

THE WALL STREET JOURNAL.

What's News

Business & Finance

- ◆ **U.S. efforts to close** loopholes that gave Russia—the aggressor in the war with Ukraine—access to the international banking system appear to be paying off. **A1**
- ◆ **The global experiment** with negative interest rates ended when the last holdout, the Bank of Japan, moved its key policy rate back to at least zero. **A1**
- ◆ **Unilever said it plans** to make its ice-cream division, which includes Ben & Jerry's, Popsicle and other brands, a stand-alone business. **A1**
- ◆ **U.S. stocks advanced**, with the S&P 500 rising 0.6% to a record and the Dow and Nasdaq gaining 0.8% and 0.4%, respectively. **B13**
- ◆ **Nvidia's next generation** of artificial-intelligence chips will be affordably priced to appeal to a wide group of customers, Chief Executive Jensen Huang said. **B1, B4**
- ◆ **Microsoft hired** Mustafa Suleyman, a leader and entrepreneur in artificial intelligence, to helm the company's consumer AI products work. **B4**
- ◆ **Apple has held talks** with Google and other AI software providers about using their technology in the iPhone. **B1**
- ◆ **JetBlue will exit** from certain cities and end some flight routes to give priority to better-performing routes. **B3**
- ◆ **AstraZeneca will acquire** Fusion Pharmaceuticals for up to \$2.4 billion as part of a plan to accelerate the development of next-generation cancer treatments. **B3**
- ◆ **"Star Wars" creator** George Lucas endorsed Disney and its chief executive in their proxy fight against activist investor Nelson Peltz. **B3**

World-Wide

- ◆ **Some foreign executives** said that provisions in a new domestic-security bill passed by Hong Kong lawmakers could make the city less attractive to international business. **A1**
- ◆ **The Supreme Court** allowed Texas to begin arresting and deporting noncitizens on its own, rejecting an emergency appeal from the Biden administration which argued that states can't interfere with federal authority over the border. **A3**
- ◆ **House Speaker Johnson** said House and Senate committees had begun drafting the text of an agreement on the DHS's funding bill, setting the stage for consideration of six annual spending bills by both chambers soon. **A4**
- ◆ **The EU resisted** a French-German drive to sanction Iran over its provision of military hardware to its regional proxies, with senior bloc officials saying new sanctions could undercut diplomacy with Tehran. **A6**
- ◆ **Brazilian police accused** former President Bolsonaro and his closest aides of falsifying their Covid-19 vaccination records to travel to the U.S. at the height of the pandemic, according to a person close to the investigation. **A8**
- ◆ **Taiwan's defense minister** hinted that U.S. troops were training the Taiwanese military on outlying islands that would be on the front lines of a conflict with China. **A7**
- ◆ **Trump's grip on the GOP** continued to tighten when his chosen candidate in the party's primary for Senate in Ohio, Bernie Moreno, prevailed over state Sen. Matt Dolan, a critic of the former president. **A4**

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Texas Border Law Stands for Now, Justices Rule



SETBACK FOR BIDEN: The Supreme Court on Tuesday allowed Texas to enforce a law to fight illegal immigration, rejecting a federal emergency appeal. The Biden administration seeks to block the measure, arguing states can't challenge U.S. authority. **A3**

U.S. Tightens Vise on Russian Money

Under pressure, Dubai lender scales back business with oligarchs and traders

When the U.S. and Europe tried to sever Russia from the Western financial system, Moscow found workarounds. Key among them: banks in the Per-

sian Gulf and Europe that maintained ties with Russia. Now, Washington's efforts to close these loopholes appear to be paying off. Dubai's main state-owned bank shut some accounts held by Russian oligarchs and traders of Russian oil. Turkish lenders are growing wary of handling Russia-related business. The U.S. put bankers in Vienna, another fi-

By *Benoit Faucon, Costas Paris and Joe Wallace*

naancial hub, on notice. The moves follow visits by U.S. officials, and recent rounds of sanctions against trading firms and others. In December, the White House gave the Treasury Department greater sanc-

tions power, enabling it to penalize foreign banks for dealings involving Russia's military-industrial base. Emirates NBD, the Dubai banking giant, is central to the shift. Russian businesses and oligarchs flocked to the United

◆ Stranded jets spur an insurance battle..... B1

Ukraine's Impossible Choice: Land or Lives

Worn-down soldiers, short of supplies, try to hold off larger, better-equipped Russian army

Russian forces were closing in when Sgt. Ivan Zhytnik made a desperate call to his family from a bunker on the front

By *Isabel Coles, Ievgeniia Sivorka and Matthew Luxmoore*

line in eastern Ukraine. Ukrainian defenses in Avdiivka were

crumbling and Zhytnik's brigade had pulled out to avoid being overrun, leaving him and five other soldiers behind.

"Four of us are wounded—seriously wounded—we can't walk. One can, but barely," said 31-year-old Zhytnik in the video call on the morning of Feb. 15, adding the sixth man stayed to help them. "All the officers are gone—all of them.

They left us at our positions." The plight of the men demonstrates the conundrum for Ukrainian leaders this year as they confront mounting Russian offensives with dwindling resources: when to cut their losses. Ukrainian leaders say every inch of territory is worth fighting for, but their

◆ Uncertainty pervades China's CEO event..... B12

Negative Rates Era Ends With Japan Move

By *PETER LANDERS AND MEGUMI FUJIKAWA*

TOKYO—The world's nearly 12-year experiment with negative interest rates is over now that the last holdout, the Bank of Japan, has moved its key policy rate back to at least zero.

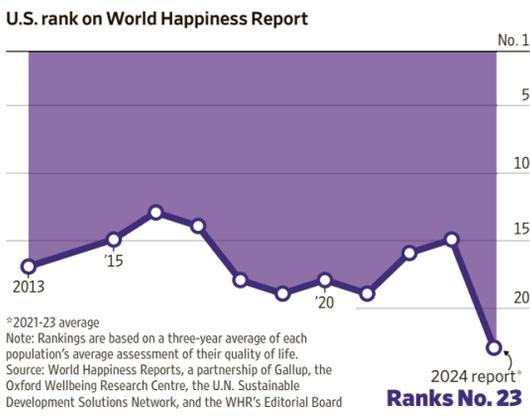
Of the many unusual measures central bankers took over the past decade and a half, among the most controversial, with uncertain benefits and potential risks, were negative interest rates, when depositors pay to store money at a bank instead of being paid. The experiment's bottom line: Negative rates weren't enough by themselves to pull economies out of a funk or lift inflation toward central banks' 2% targets. It took the Covid-19 pandemic and war in Ukraine to accomplish that.

Yet if negative rates weren't a cure-all, they seemed to help at least a little. In Japan's case, negative rates, after a delay, contributed to driving the yen down and import prices up, fueling the return of inflation. Despite some adverse effects, banking systems didn't totter as feared. So while central bankers are retiring negative rates for now, they will almost certainly keep them in the toolbox in case a similar emergency recurs—perhaps as a threat that never has to be used.

◆ Fed plays waiting game on rate cuts..... A2

Americans Are Gloomier

A new study shows a drop in Americans' happiness, especially among younger people, as the U.S. falls out of the top 20 for the first time since the global ranking began in 2012. **A3**



Unilever Is Set to Say Bye-Bye, Ben & Jerry

By *SAABIRA CHAUDHURI*

After more than 100 years of selling ice cream, Ben & Jerry's owner Unilever has lost its taste for the business. Unilever said Tuesday it plans to separate its ice-cream division—which also makes Magnum, Wall's, Breyers, Talenti, Popsicle and Klondike—into a stand-alone business. It said listing the business as a separate entity

is the most likely outcome. A sale is also a possibility. The company—whose stable of brands includes Dove soap, Hellmann's mayonnaise and Tre Semme shampoo—also said some 7,500 jobs would be affected as part of a restructuring program aimed at saving 800 million euros, equivalent to about \$1 billion.

◆ Heard on the Street: Ice cream is struggling..... B14

The Status Showerhead—Yes, That's Now a Thing

Companies tout splashy fixtures for better hair and skin; rivals launch attack ads

By *LANE FLORSHEIM*

Early last year, influencer and entrepreneur Devon Lee Carlson posted a YouTube video telling her fans what she'd been up to (Aspen for New Year's) and what she was into (cappuccinos, Chrome Hearts sunglasses). There was one other thing, she said, sitting on the floor at home in pajamas: "Oh, my God, this new showerhead, it's called the Jolie. J-O-L-I-E. I love it."

We live in a world with status blow dryers (see: the Dyson Airwrap) and status toilets (looking at you, Toto); now, as the U.S. haircare market approaches \$13.6 billion, there are status showerheads—sleek attachments that promise improved hair and skin and happen to be photogenic.

"If you ask anyone they have no clue what brand of showerhead," they're using, says Arjan Singh, Jolie's co-founder. "We wanted you to go to someone's house for a dinner party and use the bathroom," and say "Oh, you have a Jolie."

Other brands have entered the niche—resulting in a spray of attacks between

Now streaming at home **Please turn to page A12**

Salesforce. #1 CRM.

Ranked #1 for CRM Applications based on IDC 2023H1 Revenue Market Share Worldwide.

Company	Market Share
Salesforce	22.1%
Microsoft	5.7%
Oracle	4.7%
SAP	3.8%
IBM	3.5%

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

salesforce.com/number1CRM

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U.S. NEWS

Fed Plays High-Stakes Waiting Game on Rate Cuts

By NICK TIMIRAO

For investors, the big question hanging over this week's meeting of the Federal Reserve is whether it will wait a little longer to cut interest rates because of recent firm inflation readings.

The Fed, though, has a different preoccupation: If it waits too long, will it inadvertently cause a recession?

Officials won't put recession risk front and center this week. Yet that risk is likely to drive its thinking over the remainder of the year, leaving it on track to cut rates at some point.

The central bank will keep its benchmark interest-rate target at a range of 5.25% to 5.5%, a 23-year high, when its two-day meeting ends Wednesday. The focus will be on its latest interest rate and economic projections.

In their latest projections in December, most officials thought a key gauge of inflation would fall from just above 3% at the end of 2023 to just below 2.5% at the end of this year. Most anticipated three quarter-point rate cuts this year.

Since then, inflation in both January and February was higher than expected. Investors are intensely focused on whether officials still project

three cuts or just two. They will also hunt for clues from Fed Chair Jerome Powell's news conference over whether the first cut is still possible in June, as futures markets currently anticipate, or later.

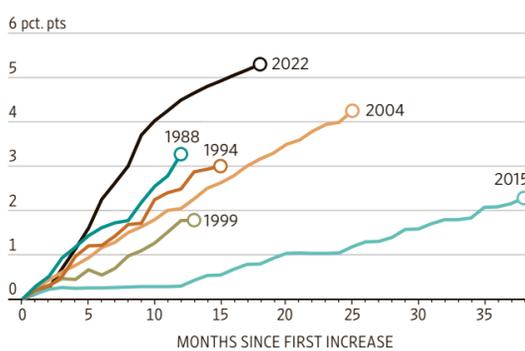
Earlier this month, Powell suggested the central bank was on track to cut rates by mid-year as long as monthly inflation data assured them a downward trend was still intact. "When we do get that confidence, and we're not far from it, it'll be appropriate to dial back the level of restriction so that we don't drive the economy into recession," he told lawmakers on Capitol Hill.

Since then, monthly inflation came in higher than expected in February. The question is whether that was a fluke and the downward trend from the last six months of 2023 will resume, or alternately, whether that slowdown was itself the aberration.

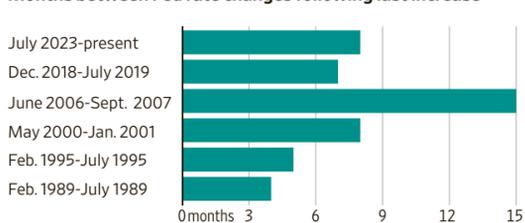
The fixation on interest-rate projections this week obscures a bigger shift inside the Fed in the past year, with bigger implications for the economy.

The reason rates are above 5% today is that the world looked different in the summer, when the Fed pushed them to this level. At the time, officials feared inflation might become entrenched at 3% or higher, un-

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



Months between Fed rate changes following last increase



Source: Federal Reserve

acceptably above officials' 2% goal. The only way to bring it down would be through much weaker growth and higher unemployment, which is what higher rates were presumed to deliver.

Instead, inflation has fallen rapidly despite solid output and hiring. Healing supply chains brought down goods prices, and an influx of foreign-born workers held down wage growth and boosted demand.

Fed officials are less worried inflation will get stuck above 3%. Even after February's uptick, inflation by the Fed's preferred measure was likely below that.

The concern, rather, is that inflation takes longer to reach 2% because services inflation remains "sticky" and slow to fall, or because demand for, and prices of, goods rebound. Rather than raise rates, the central bank can respond to this by waiting longer to cut rates.

At this week's meeting, the debate is likely to center on what it would take to commence rate cuts by midyear.

Inside the central bank, one camp sees no need to cut since the economy is strong and wants more evidence of a slowdown. This group has been in the minority, though it has the wind at its back with recent disappointing inflation readings. "There is no need to pre-emptively adjust the stance of policy" given above-target inflation, strong demand, and low unemployment, said Kansas City Fed President Jeffrey Schmid in a speech this past month.

Another camp is more attentive to signs of weaker demand and hiring. The unemployment rate, at 3.9% in February, has edged up from a recent low of 3.4% in April 2023. Historically,

when the unemployment rate goes up a bit, it ends up going up a lot. Some of these officials are ready to cut rates as soon as the inflation data gives them the chance in order not to squander a momentous opportunity for a so-called soft landing.

What officials ultimately do boils down to what problem they decide is easier to fix, a process called "risk management." If demand is stronger and inflation stickier than expected, the Fed can postpone cuts. If demand and hiring weaken more than anticipated, the Fed has ample room to cut rates—but probably won't be able to move quickly enough to forestall a recession.

Even if policymakers are inclined to cut rates, they need a credible justification if there is no obvious deterioration in the broader economy. A resumption of falling inflation would provide that justification, which makes price data in the next month especially crucial.

The adverse turn in the latest inflation data is a sobering reminder of how hard it is to stick the soft landing. "There are a lot of things that have to simultaneously go right," said Cayla Seder, an investment strategist at State Street. "If rates are elevated that increases the risk of a hard landing."

Japan Ends Negative Rates

Continued from Page One

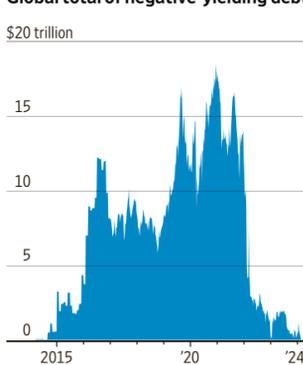
If market conditions demand it, "we always have that option of going back to minus," said Yutaka Harada, a former Bank of Japan policy board member who backed negative rates.

The Bank of Japan on Tuesday eliminated its negative policy rate of minus 0.1% and set a new short-term interest-rate target range of 0% to 0.1%. It also ended most of the unconventional policies it had adopted since the 2008 global financial crisis, halting purchases of stocks and scrapping a target for long-term government bond yields. "Extraordinary easing is over," BOJ Gov. Kazuo Ueda said.

A negative interest rate means that each year a deposit is worth less. For example, a \$100 deposit with a 0.1% negative rate would be worth \$99.90 after a year. In practice, negative rates could be imposed on commercial-bank deposits at the central bank, but commercial banks were reluctant to pass negative rates on to their own customers.

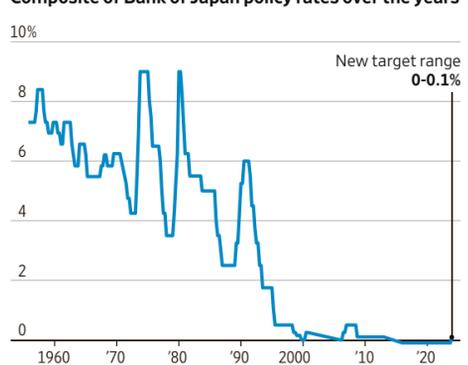
Regular depositors can avoid negative rates by withdrawing their cash from the bank and storing it under a mattress. But

Global total of negative-yielding debt

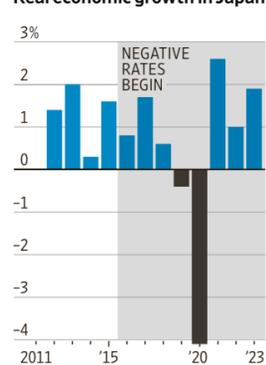


*The Bank of Japan has targeted different rates at different times, and for periods since 2000 has had no official policy rate. Sources: FactSet (negative-yielding debt); LSEG; BOJ (policy rates); Japan Cabinet Office (real growth)

Composite of Bank of Japan policy rates over the years*



Real economic growth in Japan



central bankers realized that their depositors—commercial banks—couldn't easily find mattresses big enough to hide billions of euros or kroner safely. Those depositor banks could be made to pay interest instead of earning it.

In 2012, Denmark's central bank imposed negative rates on deposits held by commercial banks, followed by the European Central Bank in 2014 and the Bank of Japan in early 2016, as well as Sweden and Switzerland.

In theory, according to the International Monetary Fund, a negative-rate policy "supports economic activity and inflation through the same channels as conventional interest rate cuts."

The policy pulls down interest rates across the board and makes it easier for businesses to borrow and spend. That

should boost overall demand and trigger inflation.

Did the theory work in practice? The effects, if any, weren't obvious. Economies in Europe and Japan remained lackluster with below-target inflation even after negative rates.

"There are some studies that find, yes, there's some additional credit extension. There are other studies that find there's actually less," said Hugo van Buggenum, a central-bank scholar at KOF Swiss Economic Institute in Zurich.

Izumi Devalier, an economist at Bank of America in Tokyo, said a slightly negative rate—minus 0.1% in Japan's case—wasn't different enough from zero to fundamentally change expectations in economies burdened by inadequate demand and pessimism.

"The fiscal side is more im-

portant," she said, pointing to government spending programs in the early days of the pandemic that stimulated growth.

Last fall, van Buggenum co-wrote a Federal Reserve working paper suggesting that the theory behind negative rates was flawed. Because customs or regulations make it hard for commercial banks to charge negative interest on deposits, central banks' negative rates undermine the banking system's health, the authors found.

An unwelcome surprise was the way negative rates hit public psychology. In Japan, a plethora of headlines with the word "minus" left the impression people were about to take a hit to the wallet.

