is under pressure militarily from the Ukrainians....And what Russia thought was realistic a couple of months ago or even weeks ago is no longer looking quite so realistic," Mr. Carpenter said.

—Yana Tashkevych contributed to this article.

## WORLD NEWS

# Xi Set to Pack Top Ranks Of Party With Loyalists

**Li Qiang, criticized for Shanghai lockdowns, is in line for elevation; allies to act as buffer**

By JOSH CHIN

Chinese leader Xi Jinping is preparing to name loyalists to top positions in the Communist Party hierarchy, according to people close to party leaders, in a move that would strengthen his hand as he confronts mounting challenges at home and abroad—from a sluggish domestic economy to Western resistance to Beijing's ambitions on the world stage.

One of the allies Mr. Xi aims to promote is Li Qiang, currently the top party official in Shanghai, the people said. Earlier this year, Mr. Li shunned blame for a weeklong Covid-19 lockdown during which tens of millions of residents in the country's financial center struggled to access food and medical care.

Mr. Li is likely to be elevated

to the Politburo Standing Committee, the party's top decision-making body, according to the people, who say the 63-year-old is also considered a leading contender to be named premier at China's annual legislative gathering in the spring.

China's premier has traditionally assumed responsibility for the country's economy, which has been battered in recent months by Mr. Xi's zero-tolerance approach to Covid-19, a dramatic downturn in the property market and a regulatory crackdown that has created uncertainty for business.

China's National Bureau of Statistics postponed the release of third-quarter gross-domestic-product data on Monday, a day before it was set to be published. An official at the statistics bureau cited unspecified work arrangements as the reason for the delay.

Others likely to join the Standing Committee include Mr. Xi's chief of staff, Ding Xuexiang, and the top party official in Guangdong province, Li Xi, who once worked as a

secretary to a veteran of the Communist revolution with close ties to Mr. Xi's family.

The people close to party leaders cautioned that final deliberations on the makeup of the Standing Committee won't be revealed until Sunday, when the party elite is due to complete the membership of its top decision-making bodies for the next term.

China's State Council Information Office didn't respond to requests to comment.

The makeup of the next Standing Committee and the identity of the next premier have been the subject of intense speculation among Chinese politics watchers ahead of this week's twice-a-decade party congress, where Mr. Xi is poised to break with recent precedent and claim a third term as party leader.

While Mr. Xi seems guaranteed of securing five more years in power, growing public frustration over his management of Covid-19 and the economy has provided ammunition to potential rivals trying to



President Xi Jinping, center, attending Sunday's opening ceremony of the Communist Party congress.

LI XUEREN/XINHUA/ASSOCIATED PRESS

check his power by ensuring his allies don't monopolize senior appointments.

If Mr. Xi gets his way, despite the pushback, he would surround himself with like-minded officials and upend succession norms that the party had honed over recent decades to prevent a return to Mao-style dictatorship. This might make it easier for Mr. Xi to pursue his priorities, but it also raises the stakes should that agenda fail, political analysts said.

in age, some of the people said. He has fewer political opponents to worry about, having neutralized many of them with anticorruption purges and cut off retired party elders from meddling in politics, they said.

China's current premier, Li Keqiang, is due to step down in the spring after completing two five-year terms—the maximum allowed under China's constitution. Li Qiang, Li Xi and Li Keqiang aren't related.

## China's Economic Challenge

*Continued from Page One*  
than before the pandemic, in part due to a shrinking workforce and rising debt levels.

Much of the recent slowdown in China's GDP growth traces to the country's strict policies to contain Covid. Mr. Xi's insistence on lockdowns for even minor outbreaks has underpinned his view that China's system of centralized control is better than the West, and has kept reported case numbers down. It has also kept businesses closed and pushed up youth unemployment.

Mr. Xi now looks set to extend his term as the nation's leader for another five years at a Communist Party congress this week, breaking with recent precedent to step aside after 10. And he shows few signs of changing course on his priorities. In a speech opening the party congress, Mr. Xi defended his zero-Covid policy, saying it has "protected people's lives and health to the greatest extent possible."

On Monday, China delayed the release of third-quarter data on its gross domestic product, originally due out Tuesday, without giving any reason.

A longer-term economic concern is that Mr. Xi has prioritized state-owned businesses, squeezing private companies—a major reversal from China's trajectory since former leader Deng Xiaoping ushered in a period of "reform and opening" in 1978.

He has harnessed the powers of the state to neutralize powerful private-sector tycoons. Amid rising tensions with the U.S., he has stepped up an effort to reduce China's reliance on foreign technology and steered more capital into industries that Beijing sees as strategically important, such as semiconductors.

The shift is contributing to slowdowns in productivity and wage growth, weakness in China's financial markets, and growing reluctance by Western companies to invest there.

### 'Fading enthusiasm'

A new study by the Atlantic Council's GeoEconomics Center, a Washington think tank, and Rhodium Group, a New York-based economic research partnership, predicts that China will struggle to maintain growth of over 3% annually by the middle of this decade, unless the government makes adjustments to overcome a shrinking population and weak productivity.

"We've seen a gradually fading enthusiasm for market-based economic reforms," said Helge Berger, the International Monetary Fund's mission chief for China. "China's potential for growth might be substantially lower than what we're used to."

Some signs point to trouble for the country's growth potential. An IMF analysis estimates that growth in productivity averaged just 0.6% in most of the past decade under Mr. Xi's



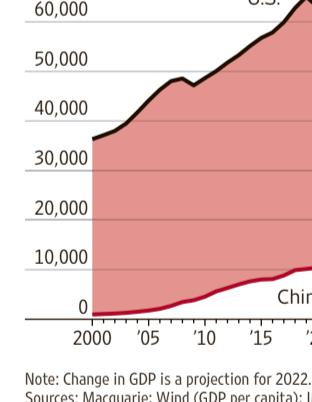
A worker checks semiconductor devices at a Chongqing Pingwei production workshop in March.

COSTPHOTO/DOD/ZUMA PRESS

### Growth Factors

China has made progress closing the per capita GDP gap with the U.S., but its overall economic growth has been slowing.

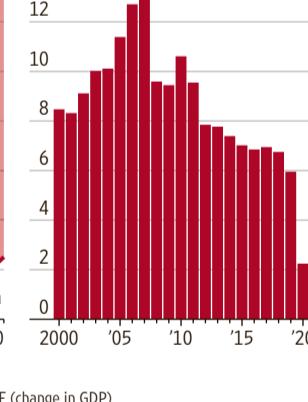
#### GDP per capita



Note: Change in GDP is a projection for 2022.

Sources: Macquarie; Wind (GDP per capita); IMF (change in GDP)

#### Annual change in China's GDP



came suspicious of market forces and the way they could threaten political stability, especially after stock market turbulence in 2015, people familiar with his thinking say.

Mr. Xi also grew more vigilant about potential threats to Communist Party supremacy from private-sector tycoons like Alibaba Group Holding Ltd. co-founder Jack Ma, as well as the U.S.'s increasingly tough stance toward China.

### Xi had signaled a different approach when he took office in 2012.

Market-oriented changes gave way to initiatives aimed at strengthening the party's control and making China, in Mr. Xi's words, a "modern socialist power."

State-led policies aimed to reduce China's reliance on Western imports, turn China into a leader in new technologies, wring debt from the financial system and redistribute wealth.

Beijing showered subsidies on favored industries and encouraged state-owned enterprises to merge to become more powerful. By 2018, total

assets at state companies were valued at 194% of China's gross domestic product—higher than in the early 2000s and several orders of magnitude larger than any other country, according to the IMF.

Because of their state backing, China's state firms borrowed at lower interest rates. They now make up more than 90% of bond issuance in China, according to the Rhodium-Atlantic Council report.

Efforts to rein in housing speculation and prevent a property bubble from getting bigger led to state-owned property developers gobbling up market share at the expense of private ones.

Beijing also launched a near-blanket crackdown on private technology giants seen as challenging Mr. Xi's authoritarian rule, especially in sectors that ventured into the party's ideological domain, such as private tutoring and entertainment.

One entrepreneur who received a Ph.D. in education technology in the U.S. spent more than a decade building up an English-language learning platform in China serving more than 15 million students. He left the company behind last year after its customer count dropped by 80% in Beijing's crackdown on private education firms.

"It's like you raise a baby for

15 years, and suddenly it's gone," the entrepreneur said. He has since started work doing research out of a government-funded lab in computational biology, a strategic priority for China. He is considering a return to the U.S.

Another entrepreneur, Rock Sun, said he left China over the summer after the government outlawed cryptocurrency-related transactions.

Beijing feared that decentralized, anonymous digital currencies could undermine state control over the financial system.

Mr. Sun, who had worked for years at technology and crypto firms in Beijing, said crypto investors had initially welcomed government guidance to help bring order to the industry. After Beijing's actions wiped it out, he left for Singapore, where cryptocurrencies are regulated but allowed.

### State support

China is now a world leader in some industries Beijing supports, including electric vehicles. Companies that benefited from state support, including Hangzhou Hikvision Digital Technology Co. and SenseTime Group Inc., are at the cutting edge of fields such as surveillance and AI.

Venture-capital investors put \$129 billion into Chinese startups in 2021, beating the previous high of around \$115 billion in 2018, with most of the money heading into party-approved priorities such as semiconductors and information technology.

China's per capita national income reached \$12,556 last year.

That puts it closer to the threshold of \$13,205 that the World Bank classifies as the minimum for a "high-income" country, a longtime goal for Beijing. China's GDP per person was 18% of the U.S.'s last year, compared with 12% in 2012.

Scott Rozelle, an economist who runs the rural education program at Stanford University and co-author of "Invisible China," said China could find itself caught in the "middle-income trap"—in which a country's growth stagnates before it

gets rich—unless it radically changes priorities to invest in human capital.

He has found that only 34% of China's labor force had some high-school education as of 2020, a percentage lower than other middle-income countries such as Mexico, Argentina and Turkey. Among the world's major market economies, the high-school attainment rate averaged 82%. "China has failed to invest in its people," he said.

After Mr. Xi's efforts to make China less reliant on foreign technologies, the country is now able to make about 26% of the semiconductors it needs, up from 13% in 2017, according to Handel Jones, chief executive officer of consulting firm International Business Strategies.

Those are less complicated chips. Despite billions of dollars in investments over the past 10 years, China has failed to mass-produce higher-end chips.

A state-led push to develop China's first large commercial passenger jet has shown limited progress after a decade of investments. The aircraft recently cleared one of a series of regulatory hurdles to begin carrying passengers, but industry experts say it remains years away from commercial service.

Arthur Kroeber, founding partner of research firm Gavekal Dragonomics who has written extensively about China's economy, said he's becoming more negative about China's outlook given the limited benefits from its technology-centric industrial policy.

"The declared strategy can boost certain sectors such as semiconductors and electric vehicles, but is not enough to create economywide productivity growth," he said.

Increased regulatory screening of foreign investments, for national security reasons, has led to more multinationals leaving or planning to divest from China. Despite government data showing continued strong foreign investment flows into China, the Rhodium-Atlantic Council study finds that foreign direct investment as a share of China's GDP has declined steadily, to 21% last year from nearly 30% a decade earlier.

A survey released in August by the U.S.-China Business Council of 117 American companies operating in China showed that business optimism had reached record lows. Some 8% of the companies polled had shifted parts of their supply chains out of China to the U.S., according to the survey, while another 16% had moved some operations to other countries.

"A lot of people are not sure if economic development will continue to be the central task of the party," said Mao Zhenhua, chairman and founder of rating agency China Chengxin Credit Co., at an economic forum held in Beijing in June, according to a transcript. "Some course correction is needed for the economy to be back on the right track."

—Karen Hao  
and Rachel Liang  
contributed to this article.

### Listen to a Podcast

Scan this code for a podcast on how Xi's dream slowed China's economy.

The best and brightest in medicine. x 2.

**Uniting expertise from Columbia and Weill Cornell Medicine to innovate women's health.**

What's better than the top minds from one of the nation's best schools? Top minds from two of them. Dr. D'Alton, Dr. Riley, and their teams are working to achieve pioneering breakthroughs in all areas of women's health and improve care for all our patients.

**STAY AMAZING**

NewYork-Presbyterian

WITH WORLD-CLASS DOCTORS FROM

COLUMBIA

Weill Cornell Medicine

**beko**

**Our new dishwashers perform flawlessly using 50% less water and 25% less energy than U.S. standards for dishwashers, saving money and the planet too.**

**Did we just sell you a new dishwasher with a single sentence?**

**Up to \$200 rebate\***

Our new dishwashers are in stock now and available at these fine independent retailers.



Scan the code or go to [beko.com/us-en/new-dishwashers](http://beko.com/us-en/new-dishwashers) to discover even more reasons why Beko is the right dishwasher for you.

BKA Trading 6212A 11th Ave Brooklyn, NY 917-669-6488	Designer Appliances 208 Bellevue Ave Montclair, NJ 973-559-0888	Designer Appliances 280 Main St Bedminster, NJ 888-714-4938	Eatontown TV & Appliance 50 Highway 35 Eatontown, NJ 732-542-0400	Eli's Appliance 216 3rd St Elizabeth, NJ 201-801-1001	Flamtech 114 Bowery New York, NY 212-274-8820
---	--	--	--	--	--

GBAC 750 Stewart Ave Garden City, NY 516-222-9100	Gringer & Sons 29 1st Ave New York, NY 212-475-0600	Gringer & Sons 5074 Jericho Tpk Commack, NY 631-813-2400	Home Appliance 3050 Long Beach Rd Oceanside, NY 516-678-1190	Joe's Appliances 7812 5th Ave Brooklyn, NY 718-745-2800	Klearview Appliance Corporation 3707 Nostrand Ave Brooklyn, NY 718-743-0909
--	--	---	---	--	--

\* Buy a new 39, 38, or 36 series dishwasher from a Beko authorized dealer between 5/23/22 - 12/31/22 and receive up to \$200 rebate, via a prepaid gift card. Rebate amount varies: \$100 on 36 and 38 series and \$200 on 39 series. Must be redeemed online or by mail and postmarked no later than 1/31/23. Limit one rebate per household. For full details and conditions, visit [beko.com/us-en.com](http://beko.com/us-en.com). ©2022 Beko U.S., Inc. 22BEUS068-2

## WORLD NEWS

# Iran's Crackdown on Protests Draws EU Sanctions

By LAURENCE NORMAN

The European Union imposed the bloc's broadest sanctions package against Iran in almost a decade over authorities' crackdown on protesters, the latest sign of a chill in the relationship between European capitals and Tehran.

At a meeting in Luxembourg on Monday, EU foreign ministers placed a travel ban and asset freeze on 11 people and four entities—including Iran's morality police and the Iranian Law Enforcement Forces, which is tasked with suppressing internal dissent—over Tehran's harsh response against protests that have entered their second month.

The demonstrations began with calls for an end to mandatory headscarves for women and have morphed into one of the toughest challenges to the government in decades, with



A video image reportedly shows protesters near Tehran's Evin Prison.

protesters calling for the ouster of the leadership of the Islamic Republic.

Hours after Russian forces launched a wave of what Ukraine said were Iranian-made drones into Kyiv, European foreign ministers also

discussed Tehran's drone supplies to Russia, with senior diplomats saying sanctions are likely to follow in coming weeks.

Iran's protest crackdown, its detentions of European citizens and its siding with Russia

in Ukraine have fed growing animosity between the Iranian government and Western capitals. While most European capitals remain in favor of reviving the nuclear deal with Iran, negotiations are stalled after 18 months and European leaders are now less cautious about imposing penalties than they were in the past.

U.S. and European officials have said talks on the nuclear deal could still resume after the U.S. midterm elections in November, although most are pessimistic on reaching an agreement with Tehran.

Human-rights groups have said as many as 200 people have been killed since protests began following the Sept. 16 death of 22-year-old Mahsa Amini, who was detained by authorities for allegedly violating the country's dress code.

Hundreds of protesters have been arrested, with some of them detained in Tehran's

Evin Prison, which itself was the site of protests and a deadly melee that engulfed the facility in flames on Saturday. Authorities on Monday said the death toll at Evin Prison had risen to eight.

The EU measures come after the U.S., Canada and Britain imposed their own penalties against Iran over the authorities' reaction to the protests.

They include a travel ban and asset freeze on two senior morality police officials, a number of Law Enforcement Force officials and the Minister of Information Issa Zarepour over the Iranian government's internet shutdowns during the protests.

The sanctions also target Iran's Basij Resistance Force, a plainclothes paramilitary force of volunteers operating under the Islamic Revolutionary Guard Corps, as well as the Cyber Defense Command of the

Islamic Revolutionary Guard Corps, which monitors online and email activities of regime opponents, the EU said.

In a tweet after the meeting, European Commission President Ursula von der Leyen said the EU sanctions decision showed the bloc stands with "the brave women of Iran," adding, "Moreover, Iran's support for Russia's war on Ukraine will be met with a clear answer by the EU."

Iran has accused Western countries of meddling in its affairs.

Dialing into Monday's EU meeting from a bomb shelter in Kyiv, Ukrainian Foreign Minister Dmytro Kuleba urged his counterparts to sanction Iran's drone program.

"This is an atrocity we need to address," Danish Foreign Minister Jeppe Kofod said.

—Aresu Eqabli and Benoit Faucon contributed to this article.

## WORLD WATCH

## SOUTH KOREA

**Eldest BTS Member Will Be Conscripted**

The eldest member of the South Korean boy band BTS will be conscripted for the country's mandatory military service later this year, ending a debate over whether the singers' cultural achievements should merit an exemption. The 29-year-old Kim Seok-jin—who goes by the stage name "Jin" to fans—had until his December birthday to begin his mandatory military service of 18 months.

On Monday, Mr. Kim, through his management agency HYBE, said he would initiate steps to join the military as soon as his schedule for his solo release is concluded at the end of October. The other six members of the group plan to carry out their military service based on their own individual plans, HYBE said.

BTS was the first K-pop act to top the U.S. album chart.

—Jiyong Sohn

## JAPAN

**Kishida Orders Probe Of Moon's Church**

Japanese Prime Minister Fumio Kishida on Monday ordered an investigation of the church founded by the late Rev. Moon Sun-myung, a step that could lead to the church being stripped of its legal status in Japan.

The move was the latest fallout from the assassination of former Prime Minister Shinzo Abe in July. The suspect in the killing blamed the former Unification Church for his family's troubles and said he was targeting Mr. Abe because of the former leader's connections to church-linked groups.

The church is a legally registered religious organization in Japan, entitling it to a tax exemption. A church spokesman said it would cooperate with the investigation. He said the church believes there is no basis for a dissolution order.

—Peter Landers

## SWEDEN

**Conservative Elected As Prime Minister**

Sweden's parliament elected conservative leader Ulf Kristersson as prime minister at the head of a center-right coalition that has promised to crack down on crime and curtail immigration in partnership with a populist party with far-right roots.

Mr. Kristersson, 58 years old, was elected Monday in a 176-173 vote and will present his government on Tuesday.

His three-party coalition secured a majority in the 349-seat Riksdag, or parliament, after the Sept. 11 election by teaming up with the Sweden Democrats, a party founded by right-extremists in the 1980s.

The party has softened its image and moved toward the mainstream, but was until recently considered too radical to work with by all other parliamentary groups.

—Associated Press



CREAM OF THE CROP: Hundreds of students at the University of St. Andrews in Scotland took part in the traditional 'Raisin Monday,' a shaving-foam fight among the new students.

EUAN CHERRY/AVON/ZUMA PRESS

## Britain Reverses Tax Plan

*Continued from Page One*

"We are a country that funds our promises and pays our debts," he said, adding that he was making the changes with Ms. Truss's backing.

Together with other steps made public over the weekend, the new moves represent a near total U-turn on the package of measures that Ms. Truss's government announced last month.

The package included the biggest tax cuts in a generation and big energy subsidies to shield households and businesses from soaring energy bills. The measures were aimed at stoking faster economic growth but caused a sell-off of British assets amid worries that the package, funded by borrowing, would further stoke inflation and put the U.K.'s finances on an unsustainable path.

While Mr. Hunt's dismantling of the Truss economic plan has likely diminished uncertainty about U.K. finances in markets, there is still plenty of political uncertainty in the world's sixth-biggest economy. The turnaround on the prime minister's signature economic policy has left the British leader fighting for her job and with a popularity rating that is the lowest of any prime minister since the early 1990s, according to polls and political analysts. Several lawmakers in her Conservative Party have

asked her to step down.

In a sign of her ailing political power, Ms. Truss declined on Monday to turn up to answer questions from the opposition Labour Party in Parliament about her decision to fire her former treasury chief.

"The prime minister is not under a desk," said Penny Mordaunt, a cabinet minister, as she addressed the House of Commons on the prime minister's behalf. Ms. Truss then entered the House of Commons and sat in silence behind Mr. Hunt as he laid out where her economic policy had failed and how it would now be fixed.

Later Monday, Ms. Truss apologized for the budget turmoil, telling the BBC, "I do want to accept responsibility and say sorry for the mistakes that were made." She said she had wanted to protect people from high energy prices and to reduce taxes, but went too far, too fast.

Ms. Truss said she would not resign and was focused on delivering stability, both economic and political.

Of a total of £45 billion of tax cuts announced by the government on Sept. 23, equivalent to about \$50 billion, only about £12 billion remain—a planned cut in payroll tax and a reduction in a levy on property purchases, according to the Institute for Fiscal Studies, a research institute.

"Today's announcements won't be enough, by themselves, to plug the gap in the government's fiscal plans," said Paul Johnson, director of the IFS. "Nor will they be enough to undo the damage caused by the debacle of the last few weeks. But they are big, welcome, clear steps in the right direction."

The pound rose 1.9% against the dollar to \$1.139, and prices

of U.K. government debt surged. The yield on the benchmark 10-year government debt dropped 0.415 percentage point to 3.974%, a very large move for bond markets.

Mr. Hunt said that an income-tax cut planned for next year would be shelved indefinitely and that other proposed tax cuts would also be axed, including freezing a duty on alcohol and a levy on dividends. Taken together with other measures he made public over the weekend, he said the steps would raise around £32 billion a year. He also said a two-year energy price cap for households would be scaled back.

The energy subsidy package, which was supposed to cap average energy prices for British businesses for six months and households for two years, would become more targeted starting in April, Mr. Hunt said. The package is expected to cost £60 billion over the next six months, but there has been no government forecast for the total bill if the measures were extended for the full two years.

"It would be irresponsible for the government to continue exposing the public finances to unlimited volatility in the international gas prices," Mr. Hunt said.

While the markets welcomed the steps, many voters will be hurt by higher taxes and potentially less government support for energy bills come April. Taxes as a percentage of Britain's economy will steadily rise to 36%, compared with 33% in 2019 when the government was re-elected, according to estimates from the Resolution Foundation, a London think tank.

The measures come as the treasury tries to lower the government's borrowing costs and ease pressure on the Bank of England to raise interest rates to control inflation, which would have been further stoked by the tax cuts. Government borrowing costs had risen sharply after Ms. Truss signed off on the biggest tax cuts since the 1970s.

"It has definitely taken the pressure off the Bank of England," said Azad Zangana, senior European economist and strategist at Schroders. He said while the BOE won't have to raise rates as aggressively as before, U.K. assets will continue to trade at a discount while Ms. Truss remains in office.



New U.K. treasury Chief Jeremy Hunt delivering a statement in the House of Commons in London on Monday.



It is illegal for landlords and real estate agents to deny you housing opportunities because of your ethnicity. The Fair Housing Act prohibits housing discrimination based on national origin. If you believe you have experienced a violation of your rights, file a complaint.

Go to [hud.gov/fairhousing](http://hud.gov/fairhousing) or call 1-800-669-9777  
Federal Relay Service 1-800-877-8339



NFHA  
National Fair Housing Alliance



FAIR HOUSING: THE LAW IS ON YOUR SIDE.

A public service message from the U.S. Department of Housing and Urban Development in cooperation with the National Fair Housing Alliance. The federal Fair Housing Act prohibits discrimination because of race, color, religion, national origin, sex, familial status or disability.

## FROM PAGE ONE

## Codes Reshape Florida

*Continued from Page One*

building code at the time. Instead of raising the house 12 feet as required, he said he lifted it 4 feet more. He said he also built the foundation stronger than mandated, going 6 feet below the ground and installing thick concrete walls instead of columns, with vents to allow water to flow through in case of storm surge. He estimated such upgrades added about \$15,000 to the construction costs.

"If you want the luxury of living near the ocean, you have to pay," said Mr. Gonzalez, 57.

Strong hurricanes and stricter building codes, arriving in succession, are changing the economic and demographic makeup of Florida's coastal communities. Inexpensive cottages vulnerable to harsh weather are giving way to pricier homes that are more resilient—a transition that is fortifying the housing stock, but limiting who can afford to live on the coast.

Adding to the costs are escalating premiums for homeowners and flood insurance.

Florida's building code has long been one of the strictest in the U.S. After Hurricane Andrew destroyed tens of thousands of homes in the Miami area in 1992, lawmakers adopted a uniform statewide building code with more-stringent construction requirements. The code, which took effect in 2002 and is updated every three years, establishes a minimum standard local governments must adhere to.