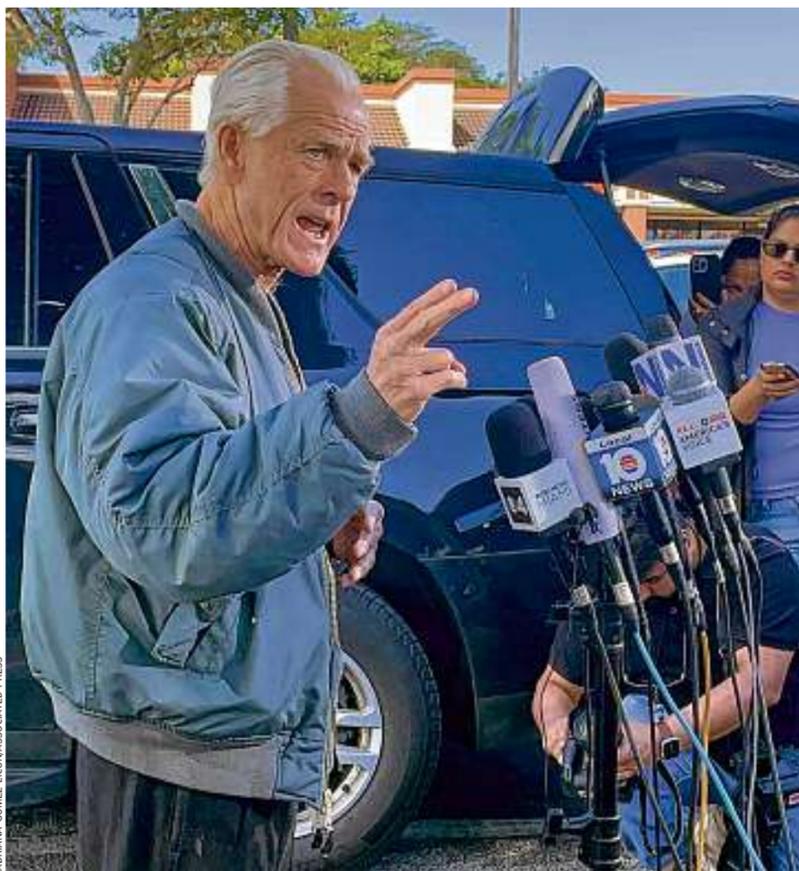
"The average person isn't much interested in monetary policy. But when we had minus rates, suddenly daytime TV was

getting oddly excited and people were talking about how safes were selling. It wasn't great," recalled Harada, the former Bank of Japan board member. "Because the public was resisting it, an atmosphere developed in which financial institutions grew more confident about resisting."

Still, the IMF concluded in 2021 that the negative-rate policy "has likely supported growth." Some central bankers said that by showing there was no floor, negative rates were helpful in showing determination to stimulate the economy.

While the Federal Reserve never adopted negative rates, "the Fed should also consider maintaining constructive ambiguity about the future use" of the tactic, former Fed Chairman Ben Bernanke wrote in a 2020 blog post.

U.S. WATCH



PARTING SHOT: Former Trump trade adviser Peter Navarro criticized his conviction for refusing to cooperate with a congressional investigation into the Jan. 6, 2021, attack on the U.S. Capitol before reporting to a prison in Miami on Tuesday for a four-month sentence.

PHILANTHROPY

Scott Gives Millions To 361 Nonprofits

Billionaire philanthropist and author MacKenzie Scott announced Tuesday that she is giving \$640 million to 361 small nonprofits that responded to an open call for applications.

Yield Giving's first round of donations is more than double what Scott had initially pledged to give away through the application process.

Since she began giving away billions in 2019, Scott and her team have researched and selected organizations without an application process and provided them with large, unrestricted gifts.

In a brief note on her website, Scott wrote she was grateful to Lever for Change, the organization that managed the "open call," and the evaluators for "their roles in creating this pathway to support for people working to improve access to foundational resources in their communities. They are vital agents of change."

The 279 nonprofits that received top scores from an external review panel were awarded \$2 million, while 82 organizations in a second tier received \$1 million each.

Scott has given away \$16.5 billion from the fortune she came into after divorcing Amazon founder Jeff Bezos.

—Associated Press

MISSISSIPPI

Ex-Officer Sentenced For Racist Assault

A former Mississippi sheriff's deputy was sentenced Tuesday to about 20 years in prison for his part in torturing two Black men in a racist assault and for his role in a separate episode where a white man was sexually assaulted.

Hunter Elward was sentenced by U.S. District Judge Tom Lee, who handed down a 241-month sentence. Lee is also due to sentence five other former law-enforcement officers who admitted to torturing Michael Corey Jenkins and Eddie Terrell Parker after a neighbor complained that the men were staying in a home with a white woman.

Before sentencing, Lee called Elward's crimes "egregious and despicable," and said a "sentence at the top of the guidelines range is justified—is more than justified." He continued: "It's what the defendant deserves. It's what the community and the defendant's victims deserve."

In January 2023, the group of six burst into a Rankin County home without a warrant and assaulted Jenkins and Parker with stun guns, a sex toy and other objects. Elward admitted to shoving a gun into Jenkins' mouth and firing in a "mock execution" that went awry.

—Associated Press

CORRECTIONS & AMPLIFICATIONS

Ryan Millsap sold a controlling stake in Blackhall Studios to Commonwealth Asset Management in 2021. A Mansion article on Friday about Atlanta's housing market incorrectly gave the purchaser's name as Commonwealth Group.

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

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U.S. NEWS

High Court Lets Texas Enforce Its Border Law

Biden administration loses bid to prevent state from arresting, deporting noncitizens

By JESS BRAVIN
AND ELIZABETH FINDELL

WASHINGTON—The Supreme Court on Tuesday allowed Texas to begin arresting and deporting noncitizens on its own, rejecting an emergency appeal from the Biden administration which argued that states can't interfere with federal authority over the border.

The court declined to block a Texas law known as SB 4, which makes illegal border crossing a state crime and allows state officials to conduct arrests and deportations. The measure had been on hold as the high court weighed the federal government's request to halt implementation during ongoing litigation.

A federal district judge had enjoined the law after it was challenged by the Biden administration and immigrant-rights groups, but the Fifth U.S. Circuit Court of Appeals, in New

Orleans, allowed SB 4 to go into effect at least for now.

The Supreme Court's order, which split the justices along ideological lines, isn't a final decision on the law's constitutionality.

A state enforcing its own immigration law in conflict with federal policy could have an immediate and wide-ranging impact on the border. Migrants who claim asylum from persecution have long been eligible to remain in the U.S. at least temporarily because federal law implementing international treaties bars summary deportation before their cases are decided. The Texas law contains no such exceptions.

It is unclear what Texas can do with any migrants it arrests; Mexico said Tuesday that it wouldn't accept deportees back from Texas state agencies.

White House press secretary Karine Jean-Pierre warned that enforcement of SB 4 would create disarray and confusion at the southern border. "We fundamentally disagree with the Supreme Court's order allowing Texas' harmful and unconstitutional law to go into effect," she said.

Texas Gov. Greg Abbott, a Republican, in a brief statement posted on social media, said the decision was a positive development. His office didn't immediately respond to requests for comment.

SB 4, signed into law in December, makes it a state crime for anyone without authorization to be in the U.S. to cross into Texas outside of a designated port of entry, and allows state police and local judges to jail and deport violators.

The dispute over SB 4 reflects the increasing tension over border enforcement between Abbott and the Biden administration. The governor, asserting the federal government has abandoned its duty to protect the southern border, has pushed a range of measures, including the installation of barriers in and along the Rio Grande. The Biden administration repeatedly has turned to federal courts to block Abbott's policies.

Under Abbott's Operation Lone Star, the state has spent or allocated more than \$11 billion since 2021 to deploy state troopers and National Guardsmen to the border, arrest migrants for trespassing on private



Migrants who crossed the Rio Grande to enter Texas come face to face with authorities in U.S.

JOHN MOORE/GETTY IMAGES

land, but migrants to northern cities and erect barriers along the Rio Grande.

Two justices in the conservative majority left the door open to reconsidering the question sooner rather than later. Justice Amy Coney Barrett, joined by Justice Brett Kavanaugh, said the procedural timeline of the case suggested that the Fifth

Circuit would issue a more definitive ruling quickly, and that would be the appropriate point for the Supreme Court to consider whether to temporarily suspend the law.

In legal papers, Texas Attorney General Ken Paxton told the Supreme Court that SB 4 mirrors federal immigration law and should be viewed as a

way to help Washington deal with a border crisis.

The Biden administration, in its brief, said there was no legal authority for a single state to seize enforcement of immigration law from Washington.

—Michelle Hackman,
Santiago Pérez
and Shannon Najmabadi
contributed to this article.



Bobbie Hines, who took care of her husband, Alfred, in their Houston home, applied for a program offering monthly payments.

More Places Try Cash Aid to Needy, Stirring Some GOP Opposition

By ANDREW RESTUCCIA

HOUSTON—Bobbie Hines has been living in her modest home here for 56 years. But these days, she's struggling more than ever to afford groceries and pay for mounting medical expenses.

"Everything is so expensive," said Hines, an 83-year-old retired crossing guard. "It's an everyday struggle." Her Social Security benefits barely cover her bills, and she has started rationing bacon slices to save money. This month, her husband, Alfred, 85, died following a lengthy struggle with liver cancer.

When Hines saw a local news report about a pilot program offering \$500 monthly payments to low-income residents, she thought it was a hoax. But after consulting with her family, she decided to apply. She says the extra money would change her life.

Hines is one of more than 80,000 residents of Harris County who have applied. The program, set to start this spring, has roughly 1,900 spots.

Houston is joining dozens of American cities and counties—most led by Democrats—that are experimenting with guaranteed-income programs amid growing wealth inequality. The programs are part of a trend at the local and national level toward providing direct, largely unconditional payments to Americans for everything from pandemic relief to child assistance. They reflect a growing sentiment among economists, tech industry leaders and Democrats that distributing money without strings is one

of the most effective and least bureaucratic ways to help struggling people.

Other cities that have experimented with guaranteed-income programs include Stockton, Calif., Birmingham, Ala., Louisville, Ky., and Nashville, Tenn.

The efforts are facing resistance from Republicans, who have called for tighter restrictions on who gets the money and how it can be used, with some expressing philosophical opposition to what they see as an unchecked handout.

In Houston, a Republican state senator has asked Texas Attorney General Ken Paxton, also a Republican, to declare the Harris County guaranteed-income program unconstitutional. If the effort succeeds, it could offer Republicans a template for blocking similar programs in other parts of the country. Already, GOP officials in Arkansas, Arizona, Iowa and Wisconsin have moved to ban or restrict the programs in their states.

While guaranteed-income programs haven't gained traction on the federal level, Washington is increasingly open to policies that offer Americans direct payments. On Capitol Hill, senators are weighing legislation that would increase the child tax credit for low-income families. House lawmakers passed the bill with bipartisan support this year, but it has stalled in the Senate.

If approved, the expanded child tax credit would provide a payment of up to \$1,800 per child for 2023, a modified version of an enhanced credit backed by Democrats in 2021 that reduced child poverty.

Policymakers' views of direct payment programs have changed over the past half-century. In 1969, President Richard Nixon, a Republican, proposed a welfare plan that would have provided cash payments to no- or low-income families, though the program didn't win congressional approval. But the notion of a guaranteed income lost favor in the late 1970s, with GOP presidential candidate Ronald Reagan alleging on the campaign trail that welfare recipients were bilking the system. In the following decades, politicians of both parties, including Democratic President Bill Clinton, pushed for tighter restrictions on welfare programs.

In recent years, guaranteed income has seen a resurgence, backed by wealthy philanthropists and tech industry figures such as Facebook co-founder Chris Hughes, who have funded nonprofit groups that advocate for the idea and set up pilot programs.

The pandemic drove the issue to prominence. Lawmakers of both parties approved trillions of dollars in spending to cushion the economic effects of the crisis.

Academics have spent years

studying how people spend money from direct payments programs. An analysis of dozens of U.S.-based guaranteed-income pilot programs by Stanford University's Basic Income Lab found that participants spent most of the money on groceries and retail sales, which includes shopping at stores such as Walmart. About 3% of the participants' expenditures were used for travel, leisure and entertainment.

"The evidence is overwhelming. People don't spend it on vice," said Sean Kline, the group's director. "They spend it on necessities."

Harris County Commissioner Rodney Ellis, a Democrat, anticipates that most people will use the monthly \$500 payments for child care, housing and food. He allowed for the possibility that a small number of recipients could spend the money on nonessential purchases. "Is anybody going to get me to say, 'Nobody is going to be a jackass?' No. I'm in Texas. Somebody will be a jackass," he said.

Ellis is using \$20.5 million from the 2021 coronavirus relief law to fund the program, which will last for 18 months.

Texas state Sen. Paul Bettencourt, a Republican, argues that Ellis doesn't have the authority to enact a guaranteed-income program without approval from the state.

"It's wide-open, no-strings-attached lottery socialism," Bettencourt said.

Ellis signaled he was bracing for a prolonged fight. "I'm prepared to take it all the way to the Texas Supreme Court," Ellis said.

U.S. Slips From Top 20 Of Happiest Countries

By CLARE ANSBERRY

The U.S. has fallen out of the top 20 happiest countries for the first time since a global ranking began in 2012, due in large part to a drop in happiness among younger adults.

Americans fell to 23rd place in happiness, down from 15th a year ago, according to data collected in the Gallup World Poll for the World Happiness Report 2024. The people of Costa Rica and Lithuania were among those that reported being happier than Americans, according to the annual survey, which asks respondents to rate their current lives on a scale of 0 to 10, with 10 being the best possible life for them.

Nordic countries dominate the top 10, with Finland in the No. 1 spot.

In the U.S., self-reported happiness has fallen in all age groups, but especially among young adults. Americans 30 and younger ranked 62nd globally in well-being, trailing their counterparts in the Dominican Republic, Brazil and Guatemala. Older Americans ranked 10th.

A decade ago, young Americans considered themselves happier than those in the mid-life groups and about as happy as those 60 and older, says economist John Helliwell, a founding editor of the World Happiness Report. Now, those 30 and under are the U.S.'s least-happy age group, a decline attributed partly to their feeling worse about their lives.

Social connections, gratitude, a sense of purpose and resilience all contribute to well-being and happiness, says Emiliana Simon-Thomas, a neuroscientist and science director of the Greater Good Science Center at the University of California, Berkeley. Older

adults are often happier because they tend to view life as more finite and precious, are less self-focused and more grateful, she says.

The latest happiness report didn't ask participants to give reasons for happiness levels. Helliwell and other researchers suspect part of the decline among younger adults reflects their spending less time interacting with people in person than on social media. Other experts in psychology and neurology, and some young Americans themselves, blame worries about money, loneliness and anxiety about their own future and what is happening in the world around them.

E.N. West, a 28-year-old Seattle resident, has a wide and varied group of friends, a strong connection with family, a rewarding job and an apartment, and is generally optimistic, grateful and resilient.

Yet when asked, West described feeling neither happy nor unhappy: "The word that comes to mind is 'burdened.'"

Loneliness plays a big role in how people assess their lives, says Jon Clifton, CEO of Gallup. "Young people have more social interactions, but feel more lonely" than those 60 and older, he says.

Dr. Robert Waldinger, a 73-year-old professor of psychiatry at Harvard Medical School, says he has gotten happier as he has gotten older. The same held true in the Harvard Study of Adult Development, a longitudinal study he directs, which found people on average experience better moods as they age.

One of his favorite responses came from a man in his 80s, who said he and his wife enjoy being with each other: "It feels like the last days of a great vacation."

Top 25 by overall happiness, and rankings by age group

COUNTRY	Overall	30 and under	60 and older
Finland	1	7	2
Denmark	2	5	1
Iceland	3	4	5
Sweden	4	18	4
Israel	5	2	18
Netherlands	6	9	7
Norway	7	20	3
Luxembourg	8	6	12
Switzerland	9	13	14
Australia	10	19	9
New Zealand	11	27	6
Costa Rica	12	11	17
Kuwait	13	16	13
Austria	14	12	15
Canada	15	58	8
Belgium	16	24	19
Ireland	17	21	16
Czech Republic	18	10	23
Lithuania	19	1	44
U.K.	20	32	20
Slovenia	21	15	32
United Arab Emirates	22	35	11
U.S.	23	62	10
Germany	24	47	21
Mexico	25	22	33

Note: The rankings are based on a three-year average (2021-23) of each population's average assessment of their quality of life.
Source: 2024 World Happiness Report, a partnership of Gallup, the Oxford Wellbeing Research Centre, the U.N. Sustainable Development Solutions Network, and the WHR's Editorial Board

U.S. NEWS

Trump Stays Mum on a Gaza Solution

He knocks Biden's handling of the war, but avoids specific talk of alternatives

By SABRINA SIDDIQUI

WASHINGTON—Former President Donald Trump has been open in criticizing President Biden's handling of the Israel-Hamas war. He has expressed general support for Israel's military campaign and claimed the war wouldn't have happened on his watch—but largely avoided specifics about how it should end and what should happen after.

In an interview Sunday with Fox News, Trump said Israel should wrap up the war quickly and suggested a widening rift between Democrats and Israeli Prime Minister Benjamin Netanyahu's government was prompted by U.S. domestic politics.

On Monday, in an interview with his former aide Sebastian Gorka, Trump said, "Any Jewish person that votes for Democrats hates their religion. They hate everything about Israel, and they should be ashamed of themselves because Israel will be destroyed."

Trump's comments, which resembled previous statements of his, were swiftly criticized for echoing an antisemitic trope that Jewish citizens have "dual loyalty" to both the U.S. and Israel.

Support for Israel was a centerpiece of Trump's foreign policy in office. But Trump's own relationship with Netanyahu has soured—taking a bad turn when Netanyahu congratulated Biden on his victory in the 2020 election—and he has delivered mixed messages since war broke out following the Oct. 7 attacks on southern Israel by Hamas militants.

In recent months, Trump has backed "permanently destroying" Hamas. He also proposed banning Palestinian ref-



Israeli Prime Minister Benjamin Netanyahu visited the Trump White House in January 2020.

ugees from the U.S. and called for cutting all funding to Palestinians. But at times he has faulted Israeli leaders and suggested Israel is losing the battle of public opinion in the war.