The latest version, adopted in 2020, includes provisions to seal roof decks to keep water out, as well as longer-standing requirements to install impact-resistant windows or shutters and ensure strong connections among the roof, walls and foundation, said Anne Cope, chief engineer at the Insurance Institute for Business and Home Safety, an industry-backed research group. It also contains provisions to guard against flood hazards by, for instance, elevating structures above a certain level.

In the areas of southwest and central Florida that fell within the hurricane-force wind swath of Ian, an estimated 69% of housing units were built before 2000, two years before the statewide building code took effect, according to Census Bureau and National Hurricane Center data.

U.S. coastal areas prone to storms and sea-level rise have developed faster and become denser than non-coastal areas, according to a study by University of Florida and other researchers published in August. As a result, the exposure of building structures to natural hazards is increasing.

Nearly 33 million homes with close to \$10.5 trillion in reconstruction cost value are at risk of hurricane-force wind damages along the Gulf and Atlantic coasts, according to a June report by CoreLogic, a real-estate data company. Nearly 7.8 million homes with more than \$2.3 trillion in reconstruction cost value are at risk of storm-surge damage, the report said.

A CoreLogic analysis earlier this month estimated that flood and wind losses from Ian will range between \$41



**The remnants of Trixie Parkes's home in Fort Myers Beach, Fla., in the aftermath of Hurricane Ian. She plans to sell her property.**

billion and \$70 billion, including between \$10 billion and \$17 billion of uninsured flood losses, since many homeowners don't carry flood insurance.

Florida's building code has long been one of the strictest in the U.S. After Hurricane Andrew destroyed tens of thousands of homes in the Miami area in 1992, lawmakers adopted a uniform statewide building code with more-stringent construction requirements. The code, which took effect in 2002 and is updated every three years, establishes a minimum standard local governments must adhere to.

As these numbers get bigger and bigger, there's going to be a point where the community cannot recover," said Tom Larsen, senior director for hazard and risk management at CoreLogic. "People leave and don't come back."

In the Florida panhandle, Mexico Beach, which was ravaged by Hurricane Michael in 2018, imposed code changes in the aftermath. The city now requires new homes in many areas be built 1.5 feet above the highest point in the adjacent roadway, and those in certain low-lying areas be elevated significantly higher. It also increased the wind speed new homes must withstand to 140 miles an hour from 130.

Locals sought to preserve the character of Mexico Beach, with its cottages, seafood spots and population of retired teachers, military personnel and others drawn to an affordable beachfront lifestyle. Officials continued to bar high-rise developments.

But they couldn't stave off changes. Some homeowners who lacked insurance sold and moved. Investors bought land and built fancier homes to rent. New gated communities are sprouting up.

The average sales price of homes in a stretch of coast that includes Mexico Beach increased to \$453,000 in 2021 from \$271,000 in 2019, according to data compiled by 98 Real Estate Group, a local firm. There were 10 home sales in the area of \$1 million or more in 2021, and two sales of \$2 million or more this

year. "The building has just been unbelievable," said Bobby Pollock, a member of the Mexico Beach city council.

A similar trend could unfold in the Fort Myers area, said Mark Wilson, president of London Bay Development Group, a real-estate developer based in Naples, Fla. The firm is developing a 10-story condo building in Fort Myers Beach with 58 units starting at \$1.3 million each. The nearly completed building endured Ian well, with breakaway walls, designed to collapse in the event of heavy storm surge,

### Underlayment

The latest version of the building code emphasized sealing the roof deck, giving builders options to choose from for protection if primary covering is lost.

Felt underlayment (19 in. overlap)

Metal drip edge

4 in. joint tape

Felt underlayment (4 in. overlap)

Self-adhering polymer underlayment

Sheathing

In most parts of Florida

the sheathing thickness

must be 19/32 of an inch

or greater

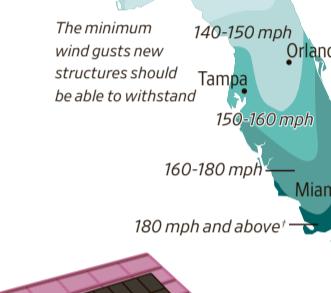
\*Spacing depends on specific gravity of the truss

†Florida Keys structures should be able to withstand 200 mph wind speeds

Sources: Florida Building Commission; Insurance Institute for Business & Home Safety

Brian McGill/The Wall Street Journal

### Florida building code design wind speeds



The minimum wind gusts new structures should be able to withstand

140-150 mph

150-160 mph

160-180 mph

180 mph and above!

Jacksonville

Orlando

Tampa

Miami

Below 140 mph

140-150 mph

150-160 mph

160-180 mph

180 mph and above!

Florida building code design wind speeds

Jacksonville

Orlando

Tampa

Miami

Below 140 mph

140-150 mph

150-160 mph

160-180 mph

180 mph and above!

Jacksonville

Orlando

Tampa

Miami

Below 140 mph

140-150 mph

150-160 mph

160-180 mph

180 mph and above!

Jacksonville

Orlando

Tampa

Miami

Below 140 mph

140-150 mph

150-160 mph

160-180 mph

180 mph and above!

Jacksonville

Orlando

Tampa

Miami

Below 140 mph

140-150 mph

150-160 mph

160-180 mph

180 mph and above!

Jacksonville

Orlando

Tampa

Miami

Below 140 mph

140-150 mph

150-160 mph

160-180 mph

180 mph and above!

Jacksonville

Orlando

Tampa

Miami

Below 140 mph

140-150 mph

150-160 mph

160-180 mph

180 mph and above!

Jacksonville

Orlando

Tampa

Miami

Below 140 mph

140-150 mph

150-160 mph

160-180 mph

180 mph and above!

Jacksonville

Orlando

Tampa

Miami

Below 140 mph

140-150 mph

150-160 mph

160-180 mph

180 mph and above!

Jacksonville

Orlando

Tampa

Miami

Below 140 mph

140-150 mph

150-160 mph

160-180 mph

180 mph and above!

Jacksonville

Orlando

Tampa

Miami

Below 140 mph

140-150 mph

150-160 mph

160-180 mph

180 mph and above!

Jacksonville

Orlando

Tampa

Miami

Below 140 mph

140-150 mph

150-160 mph

160-180 mph

180 mph and above!

Jacksonville

Orlando

Tampa

Miami

Below 140 mph

140-150 mph

150-160 mph

160-180 mph

180 mph and above!

# PERSONAL JOURNAL.

© 2022 Dow Jones &amp; Company. All Rights Reserved.

THE WALL STREET JOURNAL.

Tuesday, October 18, 2022 | A11



## Mood Swings in Your Mid-40s? Perimenopause May Be to Blame

Some doctors say hormone treatments can help women who are feeling anxious or depressed



**YOUR  
HEALTH**  
**SUMATHI  
REDDY**

**A**nxiety and depression can hit women hard in midlife. A lot of them don't realize perimenopause may be a cause—or that hormone therapy may be a treatment option.

Mood changes are among the most common symptoms of perimenopause, a transition time before the last menstrual period that typically begins during a woman's 40s. Some doctors say more women should be asking about treating those symptoms with hormone therapy and aren't getting the care they should.

That is partly because of practitioners' lack of training in menopausal and perimenopausal care, they say, and partly because of lingering fears about hormone treatment stemming from an older study linking it to health risks for some women.

Scientific understanding of the connection between perimenopause and mood changes is growing, yet some researchers who study the issue say treatment for most women isn't changing despite the science.

Perimenopause starts when women's monthly menstrual cycles become irregular. It can range from

three years to more than a decade, averaging six to seven years. Hormonal changes in perimenopause can trigger hot flashes, night sweats and other symptoms often associated with menopause. As many as one-third of women experience depressive symptoms during this time, according to a growing body of research.

"Women aren't being treated for this," says Pauline Maki, a professor of psychiatry, psychology and obstetrics/gynecology at the University of Illinois Chicago. "I don't know that women realize this happens in the perimenopausal transition."

### Mood shifts

Mood disorders in women of perimenopausal age are typically treated with antidepressants. These can be a good option for some women who have been previously diagnosed and treated for mood disorders, says Dr. Maki, who was first author on a set of 2019 guidelines outlining treatments for women with perimenopausal depression. However, antidepressants can cause side effects and don't work for all women, some researchers and studies note.

Doctors don't normally screen for perimenopause symptoms, so it's often up to women to raise the issue and discuss changes in mood or bouts of anxiety. Women who have previously had hormone-re-

lated mental-health issues are more likely to have mood changes again during perimenopause so should be especially vigilant, says Stephanie Faubion, director of Mayo Clinic Women's Health and medical director of the North American Menopause Society.

Dr. Maki and other physicians say trying hormone therapy can lessen symptoms like hot flashes as well as mood changes. Plus, patients can tell quickly whether it's working, says David R. Rubinow, a research professor of psychiatry at the University of North Carolina-Chapel Hill School of Medicine.

His studies have found pretty consistently that two-thirds of women respond to hormone therapy. "You know very quickly whether someone responds or not," he says. "For the most part, you can tell within a week."

Yet doctors can't tell for certain whether a woman's midlife mood changes are triggered by sensitivity to hormone fluctuations, stress or some combination of factors. Physicians shouldn't assume that all anxiety and depression during perimenopause is caused by sensitivity to hormone fluctuations, says Hadine Joffe, director of the women's hormones and aging research program at Brigham and Women's Hospital and professor of psychiatry in women's health at Harvard Medical School.

If hormone therapy is always the

first-line treatment, "we run the risk of inappropriately treating people," she says.

Compounding the issue is the fact that doctors receive scant training in menopause and perimenopause issues. Some women say their doctors don't tell them they might be going through perimenopause, explain what it is or note that sensitivity to these hormonal fluctuations may prompt mood changes. Other women say their doctors sometimes dismiss symptoms as the result of stress or lack of exercise.

A survey of 183 medical residents found 20% received a menopause lecture during their residency, and only about 7% said they felt prepared to treat women in menopause. The findings were published in the journal Mayo Clinic Proceedings in 2019.

Women who feel they aren't getting the right attention might look for a practitioner who is certified by the North American Menopause Society.

### Exploring hormone therapy

Hormone therapy is similar to what women take in birth-control pills, but in a lower dose. It consists of taking estradiol—a form of estrogen typically delivered through a skin patch—often given with oral progesterone to reduce the risk of

Some women's brains may be especially sensitive to hormone fluctuations, causing mood shifts.

uterine cancer. It is approved by the U.S. Food and Drug Administration for symptoms such as hot flashes and bone-density loss, though doctors also prescribe it off-label for mood disorders.

"There's a general lack of awareness that [hormone therapy] is effective for treating perimenopausal depression," says Susan Girdler, a professor of psychiatry at the University of North Carolina at Chapel Hill (and colleague of Dr. Rubinow) who researches mood disorders and perimenopause.

Fear of the treatment's risks has deterred its use. Hormone therapy used to be commonly prescribed to treat menopause symptoms, but sharply dropped after 2002, after a government-funded study was halted amid findings that the treatment increased women's risk of breast cancer and cardiovascular disease.

Subsequent analyses found that that risk was largely concentrated among older, postmenopausal women. The earlier study also involved a different formulation of estrogen and progesterone than is used today. Some doctors and patients remain wary of hormone therapy because of the stigma from the study.

The treatment is considered safe for most women under the age of 60 who are within 10 years of menopause onset, according to the 2022 guidelines from the North American Menopause Society. The guidelines advise against most hormone therapies for women with a history of breast cancer. And women 60 and older are encouraged to consult with a doctor because of an increased risk of health complications.

### What research says

Recent studies have suggested that hormone therapy may help treat or prevent mood disorders in some women. Some women's brains may be especially sensitive to hormone fluctuations, giving rise to mood changes.

In a randomized controlled trial with 172 women, half got hormone therapy and the other half received a placebo. Those given hormone therapy had a substantial reduction in the risk of developing depressive symptoms. The results were published in a 2018 study in *JAMA Psychiatry*.

A study published in September in the journal *Psychoneuroendocrinology* found that hormone therapy was associated with lower perimenopausal anxiety and depressive symptoms when compared with women who didn't receive the treatment.

Ridgely Green, a 50-year-old Atlanta-area resident, says it was difficult to find treatment when she began experiencing perimenopausal symptoms including mood issues about a year ago. "I was totally unprepared," she says.

After bouncing among doctors who gave her at-times conflicting information, she says she found relief through hormone therapy and a prescription to help with her sleep.



Some restaurants are rethinking their strategies to better accommodate demand for reservations.

At Boia De, a 27-seat restaurant in Miami, Friday-night tables can reach wait lists of 1,000 people who register for opening notifications via restaurant-reservation platform Resy, chef-owner Alex Meyer says. With staffing difficult, the restaurant has given workers raises, but it is taking roughly three months to fill one position, he says. After a 10-month wait as a result of staffing issues, Boia De recently opened seven days a week to better meet demand, he says.

The restaurant is also being more transparent about how diners can get a reservation. When it opened in 2019, the staff would accept emails and calls requesting

reservations. Now it is done strictly via Resy. The restaurant also periodically posts notifications via social media to remind guests that reservations open at noon 30 days in advance. "We want to make sure the process is fair," Mr. Meyer says.

Flour + Water, a San Francisco restaurant, is also moving away from more-casual reservations. After seeing an increase in reservations on days that traditionally served more walk-ins, including dinner Sunday through Wednesday, the restaurant made its communal dining table available only by reservation this spring, director of operations Amanda Flores says.

Diners booking reservations are getting savvier. More people are using Resy's notify feature, which alerts diners of openings, Resy CEO

Alexander Lee says. Many are also logging on 24 hours before they want to dine—when Resy asks diners to confirm their reservation and when some can cancel before incurring fees. Resy, which is owned by American Express Co., says seated diners were up 75% in July compared with January, as a result of increased demand as Covid-19 cases eased and with more users and restaurants using the service.

Restaurateurs worry that the lack of reservations can harm repeat business or turn off the kind of neighborhood regulars who kept restaurants going throughout the pandemic and in slower seasons. At FIG, a Charleston, S.C., restaurant popular with tourists and locals, online booking systems "alienate the older crowd" and some less tech-savvy regulars who want to stop in, co-owner Adam Nemirow says. To accommodate last-minute diners, he holds back some reservations during prime-time hours.

At Saint Theo's in New York's West Village, partner Kyle Hotchkiss Carone splits 70% of the seats between walk-ins and regulars, leaving 30% available online. Online reservations at the Italian restaurant now have waiting lists of more than 1,500 people on weekend nights. "I don't shy away from that. Of course we give reservations to regulars," he says.

By ALINA DIZIK

**N**eeds a Friday-night reservation? Your go-to dinner spot might now have a 1,000-person wait list.

Demand for dining out is growing as restaurants are trying to manage staff shortages, condensed dining hours and fewer walk-ins. That means popular eateries are seeing extra-long standby lists.

"People are really planning ahead for that meal out," says Debby Soo, chief executive of OpenTable, a restaurant-reservation company owned by Booking Holdings Inc.

Some of those who used to walk in now prefer to secure their spot ahead of time, leaving even fewer slots available, she says. Walk-in traffic has dropped 8%, while online reservations grew by 9% from January through June of this year compared with the same period in 2019, according to OpenTable data. Las Vegas, Miami, Austin, Texas, Fort Lauderdale, Fla., and Naples, Fla., are seeing double-digit increases compared with the 2019 period.

Overall, seated reservations in September climbed 9% compared with last year.

Since the onset of the pandemic, many consumers are less willing to spontaneously dine out and prefer certainty in their plans, restaura-

## PERSONAL JOURNAL.


**FAMILY & TECH**  
JULIE JARGON

**M**ichelle Hirschboeck was looking for a way to keep track of her husband, Paul, who has dementia. She settled on something not intended for people: AirTags.

Caregivers have turned to Apple's tiny, \$29 tracking devices after finding other methods of monitoring people with dementia aren't a fit, or are too expensive. Many tracking apps require people to have their phones with them. People with dementia might forget them when they leave the house, caregivers say. They do tend to remember keys and wallets, however, to which the AirTags were designed to attach.

Public-health officials say tracking people with dementia is ethically murky, because some individuals don't want to be tracked—though the people caring for them are often in a bind. And even the people using AirTags find they lack the precision to be useful in dire situations. Helping people stay safe in their homes as they age is placing a growing strain on families who are often the caregivers of loved ones with dementia. An estimated 6.5 million Americans ages 65 and older have Alzheimer's dementia, a number that is expected to reach 12.7 million by 2050, the Alzheimer's Association says.

Ms. Hirschboeck, a graduate assistant at the University of Minnesota, says a social worker suggested GPS shoe insoles designed for people with dementia to keep tabs on her husband's location. The insoles can cost more than \$300 a pair, on top of a monthly service plan. Mr. Hirschboeck, 59, doesn't always wear the same shoes, his wife says. "He always puts his keys and wallet in his pocket when he goes out," she adds.

Two months ago, she bought an AirTag and a keychain. She told her husband the device can help him find his keys if he loses them—and help her locate him if he gets lost on a walk. "How much he understands, I'm not sure," she says.

Recently, when she was in the basement doing laundry, she went upstairs to discover he had left. She couldn't see him from the

## Some Try Apple AirTags to Track A Loved One Who Has Dementia



Paul Hirschboeck, a 59-year-old who has dementia, sometimes gets lost while walking around his neighborhood.

house, and didn't know which way he'd gone. Before the AirTag, she would have driven around looking for him, she says. Now, her phone's Find My app provides a location.

"Even though it was not exactly a real-time location," she says, "I knew which way he had gone, and that he had not been far away a few minutes ago."

Soon, she saw him coming around the corner.

AirTags have been used to stalk people without their knowledge, by covertly planting them in their cars or belongings. Apple says AirTags aren't for tracking people, and the company condemns malicious use. It rolled out software updates so people can more easily learn if someone else's AirTags are following them.

### False sense of security?

"Just because someone has been diagnosed with dementia doesn't mean they can't still make decisions for themselves," says Jo-

seph Gaugler, a professor of long-term care and aging at the University of Minnesota's School of Public Health. "They can and should be asked if it's OK with them."

He understands the appeal of AirTags and similar products for caregivers, but says the loved one's wandering is what should be addressed. "It's more constructive to understand what leads to the wandering and to try to come up with strategies to prevent it," he says.

The Alzheimer's Association has a list of ways to reduce the risks of wandering. If you know the time of day someone typically wanders, for instance, you can plan distracting activities around them. The organization also offers tips for safeguarding people's homes to prevent wandering.

However, many families want to preserve their loved ones' independence—including letting them take unattended walks.

Michael Ellenbogen, 64, was di-

agnosed with early onset Alzheimer's in 2008 and says he's been able to manage his dementia for so long by taking Alzheimer's medication and supplements. Still, the former bank IT manager from Chesapeake City, Md., says he struggles with technology. "I even have problems using my own cellphone anymore to find my way home, so I'll call my wife," he adds.

He has reviewed numerous tracking apps and devices, though not AirTags. He says he doesn't trust such devices and that he wouldn't use AirTags. Devices can be lost or forgotten, he says, and batteries can run out. (Apple says an AirTag's battery is good for more than a year.)

"These tracking technologies give people a false sense of security," Mr. Ellenbogen says.

### Twenty minutes is a long time

There are technical hurdles, too. AirTags don't have GPS. In-

stead, they rely on the location services of nearby iPhone, iPad, iPod Touch and Mac devices in Apple's encrypted, anonymous Find My network.

Caregivers can then open their Find My app to see the AirTag's location on a map.

Steve Snyder of St. Paul, Minn., has run into problems locating his father, Ron, with an AirTag attached to his keychain. When the elder Mr. Snyder took his dog to the park recently and didn't return at the expected time, his wife asked Mr. Snyder to see where he was.

Mr. Snyder checked the Find My app, which said the AirTag's location was last updated 20 minutes before.

"In 20 minutes, he could be 10 streets over and we wouldn't be able to find him," Mr. Snyder says.

When Mr. Snyder checked the app again, it showed his father at the park. But then he heard the garage door open—his father was back. It took another 15 minutes for the AirTag to show he was home.

Apple says that if an AirTag can't reach a device on the Find My network, you only see its last known location with a timestamp.

Mr. Snyder says the AirTag isn't perfect, but it's the most useful option for now.

He'd suggested buying his father an Apple Watch, but says the 80-year-old has had the same watch for 25 years and wouldn't wear a new one. Mr. Snyder has also tried to get his father to use a smartphone.

"He just wants a flip phone—he says he doesn't need all the other stuff on a smartphone," Mr. Snyder says. "The beauty of the AirTag is that he won't leave home without his keys."

Mr. Snyder says his father has stated that he doesn't want anyone tracking him, but he didn't protest when they showed him the AirTag on his keychain. One time, the AirTag popped off and his dad said it needed to be put back before he could leave home.

Still, the younger Mr. Snyder isn't sure how long the AirTag will be an option.

"As the disease progresses, we will have to look at what we need to do to ensure his safety," he says. "I'm not sure the AirTag is the right mechanism to do that."

### MY RIDE | A.J. BAIME

## Her 'Moulin Rouge' Muscle Car Helped Steer Her to the Nickname 'Cuda Girl'

Joy Curran, an executive assistant at Johnson & Johnson living in North Brunswick, N.J., on her 1970 Plymouth AAR 'Cuda, as told to A.J. Baime.

Growing up in New Jersey, my father and my mother's brother had quite a few muscle cars, and by age 6, I was hooked. In particular, I gravitated to Chrysler muscle cars like the Dodge Challenger and the Plymouth Barracuda. I was able to save some money, and the first car I bought, when I was 16, was a 1970 Challenger. It was my dream car.

But unfortunately because I had a part-time job and school, I was not able to pay for the upkeep. I had to sell it.

Later in life, my husband, Mark, and I had our priorities. We had to get our son through high school and college.

When he graduated and found a good job, I told Mark, "I want to start looking for a car." I had waited 30 years.

My goal was to find a 1970 Plymouth AAR 'Cuda. But never in my imagination did I believe we could actually find one.

What is an AAR 'Cuda? In 1970, Chrysler wanted to enter the Plymouth Barracuda in the Sports Car Club of America's Trans-Am racing series. [This series was known for its "pony car wars," pitting Mustangs, Camaros and other muscle



Joy Curran's husband had the license plate made for her Plymouth AAR 'Cuda.



Joy Curran's husband had the license plate made for her Plymouth AAR 'Cuda.



cars against each other.] To qualify the car, Chrysler had to build a certain number of customer street versions.

The company partnered with the racing team All American Racers (AAR) to build the AAR 'Cuda [the abbreviated version of Barracuda is the car's official name]. In 1970, 2,724 Plymouth AAR 'Cudas were built, packing powerful 340-cubic-inch "six-barrel" V-8 engines.

For us, in 2017, finding one was going to be a process. We found a pink one—the actual color is called

moulin rouge. I loved the paint, but the deal did not work out. My husband said, "If we ever find a pink AAR 'Cuda that's in good shape, you're going to be driving it."

We found our lime green metallic AAR 'Cuda in 2017, and the pink one you see here (a different one than the earlier one we had seen), in 2019. Both have four-speed manual transmissions.

Ever since, we have been taking our 'Cudas to car shows, local Cars & Coffees and cruise nights. Mark had a front license plate made that says "CUDA GIRL," and that has become my nickname. Some people, when they find out my nickname, say, "I don't know. I just don't see you into cars." But I always have been.

My daily driver is a Dodge Challenger R/T Scat Pack with a 485-horsepower V-8 engine. There is just something about being in a car that has a lot of power that has always brought a smile to my face.

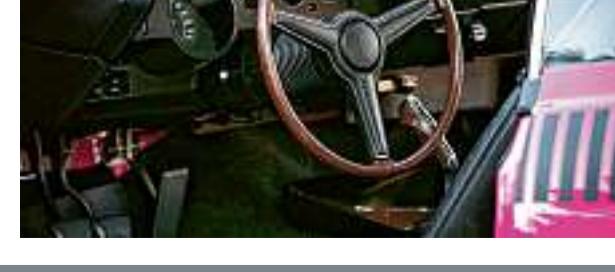
**ROLEX**

OYSTER PERPETUAL DATEJUST 36

BETTERIDGE

239 GREENWICH AVE, GREENWICH  
www.betteridge.com

ROLEX • OYSTER PERPETUAL AND DATEJUST ARE © TRADEMARKS.



## ARTS IN REVIEW



Arctic Monkeys performing on 'The Tonight Show'

TODD OWYOUNG/ABC/GETTY IMAGES

MUSIC REVIEW | MARK RICHARDSON

## Arctic Monkeys Are Still Tranquil

**W**hen Arctic Monkeys released its debut album, "Whatever People Say I Am, That's What I'm Not," in 2006, the band existed in a space somewhere between the post-punk revivalism of the early part of the decade and the big-tent sound of 1990s Britpop. The record's songs were packed with power chords and hook-laden choruses, and Arctic Monkeys was an immediate sensation in its home country—the group formed in Sheffield, England—but one could guess that Arctic Monkeys had more on its mind than recording soccer anthems.

Frontman and songwriter Alex Turner, has an expressive voice and a restless spirit drawn from David Bowie, Roxy Music's Bryan Ferry, and Blur's Damon Albarn, all of whom strove to balance artistic expression with commercial success. Though Arctic Monkeys only grew more popular with time—its 2013 LP, "AM," was a global smash—the band's 2018 release, "Tranquility Base Hotel & Casino," was a major departure. On that set, Mr. Turner shifted his attention to lush, atmospheric ballads with elliptical lyrics, and the re-

cord brought to mind the cerebral early 1970s work of singer Scott Walker after he moved on from the pop of his group the Walker Brothers. The new Arctic Monkeys album, "The Car" (Domino), out Friday, continues the experiments of "Tranquility Base," letting go of some of that record's essential strangeness while maintaining the arch and luxurious atmosphere.

It's a collection of songs about the tensions between art and commerce, between performance and authenticity, and it extends these questions into other areas, investigating the gap between what we want to show the world and who we really are. The lyrics are filled with prickly lines designed to wound and they're often jumbled, landing like newspaper headlines pasted onto a large piece of poster board. Though there are clear themes and connections between one track and the next, the details are fragmented, and resistant to explanation.

On the opening "There'd Better Be a Mirrorball," piano and insistently tapping cymbals contribute to the jazzy atmosphere, while Mr. Turner sings in his most expressive croon, wringing every syllable of each lyric dry, finding multiple

meanings and perspectives in each word. "You ought to know I'll have a heavy heart, so can we please be absolutely sure that there's a mirrorball," goes the central refrain, and you can't quite gauge Mr. Turner's own distance from the expressed sentiment.

Throughout, Mr. Turner's voice is up high in the mix and recorded



with little processing, designed to float above the music rather than integrate into it. His words address nightclubs, performance and glittery artifice—"You can't see past the disco strobes in the stumbling blocks," he sings on the second track, "I Ain't Quite Where I Think I Am," as hand drums and a

wah-wah guitar fold into the arrangement. Mr. Turner's relationship to the decadence portrayed in the songs is complicated—he seems to send up its pretensions and the puffed-up egos of the characters who dwell in these spaces, but the expensive-sounding musical backing simultaneously celebrates these qualities.

Though the music on "The Car" often evokes a lounge or a mid-'60s Bond movie soundtrack, the

Alex Turner's calm, fragmented poeticism creates a luxurious and slightly odd record.

compositions unfold in unusual ways, and dole out hooks and pop pleasures sparingly. It's as if Mr. Turner's wary characters are suspicious of anything that goes down too easy, and choose winding melodies that only sporadically land on a hummable bit. Occasionally, the lush orchestral pop is leavened with bits of other genres. On "Jet Skis on the Moat," another wah-

wah guitar plays an ultra-spare line, as if a thin strand of a funk song had been draped over a piano ballad. But the sound throughout is quite consistent, which reinforces the idea that this statement should be heard at album-length, though it takes a few listens to differentiate one tune from the next.

Many songs begin with an unwieldy first line. On the title track, Mr. Turner opens with "Your grandfather's guitar, thinking about how funny I must look / Trying to adjust to what's been there all along with the boat kiosk lady and her sleepy amigos," which is a mouthful. And then "Hello You" begins with "Lego Napoleon movie written in noble gas-filled glass tubes underlined in sparks." These introductory lines feel almost like a dare, as if Mr. Turner is asking, "If I start here, will you follow me into the rest of the song?" This speaks to his confidence as a songwriter and the fact that the current iteration of Arctic Monkeys' music isn't for everybody. Mr. Turner's unusual melodies and cryptic lyrics sound like little else out there at the moment, but there is no getting around the stretches of tedium. Still, Arctic Monkeys' willingness to stretch is admirable even if the results are sometimes frustrating.

Mr. Richardson is the Journal's rock and pop music critic. Follow him on Twitter @MarkRichardson.

## Weather



Forecasts and graphics provided by AccuWeather, Inc. ©2022

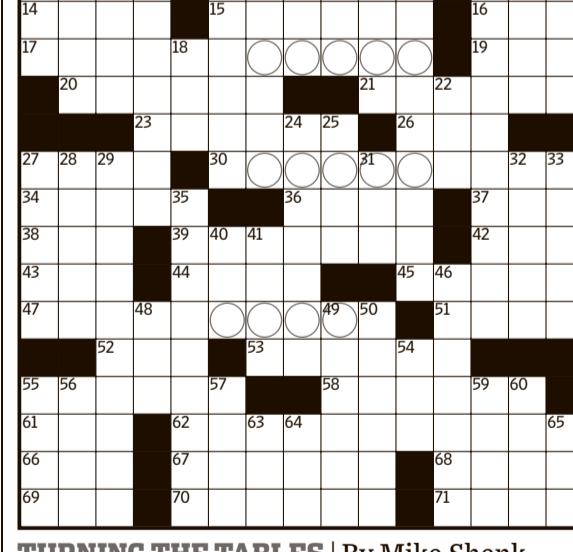
## U.S. Forecasts

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Omaha	44	18	s	57	36	pc
Orlando	71	51	s	72	52	s
Philadelphia	56	38	pc	55	39	pc
Phoenix	88	68	s	91	68	s
Pittsburgh	43	35	c	43	30	sn
Portland, Maine	61	41	sh	58	38	s
Portland, Ore.	76	51	pc	78	51	s
Sacramento	83	54	pc	86	51	pc
Seattle	70	51	s	73	49	s
Salt Lake City	75	48	s	73	49	s
San Francisco	73	57	pc	76	56	pc
Santa Fe	62	38	s	67	39	s
Seattle	70	51	s	73	49	s
Sioux Falls	42	15	s	56	36	pc
Wash. D.C.	57	40	pc	56	39	pc

## International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	61	43	c	57	48	pc
Athens	70	59	s	74	58	pc
Baghdad	102	70	s	103	70	s
Bangkok	89	72	pc	88	71	pc
Beijing	65	37	s	69	43	pc
Berlin	63	45	s	56	40	sh
Brussels	64	49	c	65	55	pc
Buenos Aires	66	63	s	70	61	pc
Dubai	97	80	pc	96	80	pc
Vancouver	61	49	pc	62	50	s
Warsaw	64	44	r	53	36	sh
Zurich	71	49	pc	68	49	pc

## The WSJ Daily Crossword | Edited by Mike Shenk



## TURNING THE TABLES | By Mike Shenk

## Across

- 1 Drug cooked up in a lab
- 5 Printer's list of mistakes
- 11 Truck part
- 14 Liniment target
- 15 Tentative inquiry
- 16 Encouragement for a torereader
- 17 Frontman of English folk-rock band Noah and the Whale
- 19 Brit's brew
- 20 "Desire Under the Elms" playwright
- 21 Like some peanuts
- 23 Beer hall vessels
- 26 Agent Smith's nemesis in a film tetralogy
- 27 Fanatic following
- 30 Brazenly investigates
- 34 Burger topper
- 36 Artemis program org.
- 37 Funny fellow
- 38 Field worker
- 39 Waterproof fabric
- 40 Brit's brew
- 42 Belonging to the two of us
- 43 Pricing word
- 44 Unmanned minor
- 45 Gradient
- 47 Longtime "60 Minutes" correspondent
- 51 Horace collection
- 52 "You've got mail!" co.
- 53 Primitive weapons
- 55 Philosopher Wittgenstein
- 58 Maligns online, say
- 61 Heated state
- 62 Delaying, and a hint to the circled letters
- 66 Round Table address
- 67 Ditch Day participant
- 68 Type type: Abbr.

► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](#).

69 Braying beast

70 Uninterrupted transitions

71 Antiseptic target

Down

- 1 Alternative to "Bub"
- 2 Canyon effect
- 3 Compared with
- 4 Toast start
- 5 Sends a paperless return
- 6 Successfully lure
- 7 Field worker
- 8 Boxing great
- 9 Addition column
- 10 Bill Clinton and Billy Bob Thornton, for two
- 11 State tree of Kansas and Nebraska
- 12 On the sheltered side
- 13 Rosary piece
- 18 Off the hook, as a party
- 22 Botanical garland
- 24 Lacking layovers
- 25 Sister of Maggie and Bart
- 27 Impressive feats
- 28 Not achieved
- 29 They see what you're saying
- 31 Omega follows it
- 32 Umber's kin
- 33 Fantasy fiends
- 35 Carter, Gore and Obama, e.g.
- 40 Bug
- 41 Director von Trier
- 46 Get shellacked
- 48 Solemn word
- 49 Persian or Siamese
- 50 Adulterates
- 54 Popular SCOTUS member of the recent past
- 55 Sister of Maggie and Bart
- 56 "Exodus" author
- 57 Golden Globe winner for "Chicago"
- 59 Behind
- 60 Slash mark
- 63 Pull gently
- 64 Letter four before 31-Down
- 65 Carrier to Amsterdam

## Previous Puzzle's Solution

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

## SPORTS

JASON GAY

# Baseball's Behemoths Are Gone. Is This Bad for the Game?

A fast and furious divisional round dismisses the 111-win Dodgers and the 101-win Braves



Are baseball's playoffs unfair?

Some of the pastime's self-appointed pooh-bahs are fretting about this, after the terse postseason dismissals of the 111-win Los Angeles Dodgers—eliminated in a best-of-five series by the raffish, 89-win San Diego Padres—and the 101-win defending World Series champion Atlanta Braves, sent to the golf course by those scrappy 87-win arrivistes, the Philadelphia Phillies...who also eliminated the division-winning St. Louis Cardinals.

Before that, the 101-win New York Mets lost a best-of-three wild-card series to the Padres. A \$270 million payroll, wiped out in a weekend! *The horror!*

The “concern” is basically this: Baseball spends six months wheezing through an interminable 162-contest regular season to sort out its highest-quality teams, and then throws everyone into a ruthless playoff blender in which it doesn’t really matter how many games you won from April through September. The result? A regular season powerhouse might wind up losing to a bunch of Philly dudes who look like they work at a motorcycle bar.

You can hear the whining from coast to coast: Why are the Padres still standing after finishing 22 games behind the Dodgers? How are the Phillies here after finishing a distant third behind the eliminated Braves and Mets?

Allow me to say it first: *Well, boo-hoo-hoo.*

I never thought we’d reach a time in sports when people worried about Goliaths losing to Davids, but here we apparently are. Baseball’s postseason doesn’t guarantee the success of the mighty. A result cannot be guaranteed; assumptions cannot be made. Modern entitlement is officially amok.

As always, there’s tinkering to vilify: Baseball introduced another modified format this season, adding an additional wild-card team to each league and a fast, best-of-three round played entirely at the ballpark of the higher seed. That’s where the Mets met their demise, as did the Cardinals, Blue Jays and Tampa Bay Rays.

Meanwhile, regular-season juggernauts like the Dodgers, Braves



The Dodgers, above, won 111 games but lost in the NLDS. The Phillies, right, finished third in the NL East but are in the NLCS.

and Yankees sat idle with opening-round byes. That layoff is under suspicion: Does it hurt a baseball team, constantly in action for six months, to suddenly put its feet up on the couch? Is it actually a better thing to be a wild card, jump into the action immediately, and stay hot and full of momentum?

Another complaint: Why is the divisional round only best-of-five? After 162 games, shouldn’t it take the Padres more than a weekend to slay the rival Dodgers? Wouldn’t it be fairer to the top seed to play a best-of-seven? Best-of-nine? Best-of-11? Why not just keep playing Padres-Dodgers games until, you know, the Dodgers just win?

The pooh-bah protectors like to point to old systems like when the American League and National League sent only a pair of division winners to its postseason, and duked it out from there, free of wild-card interlopers. Was that a “fairer” format?

The answer to all of these questions is a big, fat...who knows? The whole idea of a modern playoff for-



mat is to widen the field, promote TV interest, and, of course, make more money.

There was a better than average chance, that the 111-win Dodgers just pancaked San Diego, as they did all regular season. But the postseason format introduced the possibility they could combust prematurely. (In the playoff grievance, the Dodgers are stripped of any responsibility for their own demise; it isn’t

the fault of poor decisions, or underperforming personnel, it’s the fault of a volatile postseason.)

I’ll ask here: When has baseball been preoccupied with fair? Is it fair that the Dodger payroll hovers at \$275 million—almost five times the payroll of the nearly-playoff ready Baltimore Orioles? (For what it’s worth, the Phillies and Padres have gargantuan payrolls, too.)

Likewise, playoff randomness is a

feature, not a bug. There’s always a possibility that a team that has no business winning will win, and this isn’t particular to baseball. Should the NFL go back and replay the Super Bowl between the 10-6 New York Giants and the 16-0 New England Patriots as a best-of-seven series? Should Georgetown get another shot at Villanova? Should we give Mike Tyson a few more rounds with Buster Douglas?

Should we go back and replay U.S.A. vs. U.S.S.R. in Lake Placid?

*Do you believe in miracles—or extending advantages to regular-season champions until we all but eliminate the possibility of surprise?*

It isn’t hard to detect at least a whiff of big-market snobbery here. Would there be this much howling about fairness if the roles had been reversed, if a plucky Dodgers team had upset a dominant Padres outfit, or if a mighty Phillies club was undone by a scrappy Atlanta team?

A close cousin to this is the “network executive” lament, as in:

*Wow, network executives must be panicking about airing a Philly vs. San Diego championship series instead of Dodgers vs. Braves, or better yet, Dodgers vs. Mets. Friends: It isn’t your job to care about the ratings of television networks and the annual target bonuses of its executives. They’re going to be fine. Baseball’s ratings have been meh for ages, but the sport is going to remain on TV, because networks can’t get enough of live sports. They show cornhole on TV. They continue to air Wisconsin football. The bar is low.*

I will defend the best-of-five format forever. It’s quick, it’s dirty, it’s dangerous. Basketball and hockey get praised for settling all of their postseason tournaments with best-of-seven tournaments, but those opening rounds series are usually as dull as dishwater.

Any playoff finish is going to feel abrupt after a long and gassy 162-game season. Baseball’s under pressure to accelerate its playoff schedule because of weather risks—nobody wants to see teams playing East Coast games in mid-November, outfielders in earmuffs warming their hands by a bonfire on the warning track.

Why not cut back on the 162-game regular season then? How about playing 140 games? What about 100? If baseball played a 100-game regular season that ended on Labor Day, would you complain?

Until then, give some respect to the Phillies and Padres, who got here the old-fashioned, beautiful way. As underdogs.

FROM TOP: ASHLEY LANDIS/ASSOCIATED PRESS; MATT ROURKE/ASSOCIATED PRESS

## Brady and Rodgers Struggle to Get on Track

BY ANDREW BEATON

**TOM BRADY** entered a quarterback’s paradise when he arrived in Tampa Bay a couple of years ago. The Buccaneers had a domineering offensive line and arguably the best receivers in the NFL. Brady’s trusty tight end Rob Gronkowski even came out of retirement to play with him again.

Brady had all the weapons he sorely lacked during his final days in New England, and he suddenly looked young again. When the 2020 season finished, he celebrated in a shower of confetti for the seventh time.

Brady hasn’t looked so happy this season, and Sunday was another reason why. The Bucs dropped to 3-3 on the season with a 20-18 loss to the Pittsburgh Steelers in a game that saw Brady struggle against a defense that entered the day as one of the worst in the league.

“I think we’re all playing less than what we’re capable of and we’ve all got to look at ourselves in the mirror and figure out why,” Brady said afterward.

Brady isn’t alone as a future Hall of Famer leading an offense stuck in neutral. Aaron Rodgers and the Green Bay Packers fell to 3-3 after putting up just 10 points in a loss to the New York Jets.

It’s fair to wonder how much longer the 45-year-old Brady and 38-year-old Rodgers will play—both have mulled retirement. It’s also fair to wonder if it has nothing to do with their age and how the talent surrounding them has diminished.

Both enjoyed elite supporting casts as they tested the limits of how long they could play quarterback at a high level. Brady became the oldest quarterback to win a Super Bowl two seasons ago and last year led the NFL in passing yards

and touchdowns. Rodgers spent the last couple seasons winning back-to-back Most Valuable Player awards while playing some of the best football of his career.

Now they’re both surrounded by different teammates—and not for the better. Rodgers has been pressured frequently and has had to reckon with the team’s decision to trade away superstar wide receiver Davante Adams this offseason. Tampa Bay’s receiving corps isn’t what it once was. Gronkowski is retired again and the offensive line is depleted.

Brady’s frustration has visibly boiled over at times this season. During one game, he was seen on camera smashing a tablet on the sideline. On Sunday, microphones picked up him excoriating his oft-injured linemen.

“You’re so much better than you’re f—ing playing,” Brady told them. “Get your f—ing act together.”

It can be jarring to watch either of these all-time greats labor. The Buccaneers and Packers are now both in the bottom half of the league in points per game. The likely reason for both of their woes can be traced back to this offseason.

Even Rodgers admitted he was a bit surprised when the Packers shipped Adams to the Raiders for first- and second-round picks this offseason. The pair had been one of the league’s most unstoppable duos: Over the prior four years, Adams led the NFL in both receiving yards and touchdowns.



The Bucs’ Tom Brady, above, and the Packers’ Aaron Rodgers, left, haven’t had ideal starts to the 2022 season.



times and frequently hurried. He fumbled twice. To add injury to insult, he also appeared in pain at times while nursing a thumb injury that he suffered trying to get off a Hail Mary in the team’s loss the prior week to the New York Giants.

“I think there’s

enough on this team to

be a successful team,” Rodgers said Sunday. “There’s the possibility, if certain guys emerge, of us having a chance to make a run.”

Brady’s last year has been wrought with both personal drama and also personnel woes. He retired quickly unretired and took an unusual break from training camp.

His marriage to Gisele Bündchen

has also been the subject of attention, with the fashion icon and businesswoman recently commenting on his decision to play this year.

“Obviously, I have my concerns—

this is a very violent sport, and I have my children and I would like

him to be more present,” she told Elle magazine in an interview published in September. “I have definitely had those conversations with him over and over again. But ultimately, I feel that everybody has to make a decision that works for [them]. He needs to follow his joy, too.”

But the changes involving everybody not named Tom Brady might be the most fundamental root causes for the club’s flagging offense. For instance, more than one Buccaneer actually retired. One was Ali Marpet, the team’s Pro Bowl left guard.

That was only part of the offensive line’s upheaval. The team’s other starting guard left in free agency. Ryan Jensen, a Pro Bowl center, is on injured reserve. The results, so far, have not been pretty: After Tampa Bay had the lowest sack percentage in the league last year, that rate has nearly doubled this season.

His passing options have also downgraded. Chris Godwin has missed games while hurt. Mike Evans sat out a game due to a suspension. Those two players were the top-gaining receiving tandem in the league the year before Brady became a Buc.

Meanwhile, Gronkowski also retired, again. Brady lost another key target midway through last season when Antonio Brown ran off the field shirtless midway through a game, leading to the team to cut bait with him. Tampa Bay brought in aging superstar receiver Julio Jones for more depth this offseason, but he has also been out dealing with an injury.

The new circumstances have produced sharp dips in production for both Brady and Rodgers. Brady’s yards per attempt have fallen from 7.4 to 6.7—one of the lowest marks of his career. Rodgers has dropped from 7.7 yards per attempt last year to 6.7, which would be the second lowest during his time as a starter.

The good news for both of these teams is that they’re still sitting at .500 in the standings and have 11 more regular season games to figure it out. They also still have Tom Brady and Aaron Rodgers.

FROM TOP: JOE SARGENT/GETTY IMAGES; JEFF HANISCH/USA TODAY SPORTS

## OPINION

## Obama Warned Us About Joe



**MAIN STREET**  
By William McGurn

On the eve of the 2020 Iowa caucuses, Politico lobbed a grenade in Joe Biden's direction. It was a story noting that the former vice president was

trying to play the Obama card—even though Barack Obama hadn't endorsed the man who had served him faithfully for eight years. The money quote was cutting: "Don't underestimate Joe's ability to [expletive] things up."

With three weeks to go to the Nov. 8 midterms, many vulnerable Democratic candidates are no doubt thinking the same thing. It isn't only that President Biden's policies aren't working. It's that he continues to insist they are—against the everyday experience of ordinary Americans.

In an Oct. 11 CNN interview, Mr. Biden again suggested that if there is a problem, it is the failure to appreciate just how great he has been. "Name me a president, in recent history, who's gotten as much done, as I have, in the first two years," he said. "Not a joke. You may not like what I got done. But the vast majority of the American people do like what I got done."

His approval ratings—and the reluctance of Democratic candidates to appear with him in public—say otherwise.

In Los Angeles on Thursday

Mr. Biden claimed he was making "some progress" against inflation, even as the latest figures showed consumer prices were up 8.2% over last year. He made a similar claim when he told us that in July we had zero inflation for the month, while ignoring that prices were up 8.5% over the previous July, a near 40-year high.

Mr. Biden's statements reflect a popular Beltway belief that with the right messaging, unpleasant reality simply vanishes. Call \$740 billion in green spending the Inflation Reduction Act and—voilà!—you're de-

**The White House offers Democrats nothing good to say on the big issues.**

feating inflation. Or boast that you have more accomplishments than any other president two years in and somehow voters will forget that your No. 1 achievement is, as this newspaper has said, a decline in the living standards of the American people.

Which points to the challenge for Democratic candidates. All midterm elections are referendums on the president. But this year Democrats are particularly vulnerable because the Biden White House, on the issues that voters care most about, gives them nothing believable to say.

Some Democratic elders

have sounded the alarm. On Friday Mr. Obama said too many Democrats were still reacting to Donald Trump and that the woke approach to politics leaves Democrats coming across as "buzzkills."

Others cautioned about thinking abortion trumps all other issues. Former Clinton adviser James Carville told the Associated Press abortion is "a good issue" but warned that "if you just sit there and they're pummeling you on crime and pummeling you on the cost of living, you've got to be more aggressive than just yelling abortion every other word."

Two-time contender for the Democratic nomination Sen. Bernie Sanders and former Obama adviser David Axelrod have echoed these themes. Of course they are right—but only up to a point. The reason Democratic candidates talk about Trump and abortion is that they don't have anything good to say on crime or the cost of living. And they don't have anything good to say because President Biden largely adopted the Sanders agenda, and they all voted for it.

The best example of Democratic incoherence is White House spokeswoman Karine Jean-Pierre. When asked to answer yes or no whether President Biden thinks big cities are safe, this is how she answered: "It is not a yes-or-no question. It is very much a question of what has he done . . . to make sure that cities . . . have the funding and have what they need to protect

their community, and that is what the president has done."

When asked if the president deserves the blame for gasoline prices going up since he had claimed credit when they were going down, she said, "So it's a lot more nuanced than that."

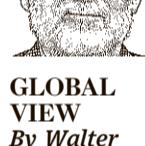
Ditto for the border. Every day American TV screens are filled with images of people crossing the border, and then arriving in some U.S. city courtesy of a Greg Abbott bus or one of Mr. Biden's midnight flights. Yet the border czar, Vice President Kamala Harris, tells us the border is secure, and anyway it's Mr. Trump's fault. Anyone think these answers persuade voters in a tight race?

It didn't have to be this way. Upon winning the election, Mr. Biden said it was time to "stop treating our opponents as our enemy" and "to rebuild the backbone of the nation—the middle class." They were exactly the right words and right priorities. But instead of delivering on them, he has called half of Americans semi-fascists and launched a spending spree designed to reshape America radically. And he did it in part because he wanted to prove to the world (and especially to the Obama people who had always condescended to him) that he would be a more transformational president than his former boss.

Which brings us back to Mr. Obama's 2020 assessment of Joe. How right he was.

*Write to mcgurn@wsj.com.*

## Germans See Affluence Ahead



**GLOBAL VIEW**  
By Walter Russell Mead

I traveled to Germany last week ready to see some hand-wringing and hear tales of woe. Russia's unsettling hints about escalation raise the specter of nuclear war in Europe. The loss of cheap Russian gas leaves millions of German households potentially exposed to heating and power shortages as winter nears. Spiraling energy prices have forced some energy-intensive businesses to slow production.

It's more than war. Covid rates are spiking again. Global financial markets are melting down. The worst inflation since the establishment of the Federal Republic of Germany is eroding the savings of the thrifty middle class.

The medium-term outlook is also concerning. Manufacturing remains a key source of German prosperity, with world-class chemical, automotive, machinery and electrical-equipment industries making Germany the third most important trading country in the world and helping to ensure stable employment and high wages. But that economic model is threatened today. Because electric vehicles require fewer human workers than conventional ones, the automobile industry looks likely to shed workers even if German car firms retain their global leadership in the new era. Environmental activists

want Germany to accelerate the move to net-zero emissions even if that imposes higher costs on industry. The chemical industry is particularly vulnerable to higher energy prices, and observers expect substantial shifts in chemical production to cheaper locations like the energy-rich United States.

Then there is China. Selling luxury cars and capital goods like machine tools to a rapidly growing China had long been the centerpiece of Germany's trade strategy. But China's growth has slowed dramatically since the start of the pandemic, and Xi Jinping wants China to replace Germany as the world's leading source of sophisticated manufactured goods.

Yet on my journey, I found that Germany's mood is anything but despairing. One might almost call it smug. From solar entrepreneurs and civil-society activists in Bavaria to bureaucrats and politicians in Berlin, a lot of influential Germans think the country is entering a new era of affluence at home and influence abroad.

When they look east, Germans acknowledge they got Vladimir Putin badly wrong and that their trust in Russia as a reliable source of cheap energy was misplaced. But they've noticed something else. Mr. Putin is losing the war, and the consequences will cripple Russia for years. Germans increasingly think that Russia will emerge as a weaker power, and that Moscow's hopes for economic recovery will depend more than

ever on its access to Western capital. Between the reconstruction of Ukraine and the need to rebuild a war-devastated Russian economy, there is no shortage of opportunity to Germany's east.