Trump generally has been resistant to U.S. involvement in foreign conflicts. His campaign didn't address a series of policy questions about the Israel-Hamas war from The Wall Street Journal. They included whether there should be a cease-fire, if Trump would consider restricting U.S. aid to Israel, whether he supports a two-state solution and how he sees postwar Gaza.

"President Trump did more

for Israel than any American President in history, and he took historic action in the Middle East that created unprecedented peace," said spokeswoman Karoline Leavitt, adding that the Biden administration has unraveled all his progress, but that if Trump returns to the White House, "Israel will once again be protected. Iran will go back to being broke, terrorists will be hunted down and the bloodshed will end."

Some see Trump's relative absence on the issue as a strategy to capitalize on one of Biden's greatest perceived election liabilities. Biden has been pilloried by some Demo-

cratic constituencies over his support for Israel's offensive in Gaza as civilian casualties soar and a humanitarian crisis deepens. Israel's response to the Oct. 7 attacks has killed more than 31,000 Palestinians, mostly women and children, according to Palestinian health authorities whose figures don't distinguish between civilians and combatants.

"I think he's delighted that Biden is now caught between the Republican Party—that is, the 'Israel-can-do-no-wrong party'—and an increasingly divided Democratic Party," said Aaron David Miller, a senior fellow at the Carnegie

Endowment for International Peace who advised both Republican and Democratic administrations on the Middle East as a State Department diplomat.

In a Wall Street Journal poll this month, just 16% of Republicans said Israel has gone too far against Hamas, compared with 70% of Democrats. The poll also found that 60% of voters disapproved of Biden's handling of the war, up eight points from December. The administration has continued to provide Israel with military aid and broadly defended its operation.

But Biden has also called for a temporary cease-fire, contributing to escalating tensions between him and Netanyahu. In Israel, Biden is now seen by many on the right as no longer squarely in Israel's corner.

While in office, Trump slashed all funding to the United Nations agency that supports Palestinian refugees, shut down the Palestine Liberation Organization's office in Washington and formally recognized Jerusalem as the capital of Israel—reversing nearly seven decades of U.S. foreign policy. He also declared that the U.S. no longer considered Israeli settlements in the West Bank to be a violation of international law, reversing a four-decade policy reinstated by the Biden administration.

The Trump administration's signature Middle East policy was the so-called Abraham Accords, which normalized relations between Israel and several Arab countries. Designed to further isolate Iran, it was a blow to Palestinians. They had been leaning on Gulf Arab states to pressure Israel into making concessions on Palestinian statehood in exchange for normalized ties and Israeli integration into the region.

◆ Cease-fire talks hit roadblocks..... A6

Lawmakers Try to Beat Shutdown Deadline

By KATY STECH FERREK AND SIOBHAN HUGHES

WASHINGTON—House Speaker Mike Johnson (R., La.) said Tuesday that House and Senate committees had begun drafting the text of an agreement on the Homeland Security Department's funding bill, setting the stage for consideration of six annual spending bills by both chambers soon.

Congressional negotiators late Monday reached a deal on Homeland Security provisions that had been caught in an 11th-hour tangle over spending at the U.S.'s southern border. Congress faces a tight timeline to review and approve the remaining spending bills to ward off what would be a partial government shutdown this weekend.

A House rule requiring that members have three days to review most legislation could push a vote right up against a Friday deadline.

President Biden said Tuesday that a path on the remaining funding legislation had been completed and that he would sign the measure immediately when it gets to his desk.

The DHS funding was the final unresolved piece in the six unpassed spending bills, accounting for the remainder of a \$1.659 trillion spending deal reached between Johnson and Senate Majority Leader Chuck Schumer (D., N.Y.)

Congress so far has approved \$460 billion in spending for fiscal 2024, passing six of 12 annual spending bills earlier this month. Biden signed the first package of six bills into law on March 9, funding the Transportation Department and several other agencies through the end of the fiscal year.



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Ohio GOP Senate Primary Is Won by Trump's Choice

By ELIZA COLLINS

Donald Trump's grip on the Republican Party continued to tighten Tuesday in Ohio when his chosen Senate candidate, Bernie Moreno, prevailed in a primary over state Sen. Matt Dolan, a critic of the former president, according to the Associated Press. Moreno will move on to a highly competitive general election.

Before Tuesday, polls showed that Moreno, a businessman whose campaign has recently faced turbulence, was essentially tied with Dolan, who has been critical of Trump's false claims of election fraud and his role in fueling the Jan. 6, 2021, Capitol riot. Moreno will now face Sen. Sherrod Brown, a Democrat, in the general election.

With about 92% of the votes counted, Moreno had 51% to Dolan's 33%, the AP reported. Ohio Secretary of State Frank LaRose was a distant third with 17%. Like Moreno, LaRose had aligned himself with Trump.

Trump locked up the GOP nomination for president last week after easily dispatching his rivals, including Nikki Haley, who had run a campaign focused on expanding the party's appeal. Moreno's win is a final indicator of Trump's hold on the party this primary season. Trump appeared with Moreno in Ohio over the weekend. Meanwhile, Dolan had been endorsed by Ohio Gov. Mike DeWine and the state's former Sen. Rob Portman, both of whom represent the traditional version of the GOP.

The Ohio Senate race is expected to be highly competitive in November. Ohio has moved rightward in recent years—Trump won the state by 8 percentage points in 2020—but still has Brown representing it. Republicans see it as one of their three



Bernie Moreno on Tuesday spoke to supporters after he won the GOP nod to run against Sen. Sherrod Brown, a Democrat.

best pickup opportunities in a map where they are on the offensive. Democrats and independents who are aligned with them currently have a narrow 51-49 majority in the Senate.

Democrats would rather go against Moreno. A super PAC aligned with Senate Majority Leader Chuck Schumer (D., N.Y.) spent \$2.7 million on an ad intended to boost him with conservative voters by reminding them of Trump's endorsement and calling him "too conservative for Ohio."

The Associated Press reported last week about a 2008 profile made with Moreno's email on a website called Adult Friend Finder seeking "Men for 1-on-1 sex." Moreno's campaign said the candidate had nothing to do with the profile, and a former intern took responsibility for creating it, telling the AP it was "part of a juvenile prank."

Originally from Colombia, Moreno has owned car dealerships, helped create a block-

chain company called Champ Titles, and later sold his stake in it. A longtime GOP donor, Moreno ran for Senate in 2022 but dropped out of the contest before the Republican primary. Dolan is a former prosecutor.

Ohio, Arizona, Florida, Illinois and Kansas held presidential primaries Tuesday. Both Trump and President Biden had secured enough delegates to be the nominees before those states voted.

In California's Central Valley, GOP state Assemblyman Vince Fong advanced to a special runoff election to replace former Rep. Kevin McCarthy, who resigned from the House in December, two months after being ousted from the speakership. Fong led his opponents by wide margins, but because he didn't clear 50% of the vote, he will face off against the runner-up, Tulare County Sheriff Mike Boudreaux, who is also a Republican, in a runoff election May 21, according to the AP. Fong had the endorsement of both McCarthy and Trump.

GOP leaders are eager to fill the seat as soon as possible because they are operating with a narrow 219-213 majority in the House.

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WORLD NEWS

At Talks, Israel-Hamas Chasm Is Deep

Islamic militants are negotiating for their survival. Israel aims to destroy them.

Israel and Hamas are locked in Gaza cease-fire talks with goals that seem impossible to reconcile.

By Summer Said,
Sune Engel Rasmussen
and Dov Lieber

Israeli negotiators are seeking not only the release of dozens of hostages taken on Oct. 7 but also the freedom to resume a military campaign to crush Hamas after any truce ends, said mediators at the talks in Qatar. In contrast, Hamas essentially is negotiating for its survival, pushing for a lasting truce and ways to remain influential in postwar Gaza, if no longer its ruler.

Bridging the chasm between Israel and Hamas's aims has become a priority for the Biden administration, which is brokering the talks along with Qatar and Egypt. Secretary of State Antony Blinken said he would travel to the Middle East this week, stopping in Saudi Arabia on Wednesday and then heading to Egypt, in a concerted push for a cease-fire deal amid signs that both sides had hardened their positions at the start of talks.

Mediators have described the talks as the final chance to secure a truce to avert Israel's impending plans for an offensive on Hamas's last stronghold in Rafah. But Israeli Prime Minister Benjamin Netanyahu on Tuesday said he made it clear to President Biden that he wouldn't be dissuaded from invading the southern Gaza city on Egypt's border.

"The goals of the war are, to be succinct: The destruction or elimination of Hamas's military and governing capabilities, the release of all of our hostages and ensuring that Gaza never again constitutes a threat to Israel," Netanyahu told the Israeli parliamentary foreign-affairs and defense committee. "This requires the elimination of the remaining



At a hospital in Rafah in southern Gaza, a Palestinian woman holds the body of a child killed during Israeli strikes.

battalions in Rafah and—of course—the 1.5 battalions in the camps in the center."

The prime minister's office on Tuesday said that, after a request from Biden, it would send two of Netanyahu's trusted top officials to the U.S.: Minister of Strategic Affairs Ron Dermer and the head of the national security council, Tzachi Hanegbi. They will travel with a representative of Cogat, the Israeli military body responsible for facilitating aid in Gaza.

Separately, Israeli Defense Minister Yoav Gallant will meet his American counterpart, Lloyd Austin, next week at the Pentagon, U.S. defense officials said. The officials said the talks will touch on efforts to free the hostages held by Hamas, aid to Palestinians and protecting the more than one million people sheltering in Rafah while ensuring Hamas can no longer pose a threat to Israel.

Analysts say Israel is hesitant to make any concessions that could be seen as a capitulation to Hamas.

Release of Palestinian Prisoners Is One Hurdle to a Truce

One sticking point for Israel in the truce talks in Qatar is that Hamas wants to choose which Palestinian prisoners are released from Israeli custody.

Hard-right ministers have threatened to leave Israeli Prime Minister Benjamin Netanyahu's coalition to oppose any deal in which prisoners seen as responsible for mass-casualty

terrorist attacks are freed. At the top of the list of prisoners Hamas wants released is Marwan Barghout, who has been imprisoned since 2002.

Regarded as the leader of the First and Second Intifadas, Barghouti also is seen as a man who could galvanize the Palestinian movement for self-determination as the popularity of

Palestinian Authority President Mahmoud Abbas has long been waning.

"Political prisoners have a very high status in Palestinian society. It's almost a sacred issue," said Tahani Mustafa, senior Palestine analyst for the International Crisis Group. "If Hamas can get high-profile prisoners released, it would put them in a better position to compromise."

"Israel knows going into those negotiations that it lost. Any agreement that is produced is a victory for Hamas, and the goal is to minimize that victory as much as possible," said former Israeli hostage negotiator Gershon Baskin.

Israel and Hamas are discussing a six-week cease-fire in which 40 hostages would be released.

A key sticking point is whether any cease-fire deal will shift Israeli forces out of Gaza in preparation for ending the war or keep them in place to enable Israel to restart the fight. If this can be bridged, Israel and Hamas have a "chance for a successful outcome," Baskin said.

"I think that both sides need a cease-fire right now," Baskin said. He pointed to Is-

rael's overworked military, which could benefit from a strategic step back to re-evaluate its aims, and Hamas's tired and badly beaten ranks.

The lack of clarity about Israel's position during a cease-fire is a stumbling block, said Tahani Mustafa, senior Palestine analyst for the International Crisis Group. "Israel has offered absolutely no guaran-

tees for how much aid they will let through, no guarantees for displaced people to return to the north," she said.

Israel's lead negotiator, David Barnea, arrived in Qatar on Monday evening but left by Tuesday morning, officials said. Barnea's negotiating team met with the Israeli war cabinet before departing and didn't get all that it asked for in terms of negotiating room, said a senior Israeli official.

Some mediators in Qatar said they didn't believe Netanyahu had given the team a mandate to make a deal, potentially undermining talks.

An Israeli official called the accusation that Netanyahu doesn't want a deal "vicious claims that are untrue." The official said the prime minister needs to set red lines for the negotiating team to preserve Israel's war aim of dismantling Hamas's control of Gaza.

The senior Israeli official said Hamas's leader in Gaza, Yahya Sinwar, would be directly involved in the talks and predicted a deal would need at least two weeks of discussions.

Blinken said he was visiting the region not just for cease-fire talks but to discuss arrangements for governance, security and aid in postwar Gaza.

Recent Israeli military operations that have angered Palestinians further shrink Hamas's room to make concessions, Mustafa said. Last month, more than 100 Palestinians were shot or trampled to death when Israeli troops opened fire on civilians in Gaza during a chaotic aid delivery.

Hamas, a U.S.-designated terrorist organization, sparked the war with Israel when thousands of militants stormed into Israel on Oct. 7, killing about 1,200 Israelis, mostly civilians, according to Israeli authorities, and taking more than 200 hostages.

Israel's retaliation included a bombing campaign and a ground war that has taken over most of the Gaza Strip and left more than 31,000 Palestinians dead, mostly women and children, according to the Gaza health ministry.

—Carrie Keller-Lynn
and Anat Peled
contributed to this article.

EU Split Over Sanctioning Iran for Weapon Transfers

By LAURENCE NORMAN

The European Union is pushing back against a French-German drive to sanction Iran over its providing missiles and other military hardware to its regional proxies, with EU senior officials saying new sanctions could undercut diplomacy with Tehran.

France, Germany, the Netherlands and five other EU countries last month wrote to EU foreign-policy chief Josep Borrell, saying the bloc should adopt a sanctions regime that allows them to target "Iranian actors which arm, fund, advise and instruct" pro-Iran regional militias, as well as the groups themselves, according to a letter seen by The Wall Street Journal.

Borrell's response, which EU officials say is backed by Washington: Don't do it now.

A Biden administration official said they have told the EU they support increasing pressure on Tehran through sanctions on Iran's transfers of missiles and military equip-

ment to regional militias as well as to Russia.

The dispute, which was raised again at a meeting of EU foreign ministers on Monday, comes days after Europe and the U.S. pledged to swiftly and jointly impose meaningful new sanctions on Tehran if it is proven to have delivered ballistic missiles to Russia. Western officials say they have no proof that Tehran has yet delivered the missiles but expect it to do so.

EU leaders will also pledge at a summit this week to expand targeted sanctions against Iranian individuals and entities if the missile deliveries to Russia proceed, according to a draft of a summit statement.

U.S. officials said the sanctions could include action to stop Iran's national airline, Iran Air, from flying to Europe.

However, EU officials in Brussels have told member states that taking action against Iran over its support for its proxies around the Middle East could escalate



Iran showed off ballistic missiles in Tehran last year.

tensions in the region and undermine nuclear diplomacy.

In a letter to the eight EU member states last week, Borrell said that their proposal to target Iran's regional destabilizing activities "would conflate the two theaters" of Russia and the Middle East, "which could have potentially unintended consequences."

"It remains crucial to carefully assess the potential impact of further measures to avoid that the EU's engagement could be construed as escalation or to jeopardize other important objectives of EU policy such as containing Iran's nuclear program which is more urgent than ever," Borrell wrote in a response

seen by the Journal.

The EU was the chair of nuclear negotiations with Iran, which concluded in 2015 with a deal that lifted most international sanctions on Tehran in exchange for tight but temporary restrictions on its nuclear work.

Since the conflict in Gaza began, Western officials have been engaged with Iran to prevent a broader regional conflagration.

Given the breadth of Iran's military support for groups including Hezbollah, Hamas and the Houthis, as well as Iraqi and Syrian militias, adding sanctions on Iran's regional activities could leave large numbers of state-owned entities and senior Iranian officials exposed. It could potentially lead to Europe's reversing some of the sanctions lifted after the nuclear deal—something that EU governments have been reluctant to do.

More European countries have been looking for new ways to pressure Tehran after it walked away from diplo-

matic efforts to revive the 2015 nuclear deal, imprisoned a number of Europeans, backed the Oct. 7 Hamas attack on Israel and expanded its military support for Russia.

The timing is potentially delicate for Washington as well. The U.S. and Iran both appear to be seeking to avoid direct conflict.

While the U.S. military is hitting back against the Houthis, and Washington targeted Iranian-backed militias in Syria and Iraq after three U.S. soldiers were killed in Jordan in late January, the U.S. has resumed indirect talks with Tehran to contain tensions.

Secretary of State Antony Blinken, in a letter to Borrell dated Feb. 26, seen by the Journal, asked the EU "to join us in imposing additional sanctions targeting Iranian entities and individuals involved in Iran's growing military cooperation with Russia, particularly those linked to missile" and drone transfers.

—Vivian Salama
contributed to this article.

RUSSIA, BELARUS
IOC Bars Athletes
From Paris Parade

Russian and Belarusian athletes won't be allowed to take part in the traditional parade at the opening ceremony at the Paris Olympics, the IOC said Tuesday. The opening ceremony on July 26 will see thousands of athletes travel on boats down the Seine for several miles toward the Eiffel Tower, instead of the normal parade of teams inside a stadium.

The IOC has laid out a vetting procedure for Russian and Belarusian athletes to be granted neutral status, with requirements including that they must not have publicly supported the invasion of Ukraine, or be affiliated with military or state security agencies.

—Associated Press

HAITI
Nominees Picked
For Interim Council

Caribbean leaders said that all groups and political parties except one have submitted nominees for a transitional presidential council charged with picking an interim prime minister for Haiti, which is engulfed in gang violence.

The original nine-member council was whittled down to eight members after the Pitit Desalin party, led by former senator and presidential candidate Jean-Charles Moïse, declined a seat last week.

The Dec. 21 group, which is allied with Prime Minister Ariel Henry, was one of the last holdouts, submitting a name Monday to the regional trade group known as Caricom. Henry remains locked out of Haiti because of the violence.

—Associated Press

CAMBODIA
Dancing in Street
Irks Prime Minister

Cambodian Prime Minister Hun Manet has ordered a ban on musical horns, after videos posted on social media showed people dancing on roads and roadsides as passing trucks blasted rhythmic little tunes.

Hun Manet called on the Ministry of Public Works and Transportation and police to immediately take action against any vehicle whose normal horn has been replaced by a tune-playing one by ripping it out and restoring the standard honking type.

On Facebook he said recent social-media posts had shown "inappropriate activity committed by some people, especially youth and children, dancing on the roadside to the musical sounds from trucks' horns."

—Associated Press

WORLDWATCH



FIRE DRILL: The final day of the Fallas Festival in Valencia, Spain, features fireworks and culminates in the burning of elaborate paper and wooden monuments in huge bonfires.

WORLD NEWS

Taiwan Hints Of U.S. Troops On Islands

As tensions rise with China, Taiwan's defense minister has hinted that U.S. troops have been training the Taiwanese military on outlying islands that would be on the front lines of a conflict with its neighbor.

By Austin Ramzy in Hong Kong and Joyu Wang in Taipei

The defense minister, Chiu Kuo-cheng, didn't offer details of the U.S. deployment, but the outlying islands include Kinmen, which sits 3 miles east of the Chinese coastal city of Xiamen and more than 100 miles from Taiwan's main island.

"This exchange is for mutual observation, to identify the problems we have, figure out how to improve and to recognize their strengths so we can learn from them," Chiu said Thursday in response to questions about U.S. troops on Taiwan's outlying islands.

His comments marked a rare acknowledgment by Taiwan of activity by American troops on its territory.

Chiu was responding to questions about a report in *Sofrep*, an online publication focusing on national security, that asserted U.S. Special Forces trainers would be sent

to Kinmen and other outlying islands where Taiwan's elite forces are based.

Lt. Col. Marty Meiners, a Pentagon spokesman, said he wouldn't comment on specific operations or training.

"Our commitment to Taiwan is rock-solid and contributes to the maintenance of peace and stability across the Taiwan Strait and within the region," he said.

Taiwan needs such exchanges with friendly militaries because its military "may have some blind spots or shortcomings," Chiu said.

Training by U.S. Special Forces has focused on strengthening Taiwan's rear security, in particular the prevention of enemy infiltration and sabotage, according to Su Tzu-yun, a research fellow at the Institute for National Defense and Security Research, a military-backed think tank in Taipei.

Kinmen has been the site of a series of testy maritime exchanges between China and Taiwan during the past month following the death of two Chinese fishermen whose boat capsized while being pursued by the Taiwanese coast guard.

A Chinese official called the deaths a "vicious incident," and Beijing said it would step up patrols in the area. Tensions have eased somewhat in



Taiwan's coast guard during a rescue operation after a Chinese fishing boat capsized off an outlying island.

recent weeks as the two sides have participated in search and rescue operations following other fishing boat accidents, but Taiwanese authorities said Chinese coast guard vessels have continued to enter restricted waters.

The Wall Street Journal first reported in 2021 that a small contingent of U.S. troops had been in Taiwan for at least a year, secretly training the Taiwanese armed forces to defend against a Chinese military that has been steadily building its capability to capture Taiwan in an armed conflict.

China's Communist Party has never controlled Taiwan but considers the self-ruled is-

land to be part of its territory. During an annual address delivered earlier this month, Chinese Premier Li Qiang repeated warnings directed against U.S. support for Taiwan, saying China will "resolutely oppose separatist activities aimed at 'Taiwan independence' and external interference."

China has sent an increasing number of military ships and aircraft on regular drills near Taiwan, which analysts have described as efforts to train for a potential conflict and test the island's defenses. Beijing launched large-scale drills around Taiwan meant to simulate a potential blockade and fired missiles over the is-

land in 2022 after then-U.S. House Speaker Nancy Pelosi visited Taipei.

The U.S. planned to expand its presence of troops in Taiwan to between 100 and 200 last year, up from roughly 30 in 2022, U.S. officials have said. The U.S. and Taiwan largely have been silent on the deployment as they attempt to avoid agitating Beijing while they work to fortify Taiwan against a potential Chinese invasion.

In the past, Taiwan had sent its special forces officers to train in the U.S., but now the American instructors are coming to Taiwan to train entire companies, according to

Shen Ming-shih, acting deputy CEO at INDSR, the think tank.

"It makes the training more complete, which I think is very meaningful," Shen said.

The U.S. doesn't have official diplomatic ties with Taiwan but maintains a robust unofficial presence. The Taiwan Relations Act requires the U.S. to supply the island with weapons and services it needs to defend itself, though the U.S. has traditionally remained vague over whether it would directly aid Taiwan in the event of a war. President Biden has repeatedly said the U.S. would defend Taiwan, but U.S. officials have said there is no change to official policy.

Hong Kong To Tighten Security

Continued from Page One

ness groups and corporate lawyers are more measured, but some said they are concerned that some parts of the bill are so vaguely worded they raise the perception of risk-and-compliance costs for businesses.

"Part of the unique value Hong Kong has for Western stakeholders is the openness of the city and we feel the balance between openness and the desire for security needs to be well calibrated," said Johannes Hack, head of the German Chamber of Commerce in Hong Kong.

Hong Kong's Chief Executive John Lee said earlier this month that he had asked the legislature to scrutinize and pass the bill at full speed, so that the city "can then focus its efforts on developing the economy." A spokesman for Hong Kong's government said that the bill "targets an extremely small minority of people who endanger national security" and that normal business operators won't be affected by the legislation.

Confidence in Hong Kong among foreign businesses and executives has been shaken in recent years amid social unrest, strict pandemic rules, China's sputtering economy and a national-security crackdown. A range of multinational companies have left, moved regional executives or downsized their operations in Hong Kong, including a number of firms that gather business intelligence.

The number of regional headquarters of firms based outside Hong Kong continued to fall in 2023, including those from the U.S., U.K. and Switzerland, according to data from the Census and Statistics Department.

Several foreign business leaders in Hong Kong said that while they don't see a second national-security law as a reason to rethink their presence in the city, it reinforces existing concerns about the city's appeal as a global financial center and hinders attracting global talent.

The law will take effect on Saturday.

During the public consultation, Hong Kong's top officials, including its security and justice chiefs, met with the leaders of global business chambers to reassure them that the law wasn't taking aim at businesses, according to people familiar with the meetings.

Officials dismissed questions about whether the government had analyzed the new law's potential impact on businesses, saying it wouldn't increase their compliance costs, attendees at one of the meetings said.

At another meeting with a top Beijing official overseeing Hong Kong affairs last month, representatives chosen by organizers to share the views of the international business community voiced no criticism about the security law and Hong Kong's business environment, some attendees said. The meeting appeared tightly managed and not all foreign business leaders had an opportunity to frankly share their concerns, they said.

Sections of the bill to which the international business community expressed the most concern—the broad definitions of state secrets and external interference—remained almost identical to the initial consultation paper.

Companies might refrain from certain activities in the

future due to perceived risks, said the German chamber's Hack, adding that executives at foreign headquarters will find it harder to see how the city is different from the rest of China.

The head of another European business chamber said companies will have to think twice when running business due diligence owing to concerns over violating state-secrets laws. One consulting firm said it wouldn't take on government work to avoid potentially coming into contact with state secrets.

The draft law also targets threats from external forces and offenses will carry heavier jail sentences if they were found to be committed in connection with foreign forces.

The U.S., European Union and the U.K. have accused Hong Kong of rushing through a bill that risks further eroding freedoms in a city where dissent has been all but wiped out and scores of political opponents—activists, former lawmakers and media workers—jailed.

The U.S. will look carefully

at the law to understand implications for U.S. citizens, investments and companies operating in Hong Kong, a spokesperson for the U.S. Consulate General said.

Hong Kong's government has hit back strongly at criticism from foreign governments and condemned unfav-

orable articles in the foreign press, saying they are attempts to scaremonger or smear the city's security laws. More than 98% of over 13,000 submissions it received during a four-week consultation, including many from the business sector, have positive comments, the government

spokesman said.

"Enacting laws on safeguarding national security is an inherent right of every sovereign state," he said. "It is outrageous to single out Hong Kong and suggest that businesses would only experience concerns when doing business here but not in other countries."

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Massachusetts Mutual Life Insurance Company

Notice of Annual Meeting

Notice is hereby given that the Annual Meeting of Massachusetts Mutual Life Insurance Company will be held on Wednesday, April 10, 2024 at two o'clock in the afternoon, for the election of two (2) directors and the transaction of any other business which may properly come before said meeting. MassMutual® is encouraging members to attend the meeting virtually. Please see MassMutual.com for additional information.

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WORLD NEWS

Ex-Brazilian Leader Faces Fraud Claims

Bolsonaro allegedly doctored vaccine records to travel to the U.S., police say

By SAMANTHA PEARSON

SÃO PAULO—Brazil's federal police accused former President Jair Bolsonaro and his closest aides of allegedly falsifying their Covid-19 vaccination records to travel to the U.S. at the height of the pandemic, according to a person close to the investigation.

The criminal accusations, which could carry a jail sentence of up to 15 years if they lead to a conviction, come as authorities crack down on Bolsonaro and his fellow conservatives in a barrage of criminal cases, angering supporters who have threatened nationwide protests if he is arrested.

Bolsonaro and 16 other people, including his former adviser and military official Mauro Cid, were accused of tampering with Brazil's public-vaccination database and issuing forged vaccination certificates to dodge U.S. restrictions on unvaccinated travelers, according to the person.

Brazil's public prosecutors will decide whether to file formal charges.

While in office, Bolsonaro repeatedly stated publicly that he wasn't vaccinated against Covid-19, and he was a vocal critic of coronavirus vaccines, frequently suggesting that they could have far-reaching side effects, from killing children to causing women to grow beards.

Bolsonaro traveled to the U.S. at least five times between March 2020 and December 2022—when Covid-19 deaths soared in Brazil and the U.S. His trips included a meeting with former Presi-

dent Donald Trump, another with President Biden, two speeches at the United Nations General Assembly in New York and a family holiday trip to Orlando, Fla. After a September 2021 trip, Bolsonaro had to self-isolate after a member of his delegation tested positive for the virus.

A lawyer for Bolsonaro declined to comment on the police's latest accusations, saying he was awaiting official confirmation from the authorities. Bolsonaro previously has denied wrongdoing. He accuses President Luiz Inácio Lula da Silva's government and the political left of carrying out a witch hunt against him.

"Every time I went to the U.S., they never asked for my vaccine certificate so there is no fraud on my part," Bolsonaro said in May 2023 after police raided his home and seized his cellphone. As a head of state, he said he had exemptions on vaccine rules for travelers.

Brazil's comptroller general's office concluded in January that Bolsonaro's vaccination records were false. Police said they were altered between November 2021 and December 2022, and issued to Bolsonaro's closest aides, as well as his wife and young daughter, who traveled with him to Florida in late 2022.

The police accusations come as authorities pursue a series of criminal cases, including accusations by police that Bolsonaro plotted a military takeover of the country in the run-up to the 2022 presidential elections.

As part of the same investigation, Bolsonaro also stands accused of encouraging his supporters to try to remove da Silva from power after he had taken office in January 2023. Bolsonaro denies the existence of a coup attempt.



The Sun made front-page news of a visit by the Princess of Wales, sidelined for months after surgery, to a farm shop in Windsor.

Palace and Press Create Royal Mess

By MAX COLCHESTER AND DAVID LUHNOW

LONDON—For weeks, royal watchers on both sides of the Atlantic worked themselves into a frenzy about Kate Middleton's health. The Princess of Wales had barely been seen in public for two months following abdominal surgery in January. A journalist in Spain declared, without offering evidence, that she was close to death. A photo of her and her children turned out to have been touched up, fanning the flames of conspiracy.

But this past weekend, a short stroll with her husband, Prince William, to buy groceries in Windsor was filmed by a passerby, and the brief video was soon published by The Sun tabloid. The clip earned front-page news in Britain's newspapers on Tuesday and put to rest most speculation. Online sleuths were still musing about a body double.

The episode points to the never-ending challenge for the royal family of balancing their public roles with their private lives, and where the public's right to know ends and the royal family's right to privacy begins. Catherine in particular has become a modern-day Princess Diana, her image lovingly splashed across British newspapers whenever she sets foot in public, making an absence of more than two months feel particularly acute.

The death of Diana, Prince William's mother, in 1997 showed the tragic potential of a too-intrusive media. The public outcry over the paparazzi's role in Diana's death, and scandals starting a decade later over allegations that some tabloids illegally hacked royals' phones to get gossip, have led to a detente: The British press now relies on the palace to dole out carefully

curated information.

But recent weeks have shown that too little information, and too little access, is also perilous: The vacuum is likely to be filled by fake news and cranks. And having successfully subdued the British tabloid press, the royal family now has to contend with an equally difficult adversary in foreign media outlets and social-media personalities.

"In today's world of social media, you can't get away with not saying anything to the public, because too much mystery will bring out the detectives in everyone, including all the crazy people online," said Maria Eugenia Yagie, a society columnist for Spain's El Mundo newspaper. With the princess out of action for months, and King Charles III diagnosed with an undisclosed type of cancer, the public is left to speculate, allowing rumors to spread, she said.

Case in point was Concha Calleja, a Spanish author whose books—including two about Princess Diana—purport to reveal hidden truths about celebrity lives and deaths. In January, Calleja told the Fiesta gossip television show that a royal source told her the princess' life was in great danger after her surgery, forcing doctors to put her on a ventilator in a medically induced coma.

Normally, the palace has a policy of dignified silence in the face of rumors. But Calleja's claims prompted it to hit back. An unnamed palace official told Britain's Times newspaper: "It's fundamentally, totally made-up." Kensington Palace said on Jan. 29

that Catherine had left the hospital to recover at home.

That wasn't the end of the matter, as the denial was picked up by traditional British media, indirectly amplifying the original claims. The claims were also echoed by a series of Spanish media outlets while ricocheting online.

The palace inadvertently fed the rumor mill with the release—to mark Mother's Day in the U.K.—of an image of Kate and her three children. It had been digitally altered. Catherine took the blame, saying that as an amateur photographer she often touched up her photos.

Another case in point is several Russian media titles, which on Monday announced that the king had died after a fake document declaring his death was circulated on Russian social media. Buckingham Palace was forced to respond.

Psychologists say people will form their own theories in the absence of reliable information, often choosing ones that may be more interesting than the truth.

"A simple explanation is often not very appealing, especially when famous people are involved," said Karen Douglas, a psychology professor at the University of Kent who has studied conspiracy theories.

Traditional British media that had largely leapt to Catherine's defense over the edited photo felt burned by that episode. Several British papers published gushing stories about Catherine's return to the limelight before having to pivot to the news that the images might be fake.

"The key is for the mainstream media to be given the right information," said Robert Jobson, a British journalist and royal correspondent.

Under Charles, Buckingham Palace officials have been somewhat more open. When the late Queen Elizabeth II and her husband Prince Philip had received medical treatment, the press were only usually informed after they had left the hospital. This time around, the palace disclosed publicly that Charles has cancer. He has been seen in video clips and statements referring to his cancer and thanking well wishers, though no details of the prognosis have been disclosed.

Kensington Palace, which handles the press for the Prince and Princess of Wales, has been more tight-lipped about the princess. It offered no clues to Catherine's condition. The news blackout backfired. As the weeks crept by and Catherine's picture was noticeably absent from newspapers, rumors began flying. After the Mother's Day photo, they were supercharged.

There has been no indication from the palace that it is taking legal action against those peddling potentially defamatory statements about Catherine.

Doing so wouldn't be hard, in theory, because of Britain's stringent libel laws, said Nicholas Taylor, a partner at the law firm Healys. But bringing a case would likely force the royal family to disclose more about Catherine's health than it has so far, he said.

Watch a Video

Scan this code for a video on altered photo of Kate Middleton and her children.



Jair Bolsonaro spoke this month at an event for Alexandre Ramagem's pre-candidacy in Rio de Janeiro's mayoral elections.

Unilever Set to Ditch Ice Cream

Continued from Page One

lent to about \$870 million, over the next three years.

The plan is the latest in a string of moves by new Chief Executive Hein Schumacher to simplify Unilever and boost growth at the company, which analysts said has underperformed in recent years.

Shares in Unilever closed up 3% in London.

Unilever has sold ice cream since it bought Wall's in 1922, a brand that was started by a butcher's shop in London as a way to offset weaker meat sales in the summer months.

In 1993, Unilever bought Breyers and seven years later purchased Ben & Jerry's. Collectively, Unilever's ice-cream business, which includes five of the top 10 global brands in terms of sales, brought in revenue of \$8.6 billion last year.

But the ice-cream business has in recent years posed big challenges to Unilever.

Ben & Jerry's, once regarded by analysts as a jewel in Unilever's crown, has turned into something of a thorn in its side. The brand,

which has an independent board, and its parent company have repeatedly butted heads in recent years. In 2022, Ben & Jerry's filed a lawsuit against its parent company after Unilever sold its business in Israel without consultation. That move came after the brand halted sales of its products in Jewish settlements in the Israeli-occupied West Bank and contested East Jerusalem.

Most recently, the pair tussled over the presence of Nelson Peltz on Unilever's board while he also held a position at the Simon Wiesenthal Center. The Jewish organization had urged people not to buy Ben & Jerry's ice cream after the brand's independent chairwoman denounced Israel's actions in Gaza. Peltz resigned from his position at the Wiesenthal Center.

The financial performance of the ice-cream business has also been sluggish. Last year, ice-cream sales rose 2.3%, the weakest growth rate of any unit in Unilever's portfolio. The company raised prices to offset higher input costs, resulting in a drop in the amount people bought. Unilever sells about 60% of its ice cream for consumption at home, a business that is particularly sensitive to price changes.

The company has a huge ice-cream business in emerging markets such as India and

Turkey, but its biggest market is the U.S.

Unilever has also long struggled with its out-of-home ice cream business, which includes sales made by street vendors, kiosks and cafes. That business, particularly in Europe, tends to fluctuate depending on the weather, with sales booming during hot summers but declining at cooler times of the year.

The company's efforts to sell ice cream more evenly through different seasons, by pushing home delivery for instance, have had mixed success.

The increasing popularity of weight-loss drugs like Ozempic and Zepbound is add-

ing a new uncertainty about future demand for ice cream. Last month, Morgan Stanley cited data showing that ice cream was among the categories for which users of weight-loss drugs cut back spending the most. By contrast, users spent more on yogurt and fish.

The ice-cream business also makes up a significant chunk of Unilever's carbon footprint, with in-store freezers accounting for 10% of the company's overall greenhouse-gas emissions. Unilever has been working to reduce these, in part by trying to use more renewable energy.

Analysts have repeatedly suggested Unilever could look to sell the ice-cream unit or

even its entire foods business to boost growth. The ice-cream unit's capital-intensive cold supply chain is markedly different from that of Unilever's other businesses.

However, frozen-food businesses can be hard to sell as their expensive chilled-logistics network can limit the number of bidders. Bernstein analyst Bruno Monteyne said Unilever had likely decided to spin off the ice-cream business because it couldn't find a buyer at an acceptable price.

Unilever said on Tuesday it expects the ice-cream business to be fully separated out by the end of next year. No decision has yet been made on where the business would the-

oretically be listed.