Many of the Germans I spoke with were surprisingly optimistic about the economy. In the short term, they note, past frugality means that Berlin has plenty of money to throw at the energy crisis. Germany can outbid Asian and other buyers to assure adequate supplies of liquefied

**Russia's peril and the rejection of fossil fuels look to them like opportunities.**

natural gas for the next year or two even as the government protects vulnerable households from skyrocketing energy bills through subsidies and price controls. In the longer term, they argue that while China is a fearsome competitor, the German *Mittelstand*, the small and medium-size engineering and manufacturing firms that provide German industry with much of its innovative capability, has faced down serious competition before.

Beyond that, many Germans are confident that the shift away from fossil fuels will strengthen their country's position in the long run. Hydrogen, I kept hearing, is the answer to German prayers. Hydrogen can replace

fossil fuels for a range of industrial processes, and hydrogen generated by variable renewable energy sources like wind and solar can ensure a stable energy supply on days when the sun doesn't shine and the wind doesn't blow. There are many engineering problems to be solved along the way, but that kind of engineering is, I was told, exactly what Germans do best—and requires the kind of close public and private-sector cooperation at which Germany has historically excelled.

Germany's self-confidence has deep roots. Emerging from the moral and physical devastation left by World War II, Germany built a world-class economy and stable democracy in the 1950s and 1960s. It overcame the inflation and the energy shocks of the 1970s, integrated East Germany, and has played a critical role in the development of the European Union, which Germans, not without evidence, consider the most effective international partnership in the history of the world.

Germany's optimism may be misplaced, but for now at least the German establishment thinks its system is working, and voters seem to agree. For American policy makers, the consequences are profound, and largely benign. The most important fact about Europe isn't that Mr. Putin wants to destroy the existing European order. It is that Germany wants to uphold it and that, with the help of its trans-Atlantic ally, it is determined to do so.

## Ohio's Example for Liz Truss

By John Kasich

**E**nsuring economic vitality is a basic responsibility of any government leader. Liz Truss, the U.K.'s new prime minister, was on the right track with a budget proposal rooted in restrained spending and tax cuts—two essential elements for economic growth. But she went wobbly in the face of opposition both from the Labour Party and within her own Tories. Chancellor Jeremy Hunt, whom she presumably picked to stabilize her flailing premiership, announced Monday that he would reverse nearly all of the plan's £45 billion in tax cuts. Ms. Truss's government has already walked back proposals to cut taxes on high earners and corporations.

That her plan found such opposition is no surprise. Pro-growth economic proposals are inevitably met with

strong partisan resistance. There's never a shortage of skeptics who scream "That won't work!" while playing up the scenarios in which people could suffer. It happened to me, both in Congress and as governor of Ohio.

During my six years as chairman of the House Budget Committee, we reformed welfare, privatized government programs and, in 1997, balanced the federal budget for the first time in a generation. We did it by restraining spending, bringing down capital-gains taxes and controlling costs. The result was a new wave of economic renewal.

A key to our success was ratcheting down Ohio's income tax, the second most harmful levy in our state behind the death tax, which we totally eliminated. Reducing state income taxes allows people to keep and spend more of their hard-earned money. It creates incentives

to work and frees up more capital to invest in jobs growth. We also reduced the tax burden on small businesses to add momentum to our economic recovery and make Ohio a more attractive destination for small-business startups.

I am firmly convinced that tax reform is the right approach for leaders who want to drive economic growth and strengthen their economies. I've seen it work. My advice for Ms. Truss and other leaders: Hold true to your principles, pick a sound plan that you believe in and carry it through. And most of all, don't cave in to those who scream and yell the loudest. Those you serve will be better off for it.

*Mr. Kasich, a Republican, served as chairman of the House Budget Committee (1995-2001) and governor of Ohio (2011-19).*

**BOOKSHELF** | By John Bolton

## Impeachment Malpractice

## Unchecked

By Rachael Bade and Karoun Demirjian  
(Morrow, 677 pages, \$35)

Democrats in the House of Representatives twice tried to checkmate Donald Trump through the impeachment process. Twice they failed, blocked by the Constitution's inexorable requirement for a two-thirds Senate majority to convict. Ignoring earlier impeachment lessons, and through conscious decisions to shun strategies that could have enhanced bipartisan cooperation, Democrats effectively guaranteed Senate outcomes precisely the opposite of their purported objectives.

They did not deter and constrain Mr. Trump. They emboldened and empowered him. They failed not merely to checkmate the president; they left him, in the title of Rachael Bade and Karoun Demirjian's revealing and engrossing history, "Unchecked." By allowing Mr. Trump to defeat the first impeachment, Congress plainly enhanced his confidence that he could not lose.

Ironically, it was a misplaced desire for political expediency that crippled both impeachment drives. As the differences between the Nixon and Clinton impeachments show, openly partisan efforts will not result in removing a president. Mr. Clinton escaped because of his critics' perceived partisan motives, whereas Nixon fell (albeit through resignation, not conviction) after Congress's investigations persuaded enough Republicans of Nixon's guilt and forced the president to accept the inevitable.

This history was not obscure. Ms. Bade and Ms. Demirjian emphasize that House Speaker Nancy Pelosi "knew it would take something unfathomably damning to pull Republicans away from the president, and that absent that, it would be folly—or possibly political suicide—to try to impeach him. If they failed, it could end up giving Trump a second term." Mrs. Pelosi also rightly worried that moderate Democrats, whose 2018 victories gave her the speakership, might suffer an electoral backlash, so her concerns were hardly academic.

Democrats nonetheless wanted impeachment, starting with Michigan House member Rashida Tlaib, who proclaimed "we're gonna impeach the motherf—er." When the controversy surrounding Mr. Trump's phone call with Ukrainian president Volodymyr Zelensky exploded in September 2019, so did the Democratic caucus. That forced Mrs. Pelosi to endorse an impeachment strategy resting on two basic errors.

First, by limiting the scope of impeachment to the phone call, she ignored Mr. Trump's broad pattern of abusing government powers for personal benefit. Paradoxically, as the authors explain, Mrs. Pelosi's vulnerable moderates demanded this self-defeating focus. They also wanted California Rep. Adam Schiff to lead the effort. Ms. Bade and Ms. Demirjian note dryly, referring to the Watergate investigation's leaders, that Mr. Schiff "was no Peter Rodino or Sam Ervin. And he didn't even try to be."

Second, Mrs. Pelosi ordered the impeachment completed by Christmas to avoid inconveniencing Democratic senators seeking the 2020 presidential nomination. With Republicans kicked to the curb, their reaction was predictable. Good-faith efforts by such Republicans as Florida Rep. Francis Rooney to persuade Mrs. Pelosi to reconsider went unheeded. Impeachment advocates often did themselves no favors, as when Elizabeth Warren tried to embarrass Chief Justice John Roberts, who presided over the impeachment proceedings, in an obvious attempt to enhance her own failing presidential campaign.

## Democrats in Congress twice failed to checkmate Trump. Instead they left him emboldened and, in a word, 'unchecked.'

Mr. Trump's 2020 State of the Union speech, delivered just before his Senate acquittal, was, therefore, as Ms. Bade and Ms. Demirjian write, "the manifestation of everything Pelosi had feared about impeachment." The president's subsequent defeat in November led him to ever more desperate measures to overturn the result. After the Jan. 6 desecration of the Capitol, a second impeachment attempt was inevitable.

The authors show the internal Democratic debate in 2021 mirror-imaging the party's struggles during the first impeachment. House members debating the scope, speed and conduct of the impeachment repeatedly took positions opposite to what they had advocated a year before. They still lost.

Even the Biden administration helped sabotage the second impeachment. Ms. Bade and Ms. Demirjian reveal that the new president blocked efforts by House managers to depose Secret Service agents and Pentagon officials about events on and before Jan. 6. Maryland Rep. Jamie Raskin, they write, rejected seeking court orders for their testimony because "it was one thing to fight Trump in court; it was another entirely to start a fight with Biden in his first days as president." Really? The politics may be clear, but what happened to the high morality and Constitutional principles supposedly at stake?

Another complicating issue was whether Congress had authority to convict an ex-president. Conservatives were split, with constitutional experts such as attorney Chuck Cooper and former judge J. Michael Luttig holding opposing views. Politically, Senate Republicans largely concluded it would be unconstitutional, thus dictating the outcome.

The authors find no evidence that House and Senate Democrats coordinated their respective strategies to maximize prospects for conviction. "The Senate will do what the Senate will do," Mrs. Pelosi remarked. "That's not our concern." If strategizing between House and Senate never happened on the Democratic side, it certainly happened on the GOP side—with foreseeable results. Democrats almost drowned in their internal political divisions, as "Unchecked" recounts in detail.

Republicans also receive ample criticism, primarily for their reluctance to cross Mr. Trump. The authors especially target House Minority Leader Kevin McCarthy, noting that after the Jan. 6 assault on the Capitol, he was trying to satisfy both his ambition and his conscience. "Convinced that compromising his convictions would be worth it in the end," they conclude, "...he was not above groveling" to Mr. Trump.

Despite their impeachment malpractice, many Democrats, blind to the negative consequences of their mistakes, felt pure and virtuous. Mr. Trump felt even better. He was still a winner, and his opponents were still losers. And today, paraphrasing Barack Obama's self-description, the bear is still loose.

*Mr. Bolton, a former U.S. ambassador to the United Nations, served as national security adviser from April 2018 to September 2019. His most recent book, "The Room Where It Happened: A White House Memoir," was published in 2020.*

## OPINION

## REVIEW &amp; OUTLOOK

## The U.S. Military's Growing Weakness

**A**mericans like to think their military is unbeatable if politicians wouldn't get in the way. The truth is that U.S. hard power isn't what it used to be. That's the message of the Heritage Foundation's 2023 Index of U.S. Military Strength, which is reported here for the first time and describes a worrisome trend.

Heritage rates the U.S. military as "weak" and "at growing risk of not being able to meet the demands of defending America's vital national interests." The weak rating, down from "marginal" a year earlier, is the first in the index's nine-year history.

\* \* \*

The index measures the military's ability to prevail in two major regional conflicts at once—say, a conflict in the Middle East and a fight on the Korean peninsula. Americans might wish "that the world be a simpler, less threatening place," as the report notes. But these commitments are part of U.S. national-security strategy.

Heritage says the U.S. military risks being unable to handle even "a single major regional conflict" as it also tries to deter rogues elsewhere. The Trump Administration's one-time cash infusion has dried up. Pentagon budgets aren't keeping up with inflation, and the branches are having to make trade-offs about whether to be modern, large, or ready to fight tonight. The decline is especially acute in the Navy and Air Force.

The Navy has been saying for years it needs to grow to at least 350 ships, plus more unmanned platforms. Yet the Navy has shown a "persistent inability to arrest and reverse the continued diminution of its fleet," the report says. By one analysis it has under-delivered on shipbuilding plans by 10 ships a year on average over the past five years.

From 2005 to 2020, the U.S. fleet grew to 296 warships from 291, while China's navy grew to 360 from 216. War isn't won on numbers alone, but China is also narrowing the U.S. technological advantage in every area from aircraft carrier catapults to long-range missiles.

The Navy wants to build three Virginia-class submarines a year, and the U.S. still has an edge over Beijing in these fast-attack boats. But the shipbuilding industry has shrunk amid waning demand, and the Navy's maintenance yards are overwhelmed. Maintenance delays and backlogs are the result of running the fleet too hard: On a typical day in June, roughly one-third of the

**A new report warns about declining U.S. naval and air power.**

298-ship fleet was deployed, double the average of the Cold War.

It's worse in the Air Force, which gets a "weak" rating. Aging "aircraft and very poor pilot training and retention" have produced an Air Force that "would struggle greatly against a peer competitor," Heritage says.

The fighter and bomber forces are contracting to about 40% of what America had in the 1980s. The service has been slowing its F-35 buys even as it needs modern planes to compensate for the smaller fleet. Aircraft have low mission-capable rates, roughly 50% for the F-22. Heritage says the Air Force has "abandoned even the illusion" that it is working toward an 80% aircraft readiness goal. Munitions inventories "probably would not support a peer-level fight that lasted more than a few weeks," and replacements can take 24 to 36 months to arrive.

A pilot shortage "continues to plague the service," and the "current generation of fighter pilots, those who have been actively flying for the past seven years, has never experienced a healthy rate of operational flying." Fighter pilots flew a meager 10 hours a month on average in 2021, up from 8.7 in 2020 but still far below the 200 hours a year minimum needed to be proficient against a formidable opponent.

The story isn't much better for the Army, which has lost \$59 billion in buying power since 2018 due to flat budgets and inflation. The Army is shrinking not as a choice about priorities but because it can't recruit enough soldiers—nearly 20,000 short in fiscal 2022.

The Marines scored better in the index as the only branch articulating and executing a plan to change, reorganizing for a war in the Pacific in a concept known as Force Design 2030. But the Marines are slimming down to a bare-bones 21 infantry battalions, from 27 as recently as 2011. Mission success for the Marines depends on a new amphibious ship that the Navy may not be able to deliver.

\* \* \*

Some will call all this alarmist and ask why the Pentagon can't do better on an \$800 billion budget. The latter is a fair question and the answer requires procurement and other changes. But the U.S. will also have to spend more on defense if it wants to protect its interests and the homeland. The U.S. is spending about 3% of GDP now compared to 5%-6% in the 1980s. The Heritage report is a warning that you can't deter war, much less win one, on the cheap.

## Vladimir Putin's Cannon Fodder

**H**ow popular in Russia is Vladimir Putin's war in Ukraine? Maybe less every day. Tens of thousands of Russians have fled the country to escape military conscription, and now reports say Russia is resorting to press gangs to hunt and snatch male civilians to send to the front lines.

A recent raid on a business center in Moscow, according to the Washington Post, grabbed musicians who were rehearsing, a courier who was making a delivery, and a "very drunk" man in his mid-50s who had a walking disability. A raid last week on a homeless shelter in Moscow reportedly netted dozens of, uh, recruits.

Russia's mobilization goal had been 300,000 troops. Mr. Putin said Friday that 220,000 have been registered so far, with 16,000 of them already deployed for combat after mere days of training. The Institute for the Study of War said last week that Mr. Putin's statement "corroborates dozens of anecdotal reports from Russian outlets, milblogger, and mobilized personnel of

untrained, unequipped, and utterly unprepared men being rushed to the frontlines, where some have already surrendered to Ukrainian forces and others have been killed."

The institute also provided this assessment: "Even the 10 days of training that mobilized personnel may receive likely does not consist of actual combat preparation for most units; anecdotal reports suggest that men in some units wandered around training grounds without commanding officers, food, or shelter for several days before being shipped to Ukraine."

Mr. Putin has been brutal toward Ukraine, and it takes nothing away from that outrage to note that he is also brutal toward his own people. This month two Russian nationals, according to news reports, sought asylum in the U.S. by piloting "a small boat" to an Alaskan island about 50 miles from their homeland. The open ocean isn't without risk, but frightening options are all that many Russians have left. Time may be on Ukraine's side, not Mr. Putin's.

## Union Coercion on the California Ballot

**F**or the third election in a row, California voters this November will weigh a ballot initiative to put expensive new mandates on dialysis clinics. Is this some kind of odd obsession by grassroots activists? No, it's a campaign by Big Labor to bleed dialysis providers and bully the industry into unionizing.

Prop. 29 would require dialysis clinics to have a physician, nurse practitioner or physician assistant "on-site during all patient treatment hours." The measure is backed by the Service Employees International Union-United Healthcare Workers West, which has tried unsuccessfully to unionize the industry. The same union pushed dialysis initiatives that failed in 2018 and 2020.

Renée Saldaña, the union's press secretary, says in an email that two companies, DaVita and Fresenius, "dominate the industry," and "dialysis patients are suffering in the name of profit and don't have many options to shop around for treatment." She claims that Prop. 29 is needed "to protect dialysis patients and improve the care they receive." Yet patients will likely enjoy far fewer treatment choices if the initiative passes.

The No on Prop. 29 committee, funded by dialysis providers, says the unnecessary new rules could cost each clinic between \$376,000 and \$731,000 a year, which would drive many into the red. That story is backed up by the state's Legislative Analyst's Office, which pegs the figure for each clinic at "several hundred thousand dollars annually." Providers might "try to negotiate higher rates from payers," it adds.

**The SEIU-UHW forces dialysis clinics to spend big fighting Prop. 29.**

Some clinics could be forced to close entirely, disrupting treatment for thousands of Californians who need it to stay alive. The closure of some clinics and higher prices at those that remain could cost state and local governments "tens of millions of dollars annually," the Legislative Analyst's Office says.

Anticipating this criticism,

the language of Prop. 29 says it would prohibit "clinics from closing or substantially reducing services without state approval." That assumes California has the legal authority to force an unprofitable private business to stay open.

If Prop. 29 passes, dialysis clinics would have to spend even more to challenge that in court. Then again, imposing costs on the industry seems to be the point of the initiative. George Skelton of the L.A. Times reports that the union will spend about \$10 million on Prop. 29, most of that on gathering signatures to get it on the ballot. The dialysis industry, which can't afford to risk the initiative's passage, will devote more like \$86 million to fight it.

The SEIU-UHW's "tacit message" to dialysis providers is to "allow unionizing or we'll keep forcing you to spend big money opposing our initiatives," Mr. Skelton concluded. "Political extortion was not what reformers intended when they created California's system of direct democracy 111 years ago."

Yet that's how it's being used. SEIU-UHW President Dave Regan once described ballot measures "as a tool to exert union strength in bargaining," according to the minutes of a 2017 executive board meeting. The union claims it's standing up for dialysis patients, even as it's exploiting them for its own purposes.

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

## LETTERS TO THE EDITOR

## Politicians Seek Conformity From Physicians

Regarding your editorial "California to Doctors: Agree or Shut Up" (Oct. 12): The new California law empowering a medical board to discipline doctors for speaking against the "contemporary scientific consensus" goes directly against the most important concept I've taught my medical students and physician residents for the past 30 years: to think critically about each patient.

I frequently tell them that "the standard of care is substandard." A physician should look at the standard and see how he or she can do better for the patient. Each patient is an individual and the "consensus" for the average patient may not apply. The majority of practice guidelines published by official medical organizations are based on weak evidence, and are frequently changed as new evidence arises. To encourage my students not to simply do what they are

told, if a medical student comes up with an alternative course of action during rounds and I adopt the plan, the student gets automatic honors for the clinical rotation grade.

I have spent my entire career encouraging young physicians to think for themselves before treating patients and not blindly follow the experts. I hope this new law doesn't stop them from continuing to challenge experts.

Clinical Prof. STUART ZANGWILL, M.D.  
University of California, San Francisco  
Oakland, Calif.

One wonders if Gov. Gavin Newsom and his Democratic majority would commit to achieving equity by also establishing a state board to discipline California politicians who "disseminate misinformation or disinformation."

GARY LANSMAN  
Moraga, Calif.

## A Coincidence That Feels Like So Much More

Regarding Elizabeth Bernstein's "Bonds: Making Sense of Coincidences" (Personal Journal, Oct. 12): My thoughts turned instantly to 12 years ago at the funeral of my aunt in Florida. While our family gathered outside for her memorial service, dozens of dragonflies flew around us. Upon returning home, her daughter drove into the garage, and what should appear on the wall but a lone dragonfly! Memories of this coincidence have stayed with our family ever since. Whenever I see a dragonfly, I say, "There's Aunt Dolly."

RAYMOND GEARY  
Durham, N.C.

Fifteen years ago, after my wife Linda entered hospice care, she and I coped as best we could with the real-

ization that her death was approaching rapidly. She loved watching wild birds, and I hung a bird feeder on the deck outside our bedroom, positioned so she could see it easily from our bed. Much to my chagrin, nary a bird appeared over the remaining days Linda spent at home. She spent her last three nights in the hospice inpatient center, with me by her side.

After she died, I came home to a very empty house. As I entered our bedroom, what did I see on the deck but a bird feeder covered with some very hungry wild birds! A mere coincidence, or sign from God that Linda was OK? The logical part of me said the former. The emotional side of me is certain it was the latter.

GARY WAITSCHIES  
Springfield, Va.

## New REIT Regulation Will Protect Investors

Your editorial "A Mistaken Rein on REITs" (Oct. 11), concerning a proposal from the North American Securities Administrators Association (Nasa), presents a misleading picture of nontraded real-estate investment trusts and our proposal to update regulations governing them.

First, the editorial asserts that "REITs aren't complicated or exotic financial instruments," but the Financial Industry Regulatory Authority (Finra) categorizes them as "complex." Second, the editorial suggests that net-asset-value REITs have addressed problems with liquidity, even though news coverage has shown continuing liquidity issues. Third, as noted in your editorial and confirmed by investor advocates,

**Case in Point: The Jones Act And How Protectionism Fails**

Jeb Hensarling's op-ed "GOP Needs to Leave Trump Behind on Trade" (Oct. 3) could also have mentioned the Jones Act, an indirect tariff on domestic trade. The 100-year-old law has several elements, but its most archaic is the requirement for vessels moving goods between U.S. ports to be American ships with American crews.

Like most who promote protectionist tariffs, proponents of the Jones Act make claims of protecting domestic jobs and national security. Yet there are decades of evidence that show the exact opposite. The U.S. moves only a tiny percentage of its domestic tonnage by water—appalling (and costly) for a nation with our extensive coastline and river systems. Under this protectionist regime, our commercial shipbuilding has also been reduced to near zero and our military shipbuilding is plagued by cost overruns and a capacity shortage that hamstrings the existing fleet. For members of the Republican Party

who think that tariffs and protectionist measures are a good idea, the Jones Act provides a case in point as to why they are not.

SCOTT JASON  
Portland, Maine

## Losing Count of Fare Jumpers

Thank you for your editorial "The D.C. Bus Fare Is a Polite Suggestion" (Oct. 10) on the epidemic of fare evasion. The editorial focuses only on the bus system. I ride the Metrorail, and one morning, as I paid my fare, I counted 19 fare evaders jumping the arrival gate. It has become a game.

We taxpayers will have to make up the financial deficit as well as fund new gates to stop the problem. Washington's city council is off the rails. Do we need more proof that the city can't govern itself?

EDWARD ALWOOD  
Washington

## Pepper ... And Salt

THE WALL STREET JOURNAL



"He's glued to the TV until something good happens."

## OPINION

# Oregon's Crime Wave Gives the GOP a Chance

By Faith Bottum

**M**asked antifa gangsters, armed with crowbars, smashed their way through Portland's Bison Coffeehouse's windows on Oct. 5. The vandals were angry that the owner, Loretta Guzman, was planning to hold a "Coffee With a Cop" event—an opportunity for residents to chat with officers patrolling their neighborhood. That Ms. Guzman is a Native American who approaches her business with a slightly mystical Portlandian leftism bought her no sympathy from the radicals. "First off, my bison, the artwork," were blasted with paint, she said. "Then the tables and benches and my work area, everything." She adds, "Right now a lot of people are scared. Other people supported me, other small businesses, but they don't want me to say anything... because they're afraid of the backlash."

**The Democrats' war on themselves may produce a Republican governor for the first time since 1982.**

Ms. Guzman's situation may help explain the strange race to become Oregon's next governor. The Beaver State is reliably Democratic. It hasn't voted for a Republican governor since 1982, or for president since 1984. In 2020, Joe Biden defeated Donald Trump here by 16 points. But now the left in Oregon is eating its own, giving Republican

Christine Drazan a shot at defeating Democratic nominee Tina Kotek. The RealClearPolitics poll average has Ms. Drazan in the lead, 37% to 34%, with independent candidate Betsy Johnson picking up 16%. All three women are former state legislators.

Ms. Kotek's inability to condemn the far left puts her at a disadvantage in a race focused almost exclusively on crime. Portland, more than three times the size of Oregon's second-largest city, is in the middle of a well-documented crime wave. Federal Bureau of Investigation data

showed, she noted, that it sometimes took them as long as 90 minutes to respond. Crime is "out of control in Portland," she said, and the only cure is to stop coddling leftist extremists. With styled hair and makeup, Ms. Drazan presents herself as a suburban mom, con-

stantly bat it's in the shape of Ms. Johnson's glasses. "There are only two candidates in this race that represent change," Ms. Johnson said. "I think my change is more synchronous with the citizens of Oregon than what Ms. Drazan is offering."

Ms. Johnson tries to position herself as socially liberal and fiscally conservative. She served on the board of Planned Parenthood and calls herself "very pro-choice." Nonetheless, she said, "People are hungry for a change. Tina Kotek represents the status quo."

The war of the left on the left may bring Oregon its first Republican governor since the 1980s. A typical skirmish occurred at an Oct. 12 online town hall, with a Portland police official and members of the city's Democrat-dominated Independent Police Review appearing helpless as far-left activists screamed obscenities at them and accused them of white supremacy, misogyny and capitalism.

President Biden visited Portland over the weekend, perhaps in recognition of the peril Democrats face in Oregon. He ate ice cream at a Baskin-Robbins and touted his record at a fundraiser for Ms. Kotek. "We should be funding police more, not less," he said. On Twitter, anti-link accounts mused about infiltrating his hotel.

It isn't clear how Mr. Biden's stumping for the Democrats helps the likes of Ms. Guzman at the Bison Coffeehouse or any other Oregonian affected by the city's disorder. Two people were shot in Portland while the president was en route to the city. No arrests were made, and no suspects have been reported.

*Ms. Bottum is an assistant editorial features editor at the Journal.*



Republican Christine Drazan, independent Betsy Johnson and Democrat Tina Kotek.

In an Oct. 10 interview at her Portland office, festooned with old campaign buttons and large framed pictures of the likes of Bill Clinton, Ms. Kotek, 56, was careful not to speak ill of the far left. The closest she came was insisting that radicals don't care for her because she's a moderate: "I definitely think that if you talk to folks who are more on the political left, that I'm probably too mainstream." An aide at a Kotek campaign event, asking not to be identified, agreed with this assessment. Oregon progressives will vote for Ms. Kotek, he said, only because she would do the "least worse" as governor. Pantsued with close-cropped hair, Ms. Kotek tags her Republican opponents for "extreme views" that are "not aligned with where Oregonians want their state to be."

show that violent crime in 2021 spiked 38% from the year before, far outpacing the national trend. The city's homicide rate has risen 207% since 2019. Homelessness and drug use make things worse: Portland has an estimated 5,200 people on the streets, and since voters passed Measure 110, a 2020 state initiative decriminalizing personal possession of hard drugs, Oregon has seen overdose deaths increase by 20%.

Ms. Kotek gives no convincing answers to questions about crime, defaulting to talk about gun control and drug treatment. But during her own interview, Ms. Drazan, 50, wouldn't let the issue go. "I did a ride-along with the East precinct," she said. "The stack of calls they had to respond to was massive. And some of them were very, very serious calls." The police were so over-

cared most of all with safety.

The independent, Ms. Johnson, 71, agrees with Ms. Drazan that the key issue is crime. "You're taking your life in your own hands to walk downtown." Once a prominent Democratic figure in the state Legislature, the eccentric Ms. Johnson is the spoiler in the governor's race, although no one is certain which campaign she will spoil. Ms. Johnson has raised \$16 million, more than either major-party nominee, much of it from Nike founder Phil Knight (who has recently begun supporting Ms. Drazan as well).

Ms. Johnson's signature look is oversized orange glasses, reaching down her cheeks and above her eyebrows. A framed poster in her downtown office is of the "bat signal," used by Gotham City to call for Batman's help, only instead of a

## What if the 2022 Midterm Falls in the Forest but Nobody Hears?



**FREE EXPRESSION**  
By Gerard Baker

**W**ill the midterms send a message? If they do, will anyone heed it?

One of the many virtues of elections is their role as democratic signaling devices. The voters—who in a democracy are the ultimate deciders—get to indicate, through approval or rejection, what they make of the direction their leaders have been taking them. Wise and politically ambitious leaders alike take note and act accordingly.

This works only if those leaders accept the results and don't insist they were fraudulent—an increasingly bipartisan claim in 21st-century American politics. But even if they do accept the outcome, at least rhetorically, they don't always act on it, preferring either to ascribe it (privately) to voters' stupidity or (publicly) to some version of a "communications failure." What might we get next month?

The first task is to assess what the signal is. This isn't always easy.

Perhaps the most obvious recent example of midterm electoral clarity, and a salutary response to it, came in 1994. Bill Clinton's chaotic first two years in office—in which he tried and failed to enact universal healthcare, executed a fiscal volte-face from promised stimulus to deficit reduction, and generally stumbled around in the semipermanent miasma of scandal that already surrounded him—ended in historic Republican triumph. In not much more than a year the president was declaring that the era of big government was over and triangulating his way to re-election in 1996.

In 2010, Barack Obama acknowledged, verbally at least, the "shelving" he took from the midterms that year. But his self-certitude was so epic that he didn't really think he needed to change course because of a little matter like an election, and he pressed on pretty much regardless. He duly went on to a narrow re-election two years later, but the seeds sown in that Tea Party and anti-ObamaCare midterm election took root and flowered soon enough in the populist revolution that gave us Donald Trump in 2016.

The 2022 midterms could prove

especially consequential in lots of ways depending on the message and how our leaders choose to interpret it. For one thing, they may well determine the identities of both main parties' presidential nominees in 2024.

If Joe Biden's Democrats take the hammering they deserve for their performance in the past two years, it is hard to see how the president can seriously continue with the

**Stubborn leaders may not adjust, like Obama, or simply insist the election was stolen, like Trump.**

proposition that he will be running again two years from now. The ambitious and the restless in his party will surely lose no time in amplifying the increasingly loud murmurings about his incapacity for office. The investigations that a Republican-controlled House will unleash will weaken him further and hasten the urgency of Democratic leaders in their search for an alternative.

On the Republican side, the im-

plications of the elections for the top of the ticket in 2024 are more complex. The voters' message will probably lie less in the pattern of the tapestry of GOP seats won and lost and more in the microfibers of who won and lost them.

If Donald Trump's endorsed candidates win, especially in Senate races such as Arizona, Georgia, New Hampshire, Ohio and Pennsylvania, it will become less likely that the former president can be denied the nomination if he wants it.

But consider some combination of a thumping re-election victory for Florida Gov. Ron DeSantis and a scattering of setbacks for Mr. Trump's candidates across the country. If a Republican failure to win a Senate can be plausibly laid at the former president's door for the second straight election, the foundations of a Trumpian restoration may start to crumble.

The disaggregated micro pattern in the election results will need to be studied closely for other, wider ramifications. It would be a significant development if those Republican candidates who have been most prominent and vocal in their rejection of the results of the last election were to go down to defeat. The

voters' judgment on candidates such as Doug Mastriano and Kari Lake, the GOP candidates for governor in Pennsylvania and Arizona respectively, may force a rethink there and in other places on the virtues of relitigating past elections and threatening to undo future ones.

The voters will also send a message on the relative saliency of the pressing policy issues of the next few years and will find out how much abortion, immigration and crime occupy the minds of Americans.

Above all though, if polling is to be believed, it is the economy that is uppermost in voters' concerns, and it's here that we can hope the clearest signal is delivered by them and heeded by our leaders. We have had two years of reckless policy making that followed a decade of delusion in which politicians (and central bankers) somehow convinced themselves that cheap and free money were costless ways to achieve growth. Now that the inevitable inflation they produced looks increasingly embedded, perhaps voters will seize the opportunity to inaugurate a new era of economic seriousness and fiscal sanity.

## Why ESG Funds Fail, and How They Could Succeed

By Terrence Keeley

**I**nvestments have consequences. Capital can be used to pursue technological breakthroughs, targeted rates of returns, or nonfinancial goals such as lower carbon emissions. Environmental, social and governance strategies have captured the imagination of many who want to do well and good—that is, to generate above-market rates of return and improve social and environmental outcomes. But to date ESG equity strategies have been broadly disappointing, underperforming common indexes while failing to generate meaningful progress against climate change. Many ESG strategies have been lose-lose.

"Temperature-aligned" funds illustrate how and why disappointment has been so common. These funds restrict investments to companies that have credibly committed to the Paris Agreement goal of net-zero carbon emissions by 2050. Depending on the verification process used, 175 to 225 companies in the S&P 500 fail to meet this requirement.

In practice, this means these funds overweight sectors such as tech and finance while underweighting sectors such as oil and gas. But holding less-diversified collections of shares has neither improved risk-adjusted returns nor helped decarbonize industries. Temperature-aligned funds have financially underperformed and failed to pro-

mote a more temperature-aligned globe.

Yet there is incontestable value in having more sustainable business practices. George Serafeim of Harvard Business School estimates that sustainable companies carry a 300-basis-point equity-valuation premium over nonsustainable companies. His research has two important implications. The first is that less-sustainable companies generally carry higher dividends. All else being equal, higher equity dividends will generate higher financial returns over time.

The second is that value can be created by turning "brown" companies "green." Investors who want to do well and good should target dirtier industries and companies that have the greatest transformation potential, the opposite of temperature-aligned strategies. Capital providers must invest to achieve net-zero emissions, not divest.

Lower carbon emissions aren't the only nonfinancial goals that ESG investors seek. Diversity, equity and inclusion practices are also common, as are economic-mobility and social-justice objectives such as better primary education and healthcare for underserved communities.

As with climate, however, the most effective way to get corporations to improve on these objectives is through active investment and stewardship. Impact investing also differs from common ESG investing because impact investors receive transparent reports with evidence

that social or environmental progress has been made. Yet less than 1% of all investments in equity and debt markets are explicitly made for measurable impact. This is odd because successful double-bottom-line investing isn't that hard. There are multiple investment opportunities that do well and good in a verifiable way.

**A strategy of divesting from 'dirty' companies generates poor returns and little positive change.**

Consider real assets. According to Cushman & Wakefield, midmarket offices with LEED certifications carry a 77.5% premium over noncertified offices. Upgrading buildings from "brown" to "green" would generate significant financial value. Similarly, building renewable energy plants or government-backed low-income housing units can generate high-quality income, which would make investment portfolios more diversified and resilient. The same can be said of green, social and sustainability-related bonds, emerging fixed-income asset classes that are growing quickly.

Venture-capital and private-equity investments dedicated to measurable impact have been shown to generate excess returns and verified social and environmental benefits,

usually in terms directly linked to the United Nations Sustainable Development Goals. Bain Capital, the Sorenson Impact Foundation, TPG, Apollo Global Management and others have been able to generate double-digit returns on mission-related investments while providing underserved populations with better housing, healthcare and financial services.

Sound investment strategies consider time horizons, liquidity, risk tolerance and impact goals. All assumed risks should be intentional, sized to desired outcomes, and thoughtfully diversified. A decision to seek verifiable impact may or may not involve explicit financial trade-offs.

If an investor wants to do well and good, ESG strategies premised on divestment are likely to disappoint. There are many opportunities in the impact investment field that can generate outsize market returns and verifiable social and environmental benefits. Helping companies move from "brown" to "green" can reward your pocketbook, people and the planet. Providing transformational housing, education, healthcare, digital services and financial access to underserved communities can generate significant financial returns.

*Mr. Keeley is chief investment officer of 1PointSix LLC and author of "Sustainable: Moving Beyond ESG to Impact Investing." He was a senior executive at BlackRock, 2011-22.*

## THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES &amp; COMPANY

Rupert Murdoch  
Executive Chairman, News Corp  
Matt Murray  
Editor in Chief

Karen Miller Pensiero, Managing Editor  
Jason Anders, Deputy Editor in Chief  
Neal Lipschutz, Deputy Editor in Chief

Thorold Barker, Europe; Elena Cherney, Coverage;  
Andrew Dowell, Asia; Brent Jones, Culture,  
Training & Outreach; Alex Martin, Print &  
Writing; Michael W. Miller, Features & Weekend;  
Emma Moody, Standards; Shazna Nessa, Visuals;  
Matthew Rose, Enterprise; Michael Siconolfi,  
Investigations

Paul A. Gigot  
Editor of the Editorial Page  
Gerard Baker, Editor at Large

DOW JONES | News Corp

Robert Thomson  
Chief Executive Officer, News Corp  
Almar Latour  
Chief Executive Officer and Publisher

DOW JONES MANAGEMENT:  
Daniel Bernard, Chief Experience Officer;  
Mae M. Cheng, SVP, Barron's Group; David Cho,  
Barron's Editor in Chief; Jason P. Conti, General  
Counsel, Chief Compliance Officer; Dianne DeSevo,  
Chief People Officer; Frank Filippo, EVP, Business  
Information & Services, Operations; Robert Hayes,  
Chief Business Officer, New Ventures;  
Elizabeth O'Melia, Chief Financial Officer;  
Josh Stinchcomb, EVP & Chief Revenue Officer,  
WSJ Barron's Group; Jennifer Thurman, Chief  
Communications Officer; Sherry Weiss, Chief  
Marketing Officer

EDITORIAL AND CORPORATE HEADQUARTERS:  
1211 Avenue of the Americas, New York, N.Y., 10036  
Telephone 1-800-DOWJONES

PAID ADVERTISEMENT

**Deepak Mishra**President, Americas Region  
Philip Morris International


# “AMERICA CAN STOP SMOKING.”

Like a lot of ex-smokers, I know it can be hard to stop, but each year many people do. I turned to science and innovation to make a better choice than continuing to smoke. Today, I work for the company that made it possible: Philip Morris International.

There's no doubt that the best choice for all those who smoke is to quit tobacco and nicotine completely. But what can be done to help those among the 34 million American smokers who don't quit? More—much more. Innovative, scientifically substantiated smoke-free products are available, and they work.

PMI is fully committed to leaving cigarettes behind. To date, we've invested over \$9 billion in researching, developing, and commercializing smoke-free alternatives to cigarettes—and we are building our company's future around them. Already, around 30% of our total net revenues come from smoke-free products.

Those in public health and policymaking have the power and responsibility to support the end of smoking, but a new approach is needed.

Here are three things we know will accelerate the end of cigarettes in America:

- ▶ The U.S. Food and Drug Administration needs to help the 34 million American smokers who don't quit have access to and accurate information about a wide range of smoke-free products through a review process that maintains scientific rigor but is fast and predictable.
- ▶ U.S. public health agencies, including the Centers for Disease Control and the FDA, should provide adult smokers with clear, consistent, and accurate information about smoke-free alternatives and how they differ from cigarettes by avoiding the combustion of tobacco.
- ▶ All of us—regulators, policymakers, and tobacco companies—must cooperate to guard against underage use by prioritizing enhanced age-verification technologies, retailer compliance, and responsible marketing.

We all need to work together—practically, proactively, and quickly—to achieve our collective goal: the end of cigarette sales.



We're delivering a smoke-free future, faster.  
Learn more at [PMI.com/rethinkdisruption](http://PMI.com/rethinkdisruption)

Scan to  
Learn More



**UNSMOKE THE FUTURE**



PHILIP MORRIS  
INTERNATIONAL

# BUSINESS & FINANCE

© 2022 Dow Jones &amp; Company. All Rights Reserved.

\*\*\*\*\*

THE WALL STREET JOURNAL.

Tuesday, October 18, 2022 | B1

S&amp;P 3677.95 ▲ 2.65% S&amp;P FIN ▲ 2.58% S&amp;P IT ▲ 3.09% DJ TRANS ▲ 2.38% WSJ\$IDX ▼ 0.83% 2-YR. TREAS. yield 4.454% NIKKEI (Midday) 26985.66 ▲ 0.78% See more at WSJ.com/Markets

## Financial Stocks Bolster Indexes

By JOE WALLACE  
AND JUSTIN BAER

Stocks surged Monday, another day of outsize moves on Wall Street, as investors tried to make sense of an unsettled economic outlook and geared up for another batch of corporate earnings.

The S&P 500 rose 94.88 points, or 2.6%, to 3677.95. The index slid 2.4% Friday after a 2.6% gain Thursday. The Dow Jones Industrial Average added 550.99 points, or 1.9%, to 30185.82, while the Nasdaq Composite jumped 354.41 points, or 3.4%, to 10675.80.

The indexes pulled out of their latest sell-off in part on the strength of earnings re-

ports, including those by some of the nation's biggest banks. Investors were bracing for evidence that many companies were already mired in a slump. So far, they have been pleasantly surprised, said Quincy Crosby, chief global strategist at LPL Financial.

"The pessimism has been palpable, and the bar had come down for earnings reporting," Ms. Crosby said. "We've seen primarily positive surprises. When you have a market that's oversold, it doesn't take much of a catalyst to have it move up."

Investors said the big gains and losses underscored angst over a possible recess-

sion and the pace of interest rates increases, rather than fundamental changes in the economy. Adding to those worries, recent inflation data showed rapid price growth has been hard to slow, making it more likely that the Federal Reserve will continue to raise rates aggressively.

"We're going into a global recession so there's very little scope for anything to be rallying," said Hani Redha, a portfolio manager at Pinebridge Investments. "There's still a downturn here."

The next big test for the market is earnings season. Results gather pace this week with reports due in the coming days from Goldman Sachs

Group, Johnson & Johnson, Netflix and Tesla, among other major companies.

Results and guidance from executives about the next few quarters will pose a test for a market that has been buffeted by rising rates this year.

Though analysts cut estimates for third-quarter earnings growth in recent months, some investors say forecasts are still too upbeat about the prospects for corporate profits over the next year, given the likelihood of a recession.

The U.S. is forecast to contract and unemployment to rise in the coming 12 months, according to a Wall Street Journal survey of economists. "The market has priced the

Fed hikes and the tightening of financial conditions quite well but it hasn't priced the impact of that tightening yet," Mr. Redha said.

Shares of Bank of America rose \$1.92, or 6.1%, to \$33.62 after the lender said per-share earnings topped analysts' forecasts in the third quarter. Some of the biggest U.S. banks reporting last week said they were nervous of a recession, but their third-quarter earnings showed few signs of one.

**Bank of New York Mellon**, the world's biggest custody

Please turn to page B11

◆ Rising bond yields spread pain to other markets..... B11

## Mastercard And Visa Probed on Debit-Card Routing

By ANNAMARIA ANDRIOTIS

The Federal Trade Commission is investigating whether Visa Inc. and Mastercard Inc.'s security tokens restrict debit-card routing competition on online payments, according to people familiar with the matter.

The FTC for the past few years has already been probing whether Visa and Mastercard block merchants from routing payments over other debit-card networks. The networks acknowledged an FTC probe in regulatory filings in recent years.

In recent months, the FTC expanded its focus to routing challenges that stem from the networks' security tokens, the people familiar with the matter said. It couldn't be determined if the investigation is a new probe or part of the previous one.

Visa and Mastercard are by far the two biggest card networks in the U.S., building and maintaining the plumbing that allows Americans to use credit and debit cards at stores and online. Their lion's share of that market has drawn increasing scrutiny.

Please turn to page B2

## Fracking Pioneer Takes Firm Private

By BENOIT MORENNE

Harold Hamm, the billionaire fracking pioneer, agreed to buy the shares of **Continental Resources** Inc. not owned by him and his family for \$4.3 billion in a rare deal that will take one of the largest independent U.S. oil-and-gas producers private.

Mr. Hamm founded and ran Oklahoma City-based Continental for decades as its chief executive, fueling a shale-drilling bonanza in the Bakken Shale of North Dakota that is one of the larger oil-producing regions in the nation.

U.S. shale companies are under pressure from investors to spend conservatively on production and return more cash to shareholders. The shale industry increased production rapidly for years but mostly lost money by out-spending its cash flow. Many investors concerned about the companies' carbon footprint have also pulled out of the sector, leading to what executives and analysts said are low company valuations relative to their book values.

Even with oil prices topping \$130 this year, oil-and-gas producers have maintained their discipline and only modestly increased crude output. Mr. Hamm has said that pressure from investors makes it difficult for the company to pump more oil.

Mr. Hamm and his family, who own about 83% of Conti-

Please turn to page B2

## P&G Bets Hot Inflation Won't Push Shoppers to Shift to Cheaper Brands

By SHARON TERLEP

Inflation is testing Americans' loyalty to **Procter & Gamble** Co.'s biggest brands, but the maker of Tide detergent, Pampers diapers and Gillette razors is betting it can persuade shoppers to keep paying up.

The world's biggest maker of consumer products is rolling out star-studded ad campaigns and new product features, from drip-proof soap bottles to extra-absorbent paper towels, hoping to keep cash-crunching consumers from switching to cheaper brands.

P&G in recent months has underperformed rivals both broadly and in key categories such as razors, laundry detergent and paper towels, according to Nielsen data.

This comes after four years in which the company consistently expanded its share of the U.S. market despite price increases on products that are among the costliest on store shelves.

"There are certain brands that have so much loyalty, but at some point people have to make sacrifices," said Arthur Ackles, vice president of merchandising and buying for the Roche Bros. Boston-area grocery chain. He said devotion to P&G brands remains high, but he is seeing more consumers switch. "Tide is sitting there at \$11.99 and another brand is \$3 less. It's starting to not even be a decision for people anymore."

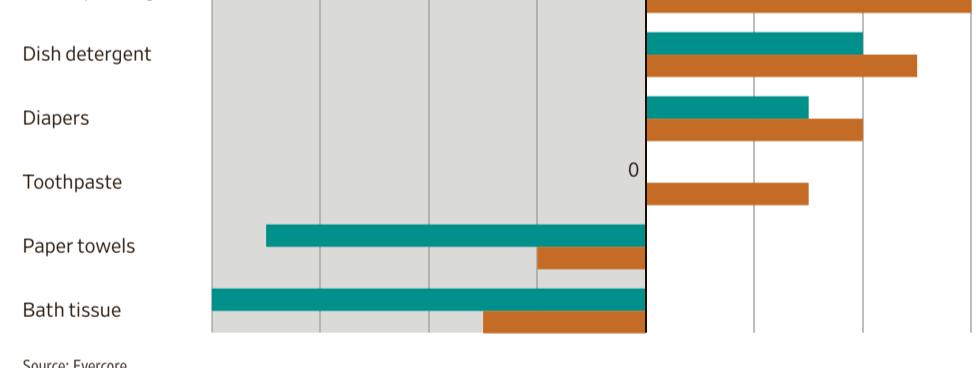
U.S. consumer inflation excluding energy and food reached a four-decade high in September, with grocery prices increasing 13% from a



BESS ADLER/BLOOMBERG NEWS

Procter & Gamble is rolling out star-studded ad campaigns and new product features.

Sales growth for four-week period ended Oct. 2 ■ Procter & Gamble ■ Industry



Source: Evercore

year ago.

P&G Chief Executive Jon Moeller, speaking at last week's annual shareholders meeting, said the company has so far been relatively successful in maintaining sales and

market share amid decades-high inflation.

But he said P&G's ability to command premium prices hinges on many factors outside the company's control, namely the rate of inflation, consumer

reaction to higher costs and the overall health of the economy.

Please turn to page B2

◆ Bank of America says consumers are spending... B10

## CEO of Anti-Woke Bank Resigns

By PETER RUDGEAIR AND RACHEL LOUISE ENSIGN

The chief executive of a Texas startup that sought to build a banking alternative for conservative Americans resigned over the weekend.

Toby Neugebauer stepped down as GloriFi CEO on Sunday, according to an email he sent to employees that was reviewed by The Wall Street Journal. His resignation follows a Journal article this month that detailed GloriFi's turbulent start.

Mr. Neugebauer started GloriFi with former Vice President

Please turn to page B11

## INSIDE



**ENERGY**  
BP agrees to buy U.S. biogas producer Archaea Energy for \$3.3 billion. B2



**HEARD ON THE STREET**  
EV charging faces speed bumps ahead. B12

## Netflix Seeks to Improve Frequency of Visits

By SARAH KROUSE AND JESSICA TOONKEL

Netflix Inc. earlier this year saw a worrying signal in its data: Users were coming to the streaming service less often, people familiar with the matter said.

The company, which tracks how many days over a four-week period its members watch content on the service, was concerned that the decline in visits would make it more likely that customers would

cancel their subscriptions, the people said.

Following that finding, co-Chief Executive Reed Hastings called on staff to find ways to make subscribers visit the platform more frequently, particularly as viewers re-establish their commuting, travel and entertainment habits after the worst of the pandemic, they said.

The mission to improve visit frequency is part of a effort by the company to better assess

Please turn to page B4



MATT KENNEDY/NETFLIX

**Interlake MECALUX**

MAXIMIZE WAREHOUSE PRODUCTIVITY WITH AUTOMATION



interlakemecalux.com

(877) 632-2589

## INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.	
<b>A</b>	Continental Resources.....A2
ABB.....B12	Dave & Buster's.....B1
Abbott Laboratories.....A3	Entertainment.....A1
Alphabet.....B4	Delta Air Lines.....B3
Amazon.com.....B2, B4	DiDi Global.....B12
Apple.....A12, B2	EnTrust Global.....B3
Archaea Energy.....B2	EVgo.....B12
Bank of America.....B1, B10	Exxon Mobil.....A7
Bank of New York Mellon.....B11	F
BHP Billiton.....B2	First Bancorp.....A1
Blink Charging.....B2	FlyExclusive.....B3
Boeing.....B3	G
BP.....A7, B2	GMF Capital.....B3
Calpine.....A3	I
ChargePoint.....B2	Intel.....A1
Chevron.....B1	J
Children's Place.....A1	JPMorgan Chase.....B10
Claxton Poultry.....A2	K
Kellogg.....B4	Kakao.....B4

## INDEX TO PEOPLE

A	
Ackles, Arthur.....B1	Gelsinger, Pat.....A4
<b>C</b>	
Calhoun, David.....B3	Moeller, Jon.....B1
Casey, Jim.....B10	Hastings, Reed.....B1
<b>D</b>	
Deckelbaum, David.....B2	Hamm, Harold.....B1
Dimon, Jamie.....B10	Hernandez, Carlos.....B10
<b>F - K</b>	
Farmer, George.....B4	Holmes, Elizabeth.....B3
Fegel, Gary.....B3	Hymowitz, Gregg.....B3
<b>L</b>	
Looney, Bernard.....B2	Krosby, Quincy.....B1
<b>M - P</b>	
Misra, Priya.....B11	Qiunian, Wu.....A2

scramble its token so a transaction can be handled by another debit network.

This setup reinforces Visa and Mastercard's position at the center of huge volumes of payments—even the payments that merchants might want to send over other networks.

Visa and Mastercard have pushed for widespread tokenization in recent years, noting that the tokens help protect the cards from fraud.

The FTC is looking into whether Visa and Mastercard have been limiting the information they send when they enable an online payment to go over a different network, the people said. That alleged practice, according to merchants, increases the chances that the card's issuing bank will reject the transaction when it is handled by a different network.