The restructuring program, according to Unilever, will more than offset the continuing costs incurred from separating ice cream. The company said the proposed changes are expected to affect around 7,500 predominantly office-based roles globally. It employs about 128,000 people around the world.

Since Schumacher took the helm last year, Unilever has been pruning its portfolio and shaking up its leadership ranks to try to accelerate growth. Last year, it agreed to sell Dollar Shave Club, which it bought in 2016 for \$1 billion, to a U.S. private-equity firm.

On Tuesday, Unilever raised its sales guidance over the medium term, saying it would deliver mid-single-digit growth, up from previous guidance of 3% to 5%. It also said it would have a higher margin once the changes have been made.

Ice cream has been a tough business for other consumer-goods companies too. In 2019, packaged foods giant Nestlé said it had struck a deal to sell its U.S. ice-cream business, which included Häagen-Dazs and Dreyer's, to a joint venture it had with a private-equity firm, a move that followed a similar one in Europe three years prior.

—Christian Moess Laursen contributed to this article.

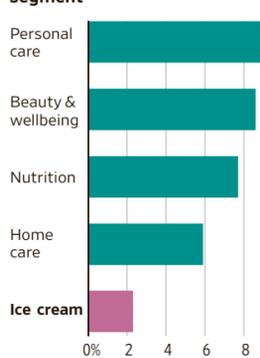
FROM PAGE ONE

Unilever's quarterly sales, change from a year earlier



Note: Excludes acquisitions, divestments and changes in currency
Source: the company

2023 sales growth by segment



THE WALL STREET JOURNAL.



#ISTANDWITH EVAN

It has been 357 days since our friend and colleague Evan Gershkovich was wrongfully detained by Russia during a reporting trip and accused of espionage. The Wall Street Journal and the U.S. government vehemently deny the allegation and continue to call for his immediate release.

No journalist should ever be detained for simply doing his job, and the charge against Evan is an outrage. Journalism is not a crime, and any portrayal to the contrary is fiction.

The stakes are high: Without press freedom, there is no free society.

Every day Evan remains detained is a day too long. We will not rest until he's home.

Please continue to share Evan's reporting and the latest updates on his situation by visiting [WSJ.com/Evan](https://www.wsj.com/Evan). Use the hashtag **#IStandWithEvan** to help keep his story front and center.



WORLD NEWS

Russia Sees Vise on Cash Tighten

Continued from Page One

Arab Emirates, including the commercial hub of Dubai, after Moscow invaded Ukraine in 2022. Emirates NBD was one of the biggest beneficiaries, according to people familiar with the matter, including financial professionals in the Persian Gulf country, U.S. officials and an energy executive.

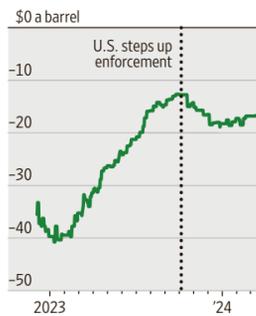
The bank handled sizable Russia oil trades and set up a department catering to Russians seeking a haven for their wealth, for which it poached bankers from the former Soviet Union, said one of the U.S. officials and some of the other people familiar with the matter.

In recent months, the U.S. applied heavy pressure on the U.A.E. Washington sent Treasury and State Department officials to the nation, and imposed new sanctions on U.A.E. entities such as the Russia-focused oil trader Voliton.

Emirates NBD reversed course. It shut its Russia-focused department, stopped accepting transfers in rubles from Russia and closed a number of Russian-held accounts, typically either containing more than \$5 million or held by sanction-connected entities, the financial professionals in the Emirates and another of the people familiar with the matter said. Some of the closures affect companies in a network of trading and shipping companies operated by Etibar Eyyub, a former executive at the U.A.E.'s Coral Energy.

This network, which includes Voliton and another recently sanctioned firm, Bellatrix Energy, has become the

Discount on Russian crude compared with global benchmark



Source: Argus Media

key route through which the Russian state exports oil to global markets.

Emirates NBD ordered the closure of accounts held by Coral, Voliton, Bellatrix and another Eyyub-linked firm, Pontus Trading, one of the U.S. officials and other people

familiar with the matter said.

A spokesman for Emirates NBD said it couldn't comment on specific clients, but was committed to fighting financial crime and money laundering, and to complying with applicable international sanctions.

"The bank works closely on these priorities with its regulators and law enforcement agencies in the U.A.E. and other relevant jurisdictions," the spokesman said.

A representative for Coral said it maintains strong working relationships with all banking partners, and that the Journal's questions were based on "an inaccurate or misleading premise." The representative previously said Coral has nothing to do with the firms operated by Eyyub.

Representatives for Pontus, Bellatrix and Voliton didn't respond to requests for comment.

Emirates NBD shut accounts held by Russian fertilizer giant Uralkali, and by Russian busi-

nessman Ivan Tavrin, according to the financial professionals in the Emirates. In December, the U.S. sanctioned Tavrin, who spent billions of dollars buying technology companies, as "one of Russia's biggest wartime dealmakers." Representatives for Tavrin, and Tavrin's Kismet Capital didn't respond to requests for comment.

A spokesman for Uralkali said the information regarding the closure of Uralkali's Emirates NBD accounts "is not accurate, as the company does not have any accounts in this financial organization."

The Dubai branch of Banque Misr shut accounts for Coral and some other companies, according to some of the people familiar with the matter. The state-owned Egyptian lender was one of a clutch of banks processing payments for the network, those people said. Banque Misr didn't respond to a request for comment.

In Turkey, the climate also

changed, as the U.S. pushed Ankara to adjust its growing economic relations with Russia. The U.S. penalized Turkish companies for aiding Russian violations and urged the government to foster sanctions compliance. Turkish exporters complained of trouble getting paid. "We are having difficulties receiving our funds," said Omer Gencal, a financial adviser for Turkish companies doing business with Russia.

Alexei Yerkhov, Russia's ambassador to Turkey, said Russia was "in intense talks with Turkish officials regarding the refusal of some Turkish banks making payments in the name of the Russian companies," according to Russian state media.

Voliton and Bellatrix were among the biggest resellers of oil pumped by Russia's Rosneft Oil, shipping and customs data show. But neither has handled any Russian oil trades since being sanctioned, according to commodity-data provider Kpler.

Ukraine's Impossible Choice

Continued from Page One

military is worn down after a failed counteroffensive last year and with an additional aid package stuck in Congress. Russia, with a larger army and a war economy clunking into gear, is pressing forward against its smaller neighbor.

That leaves Ukraine facing a year on the defensive, picking its battles in an effort to limit territorial losses while outlasting the Russian army. Kyiv needs to buy time to rebuild its forces with the aim of retaking some of the roughly 20% of its territory occupied by Russia.

It is a delicate calculus that requires weighing precious land against scarce resources, including lives—and morale.

At first Zhytnik hoped for rescue. Then he counted on mercy. In the last of several video calls recorded by relatives, he turned to exchange words with someone off camera.

"Are they there?" asked his brother-in-law, Dmytro Shubin.

"Yes," Zhytnik responded.

The Russians had arrived.

Zenit

As Ukraine's counteroffensive stalled last fall, Russia seized the initiative and launched massed assaults on Avdiivka. The target, a small industrial city, revealed the shrunken reach of Russia's invasion, which began in February 2022 with a failed attempt to seize Ukraine's capital and overthrow its government.

Ukraine blunted Russia's initial thrusts on Avdiivka. But the relentlessness of Moscow's assaults showed a resolve to grind Ukraine into submission.

Zhytnik, a former taxi driver who had been drafted into the army just weeks after Russia invaded, had been deployed as part of the 110th Mechanized Brigade in a Soviet air force bunker complex called Zenit, a critical defensive position about one mile south of the city.

Like many soldiers, he used humor to cope with the grim realities of war. In a video posted on TikTok he pretended to be on the phone with his mother while standing in a crater large enough to fit a car in. "What shelling? Everything is fine," he said. Other videos featured a pet capybara that Zhytnik fed carrots and made a bath for out of an empty ammunition box. In one clip, he joked that it might be a Russian spy.

Mykola Savosik, another soldier serving with Zhytnik, often received care packages from his cousin containing nuts, candy and socks.

As winter set in, Moscow's firepower advantage was growing as political deadlock in the U.S. held up key aid for Kyiv. Low on artillery rounds, Ukrainian forces in Avdiivka couldn't prevent Russian infantry from creeping forward and engaging them at close range. President Volodymyr Zelensky visited in December, noting shortages, but signaled the intent to hold on.

Zenit was particularly vulnerable as Russian forces squeezed tighter. In January, Savosik told his cousin to stop sending packages as it was almost impossible for supplies to reach them. When she asked how he was, he responded: "Alive."

Pvt. Heorhiy Pavlov had always shielded his mother, Inna Pavlova, from the dangers he faced in Avdiivka, but the burly



Mykola Savosik



Andriy Dubnytskiy holding his child



Heorhiy Pavlov with his mother



Ivan Zhytnik

29-year-old struggled to stay upbeat as the situation deteriorated. Ukraine's shortage of artillery shells was so acute that Russian forces were operating out in the open without fear of being targeted, he complained. Many of Pavlov's fellow soldiers had been in Avdiivka for nearly two years and were exhausted, he said. The need for fresh recruits was increasingly acute, but Kyiv stalled over a politically sensitive decision to expand the draft.

Railing against his commanders, Pavlov talked of earlier battles in which Ukrainian forces held out until it was too late to conduct an organized withdrawal. When Pavlova asked if they were encircled, he said everything was fine. But his outburst had unnerved her. And on Deep State—an app that maps front-line positions using open-source data—the red area denoting Russian advances appeared to be swallowing the city. "If I can see it on Deep State, how come your commanders can't?" she recalled asking her son.

By early February, the 100 soldiers remaining inside Zenit had almost no food left. Hungry and under relentless shelling, many appealed to their commanders to withdraw. Russian troops were advancing on the flanks of Avdiivka, threatening to cut the position off. Still, Ukrainian commanders told them to hold on.

Several soldiers who stepped outside the bunker for fresh air were shot by Russian snipers or killed by mortar strikes guided by Russian drones, said Pvt. Viktor Biliak, who had been in Zenit since the start of Russia's invasion. Only a handful of men from his company were still alive. Biliak, a junior serviceman, had been elevated to company commander.

On the night of Feb. 13, Sgt. Andriy Dubnytskiy, another soldier in Zenit, called his wife, Lyudmyla Dubnytska, to say he was preparing to leave Avdiivka. The couple's first child was born several months into the war, but 25-year-old Dubnytskiy had hardly seen his daughter because he had been on the front line almost nonstop since the start of the war. "I'll be in touch whenever I get the chance," he wrote to Dubnytska on Facebook messenger.

"Promise me everything will be fine," she said.

"Pray for me," he replied.

Hours later, Dubnytskiy set out in a group of seven soldiers including Zhytnik and Pavlov, attempting to reach Ukrainian lines in Avdiivka. They had given up waiting for orders to retreat. "Our command-

ers...wanted us to dig in and keep defending," Biliak said. "Holding on to a set of ruins without ammunition or food was suicidal."

The group didn't get far. Russian reconnaissance drones had been flying over Zenit for days, waiting for the Ukrainians to break cover. A Russian mortar strike immediately killed half the group, Biliak said. He wasn't in the group but helped bring the wounded back to the bunker, carrying Zhytnik himself. Dubnytskiy and Pavlov were also wounded.

Those who could still walk, including Biliak, set out on foot later the evening of Feb. 14 with Ukrainian drones guiding them to a rendezvous point where an armored vehicle was waiting.

The route to Avdiivka was strewn with the corpses of Ukrainian soldiers, Biliak said. As they reached the evacuation point, he heard a radio exchange that shocked him. A Ukrainian officer from the 110th Brigade asked his commander about evacuating the wounded men who remained in Zenit.

"Leave the wounded," Biliak heard the commander say. "And burn everything left behind."

Distress calls

Around 8 a.m. the following morning, Savosik called his cousin Kateryna to say goodbye. Clutching a grenade, Savosik told her that they were unlikely to see each other again. "He had a wild look on his face," Kateryna recalled.

The rest of the brigade had withdrawn from Zenit, leaving five wounded men, he told her. Savosik wasn't injured himself, but had chosen to stay with

them. "On a human level I couldn't leave those boys," she recalled him saying.

The commanders had promised to send a vehicle to evacuate them, but there was no sign of it—and Russian forces were almost upon them.

Around the same time, Pavlov called his mother in distress. One of his legs was broken. His back and neck were riddled

with shrapnel. Pavlova begged him to surrender for the sake of his 5-year-old son. He still hoped to be rescued by the powerful 3rd Assault Brigade, which had been sent in to shore up Ukrainian positions and beat the Russians back, according to a deputy commander. Large parts of the city had already fallen under Russian control, however, and the brigade ended up covering Ukraine's retreat.

Dubnytskiy also rang his wife to say he hadn't made it out. He was wounded in the groin but

tried to make light of it. They would still have a son with his remaining testicle, he joked. There wasn't much food or water, he said, but a soldier who hadn't been wounded had stayed behind to care for them. "Looks like we'll be taken captive," he messaged her at noon.

Zhytnik was speaking to his own relatives in Zaporizhzhia. "My legs are done for," he said in a recorded video call.

Dubnytskiy reasoned the vehicle that commanders had promised to send for them might still come, seeking to reassure Zhytnik—and himself.

"The car can't reach here," Zhytnik said. "That's it."

Not long after midday, Zhytnik's brother-in-law, Shubin, called with good news. The Ukrainians had contacted the Russians and struck a deal: The wounded men would surrender to Russian forces and be freed in a prisoner exchange.

The 110th Brigade later said it hadn't been possible to go back for the men after the withdrawal from Zenit, but that it asked the authorities responsible for negotiating prisoner swaps with the Russians to seek assurances they would be treated "in accordance with the international customs of war and the laws protecting prisoners of war." The Russians agreed, the brigade said in a statement.

Zhytnik hung up when the Russians arrived, but Shubin called him back. There was another person in the room now. The Russian soldier looked about 50 and had a short beard, Shubin said.

Zhytnik urged the Russian soldier to speak to Shubin over the phone so they could reach

an understanding. "No. Turn off your phone. I'm not talking to anyone," Shubin heard the Russian say before the call cut off.

The day after Russian troops reached Zenit, a 40-second video appeared on one of Moscow's propaganda channels. It showed several dead soldiers lying in the mud alongside a Ukrainian flag. Dubnytska immediately recognized a tattoo on one of the men's hands: It looked identical to the one her husband and two other soldiers had got, symbolizing their faith and brotherhood.

She had reported Dubnytskiy missing earlier that day, taking their nearly 2-year-old daughter to the police station to provide a DNA sample. Returning home, she was scrolling through Russian Telegram channels in search of evidence he had been captured when she saw the clip. "Everything inside me died," she said. After contacting another of the soldiers with the tattoo, there was no room for doubt. "It was him."

The following day, Ukraine announced it had withdrawn from Avdiivka to preserve lives. The Biden administration said the fall of the city was the price of Congress's failure to send more aid. It was the biggest victory for Moscow in months.

Ukraine's leadership said the fight had been worth it to grind down Russian forces, although commander-in-chief Col. Gen. Oleksandr Syrskyi acknowledged "certain miscalculations" by commanders.

"If we had retreated in an organized way we could have burned the position without our people there," said Biliak days later. He was in a hospital receiving treatment for injuries sustained during the withdrawal, including a cheek half torn open by shrapnel.

The men's relatives believe they were killed by Russian forces shortly after being captured. But they also blame the Ukrainian commanders who left them behind for their deaths, calling it an unnecessary sacrifice. Their priority now is to recover their loved ones' remains.

In a video released by Russian state-controlled channel RT days after Avdiivka's capture, a reporter walks through the bunkers of Zenit, rifling through what Ukrainian forces left behind, including boxes of ammunition and laundry on a line.

Outside, the men's bodies lay in a heap dusted with snow.

—Kate Vtorygina contributed to this article.

Russian troops claim full control of Avdiivka



Sources: Institute for the Study of War and AEI's Critical Threats Project



A view from a car on Saturday shows the destruction from the battle for Avdiivka.

Sexting Offers Midlife Pairs Helpful Notes

Racy messages are a good baby step to reignite the romance in long-term relationships



ELIZABETH BERNSTEIN

After a few years with her husband, Natassia Miller was looking for ways to spice up the couple's sex life. She decided they should give sexting a try.

"Amor," Miller, 34, wrote one afternoon. "I miss you and can't wait for you to come home tonight." She described what she would like to do with him later that evening in great detail.

Then she waited nervously for his response. "Great," he wrote. "That's what he'd say if I told him I got his dry-cleaning," Miller says.

Ah, the joys of married sext. Sexting—or sending sexually suggestive messages—is a good baby step to relight the flame in a long-term relationship, sex therapists say. It can help couples practice communicating about their desire, building erotic anticipation and reinforcing their bond, even when they are apart.

Yes, talking about such intimate things requires you to be vulnerable in front of the person you love most in the world. For couples who spend most of their time talking about kids, work or the logistics of home life, this can be downright mortifying.

But it's worth it! Research shows that it's important for couples to communicate about sex. A review of 93 studies, published in 2022, found that those who do so improve both their sex life and their relationship.

Sexting doesn't even have to be X-rated. Talk to your partner

Wallace J. and Dana Nichols say she once sent a racy photo to her father-in-law by mistake.