The FTC is also looking into whether Visa and Mastercard are restricting routing choice after shoppers store their debit-card information on merchants' websites or apps or on pay tab buttons, the people familiar with the matter said. Tokens are often used in these cases.

This month, the Federal Reserve issued an update to banks, clarifying that they must enable at least two networks on all debit-card transactions, including online payments. The Fed has the authority to enforce these rules with respect to Fed-supervised banks, and the FTC has the power to enforce these rules with card networks.

The FTC's current probe is linked to the Fed's update, according to people familiar with the matter.

*Continued from page B1*  
from regulators and fueled tension with merchants, which pay fees set by the networks when a customer pays via card.

A Justice Department investigation on whether Visa has unlawfully maintained a dominant market share in debit cards is ongoing, according to people familiar with the matter.

Federal law requires that merchants have the ability to choose from at least two unaffiliated debit-card networks to route transactions. That is supposed to give merchants the option to send debit-card payments over the network that sets lower fees.

In most cases, when a person stores a card in a digital wallet such as Apple Pay, the 16-digit card number gets replaced by a "security token"—essentially a line of random numbers. The token is typically provided by the network listed on the card—often Visa or Mastercard.

The token is what is sent along to payment networks when the person makes a purchase.

When a debit-card number is tokenized by Visa, for example, only Visa can understand the token so that it can be reassociated with an actual card. That makes it easy for the payment to go over Visa's network.

Alternatively, Visa can un-

derstand the token and route the payment through another network, such as Mastercard. This setup reinforces Visa and Mastercard's position at the center of huge volumes of payments—even the payments that merchants might want to send over other networks.

Visa and Mastercard have pushed for widespread tokenization in recent years, noting that the tokens help protect the cards from fraud.

The FTC is looking into whether Visa and Mastercard have been limiting the information they send when they enable an online payment to go over a different network, the people said. That alleged practice, according to merchants, increases the chances that the card's issuing bank will reject the transaction when it is handled by a different network.

The FTC is also looking into whether Visa and Mastercard are restricting routing choice after shoppers store their debit-card information on merchants' websites or apps or on pay tab buttons, the people familiar with the matter said. Tokens are often used in these cases.

This month, the Federal Reserve issued an update to banks, clarifying that they must enable at least two networks on all debit-card transactions, including online payments. The Fed has the authority to enforce these rules with respect to Fed-supervised banks, and the FTC has the power to enforce these rules with card networks.

The FTC's current probe is linked to the Fed's update, according to people familiar with the matter.

*Continued from page B1*

"I'm not going to posit on how that's going to play out," Mr. Moeller said.

To prevent defections, P&G has directed marketing and product-development dollars toward convincing consumers that paying more for its products ultimately saves money.

In one commercial, rappers Ice-T and Vanilla Ice and wrestler "Stone Cold" Steve Austin pitch a version of Tide that can be used in cold water, which is cheaper than running a load of laundry in a warm-water cycle. Another ad campaign says people use more water when they wash dishes by hand than they do in a dishwashing cycle.

A new bottle for Dawn detergent promises to eliminate waste. It features an inverted design, a no-flip cap and a self-sealing valve to prevent drips or soap from getting stuck in the container. Gillette razors now come in cardboard rather than rigid plastic packaging that is marketed as more environmentally sustainable. And the company has launched more absorbent versions of Bounty paper towels and Charmin toilet paper, a spokeswoman said.

P&G on Wednesday reports financial results for the first

quarter ended Sept. 30. P&G executives said the company has yet to see significant erosion in market share or sales. They say shortages due to high demand amid the pandemic and other idiosyncrasies have led to temporary share losses in some categories, and that third-party data trackers often undercount P&G sales because their numbers exclude certain retail outlets.

As the company invests in its high-end brands, executives say it is also prepared should consumers decide they need cheaper alternatives. P&G said

## BUSINESS & FINANCE

# BP to Pay \$3.3 Billion for Biogas Firm

By JENNY STRASBURG

**BP PLC** said it had agreed to buy U.S. biogas producer **Archaea Energy Inc.** for \$3.3 billion plus debt in a bet on growing demand from customers for renewable fuel.

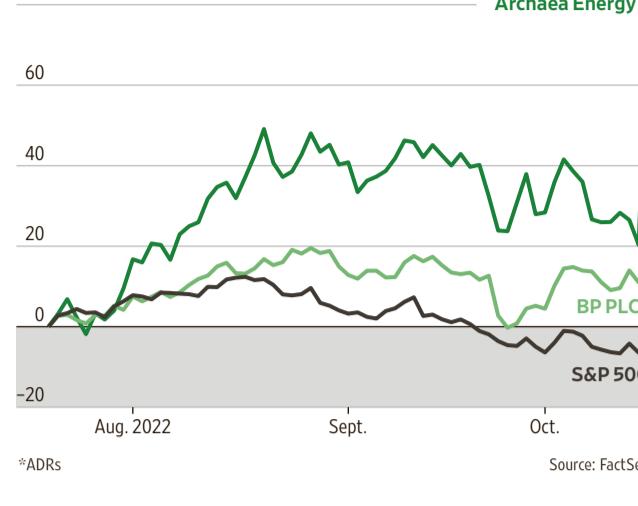
The British oil major said Monday that the acquisition of Houston-based Archaea—its biggest deal since its 2018 acquisition of U.S. shale assets—would expand the company's clean-energy portfolio. BP, like other big oil companies, is shifting more resources into lower-carbon energy, even as it continues with its core business of producing oil and gas.

BP agreed to pay \$26 a share for Archaea, a 38% premium to the U.S. company's 30-day weighted share price. BP also will take on \$800 million of Archaea's debt, taking the total value of the deal to \$4.1 billion.

BP executives said Archaea and BP would be able to tap into rising demand for renewable natural gas. They also said investors would benefit from the oil major's global trading operation and deep pockets, as well as U.S. government tax credits for renewable-energy investment.

Biogas can be captured from decomposing landfill and farm waste and made into alternative fuel for heavy trucks, power plants and other uses. The decomposition process re-

### Share performance



\*ADRs

Source: FactSet

leases methane, a greenhouse gas. The goal is to reduce emissions by processing the biogas into usable, transportable gas that can replace conventional natural gas and diesel fuel for vehicles.

Earlier this year **Chevron Corp.** made one of its largest investments in renewable fuels, paying \$3.15 billion for Iowa-based Renewable Energy Group.

BP said it expects the Archaea deal to double its biogas-related earnings before taxes and other factors to \$2 billion a year by 2030.

"It's a business we know well. We have loads and loads of customers," many of them willing to pay a premium for

greener fuels to meet their own low-carbon targets, BP Chief Executive Bernard Looney said Monday. He said examples include logistics giant DHL and e-commerce giant **Amazon.com Inc.**

BP is aiming to increase its biogas production to 70,000 barrels of oil equivalent a day by 2030, from 10,000 equivalent barrels a day now, through the Archaea deal and other BP operations including the U.K. and Germany. Archaea produces the equivalent of 6,000 oil-equivalent barrels a day of renewable natural gas. It will operate as a subsidiary of BP, the companies said.

Asked whether BP will need to do more acquisitions to

achieve its biogas target, Mr. Looney said, "It doesn't need to. It will all depend on valuation." The company also is pushing further into green hydrogen and offshore wind, though its renewables business is still dwarfed by profits from oil-and-gas production.

Archaea was formed last year through a deal that combined then-three-year-old Archaea Energy LLC with another energy company through a publicly traded acquisition vehicle. The company operates 50 biogas facilities across the U.S. and has a pipeline to develop dozens more.

However, the size of the deal could pose a risk to share buybacks that investors have been counting on, by reducing BP's cash position, Jefferies analysts said Monday. BP said the deal doesn't change its dividend and buyback plans.

Mr. Looney, when asked in a webcast with analysts after the deal was announced why BP chose to do a big renewables deal while energy prices are so high, said, "I'm not sure anyone's ever made money buying a hydrocarbon business at \$100 oil."

The acquisition is BP's largest since Mr. Looney took over as CEO in 2020 and since 2018, when BP acquired **BHP Billiton Ltd.**'s U.S. shale assets for more than \$10 billion, BP said.

—Chris Wack contributed to this article.

## Fracker Takes Firm Private

*Continued from page B1*  
nental, will buy the remaining shares for \$74.28 each. Mr. Hamm plans to acquire the company through an entity he owns in a deal that values the whole company at about \$27 billion.

Shares of Continental Resources rose 8.7% to \$74.14 Monday.

In June, Mr. Hamm offered to take the company private, saying it would "enhance our ability to maintain our competitive edge and will also enable us to be even more nimble in our efforts to create value through the drill bit." Now that a definitive agreement has been struck with Continental, Mr. Hamm will begin a tender offer to purchase the approximately 58 million company shares not held by him or his family, Continental said Monday.

The deal price represents a 15% premium to the stock's price at the time Mr. Hamm's initial \$70 offer became public in June and includes 28 cents to cover Continental's anticipated dividend for the third quarter.



Harold Hamm founded and ran Oklahoma City-based Continental for decades as its chief executive.

LARRY W. SMITH/BLOOMBERG NEWS

Some shareholders expressed dissatisfaction with the announcement. Cole Smead, president of Smead Capital Management, an investment firm that is the largest nonfamily owner of Continental shares, said that Mr. Hamm's offer undervalued the company's assets.

"We think he's stealing the assets at these prices," he said, adding that his firm hadn't been consulted on the deal despite its requesting so. Continental said Monday that the deal doesn't require a shareholder vote, leaving shareholders few options to contest.

More producers would go private to have more flexibility, oil-and-gas executives have said, but few are in a position to do so. Analysts said they didn't expect to see more publicly traded U.S. oil producers go private.

Among large publicly listed producers, Mr. Hamm is unique in retaining most of the shares of the company he founded, giving him the ability to regain sole control 15 years after taking it public. The company's initial public offering brought it cash to expand drilling in the Bakken.

One precedent of a producer going private includes the sale of oil producer Venoco Inc. to Chief Executive and majority shareholder Tim Marquez a decade ago.

David Deckelbaum, a senior analyst at investment bank Cowen, expects Continental will more aggressively exploit its acreage in Wyoming's Powder River Basin and the Anadarko Basin of western Oklahoma, as well as reinforce its existing position in the oil-rich Permian basin of Texas and New Mexico.

—Chris Wack contributed to this article.

## P&G Bets On Product Loyalty

*Continued from page B1*

"I'm not going to posit on how that's going to play out," Mr. Moeller said.

To prevent defections, P&G has directed marketing and product-development dollars toward convincing consumers that paying more for its products ultimately saves money.

In one commercial, rappers Ice-T and Vanilla Ice and wrestler "Stone Cold" Steve Austin pitch a version of Tide that can be used in cold water, which is cheaper than running a load of laundry in a warm-water cycle. Another ad campaign says people use more water when they wash dishes by hand than they do in a dishwashing cycle.

A new bottle for Dawn detergent promises to eliminate waste. It features an inverted design, a no-flip cap and a self-sealing valve to prevent drips or soap from getting stuck in the container. Gillette razors now come in cardboard rather than rigid plastic packaging that is marketed as more environmentally sustainable. And the company has launched more absorbent versions of Bounty paper towels and Charmin toilet paper, a spokeswoman said.

P&G on Wednesday reports



PROCTER & GAMBLE

P&G in recent months has underperformed rivals broadly and in key categories such as razors.

it has more brand offerings in lower-price ranges and offers a wider variety of package sizes than it did more than a decade ago during the last economic downturn.

Lois Miceli, 64 years old, of New Rochelle, N.Y., for decades was loyal to several P&G brands, including Tide detergent, Crest toothpaste, Dawn dish soap and Pampers diapers.

She recently quit Tide for Costco's private-label detergent and switched from Pampers to Luvs, P&G's lower-price brand. She buys diapers for her two grandchildren.

But, no matter the cost, Ms. Miceli said, she is sticking with Dawn and Crest.

"When it comes to health, I pay attention," she said, adding that Dawn is the only dish soap capable of clearing grease. "Clean clothes, I couldn't care less as long as it gets the stains out."

## BUSINESS NEWS

## Operator Of Private Jets Sets SPAC Merger

By LAUREN THOMAS

On-demand private-jet company **flyExclusive** has struck a deal to go public through a merger with a special-purpose acquisition company that would value the combined entity at \$600 million.

The Kinston, N.C., business is set to merge with **EG Acquisition Corp.**, a SPAC led by Gregg Hymowitz, chairman and chief executive of investment firm **EnTrust Global**, executives with the companies said. The SPAC, which is also backed by Gary Fegel's private-investment platform **GMF Capital**, raised \$225 million through an initial public offering in May 2021.

**flyExclusive** plans to use the funds to bolster its fleet of more than 90 jets, according to the company's CEO, Jim Segrave. Every airplane the company has purchased has increased in value, as demand for aircraft has soared and parts to build new planes have been harder to come by, he said.

**flyExclusive's Jet Club** is a multtiered membership program that allows customers to access its fleet for a monthly fee—for short trips or cross-country excursions. Mr. Segrave said the company, started in 2015, has been profitable since its second year of operations.

Upon completion of the deal, expected in early 2023, **flyExclusive** and **EG Acquisition** will combine under a new holding company that will be listed on the New York Stock Exchange. Mr. Segrave is set to lead the entity, with Messrs. Hymowitz and Fegel on the board.

Proceeds from the deal would amount to about \$310 million, the executives said.

## Theranos Witness Stands by Testimony

By HEATHER SOMERVILLE

A key witness in the prosecution of Elizabeth Holmes, the convicted founder of Theranos Inc., said in federal court Monday that his testimony against his former boss was truthful and she needs to pay her debt to society.

The testimony, from former Theranos lab director Adam Rosendorff, came during a hearing in which Ms. Holmes made a case for a new trial, spurred in part by a surprise visit to her home in August by Dr. Rosendorff. Ms. Holmes alleges that he expressed regret for his role in her prosecution and blamed the government for twisting his testimony.

The impromptu visit was the basis for one of three motions Ms. Holmes's lawyers filed last month arguing for a new chance to prove she is innocent of criminal-fraud charges. U.S. District Judge Edward Davila has already denied her request for an acquittal. The judge agreed to hold a hearing to ask Dr. Rosendorff about whether his testimony had been truthful and whether the government had asked him to lie.

"At all times I testified truthfully and honestly to the best of my recollection," Dr. Rosendorff said in response to Judge Davila's questions. "At all times the government encouraged me to tell the truth and only the truth."

Dr. Rosendorff said he disagreed with how Ms. Holmes's lawyers characterized his visit to her home on Aug. 8, and frequently said that he couldn't recall the content of his two, brief conversations with her partner, Billy Evans. "I was pretty nervous. Much of it was a blur," said Dr. Rosendorff.

Judge Davila didn't rule Monday on Ms. Holmes's bid for a new trial after the more-than hourlong hearing. Lawyers said they would file additional comments before the judge makes his final decision.

## Boeing Criticized on MAX Safety Data

By ANDREW TANGEL

Federal air-safety regulators have asked **Boeing Co.** to launch a review of its safety paperwork for the 737 MAX 7, another setback for the plane maker's push to win approval for the jet before a year-end legal deadline.

The Federal Aviation Administration is unable to review the company's submissions "due to missing and incomplete information" related to cockpit crews' potential reactions to catastrophic hazards, according to an Oct. 12 agency letter viewed by The Wall Street Journal. Plane makers must meet such hurdles before regulators clear jets to carry passengers.

The FAA's request for a review covers system safety assessments for the 737 MAX 7, which is the shortest in Boeing's family of the single-aisle jets, and which is awaiting regulatory approval to carry passengers.

It comes after the agency recently said the aircraft was at risk of not being certified by a December deadline set by Congress following two fatal crashes of the 737 MAX 8, an earlier version of the jet.

A focus of air-safety legislation passed by Congress in 2020, which included the deadline, is human-factors engineering, which deals with how pilots respond to cockpit emergencies.

The fatal 737 MAX 8 accidents involved a flawed Boeing



The FAA said it is unable to review the company's submissions 'due to missing and incomplete information.'

assumption about how pilots would respond to a flight-control system's misfire. The law would require MAX jets certified after the end of year to receive a potentially costly and time-consuming cockpit overhauling.

Boeing said safety remains the driving factor in its effort to meet all regulatory requirements in certifying the 737 MAX 7. The company said being thorough and transparent with the FAA will continue to be a priority.

The FAA said the letter

speaks for itself. Acting FAA Administrator Billy Nolen said at a press conference this month that the agency wouldn't approve the 737 MAX 7 and another MAX model for passenger service until it was satisfied.

"When we've got all the information we need, and not until then, we'll certificate the airplane," Mr. Nolen said. "We are working through it very purposefully, and when we get there, we get there."

**Southwest Airlines Co.** is a major buyer of the 737 MAX 7

and has been planning to add the fuel-efficient jet to its fleet and retire older planes.

Boeing Chief Executive David Calhoun said on Sept. 15 that he expected the 737 MAX 7 would be certified by the year-end deadline. FAA officials later signaled the 737 MAX 7 was at risk of not meeting the year-end deadline.

Boeing has also been working to get the longer model of the jet, the 737 MAX 10, certified by the end of the year.

Mr. Calhoun has said Boeing may have to consider canceling

that model without a congressional extension.

**United Airlines Holdings Inc.** and **Delta Air Lines Inc.** are among that model's buyers.

The Oct. 12 FAA letter regarding the MAX 7 was signed by Ian Won, acting manager of the agency's Boeing oversight office. It cites examples that he wrote show Boeing inadequately addressing pilots' roles in certain cockpit emergencies, such as avoiding ignition of the plane's fuel tanks.

—Micah Maidenberg contributed to this article.

# Look North.

## For energy security.

Global events are shining a light on the importance of energy security for the United States. Canada's oil is trusted oil. It should be the preferred energy supplier to the US. Canada is recognized as an indisputable leader in environmental, social and governance (ESG) standards. So, if not Canada, who are you entrusting your country's energy security to? Find out more about why Canada is the solution.

[CanadaIsTheSolution.com](http://CanadaIsTheSolution.com)



**Canadian Energy Centre**

This material is distributed by DDB Canada on behalf of the Canadian Energy Centre. Additional information is on file with the Department of Justice, Washington, D.C.

## TECHNOLOGY

WSJ.com/Tech

# Kanye West, Curbed By Twitter, Reaches Deal to Buy Parler

By GARETH VIPERS

Parler says Kanye West has agreed to buy the libertarian-leaning social network popular with conservatives. The rapper's latest foray into the debate around free speech.

Parler's parent company, Parlement Technologies, said Monday it had entered into an agreement in principle with Mr. West, who now legally goes by Ye, to buy the platform.

"This deal will change the world, and change the way the world thinks about free speech," Parler Chief Executive George Farmer said in a statement. "Ye is making a groundbreaking move into the free speech media space and will never have to fear being removed from social media again."

Financial terms of the deal, which is expected to be completed later this year, weren't disclosed. Parlement and Mr. West didn't immediately respond to requests for comment.

Launched in 2018, Parler has attracted millions of users by pitching itself as "free speech

**Twitter alternative**," several of them people who had been banned by other large social networks, including far-right talk-show host and conspiracy theorist Alex Jones and supporters of the Proud Boys.

The platform came under heavy scrutiny in 2021 for serving as a hub for people alleged to have organized and participated in the Jan. 6 riot at the U.S. Capitol.

Among other fallout, Apple Inc. and Google parent Alphabet Inc. removed Parler from their mobile-app stores, and Amazon.com Inc. stopped providing Parler with web-hosting services, forcing it offline for weeks. The major tech companies said Parler had broken their rules by failing to have an adequate content-moderation system in place.

Last month, Google allowed Parler to return to its app store after the social network agreed to modify some of its content-moderation policies and enforcement.

Mr. West has been critical of major Silicon Valley social-media companies. Earlier this month, Twitter Inc. locked his account after the musician and designer posted an anti-Semitic tweet.

Mr. West's Instagram account also has been locked over a post that violated company policy, according to a spokesperson for Instagram parent Meta Platforms Inc.

Both Twitter and Instagram have policies that prohibit the posting of offensive language, among other restrictions.

Mr. West has been enmeshed in controversy over his public messaging and social media before, including earlier this month when he appeared at his Yzy fashion show in Paris wearing a "White Lives Matter" shirt.

The phrase, an inversion of "Black Lives Matter," is often used by white supremacist groups, according to the Anti-Defamation League.



The breakdown of Kakao, whose services span everything from ride hailing to mobile payments, disrupted life in South Korea.

SEONGJIN CHO/BLOOMBERG NEWS

# App Outage Jolts South Koreans

By JIYOUNG SOHN  
AND TIMOTHY W. MARTIN

SEOUL—Kakao Corp., South Korea's so-called everything app, dropped out of service over the weekend, spurring widespread disruption in life and business that exposed the vulnerabilities created should an ubiquitous tech giant be forced offline.

Kakao's main services—messaging to ride hailing to mobile payments—suffered outages on Saturday following a fire at a facility housing a large proportion of the company's data servers. Not all of the company's offerings had been restored as of Monday.

Local media referred to the service disruption as the "Kakao Blackout." With Kakao servers knocked offline, taxi drivers couldn't connect with potential passengers via Kakao's ride-hailing app. People renting Kakao-operated electric scooters and bikes couldn't end their rides due to errors in the apps, triggering bills of as much as 500,000 won, or the equivalent of \$350. South Koreans reported issues transferring money or sending e-coupons through the KakaoTalk messenger.

Most of South Korea's 52 million residents use Kakao, with the company's role in arranging essential services, like Covid-19 vaccines, having only

deepened during the pandemic.

The idea of an everything app has gained more attention lately, following Elon Musk's interest in potentially building a social-media company that would offer a variety of services. A purchase of Twitter Inc., Mr. Musk has previously indicated, could accelerate such endeavors for a do-it-all app.

The Kakao service breakdown drew quick attention from South Korean officials. On Monday, President Yoon Suk-yeol likened Kakao's services to a national infrastructure and asked the country's antitrust regulators to more deeply explore potential issues that come with a monopolized market.

Lawmakers proposed adding companies like Kakao that operate critical online services and data centers to the national disaster-response system to ensure faster recovery and responses to potential service disruptions.

Kakao said Monday that most of its major services had resumed normal operations, but that certain services such as email and its Daum search engine were still experiencing delays. It had earlier apologized and vowed steps to recover service and prepare compensation plans.

South Korea boasts some of the world's fastest internet speeds and highest rates of

smartphone adoption. That technological savvy has meant a comparatively large slice of the country's communications and commerce has shifted online, leaving it particularly vulnerable should one of the main digital corridors go down.

A big reason for Kakao's deep digital roots across South Korea is how often the country requires government-identity verification for a variety of routine tasks, from checking out a book at the library to ordering food online.

Certain services such as email were still experiencing delays as of Monday.

The Kakao messaging app tethered to an individual's smartphone number, which must be connected to a person's government-issued identification, making the app a convenient way to access many services, said Park Kyung-sin, director at Open Net Korea, a nonprofit advocating for digital rights.

"Kakao has become the go-to tool for identity verification," said Mr. Park, who is also a law professor at Korea

University in Seoul. The solution, he added, would be for South Korea to reduce the number of essential services requiring such identity verification.

Temporary interruptions of social media platforms, cloud companies, messaging apps and various websites are relatively common in the U.S. and elsewhere, but few such services are as central to users' lives as Kakao is in South Korea.

Meta Platforms Inc.'s services went offline for as much as six hours last year, disrupting access for businesses and users around the world. Amazon.com Inc.'s cloud-computing unit, Amazon Web Services, suffered several outages in December. Meanwhile, messaging platform Slack and fitness equipment company Peloton Interactive Inc. suffered glitches in February.

Shares of Kakao fell 5.9% on Monday. Investors sold off other main Kakao affiliates, including KakaoBank Corp., Kakao Games Corp. and KakaoPay Corp.

Many third-party South Korean apps, which allow users to log in using their KakaoTalk messenger information instead of creating a separate account, also saw disruptions.

—Newley Purnell  
in Hong Kong  
contributed to this article.



Mr. West has criticized major Silicon Valley social-media companies.

# Cybersecurity Tops Information Chiefs' Agenda

By STEVEN ROSENBUCH

Chief information officers say cybersecurity once again will be their top investment priority in 2023, a sign of how companies are racing to manage the business risk posed by escalating threats.

Companies are facing an escalation in cyberattacks such as the 2021 Colonial Pipeline ransomware attack that affected eastern U.S. fuel distribution. Hospital operator CommonSpirit Health disclosed this month an attack that downed systems and disrupted patient care. The Federal Bureau of Investigation's Internet Crime Complaint Center said it received a record 847,376 complaints in 2021, with potential losses exceeding \$6.9 billion.

Corporate CIOs have a role in a range of crucial initiatives, from the adoption of cloud computing to the use of advanced data analytics and the modernization of productivity, collaboration and commerce platforms that touch on customer and employee experience.

Cyber and information security has been at the top of their agenda since 2020.

"You boil it down to the CIO, it is cybersecurity. Absolutely...That is the highest priority," said Chris Howard, chief of research at technology research and consulting firm Gartner Inc., pointing to the results of the firm's latest CIO Survey. The results of the annual survey, which included about 2,200 respondents, were unveiled Monday at the 2022

Gartner IT Symposium/Xpo in Orlando, Fla.