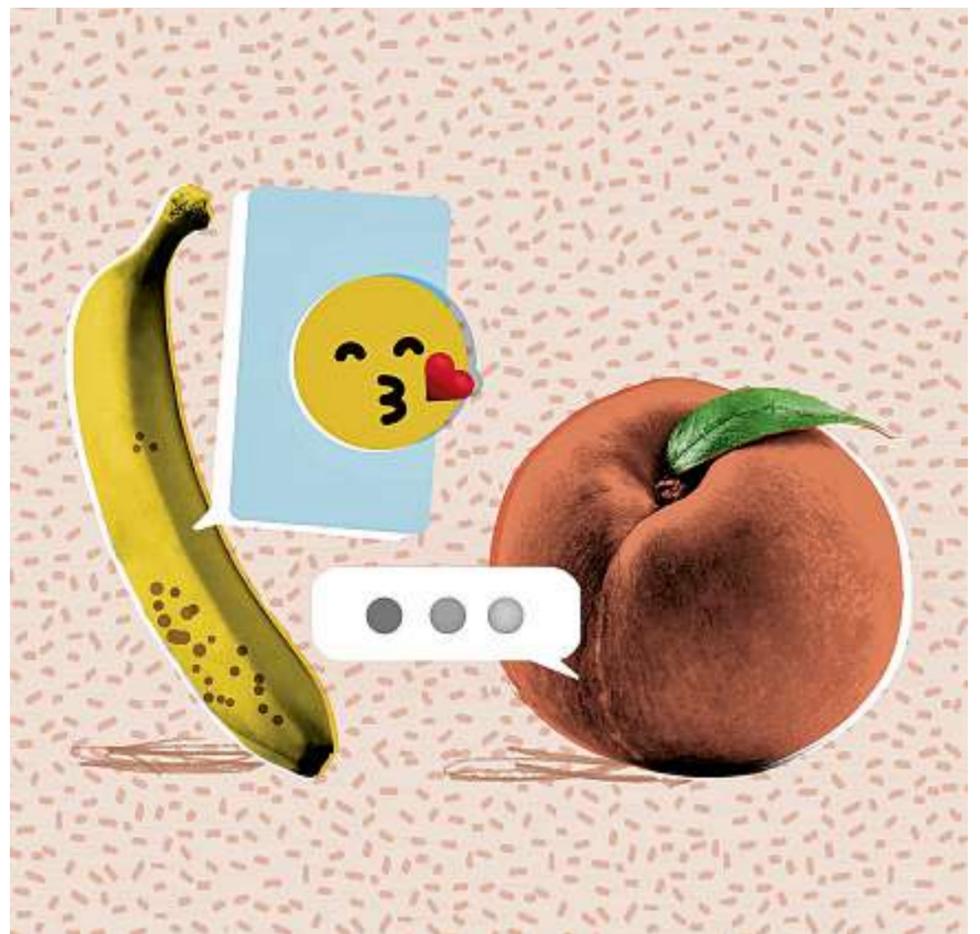
about what feels comfortable and give yourself some time to get used to it.

Not convinced? I get it. In reporting this column, I heard about a couple who sexted each other without realizing their teenager was using the family iPad, where their messages popped up. A woman said she was happily reading in bed one night when her air-conditioner repairman messaged her: "I hope you're naked and waiting for me when I get there." (He apologized profusely—then gave her a discount on her next repair.) Others reported accidentally sending texts to a client or their boss.

Often, it's the tech, not the talk, that turns people off sexting, says Michelle Drouin, a professor of psychology at Purdue University, Fort Wayne, who has studied the topic. They worry Big Brother is watching. Or that their kids will find a sexy exchange on their phone.

Or that they might take a sexy photo in a white T-shirt with nothing underneath for their husband—and accidentally send it to their father-in-law, like Dana Nichols did.

She and her husband, Wallace J., were trying to get pregnant, years ago, when she sent the text. "It was meant to get sexy time going," says Dana, 55, a hospitality



consultant in Louisville, Ky.

But her husband and her father-in-law had the same name, and she hit send before noticing that she was sharing her photo with the wrong Wallace.

Her husband says his dad forwarded the photo to him, with a brief message: "I think this is meant for you. Glad things are going well there." He replied with one word: "Thanks."

There are good ways to explore sexting in a way that's hot, rather than humiliating. Here's a primer.

1. TALK ABOUT IT FIRST.

Make sure both you and your partner are comfortable doing this.

Discuss when to send and receive texts; whether you prefer words, pictures or both; if you're OK with explicit content or want to stick with merely suggestive; how soon to expect a reply.

2. BE CAREFUL.

Choose a messaging platform where you don't talk to anyone else, says Shadeen Francis, a certified sex therapist and marriage and family therapist in

Philadelphia. She recommends the Signal app to her clients because it is end-to-end encrypted.

Send your partner only sexy messages there. No one wants to be talking about romantic bubble baths one minute and groceries the next.

Don't text from your work phone.

And please—I beg you—double check who you're sending it to.

3. IT DOESN'T HAVE TO BE X- OR EVEN R-RATED.

Some people prefer their sexting to be explicit. They like to tell a story, express a wish or give instruction.

But sweetness counts too, Francis says. You might try: "I would really love to kiss you." Or: "I have been daydreaming of your smile."

Be creative. Music, poetry or a romantic photo can all get your idea across.

And if you don't know how to answer? Francis recommends you respond with a simple: "I love that you are thinking of me" or "tell me more."

4. SEXTING ISN'T A CONTRACT TO HAVE SEX.

It's its own reward. Letting go of the pressure to follow up with sex later will free you up to take more opportunities to connect, Drouin says.

5. EMOJIS ARE YOUR FRIENDS.

People who use emojis—those little smiley faces and other images you use to express an idea or emotion—tend to have more success in their intimate relationships and have more sexual intimacy, according to research from the Kinsey Institute at Indiana University.

Find the eggplant emoji (look it up) cringey? Try a kiss, a wink, or one that nods to an inside private joke.

"You just want to be sure the other person understands," says Todd Baratz, a certified sex therapist in New York.

6. GIVE YOURSELF TIME.

Think of it like riding a bike: It may take a few tries to get the hang of it.

After Miller's husband sent her a one-word reply to her message, she asked him if he was comfortable sexting. He said yes—he just hadn't done it before so wasn't sure what to say.

So Miller, who runs a sexual-wellness company, decided to take the initiative. She started sexting her husband several times a week.

One recent Friday night, she sent him a series of racy texts while he was at a poker charity event.

His reply this time? He was ordering an Uber to come home immediately.

Toe Spacers Can Give a Leg Up to Fitness

By Jen Murphy

Forget well-defined abs. Well-spaced toes are the new fitness flex.

For those of us who wear cramped shoes all day, gaps between our toes can be just as hard to attain as a six-pack. Like a strong core, healthy feet are crucial for balance and stability.

The pursuit of perfect toe alignment has made the humble toe spreader the new must-have training tool after previously being associated mainly with pedicures and bunions. You place it between your toes to improve alignment, like braces. The items can cost under \$10.

Well-spaced toes come with bragging rights. A photo of model Ashley Graham rocking toe-spreader socks after the 2023 Oscars went viral. And athletes like National Football League player George Kittle and tennis star Novak Djokovic say toe separators have helped give them a performance edge.

Maui, Hawaii-based pro surfer Skylar Lickle says she was stoked to receive a pair as a Christmas gift in December. She'd never paid much attention to her feet until she suffered a knee injury in early 2023. Her physical therapist suggested she work on her toe dexterity, since weak feet can affect movement patterns and lead to muscular imbalances and injuries. Around the same time, she mar-

veled at the prodigious toe flexibility that a group of pro surfers on the North Shore of Oahu, Hawaii, posted on Instagram.

"It makes sense," she says. "In surfing, we use our toes a lot. When I tried to spread my toes, they were unresponsive."

Lickle says wearing toe spacers regularly, along with doing toe exercises, for three months has improved her balance and stability on and off her surfboard.

The benefits don't just apply to elite athletes. Susie Rinehart, 52, received a pair of toe spacers last Christmas from her personal trainer.

"I immediately looked down at my feet and thought, she's giving me a message that they're ugly," the Boulder, Colo., college-essay coach says. "It felt like someone giving you a breath mint or deodorant." Rinehart suffers from nerve damage in her feet. Her trainer assured her

that the gift was to help build foot strength, which is important for efficient movement patterns in and out of the gym. "I wish I could say my feet were prettier since wearing them, but they are stronger and my balance has improved," she says.

Better spread for balance

The foot should act like a tripod, with weight evenly distributed between the center of the heel, the ball of the big toe and the base of the little toe. The spacing should be



widest at the toes, says Dr. Dennis Cardone, a sports-medicine specialist at NYU Langone Health in New York City. When the toes get scrunched, the foot tripod narrows, which can affect our balance, he says.

Tight shoes that cramp the toes can lead to deformities, such as bunions, where the big toe is pulled toward the smaller toes, and hammer toes, where the toe becomes bent at the middle joint. The wrong shoes can also cause inflammatory conditions like plantar fasciitis.

A study published in the medical journal Clinical Biomechanics linked the presence of toe deformities, combined with toe weakness, to increased falls in older people.

▲ Toe spacers like the Naboso Splay, pictured, are becoming popular as more athletes and exercisers focus on foot health.

When we start walking, we should feel our toes, especially our big toes, press into the ground, says Courtney Conley, founder of Gait Happens, an online education resource focused on foot health.

Ease the pain

Growing attention to foot health has boosted sales of toe spacers.

Phoenix-based foot-care company Naboso had sales of its toe spreaders grow 40% year-over-year between 2022 and 2023, according

to founder and podiatrist Dr. Emily Splichal. And the Foot Collective, a Brisbane, Australia-based foot-care company, had a 175% increase in sales of its toe spacers between December 2021 and December 2023, CEO Mac Lyon says.

The devices can be made from felt, foam or silicone gel. You can find basic toe spreaders in drugstores, while foot specialists sell versions for up to \$65.

Wearing toe spreaders won't prevent deformities but can relieve the pain they cause, Cardone says. Compared with surgery or physical therapy, they're a relatively cheap and easy solution to foot pain.

Lyon views toe separators as one tool to achieving better foot health. Their rising popularity is helping people pay attention to their feet, he says. He notes that many are shocked to learn they should be able to move toes individually.

If you can't, you might try incorporating foot and toe exercises into your daily routine. Even looping your fingers between each of your toes so they "breathe after suffocating in shoes all day," can make a difference, Lyon says.

Change takes time. Conley says that just like orthotics, toe spacers may feel uncomfortable when you first break them in. If you can't lift and spread your toes, she suggests starting out wearing them for 10 minutes and gradually increasing to a few hours a day both at rest and while performing daily activities or exercising.

Even if you're using toe spacers, it's important to invest in more natural-shaped footwear and commit to strengthening your feet and toes.

"You're not going to undo 10 hours in narrow shoes by sitting on the couch and wearing toe spreaders," he says.

FROM TOP: ANDREA DROUIN FOR THE WALL STREET JOURNAL; WALLACE J. NICHOLS

PERSONAL JOURNAL.

Realtors Reckon With a Seismic Shift

Some agents predict workarounds will protect their commissions after legal deal, while others head for the exits



By ANNE MARIE CHAKER
AND JOSEPH DE AVILA

More than a million people who brokered home buying and selling in America are re-examining their careers.

Last week, the National Association of Realtors settled legal claims that the real-estate industry conspired to keep commissions artificially high. The settlement will likely change how much of a home sale's price will find its way into an agent's hands.

Realtors from the suburbs of Maryland to Minneapolis expressed shock that the model for buying and selling homes for the past three decades was upended. They said they are now trying to gauge just how disruptive to their livelihoods the ruling will be.

Most fell into one of three camps: Deny the business will change much, embrace new payment models in the hopes of staying profitable, or find an entirely new line of work.

Franklyn Salas, a part-time real-estate agent in Washington, D.C., earned \$50,000 in real-estate commissions last year, mostly from buyers. Many weeks he puts in at least 40 hours, on top of his full-time job at a title company.

Now, Salas is weighing alternative side gigs.

"I might just lean into doing renovations, development and flipping houses," he said, "rather than running around like a chicken with



A real-estate broker brings in a sign at the end of an open house in Chicago.

my head cut off looking for a place for a buyer and getting pushback for wanting to get paid for it."

The NAR deal, which goes into effect this summer, could hit agents who represent home buyers particularly hard because it could reduce their commissions and demand for buyers' agents altogether, said Stephen Brobeck, senior fellow at the Consumer Federation of America. It could spawn new payment models, such as flat-fee structures where buy-

ers' agents charge by the hour or for a specific menu of services.

Anthony Lamacchia oversees more than 500 real-estate agents in the northeast and south Florida. He said he spoke with agents during a 6:30 a.m. call on Saturday to walk them through the changes, including the need to negotiate commission splits between the listing agent and the buyer's agent.

"They were definitely spooked from all of this," he said.

Finding workarounds

There are nearly 1.5 million members of the National Association of Realtors, up from fewer than

one million in 2012 in the aftermath of the financial crisis. Many of these agents piled into the market during the pandemic as home sales heated up while other industries shed workers.

Most found the market to be tough, with more Realtors than homes for sale in the U.S. by early 2021. Then interest rates started to rise and put a chill on home sales, which made earning a living even harder.

Broker Gigi Luu is currently writing a memo to her 21 agents who work in Virginia, Maryland, and Washington, D.C.:

"When clients ask you about the changes let them know there are lots of unknowns," the draft memo reads. "Only agents that can show their true value will prevail in our industry."

For decades, buyers didn't typically pay agents out of their own pockets. The buyer's agent commission has been paid by the seller and is baked into the house price.

Going forward, buyers might have to foot the bill up front if

they want an agent to represent them.

Dan Metcalf, an associate broker in Takoma Park, Md., said some sellers' agents might find workarounds to continue to pay buyers' agents as they did before. For instance, the commission splits could be advertised on an agency's own website or Facebook page instead of the multiple listing service, a database used by Realtors, which is prohibited by the settlement.

Another potential outcome, he said, is that buyers' agents might provide a fee-for-service model: "It costs this much to write an offer, this much for a home inspection."

Seller pressure

Despite the potential fallout, some Realtors don't expect all that much to change.

Pauline Donnelly, owner of real-estate firm Donnelly + Co. in Boston and Martha's Vineyard, said she thinks most sellers will opt to continue paying the commission for the buyer's agent. That's because sellers recognize that agents for buyers can help with their home sale,

and dealing with buyers that aren't represented can be difficult when they aren't experienced in real-estate transactions, she added.

"It's unlikely that we are going to go to our buyers and ask them to pay our fees," said Donnelly, who manages 35 agents in Boston and Martha's Vineyard. "Many of them won't be able to afford to."

In a competitive sale, some buyers might opt to cover their agent's commission to get ahead of other prospective buyers, Donnelly said, adding, "It's going to be a rare buyer that does that."

David Schlichter, who leads a team of four agents in Denver for real-estate firm Compass, expects sellers to keep paying the commission for buyers agents, at least short term. That's because home sellers realize that working with buyers agents will increase the pool of potential buyers and offers.

"Not offering the commission can actually work against them," Schlichter said.

Courtney James, the owner of Urban Durham Realty in North Carolina with 27 agents, said she is still trying to figure out what the settlement will mean for her firm.

It is unclear if sales prices for homes will decrease if sellers refuse to pay the commission for buyers agents, she said. And if buyers have to pay a commission for their agents, they might need to pay cash, boxing a lot of people out of the market, she added.

"Agents can't work for free," she said.

The Cascade Of Status Showerheads

Continued from Page One

tween rivals. The bespoke showerhead is making a splash in part because of the rise of "everything showers," routines sometimes spanning more than 60 minutes. On social media, the shower selfie has become the mark of an extremely pampered person.

Trickle-down economics

The idea for Jolie came to its other co-founder Ryan Babenzien in—where else?—the shower.

It was 2019, and he was dealing with unusually dry skin. One day, he ventured down an online rabbit hole and read about the composition of tap water, and how chlorine and heavy metals might be affecting his skin and hair.

Babenzien had already founded and sold a sneaker company to Steve Madden. Now, he thought, he might be on to his next big startup. The Jolie showerhead was born.

Named for Babenzien's wife, it launched in December 2021, claiming to filter out chlorine, heavy metals and other contaminants, thus improving skin and hair. Plus, "the shape and silhouette has to be iconic," says Singh, his co-founder.

It costs \$165 (\$148 if one enrolls

in a subscription for replacement filters), has sold out multiple times and been featured in Gwyneth Paltrow's famous Goop gift guides twice. "I found out about Jolie on TikTok, of course," says Mallory Martin, a small-business owner in Richmond, Va., who has one.

Showerhead feuds

At every location of fancy California grocery store Erewhon, where it's become a top-selling beauty product, there is a Jolie shower display. Jolie has hosted oyster and wine nights ("Oysters are a natural water filter," says Singh) and regularly reposts selfies its fans take in the shower (from the shoulders up, of course) on its brand Instagram page.

According to Jolie, the company's revenue rose to \$28 million in 2023, from \$4 million in 2022.

Competition is heating up. Last summer, Canopy, which describes itself as a millennial-founded wellness-product company known for its humidifiers, introduced a filtered showerhead that comes with branded fragrances and a diffuser for the shower. Act+Acre, a scalp-care brand that sells shampoo and other treatments, launched a filtered showerhead in February.

Attack ads are now appearing in the usually bland corner of bathroom fixtures.

In February, Babenzien, of Jolie, posted claims on LinkedIn that Act+Acre's filtered showerhead was merely a version of an Amazon brand. "Building the best filtering shower in the world takes more than just grabbing an off the shelf prod-



▲ An Act+Acre filtered showerhead.

uct and laser etching your name on it," he wrote.

"We didn't invent the shower filter, it's been around for years," Helen Reavey, the founder of Act+Acre said in response to Babenzien's claims.

Reavey, a trichologist (hair and scalp expert), says Act+Acre spent more than two years developing its showerhead with engineers. She says she got the idea when she was stuck in Mexico during the pandemic, and noticed her hair becoming more brittle.

In an Instagram ad, Canopy fired its own shots, claiming superiority over other filtered showerheads with a comparative list, and noting its own "amazing high pressure."

But does anyone actually need a filtered showerhead? "I don't think there is any harm to them, but they can be expensive," says Dr. Mary Stevenson, a skin-cancer surgeon and cosmetic dermatologist at NYU Langone. She doesn't personally recommend them to her patients.

Bridgette Hill, a trichologist based in New York and Florida, says

most people don't need to worry about shower water damaging their hair or skin.

'Love that vibe'

Canopy supplied a statement from a company consultant, a dermatologist who says she recommends them to patients, and that "using a filtered showerhead not only enhances your skin's radiance but also provides your family with the gift of pristine water."

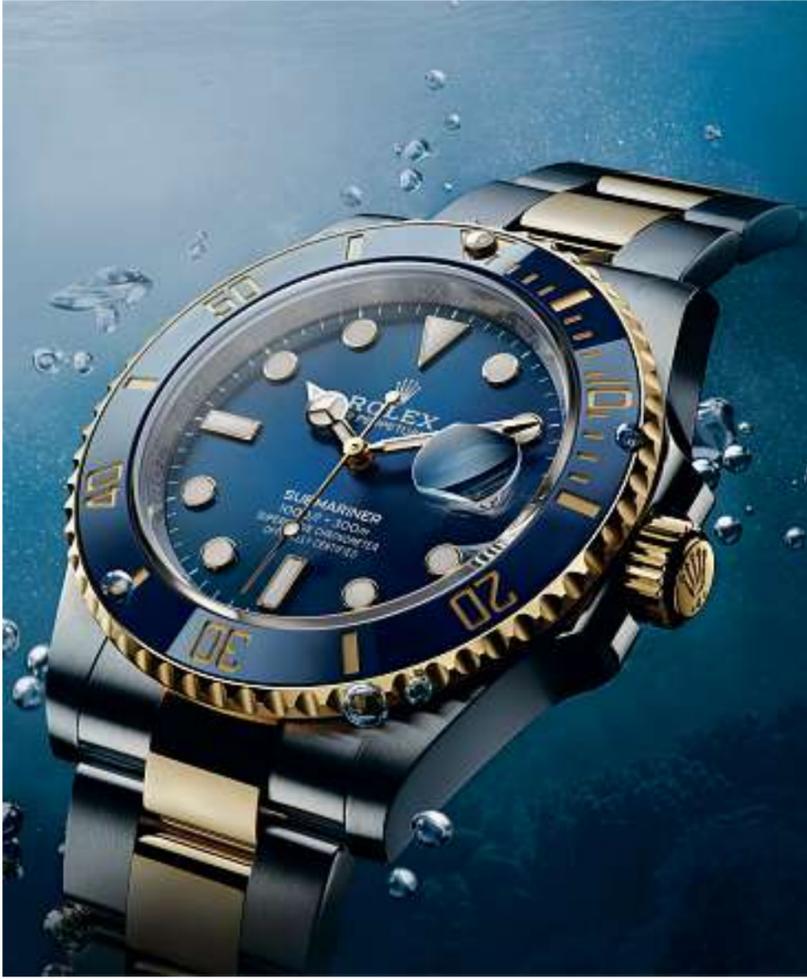
Arielle Avila, who works at New York magazine's shopping vertical, The Strategist, reviewed Jolie and Act+Acre last week. "Neither are much different than run-of-the-mill showerheads," she concluded.

Using an at-home water-testing kit, she learned her shower water was "slightly hard" with or without each of the showerheads.

In response, Jolie said its showerhead doesn't claim to remove minerals, which was part of Avila's review.

Act+Acre noted the reviewer had written how she'd long dealt with an itchy scalp and eczema-prone skin. "Which won't be fixed within a week of the showerhead filter use," Act+Acre said. "We've reached out to her to see if we can help to alleviate itch/eczema with a full consult and scalp routine."

Jo Rosenthal, a freelance writer and baker in Brooklyn, was among the first to receive a Jolie from the company, and became a fan. "They reached out to me and were like, 'Hey, we're launching this shower filter. We believe in clean water,'" she recalls. "And I was like, Oh, I love that vibe. That's also what I believe in."



DAVID DOUBILET, MARINE PHOTOGRAPHER



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ARTS IN REVIEW

MUSIC REVIEW | MARK RICHARDSON

'Tigers Blood': Waxahatchee's Americana Tales

Katie Crutchfield's band creates an album of vivid songwriting and rootsy musical color

In March 2020, at the moment Covid-19 was shutting down a significant portion of the world, Katie Crutchfield's folk-rock band Waxahatchee released an album called "Saint Cloud." It was the fifth studio LP from the project and represented a major leap forward. The group's previous records ranged from good to great, but with "Saint Cloud" Ms. Crutchfield found the ideal setting for her scuffed-up and tender songs. Alongside producer and multi-instrumentalist Brad Cook (Bon Iver, the War on Drugs), the 35-year-old singer-songwriter conjured a loose, jangly and countrified backdrop that fit perfectly with the weary and wise introspection of her lyrics. For many who heard it at that dark moment, "Saint Cloud" served as a kind of emotional life raft. It was among the most critically acclaimed albums of the year, and in rootsy indie-rock circles it is now considered a classic.

Following such a record would never be easy, and Ms. Crutchfield wisely took her time. She formed the duo Plains with singer-songwriter Jess Williamson and they released the excellent LP "I Walked With You a Ways" in 2022. Ms. Crutchfield's songs on that record were in the vein of Waxahatchee, but she avoided the pressure that would have come with a new release from her main group. Now, four years after the debut of "Saint Cloud," the wait for a new Waxahatchee album is over. "Tigers Blood" (Anti-), out Friday, is all a fan of her previous album could hope for, extending her hot streak as a songwriter while adding a few twists.

"Tigers Blood" is more of a band-oriented record than its predecessor. Ms. Crutchfield once again partners with Mr. Cook, but the personnel here are more consistent from track to track, and you get a better sense of what each player brings. Spencer Tweedy, who has recorded with his father, Jeff, of Wilco fame, plays drums. The producer's brother, Phil Cook, plays various keyboards and banjo. And most prominently, MJ Lenderman, who makes solo music and is also a member of the Southern rock band Wednesday, plays guitar and sings. Ms. Crutchfield continues to write sturdy melodies with lyr-

ics about grappling with hardship. But these arrangements sink deeper into Americana, with harmonica and greasy slices of slide guitar lending extra color.

The most tantalizing songs are those Ms. Crutchfield sings with Mr. Lenderman. On the second track, "Evil Spawn," her voice is plainspoken and clear; it's easy to catch every syllable. His voice is more of a plaintive moan, underscoring the main idea of the song with a well-placed handful of notes. "We can roll around in the disarray / In the final act of the good ole days," they sing together. Ms. Crutchfield's phrasing on the latter line sounds slightly ironic, as if these times are best left behind, while Mr. Lenderman seems to enjoy reminiscing. The contrast between their voices brings to mind a gender-inverted version of the songs Gram Parsons and Emmylou Harris sang together in the '70s—he's comfortable in a supporting role, lending pathos and dialing up tension when needed.



Katie Crutchfield, above; Waxahatchee's new record, 'Tigers Blood,' is out Friday.

through-line. "Right Back to It," a gorgeous duet with Mr. Lenderman, is a song about the power of endurance and the need to confront what frightens you. It begins over a plucked banjo chord, and Mr. Lenderman adds a spidery guitar solo redolent of Neil Young that frames the melody and hints at instability. The musical elements underscore the current of doubt that pulses through the lyric, making it feel like more of a narrative than the words alone suggest. The stately ballad "Burns Out at Midnight" combines a lovely harmonica that comes across as wind whistling through the trees with a swaying

guitar arrangement. It's about feeling fed up with the struggle of making a life with someone else and wanting to leave it behind and lose yourself in the crowd. Ms. Crutchfield expertly balances struggle and release, mining everyday situations for material. Lucinda Williams is her most prominent songwriting inspiration, and she shares with her the ability to write big feelings from small moments. The chiming guitar in "Crowbar" even sounds a bit like Ms. Williams's "Passionate Kisses" as Ms. Crutchfield sings "maybe it's easier to be afraid—drenched in tragedy, man-made." The album closes with the title track, which finds a ground-down Ms. Crutchfield searching

the world for signs of change. "I held it like a penny I found / It might bring me something it might weigh me down," she sings, and later in the song the entire band joins in on vocals, as if they are old friends passing a guitar around a campfire. Hearing a half-dozen voices at once at the album's conclusion is emotionally overwhelming, and the communal moment feels earned. The gesture suggests that deeper connections to both the world and the people around us might be closer than we think, conveying the toughness and hope of this exceptional album.

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



◀ Jake Gyllenhaal in Doug Liman's remake of 'Road House,' the 1989 Patrick Swayze vehicle.

There is a lot of both going on in this action-thriller by director Doug Liman ("Edge of Tomorrow," "Fair Game," "Mr. and Mrs. Smith"), who has expressed no end of unhappiness that his movie is going directly to Prime Video rather than playing on the big screen. But unlike some recent films—"Poor Things," for instance, or "Barbie"—little will be lost by watching "Road House" at home. And there's the added advantage of not being embarrassed in public by liking it so much,

or throwing little punches along with Elwood.

"People seem a little aggressive around here," says Dalton (which he prefers to be called), having gotten a taste of the saloon and Glass Key, where the former professional cage-fighter has been lured by Frankie (Jessica Williams) with the promise of \$5,000 a week, a berth on a boat and a lot of exercise. He turns her down at first, not needing the money, until he parks his car at a train crossing intending to kill himself. He changes his mind at the last minute; the car does not survive. Next stop, Florida.

There's some depth to Dalton, clearly, a psychological dysfunction over past violence (see "The Gunfighter," or "The Quiet Man") that

Dalton masks through a zen-like calm in the face of idiots. These include Knox, who is played by real-life UFC champ Conor McGregor, who vibrates through the movie like the Tasmanian Devil in an old Daffy Duck cartoon. "There's something wrong with you," Knox says to Dalton, after punching him in the face many times and grinning. "Me too." That the kind of chaos staged in "Road House" might be enjoyable to its participants, a vent for their rage, is not ignored by Mr. Liman or his writers Anthony Bagarozzi and Chuck Mondry. In one scene, a fight between principals breaks out and men throughout the bar start smacking each other, unprovoked—except by their proximity to violence. The contagious nature of mayhem is made quite clear, without the movie

lurching into psychodrama. Daniela Melchior plays Dr. Ellie, the love interest; Billy Magnussen is Ben Brandt, the most loathsome of the villainous, and Joaquim de Almeida is the requisite corrupt sheriff; Post Malone has a sort-of-cameo as a fighter who flees the ring rather than face Elwood Dalton. The main attraction, so to speak, of "Road House" is ne'er-do-wells getting their comeuppance, to put it as gently as possible. The amount and degree of fighting defy most rules of physics, respiration and orthopedics. But it is a fantasy, mostly, which is a blessing.

Road House
Thursday, Prime Video

Mr. Anderson is the Journal's TV critic.



Conor McGregor, a mixed martial artist, plays a villain in the film.

TELEVISION REVIEW | JOHN ANDERSON

A Bully-Beating Florida Bouncer

'KINDA SOUNDS LIKE' the plot to a western," someone remarks as Elwood Dalton (Jake Gyllenhaal) arrives in town, ready to clean up the baddest bar on Florida's Glass Key, disposes of certain evildoers by crocodile and runs up against the inevitable rich guy trying to buy the place up and shut it down. Truer words have seldom been spoken: Except for all the mixed-martial arts—and the

crocodile—Dalton might be played by John Wayne or Jimmy Stewart. Or Patrick Swayze.

A remake, or reimagining, of the 1989 Swayze vehicle, this "Road House" appeals to the same sensibility as its predecessor, namely the appetite among many of us in the audience (including this reviewer) to see bullies thumped and psychopaths head-butted into submission.

SPORTS



Negativity stirs, negativity sells, we all know this, but I prefer this column to be a harbor of optimism, with the occasional grammar disaster and a very dubious NCAA tournament prediction. (Wisconsin thrashing Duke, second round, book it!)

If nothing else, there will be cat jokes.

But sports can also be a factory for terrible ideas, and I need to challenge a few of them here. Sorry in advance. Today's burst of negativity can't be helped:

The NBA has a replay problem. The other night I had the agonizing experience of watching the end of the Lakers-Warriors game—or rather, watching the Lakers and Warriors mope around like they were stuck at the airport, waiting to finish the Lakers-Warriors game. Because of repeated replay reviews, and a faulty shot clock that eventually forced referees to go to an audible count delivered by the arena public address announcer, (“10 seconds...5 seconds...”) the final two minutes of action took closer to an agonizing 20. Courtside celebs like Ben Affleck looked ready to renounce their VIP access. It was the latest nadir of a clock creep that's turning the joyous action of professional basketball into a dull drip.

“I've never seen anything like this in 30-plus years in the NBA,” said the usually buoyant TV play-by-play maestro Mike Breen.

I'll give the NBA a pass on the exhausting shot clock fiasco, even if the shot clocks appear made from the same hotel clock radio technology used to befuddle travelers for generations. Replay delays are less forgivable. Basketball is not a stop-and-start game like football, where standing around doing nothing is a cherished part of the experience. Good basketball is supposed to be constant and fluid, unencumbered by whistles, pauses and *did-he-or-didn't-he* slow motion debates.

How has this beautiful game of motion fallen hard to the cult of granular forensic reviews? Players reflexively beg coaches to “challenge” meaningless calls, and I can roast a Thanksgiving turkey in the time it takes a trio of officials to figure out whose pinkie finger last touched the ball under the basket. If I am one of the media outfits

Rodgers for Vice President And Other Terrible Sports Ideas

The Jets QB is reportedly out of the campaign mix. But the NBA still has a replay problem—and is Mike Tyson really going to box at age 58?

JASON GAY



Mike Tyson is set to enter the boxing ring against Jake Paul. Right, Jets QB Aaron Rodgers.

being asked to spend billions on future NBA content, I would beg the league: put the basketball back into the basketball, please. This fraught replay clog feels like the return of step ladders and peach baskets.

Aaron Rodgers as vice president. This idea appears to be mercifully off, as independent presidential candidate Robert F. Kennedy Jr. has reportedly narrowed in on someone else to be his running mate. But the notion that Rodgers was under consideration felt like a societal threshold break. An active NFL quarterback, a *Jets* quarterback, with no political experience and side careers in “Jeopardy!” hosting and recreational epidemiology was being examined as a potential vice president, a heartbeat from the Oval

and many of us shrugged our shoulders and thought: *Sure, of course.*

Rodgers quickly got a taste of the campaign grinder, with a report surfacing that he was a Sandy Hook truther, an allegation he vigorously denied. “I am not and have never been of the opinion that the events did not take place,” he said of the horrifying Connecticut school shooting in 2012. This is the sort of fray Rodgers could expect, were he to enter politics. I wondered: Is vice president one of the few jobs actually *worse* than playing quarterback for the Jets?

Let's think this through. Throughout its history, vice president has been a lampoonable job, with few responsibilities other than showing up, keeping shoes

and getting beaten up for no reason.

The same could be said for the quarterback of the Jets.

Like quarterbacking the Jets, vice president is a job sensible humans don't covet. John Nance Garner, a vice president under FDR, infamously likened the veep's job to a “warm bucket of spit” (though “spit” might have been substituted for an even grodrier word).

John Adams, the first veep, called it “the most insignificant office” since “invention of man,” clearly not imaging a day when the Journal would have a sports columnist.

The good news is that one can likely do both jobs—serve as veep, and QB the Jets. You're talking about scheduling practices against some ribbon cuttings, cutting back on cold baths, delivering a U.N. speech, a Monday night game here and there, a State of the Union where you just have to stand and clap, getting excited about an egg roll, and that's basically it.

How hard could it be? Harder than winning a Super Bowl for the Jets?

Please. We've had 49 Vice Presidents—and only one Joe Namath.

Tyson fighting at 58. I am not going to stand in the way of motivated older Americans chasing their youth. But I do fear it's unwise for Mike Tyson to commit to a heavyweight bout in his pickleball dotage, as he recently agreed.

The stunt is also baffling for Tyson's 27-year-old opponent, the YouTube gadfly turned boxer Jake Paul. What is the upside for him? You either A) lose to a 58-year-old Mike Tyson or B) beat up a 58-year-old Mike Tyson. Neither sounds like something to brag about.

The joke is on me, of course, because this is all about money and attention, the only currencies that matter in our shameless times. If you think that's cynical, just know that mighty Netflix has signed on to air this clueless clash on July 20. It's supposed to happen at JerryWorld in Texas, which

has hosted so many desultory Cowboys losses, I guess the idea of a millennial slugging away at a man closing in on social security doesn't sound too desperate or sad.

Of course, the flip side has appeal—old Iron Mike wiping the smirk off the YouTube'r's face while screaming about emojis, price of bottled water and how cassettes are an underrated music format. That prospect will make plenty of people tune in, maybe even me. Does that make me a hypocrite? I just said Tyson boxing was a bad idea. I didn't say I wouldn't watch. Same goes for the NBA. Maybe even the Jets.

The WSJ Daily Crossword | Edited by Mike Shenk

14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67

- 25 Prepares to do laundry
- 27 Custom
- 30 Sole protector
- 32 Ward off
- 33 Back in the Navy
- 34 Subtle summons
- 35 “Murder by Death,” e.g.
- 37 High-quality
- 38 Verbally assail
- 39 Need replenishing
- 40 Grassy plain
- 43 Carrier until 2001
- 45 Driver's demand to a passenger
- 46 Chilly hanger
- 47 Prince George, to Prince Harry
- 49 Radius end
- 50 “Psycho” star Janet
- 51 Day between dimanche and mardi
- 53 They sometimes make the grade
- 56 Neutrogena shampoo brand
- 59 Ref. that added “swear jar” in 2023
- 61 End for ethyl or methyl

SEASON OPENERS | By Mike Shenk

Across 28 Neighbor of Marge and Homer 29 Santa chuckles 31 Bulldogs rooter 32 For all one knows 36 Show flexibility 37 Vernal equinox, and what the last words of 17-, 26-, 48- and 60-Across might be considered 40 Litigious person 41 Embarks 42 Isolated 44 Significant weight 45 Storage site 48 “Okay, have it your way” 52 Winter coat lining 54 Melber of MSNBC 55 Unalaska native 57 European primrose 58 Barcelona boy 60 Go through a series in a day, say 62 Staff marking 63 City east of the Great Salt Lake 64 Pack carrier 65 Yank who played the hot corner 66 Period of time 67 Gush like a geyser Down 1 Foe of Blinky, Pinky, Inky and Clyde 2 Sigh, say 3 Joined forces 4 Moving about

Previous Puzzle's Solution ASHE FRET COPAY RAUL LEAR AHEMS OHNO AFRO VINYLY MAGNUMOPUSSES ARR HER TIERS SAYAH MARTINEONE BUS NOR TIN MATCHINGOUTFITTS OAR EEL PIE MAILORDER TEARS SPOOR AWL RUN WHAATSTHEJRMOC CAIRO ALOE BOOR VIDEO ROUT EYRE SLASH OPTS TOSS

The Team You Should Pick to Win Your NCAA Tournament Bracket Pool

By Andrew Beaton and Ben Cohen

THERE ARE MANY WAYS to lose money when you fill out your NCAA tournament bracket this week, but there's only one reliable method of beating the market and winning your pool.

Don't pick the national champion that everyone else is picking.

Most bracket competitions offer the biggest rewards for selecting the right national champion, which is basically the only way that you can outperform the other people in your office. But if you pick the same team as all your colleagues, your other picks have to be more accurate than theirs. Good luck with that.

Instead, you should follow the wisdom of the crowd—and then ignore it. You want to act like a value investor, channel your inner contrarian and pick the most likely, least popular national champion. That's what gives you the best chance to profit.