Gartner asked CIOs whether they planned to increase or decrease their investments in a range of areas. Of the respondents, 66% said they planned to increase investment in cybersecurity. By that measure, it was the top investment priority for CIOs, beating business intelligence and analytics, in which 55% of respondents said they planned to increase investment.

Other investment priorities included cloud computing platforms, application modernization and artificial intelligence.

Gartner forecasts that worldwide information security and risk-management spending by end users will reach \$188.336 billion in 2023,

up 11.3% from the current year. Gartner estimates spending on security will grow 7.2% this year compared with 2021. The company says spending on security grew 14.3% in 2021 compared with 2020.

At Kellogg Co., safety and security account for roughly 15% of its total corporate information and technology spend, according to global CIO Lesley Salmon. "From an expense perspective, not a capital investment perspective, it will be going up proportionately more than any of my other areas next year," said Ms. Salmon, who is based in the U.K.

Moreover, should the need to cut expenses arise, Ms. Salmon said she leaves that part of the budget intact.

"I don't ever go to that hunting ground to save money. If I get a budget challenge, it doesn't come out of cyber," said Ms. Salmon.

Ms. Salmon has spent the past 12 months or so building up the company's use of the Amazon Web Services cloud and its use of analytics and AI. "But the constant across all of that is cyber," she said.

Her strategy has been to bolster security at the perimeter of the network and work inward from there. The company also is working to adopt a so-called Zero Trust framework for cybersecurity, in which users and applications must continually reauthenticate themselves.

The company's chief information security officer reports

to her, but she said that cybersecurity is a partnership that includes many roles throughout the company.

The collaborative emphasis on cybersecurity is evident across companies in healthcare and financial services where executives in a range of roles are now on the front lines of securing data.

"We are mutually concerned about cybersecurity. It's what boards are talking about," said Truist Financial Corp. Chief Information Security Officer Howard Whyte. He and Truist CIO Scott Case work closely to understand the Charlotte, N.C., bank's cybersecurity risk. In particular, they are updating digital capabilities while monitoring the integration of technology at the bank.

## PRIVATE SIMPLIFIED

DESIGNED BY VETERAN NETJETS/MARQUIS JET EXECUTIVES, WE'VE ELIMINATED ALL THE RED TAPE WHILE FLYING PRIVATE.

EXPERIENCE OUR SOLUTION-ORIENTED APPROACH TO PRIVATE AVIATION:  
A TRIP-BY-TRIP PROGRAM • NO MEMBERSHIP FEES  
NO PEAK DAY RESTRICTIONS



888.758.5387 | UNITYJETS.COM

scribers for two consecutive quarters, something that had never happened before in the streaming pioneer's history. Netflix has told investors it expects to add one million subscribers in the third quarter. It is scheduled to report results for the period on Tuesday afternoon.

Netflix's shares are down about 60% so far this year.

Adding more urgency to Netflix's efforts to have customers spend more time on its platform is the November launch of its first ad-supported tier, given that the revenue the company can expect to generate from ads will depend on how many people see the U.K.

Over the past two years, that overarching effort included measuring whether a specific program is deemed "sticky"—if it was watched for at least 75 minutes over the course of 28 days—and giving users more tools to identify content they really like, such as a double thumbs-up, people familiar with the effort said.

Now, the company is looking more closely at stickiness in concert with how frequently members return to the service. Netflix declined to comment.

The company's growing emphasis on such metrics for making programming decisions comes as Netflix has lost sub-

scribers for two consecutive quarters, something that had never happened before in the streaming pioneer's history. Netflix has told investors it expects to add one million subscribers in the third quarter. It is scheduled to report results for the period on Tuesday afternoon.

Netflix's shares are down about 60% so far this year.

Adding more urgency to Netflix's efforts to have customers spend more time on its platform is the November launch of its first ad-supported tier, given that the revenue the company can expect to generate from ads will depend on how many people see the U.K.

Over the past two years, that overarching effort included measuring whether a specific program is deemed "sticky"—if it was watched for at least 75 minutes over the course of 28 days—and giving users more tools to identify content they really like, such as a double thumbs-up, people familiar with the effort said.

Now, the company is looking more closely at stickiness in concert with how frequently members return to the service. Netflix declined to comment.

The company's growing emphasis on such metrics for making programming decisions comes as Netflix has lost sub-

# You can't have a conversation with this ad.

But with text message marketing, you can.

Connect with shoppers where they already are—through personalized, interactive text messaging at scale.

The result? Conversations that convert.

Our customers generate \$55 in online sales for every dollar spent on Attentive.

Discover why over 5,000 global brands like Reebok, Supergoop, and Chanel have tapped into text message marketing powered by Attentive.



Scan to text us  
or visit [attentive.com](https://attentive.com)

## attentive®

Drive sales with text marketing

THE WALL STREET JOURNAL.

## CMO Network

# The Decision Makers Driving Today's Most Influential Brands

A network of marketing visionaries connecting to discuss the industry's biggest trends and plan a path forward.

Martha Boudreau, AARP	Jennifer Z. Renaud, Masonite International
Melissa Brotz, Abbott	Jennifer Halloran, MassMutual Financial
Andrea Brimmer, Ally	Colleen Campbell, Maxar
Amazon	Roxanne Taylor, Memorial Sloan Kettering
Lori M. Lee, AT&T	Lesleigh Irish-Underwood, MetroPlusHealth
Robert Chatwani, Atlassian	Chris Capossela, Microsoft Corporation
Erika Serow, Bain & Company	Katherine Cronin, Moderna
Catherine Roche, BMO Financial Group	Nasdaq
Roddy Young, Boston Children's Hospital	Josh Feldman, NBCUniversal
Rod Manley, Burberry	Tom Raimondi Jr., NETSCOUT
Adina Kagan, Chanel	Maureen Bromwell, Northern Trust
Joe Cumello, Ciena	Lynn Teo, Northwestern Mutual
Linda Duncombe, City National Bank	Zeynep I. Ozdemir, Palo Alto Networks
Gaurav Chand, Cognizant	Philips
Chandar Patabhiram, Coupa Software, Inc.	Justin Billingsley, Publicis Groupe
Patrick Smith, Cvent	Josh Golden, Quad
Suzanne Kounkel, Deloitte	Jan X. Hanak, Regency Centers
Dennys Inc.	Stacey Feder, Related Companies
Sherry Weiss, Dow Jones & Company	Dan Robbins, Roku
DXC Technology	Julia White, SAP
Kari Janavitz, E2open	Michael Bopp, Synchrony Financial
Tim Rea, Edward Jones & Co.	Mike Katz, T-Mobile
John Rudaizky, EY	Rajashree R, Tata Consultancy Services
Ellyn Raftery, FIS	Marc Pritchard, The Procter & Gamble Company
Arnaud Kraaijvanger, Genesys	Ian Colley, The Trade Desk
Genpact	Micky L. Onvural, TIAA
Lorraine Twohill, Google	Michael Mendenhall, TriNet Group Inc.
Jill R. Wilson, Gray, Inc.	Teresa Poggenpohl, Unisys
Jill Kouri, HCL Technologies	Brittany Balbo, United Talent Agency
Sumit Virmani, Infosys	Julian B. Jacobs, United Talent Agency
Emily Pachuta, Invesco	Kevin Warren, UPS
Misty Muscatel Davis, IRI and NPD	Jon Schulz, Viant
Maria B. Winans, Kyndryl	Nicole Silver, Volta Charging
LegalZoom	Paul J. Gennaro, Voya Financial
Emily Ketchen, Lenovo	Janine Pelosi, Zoom Video Communications
Spiros Fotinos, Lexus Europe	

Membership is by invitation: CMONetwork@wsj.com Learn more: CMONetwork.wsj.com/inquire

THE WALL STREET JOURNAL.  
TRUST YOUR DECISIONS

## COMMODITIES

wsj.com/market-data/commodities

## Futures Contracts

## Metal &amp; Petroleum Futures

	Contract						Open
	Open	High	hilo	Low	Settle	Chg	interest
Copper-High (CMX)-25,000 lbs; \$ per lb.							
Oct 3,4500 3,4790 3,4500 3,4555 0,0050 1,295	83.51	85.10		82.77	83.51	-0.04	128,832
Dec 3,4125 3,4675 3,3905 3,4155 -0,0080 101,693	80.96	82.68		80.63	81.14	0.06	91,010
Gold (CMX)-100 troy oz; \$ per troy oz.							
Oct 1650,20 1652,00 1648,80 1657,00 15,30 591	78.11	79.83		77.95	78.35	0.16	121,831
Nov 1646,30 1667,60 1645,20 1658,90 15,20 3,122	74,15	75,93		74,15	74,62	0.31	159,735
NY Harbor USLD (NYM)-42,000 gal; \$ per gal.							
Nov 3,9981 4,1188 3,9833 4,0852 -0,1050 46,708	2,6361	2,6690		2,5762	2,5931	-0,0378	65,009
Dec 3,6134 3,7074 3,6031 3,6873 0,0847 56,316	2,4495	2,4950		2,4192	2,4344	-0,0196	71,780
Natural Gas (NYM)-10,000 MMBtu; \$ per MMBtu							
Nov 6,263 6,314 5,912 5,999 -0,454 82,074	6,894	6,959		6,635	6,714	-0,329	121,086
Dec 6,680 6,737 6,382 6,479 -0,348 81,644	5,990	6,062		5,770	5,913	-0,231	88,808
Jan'23 4,955 5,060 4,901 5,014 -0,074 77,454	4,898	4,972		4,824	4,948	-0,051	84,052

## Agriculture Futures

	Contract						Open
	Open	High	hilo	Low	Settle	Chg	interest
Corn (CBT)-5,000 bu; cents per bu.							
Dec 689.00 692.25 681.25 683.50 -6.25 644,829	189.90 922.50 896.20 913.60 18.70 50,394	18.625 18.625 18.625 18.674 0.659 163					
Silver (CMX)-5,000 troy oz; \$ per troy oz.							
Oct 18,625 18,625 18,625 18,719 0,648 110,964	18,160 18,890 18,155 18,719 0,648 110,964	18,160 18,890 18,155 18,719 0,648 110,964					
Crude Oil, Light Sweet (NYM)-1,000 bbls; \$ per bbl.							
Nov 85.59 87.12 84.61 85.46 -0.15 79,687	84.63 86.18 83.70 84.53 -0.12 282,099	84.63 86.18 83.70 84.53 -0.12 282,099					

## Platinum (NYM)-50 troy oz; \$ per troy oz.

## Bonds | wsj.com/market-data/bonds/benchmarks

## Tracking Bond Benchmarks

Return on investment and spreads over Treasurys and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return close	YTD total return (%)	Index	Yield (%)			Total return close	YTD total return (%)	Index	Yield (%)		
			Latest	Low	High				Latest	Low	High

## Broad Market Bloomberg Fixed Income Indices

1884,24	-15.7	U.S. Aggregate	5,020	1,580	5,030

## U.S. Corporate Indexes Bloomberg Fixed Income Indices

2724,88	-19.8	U.S. Corporate	5,950	2,130	5,970

## Intermediate Bloomberg Fixed Income Indices

2683,00	-12.5	Intermediate	5,860	1,570	5,880

## Long term Bloomberg Fixed Income Indices

3503,81	-31.1	Long term	6,130	2,940	6,130

## Double-A-rated Bloomberg Fixed Income Indices

526,82	-20.8	Double-A-rated	5,150	1,840	5,160

## Triple-B-rated Bloomberg Fixed Income Indices

714,85	-20.2	Triple-B-rated	6,260	2,340	6,280

## High Yield Bonds ICE BofA

449,84	-13.8	High Yield Constrained	9,438	4,086	9,623

## High Yield 100 ICE BofA

416,66	-17.3	Triple-C-rated	16,536	7,291	16,779

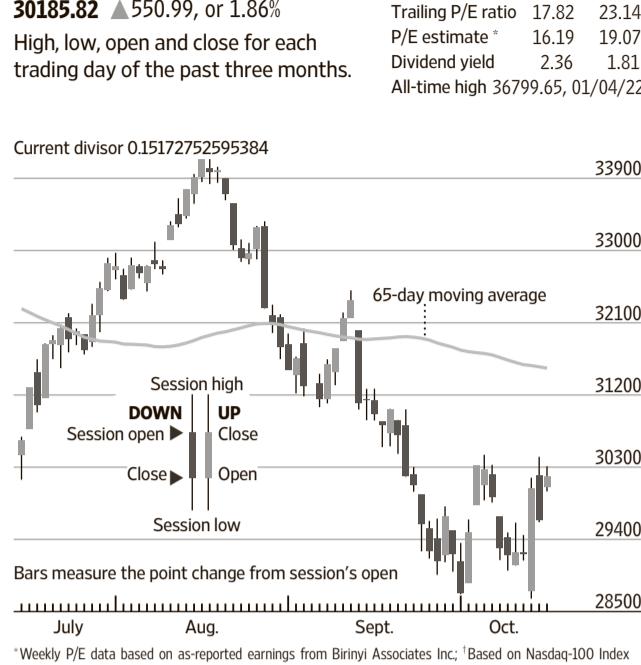
## High Yield 100 ICE BofA

3016,43	-13.2	High Yield 100	8,542	3,6

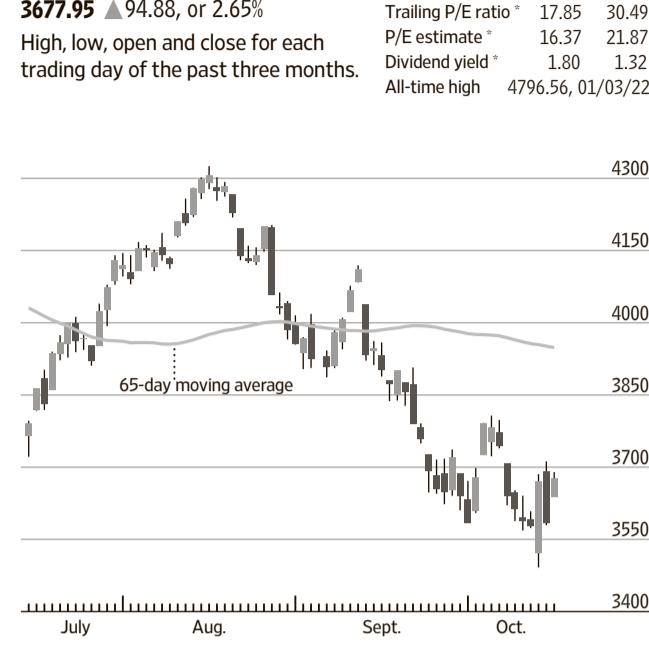
## MARKETS DIGEST

## EQUITIES

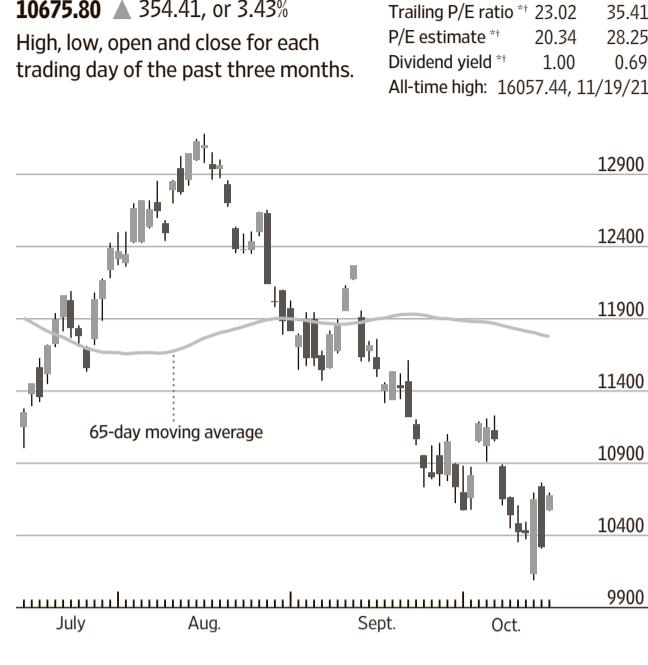
## Dow Jones Industrial Average



## S&amp;P 500 Index



## Nasdaq Composite Index



\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; Based on Nasdaq-100 Index

## Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr.ann.
<b>Dow Jones</b>										
Industrial Average	30311.95	29997.62	<b>30185.82</b>	550.99	1.86	36799.65	28725.51	-14.4	-16.9	3.8
Transportation Avg	12854.91	12649.06	<b>12801.54</b>	298.16	2.38	17039.38	11999.40	-16.2	-22.3	6.8
Utility Average	873.97	857.87	<b>865.50</b>	18.39	2.17	1071.75	838.99	-2.7	-11.8	0.1
Total Stock Market	37161.89	36628.52	<b>37047.61</b>	991.40	2.75	48929.18	36056.21	-20.5	-23.8	6.5
Baron's 400	887.16	862.18	<b>883.69</b>	21.50	2.49	1127.20	825.73	-15.6	-20.1	8.9
<b>Nasdaq Stock Market</b>										
Nasdaq Composite	10696.59	10569.69	<b>10675.80</b>	354.41	3.43	16057.44	10321.39	-28.9	-31.8	9.4
Nasdaq-100	11090.87	10959.74	<b>11062.53</b>	370.47	3.46	16573.34	10692.06	-27.7	-32.2	11.7
<b>S&amp;P</b>										
500 Index	3689.73	3638.65	<b>3677.95</b>	94.88	2.65	4796.56	3577.03	-18.0	-22.8	7.1
MidCap 400	2315.08	2276.26	<b>2307.51</b>	62.30	2.77	2910.70	2200.75	-16.3	-18.8	6.0
SmallCap 600	1123.40	1104.14	<b>1121.13</b>	30.08	2.76	1466.02	1064.45	-18.0	-20.0	5.5
<b>Other Indexes</b>										
Russell 2000	1738.70	1701.16	<b>1735.75</b>	53.35	3.17	2442.74	1649.84	-23.5	-22.7	4.0
NYSE Composite	13989.86	13607.31	<b>13923.21</b>	315.91	2.32	17353.76	13472.18	-17.4	-18.9	2.2
Value Line	511.36	495.91	<b>509.72</b>	13.81	2.78	696.40	491.56	-23.8	-24.1	-0.6
NYSE Arca Biotech	4761.47	4615.01	<b>4750.14</b>	135.12	2.93	5815.27	4208.43	-14.2	-13.9	3.4
NYSE Arca Pharma	771.31	757.21	<b>769.48</b>	12.27	1.62	887.27	737.50	4.3	-7.0	9.1
KBW Bank	101.97	100.40	<b>101.12</b>	2.92	2.98	147.56	94.66	-26.5	-23.5	0.3
PHLX® Gold/Silver	100.66	98.88	<b>99.08</b>	2.66	2.76	167.76	91.40	-24.1	-25.2	3.2
PHLX® Oil Service	69.24	67.90	<b>68.47</b>	1.75	2.62	88.37	49.14	4.6	29.9	2.3
PHLX® Semiconductor	2241.59	2194.40	<b>2211.66</b>	49.34	2.28	4039.51	2162.32	-33.8	-44.0	11.2
Cboe Volatility	32.59	30.70	<b>31.37</b>	-0.65	-2.03	36.45	15.01	92.3	82.2	31.5

## Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours High	Low
SPDR S&P 500	SPY	5,927.5	368.06	1.24	0.34	368.10	349.33
Cisco Systems	CSCO	5,285.0	41.31	0.01	0.02	41.40	39.30
Invesco QQQ Trust I	QQQ	4,791.6	270.38	1.03	0.38	270.40	261.97
Bank of America	BAC	4,017.6	33.84	0.22	0.64	33.87	33.59
Apple	AAPL	3,820.5	142.60	0.19	0.13	142.64	142.10
iShares MSCI Emerging Mkts	EEM	3,442.5	35.25	0.10	0.28	35.35	35.13
ProShares Ultra Pro QQQ	TQQQ	3,410.7	19.55	0.25	1.30	19.57	19.30
Rentokil Initial ADR	RTO	3,242.7	28.64	0.24	0.85	28.64	28.40

## Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Ra Medical Systems	RMED	2,473.4	7.23	1.78	32.66	7.65	5.07
fuboTV	FUBO	1,482.8	4.51	0.46	11.36	4.72	3.85
Antero Resources	AR	923.9	35.45	1.52	4.48	36.56	33.82
Prometheus Biosciences	RDXD	83.1	50.28	2.14	4.45	50.28	47.01
Algoma Steel Group	ASTL	127.4	6.97	0.28	4.19	6.97	6.63

## ...And losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Dragonfly Energy	DFLI	188.9	8.50	-1.08	-11.27	10.25	8.11
Hudbay Minerals	HBM	244.4	3.76	-0.20	-5.05	3.96	3.76
Immunogen	IMGN	140.2	6.00	-0.31	-4.91	6.33	6.00
Park Hotels Resorts	PK	335.8	11.84	-0.54	-4.36	12.38	11.84
Mueller Water Products	MWA	167.4	10.36	-0.47	-4.34	10.83	10.36

## Percentage Losers

## Percentage Losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low	% chg
NGM Biopharmaceuticals	NGM	3.41	-8.14	-70.48	21.63	2.92	-82.2	
Minerva Neurosciences	NERV	4.09	-9.34	-69.55	15.27	2.51	-60.5	
Intelligent Living	ILAG	2.99	-3.52	-54.07	26.40	1.49	...	
Cano Health	CANO	4.73	-3.50	-42.53	12.87	3.81	-57.4	
Gravitas Education ADR	GEHI	13.30	-5.76	-30.22	62.60	10.30	-77.3	
FingerMotion	FNGR	4.90	-1.73	-26.09	9.80	0.62	-25.9</td	

## BIGGEST 1,000 STOCKS

How to Read the Stock Tables									
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.									
The list comprises the 1,000 largest companies based on market capitalization.									
<b>Underlined quotations</b> are those stocks with large changes in volume compared with the issue's average trading volume.									
<b>Boldfaced quotations</b> highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.									
Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.									

Monday, October 17, 2022 Net Net Net

Stock	Sym	Close	Chg	Stock	Sym	Close	Chg	Stock	Sym	Close	Chg
<b>A B C</b>											
ABB	ABB	26.09	0.94	CIBC	CM	43.22	1.53	FiatNflnF	FIN	38.25	0.34
ADT	ADT	8.35	0.34	CanNaturalRes CNQ	53.53	0.60	FifthThirdBnpC FRC	34.73	0.77		
AECOM	ACM	70.38	1.93	CGP	69.39	2.35	FirstCitzBchka FCNA	867.75	1.73		
AES	AES	23.88	0.57	Canon	CAJ	22.09	0.23	FirstFinsKfsn FFS	45.00	1.17	
Afiaf	AFL	59.63	0.50	CapitalOne	CFO	97.47	2.08	FirstHorizon FHN	22.95	0.17	
AGCO	AGCO	109.22	1.73	CardinalHealth CAH	68.22	0.14	FirstLineFirst FR	45.68	1.81		
Ansys	ANSS	211.80	8.59	Carlisle CSL	291.58	9.56	FirstRepBank FRC	119.31	6.72		
APA	APA	40.10	0.17	Carlyle CG	26.40	0.97	FitThirdBnpC FRC	34.73	0.77		
ASyTech	ASX	5.04	0.22	CarMax KMX	62.03	1.83	FirstStChka FCNA	867.75	1.73		
ASML	ASML	39.22	13.09	Carnival CCL	7.27	0.14	FirstTrust FTS	36.92	0.24		
AT&T	T	15.31	0.32	Carnival CUI	6.46	0.42	FirstValue FTV	37.97	3.23		
AbbottLabs	ABBV	103.52	2.61	CenterGlobal CRR	35.59	0.98	FiveBelow FIV	171.76	4.40		
AbbVie	ABBV	144.41	1.47	Centene CNC	75.18	0.88	FiveFifths FIV	171.76	4.40		
Albomed	ABMD	257.87	8.59	CharlesGenes CEN	19.65	1.95	FiveBelow FIV	171.76	4.40		
AcadHealthcare	ACH	82.39	2.20	CharltonHicks CHL	88.82	6.34	FiveFifths FIV	171.76	4.40		
Accenture	ACN	26.22	9.50	CheniusGenes CEN	19.65	1.95	FiveBelow FIV	171.76	4.40		
ActivationBlitz	AVT	71.76	-0.37	Centene CNC	75.18	0.88	FiveFifths FIV	171.76	4.40		
Adobe	ADBE	293.50	5.56	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
AdvantageAuto	AAP	169.86	1.29	CheniusGenes CEN	19.65	1.95	FiveBelow FIV	171.76	4.40		
AdvDrainageSys	WMS	125.62	5.67	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
AdvMicroDevices	AMD	57.99	2.02	CheniusGenes CEN	19.65	1.95	FiveBelow FIV	171.76	4.40		
Aegon	AEG	4.07	0.09	CheniusGenes CEN	19.65	1.95	FiveBelow FIV	171.76	4.40		
AgilentTechno	A	130.56	4.86	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
agilon health	AGL	21.33	0.15	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Alcon	ALC	59.74	2.16	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
AirProducts	APD	237.33	4.83	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Airbus	ABBN	116.50	7.34	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
AkamaiTech	AKAM	82.54	2.56	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Albemarle	ALB	248.03	10.56	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Albertsons	ACI	26.43	0.22	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Accenture	ACN	26.22	9.50	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
ActivationBlitz	AVT	71.76	-0.37	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Adobe	ADBE	293.50	5.56	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
AdvantageAuto	AAP	169.86	1.29	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
AdvDrainageSys	WMS	125.62	5.67	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
AdvMicroDevices	AMD	57.99	2.02	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Aegon	AEG	4.07	0.09	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
AgilentTechno	A	130.56	4.86	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
agilon health	AGL	21.33	0.15	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Alcon	ALC	59.74	2.16	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
AirProducts	APD	237.33	4.83	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Airbus	ABBN	116.50	7.34	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
AkamaiTech	AKAM	82.54	2.56	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Albemarle	ALB	248.03	10.56	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Albertsons	ACI	26.43	0.22	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Accenture	ACN	26.22	9.50	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
ActivationBlitz	AVT	71.76	-0.37	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Adobe	ADBE	293.50	5.56	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
AdvantageAuto	AAP	169.86	1.29	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
AdvDrainageSys	WMS	125.62	5.67	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Aegon	AEG	4.07	0.09	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
AgilentTechno	A	130.56	4.86	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
agilon health	AGL	21.33	0.15	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Alcon	ALC	59.74	2.16	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
AirProducts	APD	237.33	4.83	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Airbus	ABBN	116.50	7.34	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
AkamaiTech	AKAM	82.54	2.56	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Albemarle	ALB	248.03	10.56	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Albertsons	ACI	26.43	0.22	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Accenture	ACN	26.22	9.50	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
ActivationBlitz	AVT	71.76	-0.37	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Adobe	ADBE	293.50	5.56	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
AdvantageAuto	AAP	169.86	1.29	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
AdvDrainageSys	WMS	125.62	5.67	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
Aegon	AEG	4.07	0.09	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
AgilentTechno	A	130.56	4.86	CheckPoint CHPK	112.39	0.37	FiveBelow FIV	171.76	4.40		
agilon health	AGL	21.33	0.15	CheckPoint CHPK	112.39	0.37	FiveBelow FIV</				

## BANKING &amp; FINANCE

# Bank of America CEO Says People Are Still Spending

By BEN EISEN

High inflation and rising interest rates haven't done much to weaken the health of the American consumer, **Bank of America** Corp. Chief Executive Brian Moynihan said Monday.

The company's data show that spending growth remains strong in terms of both amounts and number of transactions. Americans are spending in particular on travel and entertainment, which tend to be discretionary items. Deposit balances remain higher than prepandemic levels by multiple times and delinquencies remain low.

"The customers' resilience and health remain strong," Mr. Moynihan said Monday on a call with analysts after the company reported its third-quarter earnings.

Executives and everyday Americans alike are trying to figure out the uncertain economic outlook. The highest inflation in decades has prompted the Federal Reserve to aggressively lift interest rates to slow the economy.

Like other lenders, Bank of America is preparing by stowing away additional money to cover possible loan defaults. The \$378 million the bank added to its reserves was a drag on its earnings.

Bank of America earned \$7.08 billion in the latest period, down 8% from \$7.69 billion a year earlier. That amounts to 81 cents a share. Analysts expected 78 cents, according to FactSet. Revenue rose 8% to \$24.5 billion. Analysts expected \$23.54 billion.

Still, Mr. Moynihan, the longtime head of the nation's second-largest bank, has stood out in recent years for having a sanguine outlook on the economy. He was early to say the economy was rebounding from the pandemic shutdown in 2020. At the time, many



**Bank of America's Brian Moynihan said, 'The customers' resilience and health remain strong.'**

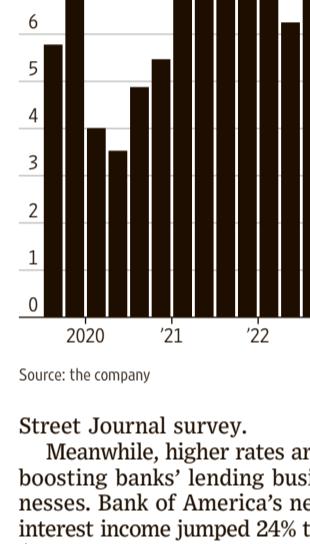
banking executives feared widespread customer defaults, which never materialized.

Mr. Moynihan's remarks Monday stand in contrast to other big-bank CEOs, namely **JPMorgan Chase** & Co.'s Jamie Dimon, who reiterated his belief on Friday that an economic "hurricane" is coming. JPMorgan executives said consumers will deplete the extra money in their checking accounts around the middle of next year.

Despite Mr. Moynihan's optimism, there were some notes of caution. Spending growth, while high, slowed to 10% in September, versus 12% for the year so far, according to the bank's metrics.

Mr. Moynihan said at an industry conference last week that his bank expects a shallow recession with a modest increase in unemployment. Economists widely expect a recession in the next 12 months, according to a Wall

## Bank of America's quarterly profit



Source: the company

## Street Journal survey.

Meanwhile, higher rates are boosting banks' lending businesses. Bank of America's net interest income jumped 24% to \$13.77 billion.

Noninterest income fell 8% to \$10.74 billion. A deal-making drought caused investment-banking fees to fall 46% to \$1.17 billion. Morgan Stanley and other Wall Street banks reported similar declines.

Trading revenue rose 13% to \$4.11 billion during a turbulent quarter for markets.

Swooning financial markets also prompted wealthy people to pare their borrowing for the first time in years last quarter. Until recently, wealthy people were taking out securities-based loans at a rapid pace, even when markets plunged in the first half of this year. Those are loans backed by assets like stock-and-bond portfolios.

At Bank of America, those loans dropped by almost 3% over the third quarter, to \$52.6 billion. That was the first quarter-over-quarter drop since the beginning of the pandemic.

# JPMorgan Chase's Investment Bank Leader to Retire

By DAVID BENOIT

house equity underwriting and trading businesses.

Mr. Hernandez mostly kept out of the spotlight many big-time deal makers relish and wasn't one to appear on television to claim credit for a big deal.

The 36-year veteran of JPMorgan has been a counselor to major executives and world leaders and a close ally to Mr. Dimon.

He plans to retire at the end of the first quarter next year, according to an internal memo Monday from Mr. Dimon and Daniel Pinto, the president and head of the corporate investment bank.

Mr. Hernandez, 61, is the executive chair of investment and corporate banking. He joined a much smaller version of JPMorgan in 1986, Morgan Guaranty Trust, which was fighting for relevance as an investment bank, and has run several parts of the bank over the years.

Among his proudest accomplishments, Mr. Hernandez said in an interview, was helping build the bank's power-



**Carlos Hernandez plans to retire at the end of the first quarter.**

J.P. MORGAN CHASE

## New Highs and Lows

Continued From Page B9

Stock	52-Wk %	Stock	52-Wk %	Stock	52-Wk %	Stock	52-Wk %	Stock	52-Wk %	Stock	52-Wk %	Stock	52-Wk %	Stock	52-Wk %	Stock	52-Wk %	Stock	52-Wk %		
Symbol	Chg (%)	Symbol	Chg (%)	Symbol	Chg (%)	Symbol	Chg (%)	Symbol	Chg (%)	Symbol	Chg (%)	Symbol	Chg (%)	Symbol	Chg (%)	Symbol	Chg (%)	Symbol	Chg (%)		
<b>Lows</b>																					
NobleRockA	-0.9%	NRAC	-0.9%	WaveLifeSci	-0.9%	VWE	-0.9%	WWT	-0.9%	AshfordHospPfd	-13.7%	AT&T	-13.7%	ExecutiveNtwkA	-8.6%	BIO	-8.6%	NeuviteKnts2026	-23.5%	QuanergySystems	-0.8%
NorthernStrillA	-0.9%	NSTC	-0.9%	WorldwideWebA	-0.9%	WWAC	-0.9%	WorldwideWebA	-0.9%	AshfordHospPfd	-13.7%	AT&T	-13.7%	ExelaTech	-0.3%	ICAD	-1.8%	NeaxinTechW	-0.2%	SunlifeHealth	-3.2%
NorthernStrillA	-0.9%	NSTD	-0.9%	ZWorkAcqna	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FTCEmeraldWt	-0.7%	FTCEmeraldWt	-0.7%	MediaBridge	-0.4%	NREFA	-21.6%	QwestNts2027	-18.0%	TCBioPharm	-0.8%
OceanTechA	-0.9%	OTEC	-0.9%	ZWorkAcqna	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FangdngNetwork	-0.6%	FTCEmeraldWt	-0.7%	ImpelPharm	-4.1%	RCRT	-0.9%	TCR Therap	-1.5%	TCR Therap	-1.2%
OneEquityPrtsA	-0.9%	OEWP	-0.9%	CoherencePfd	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FTCEmeraldWt	-0.7%	FTCEmeraldWt	-0.7%	InfiniteAcpnWt	-0.9%	NIHWRK	-1.5%	TPComposites	-3.6%	TPComposites	-3.2%
OrangeCityBnp	-0.9%	OBTP	-0.9%	ACEConvWt	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FirstHorizonPfd	-2.8%	FirstHorizonPfd	-2.8%	InspireMD	-0.3%	NSPR	-1.2%	OGOV	-0.4%	RitthCapPfd	-0.5%
PWP Forward I	-0.9%	FRW	-0.9%	AGNC InvPfd	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FirstHorizonPfd	-2.8%	FirstHorizonPfd	-2.8%	NorthViewTher	-0.1%	NOVAC	-0.2%	RitthCapPfd	-0.5%	TitanRuixiang	-0.5%
PerceptionCapl	-0.9%	PCCT	-0.9%	AGNC InvPfd	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FirstHorizonPfd	-2.8%	FirstHorizonPfd	-2.8%	RevelstonePfd	-0.1%	RTMP	-0.4%	RTMP	-0.4%	RTMP	-0.4%
PoweredBrandsA	-0.9%	POW	-0.9%	AT&T	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FirstHorizonPfd	-2.8%	FirstHorizonPfd	-2.8%	RWDWV	-0.3%	RTW	-0.7%	RTW	-0.7%	RTW	-0.7%
PrivateAcqna	-0.9%	PMG	-0.9%	AT&T Nts 2026	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FirstHorizonPfd	-2.8%	FirstHorizonPfd	-2.8%	RWDWV	-0.3%	RTW	-0.7%	RTW	-0.7%	RTW	-0.7%
ProgressAcqna	-0.9%	PGRW	-0.9%	AT&T Nts 2026	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FirstHorizonPfd	-2.8%	FirstHorizonPfd	-2.8%	RWDWV	-0.3%	RTW	-0.7%	RTW	-0.7%	RTW	-0.7%
PropSolsll A	-0.9%	PSA	-0.9%	AcastiPharma	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FirstHorizonPfd	-2.8%	FirstHorizonPfd	-2.8%	RWDWV	-0.3%	RTW	-0.7%	RTW	-0.7%	RTW	-0.7%
ReinsGrp	-0.9%	RGA	-0.9%	AccelerateVt	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FirstHorizonPfd	-2.8%	FirstHorizonPfd	-2.8%	RWDWV	-0.3%	RTW	-0.7%	RTW	-0.7%	RTW	-0.7%
ResoluteForest	-0.9%	RFT	-0.9%	AgileFins	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FirstHorizonPfd	-2.8%	FirstHorizonPfd	-2.8%	RWDWV	-0.3%	RTW	-0.7%	RTW	-0.7%	RTW	-0.7%
RocketInternetA	-0.9%	RKTA	-0.9%	AmericanRealty	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FirstHorizonPfd	-2.8%	FirstHorizonPfd	-2.8%	RWDWV	-0.3%	RTW	-0.7%	RTW	-0.7%	RTW	-0.7%
ShuaPrtsl A	-0.9%	SHUA	-0.9%	Artemis	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FirstHorizonPfd	-2.8%	FirstHorizonPfd	-2.8%	RWDWV	-0.3%	RTW	-0.7%	RTW	-0.7%	RTW	-0.7%
SoCaRatl	-0.9%	SSAA	-0.9%	AYeWt	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FirstHorizonPfd	-2.8%	FirstHorizonPfd	-2.8%	RWDWV	-0.3%	RTW	-0.7%	RTW	-0.7%	RTW	-0.7%
ScorpioTankers	-0.9%	STNG	-0.9%	AlphaTeknov	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FirstHorizonPfd	-2.8%	FirstHorizonPfd	-2.8%	RWDWV	-0.3%	RTW	-0.7%	RTW	-0.7%	RTW	-0.7%
T7C A	-0.9%	VII	-0.9%	AlphaTeknov	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FirstHorizonPfd	-2.8%	FirstHorizonPfd	-2.8%	RWDWV	-0.3%	RTW	-0.7%	RTW	-0.7%	RTW	-0.7%
TZP Strategies A	-0.9%	TZPS	-0.9%	ApotexBiosci	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FirstHorizonPfd	-2.8%	FirstHorizonPfd	-2.8%	RWDWV	-0.3%	RTW	-0.7%	RTW	-0.7%	RTW	-0.7%
TailwindIntntA	-0.9%	TWH	-0.9%	ArborRtyPfd	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FirstHorizonPfd	-2.8%	FirstHorizonPfd	-2.8%	RWDWV	-0.3%	RTW	-0.7%	RTW	-0.7%	RTW	-0.7%
TargetGblI A	-0.9%	TAIA	-0.9%	ArborRtyPfd	-0.9%	AT&T	-0.9%	AT&T	-0.9%	FirstHorizonPfd	-2.8%	FirstHorizonPfd	-2.8%	RWDWV	-0.3%	RTW	-0.7%	RTW	-0.7%	RTW	-0.7%
TastemakerA	-0.9%	TMKR	-0.9%																		



# HEARD ON THE STREET

FINANCIAL ANALYSIS &amp; COMMENTARY

## Xi Lays Out Clashing Vision for China

The Chinese leader is urging workforce development, but his policies have blocked foreign students and hurt employment at home

Chinese leader Xi Jinping's big moment is finally here. But as he prepares to begin a third term at the pinnacle of Chinese power, he risks squandering China's chance to become the world's top economy in pursuit of an ill-advised bid for self-reliance. That could be a historic mistake.

Mr. Xi can point to some major achievements. For one, China's income per capita reached more than \$12,550 in 2021—about double the level in 2012 when he took the helm, and at the very edge of high-income status, according to the World Bank's definition. Few would argue that China isn't now a "moderately prosperous society," a longtime aspiration enshrined in decades of Communist Party documents. China's environmental problems remain daunting, but the country has made steady progress.

Despite these accomplishments, however, the vision laid out in Mr. Xi's address Sunday was deeply contradictory, and most notable for what it didn't provide: a way out of China's zero-Covid labyrinth or strong medicine to heal the deep wounds in China's housing and technology sectors, and in the country's labor market.

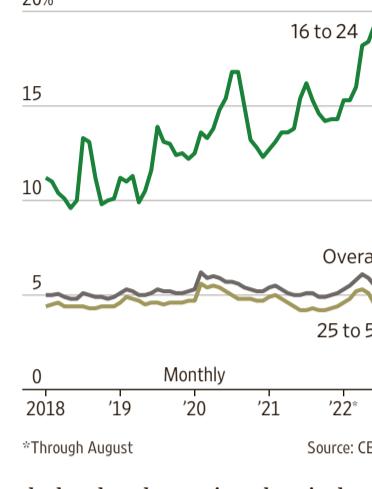
Mr. Xi's speech, which ran to

nearly two hours, was fundamentally political, but economics was at the heart of it: High-quality economic development—code for favored sectors such as high-tech manufacturing—and greater self-reliance in science and technology was flagged as the priority for the next five years. The speech identified "talent as our primary resource" and highlighted plans to "attract the brightest minds from all over." And it concluded with an exhortation to China's young people to take advantage of the historic opportunities before them.

It is here that a certain discordance becomes difficult to ignore. China's youth unemployment rate is currently hovering around 19%. Much of that damage is due directly or indirectly to Beijing's rediscovered obsession with self-reliance—often at the cost of growth.

China's continued isolation under "dynamic zero-Covid" policies is partly the result of an early political decision to forgo more-effective foreign mRNA vaccines in favor of domestic manufacturers—and the political benefits reaped from continually contrasting Western democracies' disastrous early response to Covid-19 with China's low death rate. Many of China's el-

### Surveyed urban unemployment rate in China, by age group



derly, already vaccine-skeptical and confident that the virus is contained, have declined to get fully vaccinated or boosted. Based on the latest publicly available vaccination data and the early 2022 Covid-19 wave in Hong Kong—which also had a dangerously low elderly vaccination rate—Capital Economics estimates that opening up now could result in 1.5 million deaths in the over-80 age bracket alone.

As a result, China's services sector—the main job engine for the young and educated—continues to lag behind, with no clear endpoint or strategy in view to remedy the situation. Meanwhile, far from attracting the best talent from the world over, many foreign students spent much of the past two years locked out of China, while Beijing's increasingly aggressive rhetoric has hammered perceptions of China abroad.

The increasing focus on self-reliance and security, rather than growth per se, is also at the heart of the recent crackdown on some of China's previously fast-growing sectors—internet technology and education—which until recently were key sources of well-paying jobs growth. While the rectification campaign had many drivers, Beijing has repeatedly made clear that it views internet-platform companies such as ride-hailing company **Didi** as a data-security risk and a driver of inequality.

Rather than endure what Mr. Xi has called a "disorderly expansion of capital" built atop technologies such as advanced semiconductors owned and created by foreigners, the Xi administration would clearly prefer to simply indigenize

those technologies—even at the cost of enormous economic dislocation and waste. Mr. Xi's speech was notable for re-emphasizing the importance of the real economy—meaning manufacturing and bricks-and-mortar services. The digital economy is mentioned mostly as an end note to the section on industrial modernization, in the context of the need to further integrate it with the real economy and the so-called Internet of Things.

To be sure, many of the West's current ills—high inflation and shortages of skilled and unskilled labor—can also be laid partly at the feet of questionable attempts at economic self-reliance. But China's economic miracle over the past 30 years was built on increased integration with the outside world, and developed democracies have the advantage of already dominating most high-technology sectors, rather than trying to reinvent them from scratch.

Self-reliance is a seductive concept, particularly in an era of heightened geopolitical tensions. But for China, it looks like a shaky foundation for further rapid growth.

—Nathaniel Taplin

## British U-Turn Shows Central Banks Still Rule

In its game of chicken with the U.K. government, the Bank of England has emerged victorious. Investors are relieved, but in truth nobody has much to celebrate.

On Monday, U.K. treasury chief Jeremy Hunt rolled back £32 billion, equivalent to about \$36 billion, out of the £45 billion in tax cuts promised by his predecessor Kwasinski Kwarteng. British sovereign bonds rallied, particularly those with shorter maturities.

BOE Gov. Andrew Bailey's gamble paid off. Last week, he reiterated that bond buying wouldn't be extended, putting the pension-fund industry at risk. Gilts set the price for U.K. government borrowing but are key for financial stability, so neither the BOE nor the Treasury could afford to let the volatility sparked by Mr. Kwarteng's plans persist. But the government blinked first, after financial instability sparked a rebel-

lion within the Conservative Party.

The incident highlights why investors should re-evaluate bonds. Yields can go only so high relative to interest-rate expectations before officials are forced to intervene one way or another. The message for politicians is clear: Even if central bankers step in during a crisis, antagonizing them can backfire because they are harder to remove than elected officials.

Contrary to recent chatter in the City of London and on Wall Street, it is doubtful investors ever genuinely feared so-called fiscal domination: U.K. politicians overriding the BOE and creating endless inflation. If that were the case, sterling's initial drop against the euro wouldn't have reversed so quickly.

But this means that Mr. Hunt's U-turn doesn't provide the economy, or the pound, with much upside from here.

While it is good that Mr. Kwarteng's ill-conceived tax cuts were canceled, U.K. policy is now more aimless than ever, trapped between another potential leadership battle and the prospect of a straitjacketed government until as

**While it is good that the tax cuts were canceled, U.K. policy is now more aimless than ever.**

late as January 2025—the deadline for a parliamentary election. Mr. Hunt seems to be focused on reducing bond yields over the next two weeks so that when the U.K.'s independent fiscal watchdog publishes its medium-term projections

for public debt, they are a bit less scary. At current levels, a flat debt-to-output ratio in three years' time would demand £40 billion more in annual savings, according to Samuel Tombs at Pantheon Macroeconomics.

"All departments will need to redouble their efforts to find savings and some areas of spending will need to be cut," Mr. Hunt said on Monday.

Such talk echoes the fiscal orthodoxy that sapped U.K. growth in the 2010s. Even the inflation-reducing energy-bill cap is set to be redrawn next year to reduce expenses. Public-sector austerity has become yet another risk for the country's economy, on top of rising energy and mortgage costs and a shrinking labor force.

After Monday's gilt-market rally, yields remain elevated. The problem is that they are deter-

mined more by the central bank than by the stock of government debt, and the BOE finds it easier to ignore concerns other than high inflation. It refused to act more decisively to help pension funds unwind their leverage quickly—leverage motivated by accounting standards enforced by regulators—and remains committed to selling its own bond portfolio. Since Mr. Bailey said in a speech on Saturday that these bond sales aren't part of setting monetary policy, the only rationale for not suspending them can be establishing its own supremacy over the treasury.

An important learning from the post-2008 period was that some coordination between governments and central banks can lead to better outcomes. As the U.K. has so dramatically shown, this risks getting eroded by rising interest rates.

—Jon Sindreu

## Electric-Vehicle Charging Still Has Speed Bumps Ahead

America's EV-charging industry filled up on a fair share of government spending commitments in the past year. Yet after starting their public-market debuts with a bang in 2021—many through mergers with special-purpose acquisition companies—they have lost their spark, possibly offering a more accessible price point for investors looking for exposure to electric-vehicle industry growth.

ChargePoint Holdings trades at \$13.07 a share, a far cry from the \$30.11 price tag it commanded shortly after its SPAC merger closing. EVgo goes for \$7.34 a share, less than half of what it fetched following the close of its SPAC merger. And Volta, which traded for roughly \$9 a share following its public-market debut, is \$1.04 a share.

Much of that could be chalked up to the excessive enthusiasm that SPACs generated in 2021. If anything, though, the investment case for EV charging seems to have gotten stronger since then.

The Inflation Reduction Act includes attractive perks for EVs that should drive demand for charging infrastructure, as well as tax credits specific to EV chargers. California has mandates in place that require all new vehicles sold from 2035 on to be zero-emission and for ride-share companies to begin electrifying their fleets starting in 2023. The infrastructure bill, passed in late 2021, earmarked \$7.5 billion of investment toward new EV chargers over the next decade.

There is clearly a big white space for EV charging in the U.S. If half of all vehicles sold are zero-emission by 2030, in line with federal targets, the U.S. would require 1.2 million public EV chargers and 28 million private EV chargers by then, per McKinsey estimates. That would be roughly 20 times 2021 levels. In the short



To match federal targets, by 2030 the U.S. will need roughly 20 times as many EV chargers as in 2021, McKinsey says.

term, a big risk is the speed of EV adoption, which is facing additional speed bumps from supply-chain issues. These issues also are causing headaches for manufacturers of EV charging equipment.

For most investors, a good place to start might be to look at EV-charging companies with the scale and liquidity to weather potential delays. ChargePoint and EVgo safely fall into that bucket and are the two largest pure-play charging operators in the U.S. and Canada as of 2021, according to data from BloombergNEF.

EVgo, which owns and operates charging stations, offers pure-play exposure on range anxiety. The company operates level 3 chargers, also known as direct-current fast chargers, which got a big boost from the infrastructure bill. The bill carved out \$5 billion of fund-

ing to build out EV chargers along highway corridors, which should benefit fast-charger providers.

The biggest risk for EVgo, however, is that fast-charging stations don't get used as much as the company might think. Its revenue depends on how frequently the chargers are used. It is tough to predict how most U.S. EV drivers' charging habits will look; while Europe is a more mature market for chargers, James West, equity analyst at Evercore, says that it isn't a great comparison. Not only is Europe more densely populated, but the charging market there is unique because many companies offer free charging in their office parks as corporate perks, he noted.

Because EVgo tends to own its chargers, which are heavy on capital, picking the wrong location can be a costly mistake for the com-

pany. Ultimately, in the very long run, there also is the risk that EVgo starts competing with convenience stores that will require very thin margins on their EV charging, as they do for gasoline today, relying on the chargers merely as traffic drivers to make profit on snacks and coffee.

ChargePoint offers a more balanced bet across use cases. It sells charging equipment and software across all three levels of chargers—from slower home use to speedy level 3. Its hardware can only be bought if bundled with its own software, which makes the revenue stream on the software sticky. Unlike EVgo, ChargePoint's revenue doesn't directly depend on charger utilization. It also leans hard on its software, which makes it a differentiator from hardware-only original equipment manufacturers.

"Most of the EV charging [original equipment manufacturers] are trying to do something very similar, and their intellectual property is maybe unique today but we think the industry will eventually get commoditized," says Maheep Mandloi, equity analyst at Credit Suisse.

Investors have more ways to get exposure to the picks and shovels of the EV wave, including Tritium, which focuses on level 3 charging. Wallbox focuses on home charging, and a few others straddle different types of chargers, such as ABB, Blink Charging and Volta.

There is money to be made at the end of the road, but with supply-chain speed bumps and fuzzy visibility on EV charging behavior, investors probably should split their bets across a few different plugs.

—Jinjoo Lee