This year, that means betting against last year's national champion. After winning the title, Connecticut is once again the best team in the country, the NCAA tournament's No. 1 overall seed and, most important, the overwhelming favorite in the world's largest bracket contests.

Which is exactly why you shouldn't pick Connecticut.

College basketball stats guru Ken Pomeroy's model puts UConn's chances of winning it all at 16.3%, but a whopping 32% of amateur bracketologists in Yahoo's competition are picking UConn to repeat. That doesn't just make Connecticut the most popular pick to win the national title. That makes Connecticut nearly three times more popular than the No. 2 team.

The safest pick

We told you to pick Houston three years ago, when the Cougars reached the Fi-

nal Four, and they're a savvy choice once again this year.

In fact, No. 1 seed Houston is the only team that's a safer bet than UConn. Pomeroy's model gives Houston a nearly identical but slightly higher chance of 16.4%, but only 12% of Yahoo users are picking the Cougars.

The pick that may make you boiling mad

Last year, No. 1 seed Purdue lost to No. 16 seed Fairleigh Dickinson in what

and 300 pounds.

Picks worth the risk

Auburn is the No. 4 seed in UConn's region, and picking them might seem like the fastest way to incinerate your bracket. But Auburn isn't your typical No. 4 seed. In fact, Pomeroy's ratings have Auburn as the No. 4 team in the entire country.

His simulation gives Auburn a 7.4% chance of winning it all. But because of the number the NCAA tour-



Bracket advice: Don't pick the same team as everyone else.

might have been the biggest upset in the history of the men's NCAA tournament.

That means there is value in picking Purdue this year. It makes sense that people are biased against the Boilermakers after getting burned by them. But before you pick against Purdue because of recent history, remember that your competition will have the same idea, and winning your pool is as much about predicting the behavior of the people you know than predicting anything that happens on the basketball court.

Purdue is the fourth-most popular national champion, but the computer models say the Boilermakers have a better chance of winning (12%) than anyone with a memory would expect. This is the rare arbitrage opportunity that lets you root for the sport's best player, Zach Edey, who is also the sport's biggest player at 7-foot-4

namment committee put next to their name, only 1.6% of brackets in Yahoo's contest have Auburn going all the way. That gap between what the numbers suggest and what the public believes is the largest of any team. They are Tigers disguised as kittens.

Arizona's statistical chances of cutting down the nets are 6.8%, higher than the 4.6% of bracketologists picking Arizona to win the national title. It helps that the Wildcats are a No. 2 seed playing in the same region as the weakest No. 1 seed (North Carolina) and the second-weakest No. 3 seed (Baylor). It also helps that they begin the tournament against a team that has already fired its coach.

But what really helps is that Arizona would have home-court advantage over any other team playing for the national title: This year's Final Four is in Arizona.

FROM TOP: JOE SCARNICI/GETTY IMAGES; ALEX MEINENDEZ/GETTY IMAGES; NICK GAMMETT/GETTY IMAGES

OPINION

Understanding the Boeing Mess



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

Opportunism is obviously at work in the many explanations of Boeing's safety lapses circulated in the media and social media: Boeing was too preoccupied with diversity goals (says Elon Musk), it was too focused on reducing the clout of organized labor (say supporters of organized labor), it was too focused on shareholder profit (goes the press's reflexive narrative).

That Boeing cared too much about A and not enough about B has a tautological appeal especially if you think shareholder returns and safety are inversely related (ask a shareholder if they are inversely related). Along the way, an interesting story is missed.

The two crashes of Boeing's then-new 737 MAX signally departed from a global trend toward increased air safety. As the media never grokked, they were also two different crashes, the second coming four months after the first, and after Boeing and the FAA issued emergency directives instructing pilots how to compensate for Boeing's poorly designed flight control software.

The story should have ended after the first crash except the second set of pilots behaved in unexpected, unpredictable ways, flying a flyable

Ethiopian Airlines jet into the ground.

Boeing is guilty of designing a fallible system and placing an undue burden on pilots. The evidence strongly suggests, however, that the Ethiopian crew was never required to master the simple remedy despite the global furor occasioned by the first crash. To boot, they committed an additional error by overspeeding the aircraft in defiance of aural, visual and stick-shaker warnings against doing so.

It got almost no coverage, but on the same day the Ethiopian government issued its final findings on the accident in late 2022, the U.S. National Transportation Safety Board, in what it called an "unusual step," issued its own "comment" rebuking the Ethiopian report for "inaccurate" statements, for ignoring the crew's role, for ignoring how readily the accident should have been avoided.

In the U.S. media, alas, "profits over people" was the story line before the first reporter opened his notebook.

Chronology became causation, with every clip from the Boeing clip file laid end-to-end as if they all pointed directly to the MAX crashes.

In reality, the global industry was reorganized largely along competitive profit-and-loss lines after the 1970s, and yet this coincided with enormous increases in safety, notwithstanding the sausage factory elements occasionally on display (witness the little-reported parking of hundreds of

Airbus planes over a faulty new engine).

The point here isn't blame but to note that 100,000 repetitions likely wouldn't reproduce the flukish second MAX crash and everything that followed from it.

Rather than surfacing Boeing's deeply hidden problems, it seems the second crash gave birth to them. The subsequent 20-month grounding and production shutdown, combined

An overlooked NTSB report and why the two 737 MAX crashes were different.

with Covid, cost Boeing thousands of skilled workers. The pressure of its duopoly competition with Airbus plus customers clamoring for their backordered planes made management unwisely desperate to restart production.

January's nonfatal door-plug blowout of an Alaska Airlines 737 appears to have been a one-off when Boeing workers failed to reinstall the plug properly after removing it to fix faulty fuselage rivets. Not a one-off, apparently, are faulty rivets as Boeing has strained to hire new staff and resume production of half-finished planes.

Boeing will sort out its troubles eventually by applying the oldest of manufacturing insights: Training, repetition, standardization and

Careful documentation are the way to error-free complex manufacturing.

The problem of automation vs. pilots, covered here since 2005, will be with us a lot longer.

Accident investigators already know what they're doing. News reporters are the ones who might try searching for explanations rather than crowd-sourced narrative hooks. Brian Klaas of University College London, in a new book, examines the role of nonsystematic or wild-card factors in incidents with far-reaching consequences. The second MAX crash caught Boeing up in a disorienting global media and political storm that it didn't know how to handle and, indeed, has handled fairly badly.

Worth a revisit too is Charles Perrow's 1984 "Normal Accidents," about system complexity and unforeseen interactions. In my view, still inadequately explained is how Boeing came to amp up the effects of its MCAS software in the final days before certification without recognizing the dangerous potential introduced by the failure of a single input during the busy moments after takeoff.

All this might have the added benefit of being interesting to the reader. The market opportunity would seem to be great for brand-name news outlets to provide carefully vetted facts and reasoning amid our information chaos. But first they have to stop being part of the chaos.

BOOKSHELF | By Marcia Bartusiak

Forces Unknown

Space Oddities

By *Harry Cliff*

Doubleday, 288 pages, \$29

It's what scientists crave—that one piece of the puzzle that doesn't quite fit. In the 1910s, Vesto Slipher at the Lowell Observatory in Arizona discovered that many spiraling nebulae were racing away from us at astonishing speeds, far faster than any other celestial object. This freakish behavior ultimately led to an entirely new vision of the universe. Those nebulae were other Milky Ways, galaxies surfing outward on the expansion of space-time.

In "Space Oddities," Harry Cliff informs us that a similar transformation may now be under way, based on some peculiar measurements popping up in both particle physics and cosmology. These findings could simply be due to statistical flukes or glitches in the equipment—a



misconnected cable once made it look as if some neutrinos were disobeying Einstein and traveling faster than light. Or, Mr. Cliff writes, "these anomalies could be the answers to all our prayers, lifting the veil on nature's best-kept secrets and leading to a revolutionary new scientific age."

Mr. Cliff should know—he is a particle physicist at the University of Cambridge caught up in this cutting-edge research. He is also an engaging writer, with a keen ear for the fun metaphor and an observant eye when describing

the scientific milieu in which he operates. His book provides the reader with a firsthand look at the challenges he and his colleagues face.

Mr. Cliff takes us to Antarctica, where a giant helium balloon floats in the stratosphere above the continent. Its payload is designed to receive blasts of radio waves coming up from below when ultra-high-energy neutrinos from distant supermassive black holes race through our planet and generate the radiation. Over the years, two odd signals have popped up. In each case, it appeared that a charged particle had traveled straight through the Earth—something current physics holds impossible—and burst out of the ice sheet itself.

Theorists went wild coming up with potential explanations: Could it be the sign of a new type of neutrino, or perhaps a particle derived from theories that go beyond the standard model of physics? During the 20th century, experimentalists mostly searched for particles that theorists had already predicted, from antimatter to quarks. Now the tables have turned: Theorists, starving for new physics after confirmation of the Higgs boson, are laser-focused on these rare anomalies. In the end, the Antarctica measurements were inconclusive, leaving the mystery for future detectors to resolve.

In 2013, Mr. Cliff relates, a 50-foot-wide magnetic ring began a very careful 3,200-mile journey from Brookhaven National Laboratory, on Long Island, to the Fermi National Accelerator Laboratory, near Chicago. It would be transported via land, sea and river in conditions that would protect it from flexing more than a few millimeters. Some Long Island residents were sure it was a UFO. "It probably didn't help that the team from the moving company," Mr. Cliff wryly notes, "had stuck a life-sized green alien to the bulge of the ring's cryogenic infrastructure, which looked for all the world like the cockpit."

In reality, this ring was the superconducting heart of a multimillion-dollar project to decipher a strange finding involving the muon, a heavy relative of the electron. Ten years earlier, the Brookhaven lab had detected that the muon's magnetism was a tad different from that predicted by the standard model of particle physics—possibly making it the smoking gun for an unknown

Strange findings at the forefront of physics and cosmology could be flukes. Or they could portend a new understanding of the universe.

quantum field. The superconducting magnet was transported to Fermilab to set up a more sensitive test. Two competing theoretical calculations created a stalemate: In one, the additional experimental data confirmed a new model of physics; in the other, Mr. Cliff writes, "there was no evidence for unknown particles in the muon's mechanical wake and experimenters have spent decades chasing a phantom."

Mr. Cliff may be chasing his own phantom. He's a member of a small army of theorists, physicists and engineers working at the Large Hadron Collider on the French-Swiss border, where atomic particles are smashed into one another. Sifting through the resulting debris, the scientists came to suspect that a new force was subtly altering the interactions of one of the heavier quarks, the unstable bottom quark. Separate teams came up with separate tests, and, like magic, the anomaly appeared and then disappeared with each new investigation. Mr. Cliff splendidly captures the behind-the-scenes experiences that are rarely reported on—the painstaking preparations, the months of data analysis and the theoretical flights of fancy undertaken to explain the unexplainable.

Why go to all this bother? Because our very understanding of the universe at large is at stake. Cosmology has its own anomalies. For a few decades we've known that ordinary matter makes up only about 5% of the universe. The rest is made up of other entities, known as dark energy and dark matter, which are pushing and pulling on space-time. "When you hear the word 'dark' being used by physicists," notes Mr. Cliff, "you should get very suspicious because it generally means we don't know what we're talking about."

But new particles found within an accelerator could be the key to unmasking those mysterious forces, leading us to rewrite our current cosmological models. "We might find that these forces allow dark matter to form structures, perhaps even akin to stars or planets," writes Mr. Cliff whimsically. "Just imagine what that would mean: parallel dark galaxies populated by billions of dark stars, living alongside our own: invisible, untouchable, and just out of reach." If and when that revelation happens, I eagerly await Mr. Cliff's book on the discovery.

Ms. Bartusiak is a professor emerita at MIT. Her books include "Einstein's Unfinished Symphony" and "The Day We Found the Universe."

Schumer Stumbles Into Israeli Politics



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

Senate Majority Leader Chuck Schumer's much-discussed speech on Israel last week captured two contradictory sentiments among Democratic supporters of Israel: fear for the Jewish nation's survival and deep misgivings about its conduct in Gaza. Although Hamas's strategy of using civilians as human shields is a war crime under international law, the Israel Defense Forces' destruction of Gaza's infrastructure raises questions about proportionality, and no decent person can view images of starving children without revulsion. At a minimum, Israel has a responsibility to help facilitate an international effort to avoid famine in Gaza. Mr. Schumer was right to call on Israel to do more, provided measures can be devised to prevent Hamas from diverting aid.

Mr. Schumer was also on solid ground when he criticized the presence of extreme right-wingers in the Israeli government, including Finance Minister Bezalel Smotrich and National Security Minister Itamar Ben-Gvir. Both have used rhetoric and pushed policies that raised tensions between Palestinians and Israelis on the West Bank while undermining Palestinian institutions. Prime Minister Benjamin Netanyahu brought

them into his cabinet because, having made himself unacceptable to centrist parties, he had nowhere else to turn to build a governing coalition. He has tried to restrain their most extreme behavior by restricting their authority, but with limited success.

Many Israelis agree that Mr. Netanyahu has placed his political survival above other considerations—such as reducing social discord—that should have taken priority. This helps explain why a January poll found that only 15% of Israelis want him to continue as prime minister after the war—and why the current government would lose its majority and suffer devastating losses if elections were held tomorrow. Few Israelis want it to last until late 2026, the statutory date for new elections.

Still, Mr. Schumer went too far when he called for a new Israeli election "once the war starts to wind down," an earlier timetable than most Israelis are ready to endorse. Besides, he was wrong to raise the issue at all. Israel is a sovereign nation with robust if imperfect democratic institutions. It isn't a banana republic, as Mr. Netanyahu said in his tart response on CNN.

Unlike in the U.S., the timing of Israel's elections is shaped as much by political as by legal considerations. Israelis have the right to decide when to hold elections, free from external pressure, which Mr. Schumer unwisely threatened in his eagerness to un-

seat Mr. Netanyahu.

The majority leader also misreads Israeli public opinion. Like many U.S. politicians, he seems unaware of the vast changes in Israeli sentiment since the collapse of the Oslo accords in 2000. The gravamen of his speech was the familiar call for a two-state solution, which Jewish Israelis reject by a margin of about 2 to 1, even if accompanied by

The Senate majority leader overstepped when he demanded Netanyahu's ouster.

U.S. security guarantees and a peace agreement with Saudi Arabia. "Call me an optimist," Mr. Schumer said in his speech. Others would be less generous.

Israeli sentiments about the war in Gaza are no less challenging for American liberals. Nearly three-quarters of Jewish Israelis favor extending military operations to Rafah, Hamas's last stronghold, where more than a million Gazans have taken refuge. Two-thirds of Jewish Israelis polled in February opposed more humanitarian aid for Gaza "at this time," even if delivered through organizations unrelated to Hamas or the United Nations Relief and Works Agency. The U.S. should disregard this sentiment, but our leaders should try to understand why it has taken hold.

By *Tom Rogan*

Washington

There's a warrant out for my arrest. Fortunately, Russia issued it, and I live outside Moscow's jurisdiction. In 2018 I wrote an article for the Washington Examiner arguing that Ukraine should blow up Russia's Kerch bridge, which links Crimea to the Russian mainland and ostensibly lends legitimacy to Vladimir Putin's claim that the territory is his own.

Months later Russian authorities announced that I was under criminal investigation along with my editor in chief, Hugo Gurdon. Both of us are based out of Washington, and I have U.S. citizenship. There were a couple of odd occurrences in which I came home to find paintings rearranged. I can't prove the Russians did it, but undesired residential modifications are a Stasi-KGB tactic designed to inspire paranoia and fear. Apart from that, all was quiet until last month,

when Russia added Mr. Gurdon and me to its list of "terrorists and extremists." On March 8 the Russian state-owned news agency TASS, alongside numerous other Russian state media outlets, reported my arrest warrant.

My commentary earned me a Russian arrest warrant.

Labeling Mr. Gurdon and me terrorists is absurd, especially considering that Russian television propagandists such as Vladimir Solovyov regularly call for nuclear strikes against American and European cities. That said, the Kerch bridge is a sore spot for Russia. Germany was thinking about giving Ukraine some Taurus cruise missiles, which have the potential to wipe out bridges. After leaking intercepted audio of a German air force conversation about Ukraine hypothet-

ically using Taurus missiles, the Kremlin blasted Berlin with threats of "dire consequences" if Germany went through with it. Moscow is clearly worried that Germany might find some fortitude.

Mr. Putin has long targeted journalists, including Anna Politkovskaya, Maksim Borodin and the Journal's Evan Gershkovich, whom Russia has wrongfully imprisoned for almost a year. I don't mean to liken myself to Mr. Gershkovich. He is a reporter covering Russia; I write commentary from safely inside the U.S. I'm free; he's imprisoned. I have the benefits of both the First and Second amendments.

From the start, the Washington Examiner has repudiated Russia's threats. I'm not afraid to say Berlin should give Taurus missiles to Kyiv and allow it free rein to use them within Ukraine.

Still, befitting the penchant of Mr. Putin's perceived enemies to fly out of windows—or, as in Mikhail Lesin's case, die

strange deaths in Washington hotel rooms—the Kremlin's intent with its arrest warrant seems clear: to intimidate American journalists into avoiding coverage it dislikes. I wonder if this warrant has more to do with my writing on Havana Syndrome and the Russian intelligence services than the Kerch bridge. But perhaps provoking my self-consciousness is the point.

Moscow wants reporters and even commentators to fear doing their jobs absent prior contemplation of the Kremlin's interests. Asked about Russia's escalating attacks on U.S. journalists last week, the White House's John Kirby issued only a mild lament that it's "sadly consistent" with the Kremlin's usual approach to speech. American writers need a greater effort at deterrence from Washington. Perhaps TASS should lose some visas.

Mr. Rogan is a national-security writer for the Washington Examiner.

OPINION

REVIEW & OUTLOOK

The Realtors Stage a Tactical Retreat

The press is heralding the settlement announced Friday by the National Association of Realtors (NAR) as a revolution in what brokers charge to sell homes. Don't be so sure. On closer inspection, the settlement appears to help the Realtors get out of a legal jam more than it helps home buyers.

The jam is the jury verdict last autumn in a class action by Missouri home sellers (*Burnett v. NAR*) that resulted in a \$1.8 billion judgment against the Realtors for price-fixing. The plaintiffs alleged that the NAR violated the Sherman Act in part by requiring seller agents to provide a blanket offer of compensation to a buyer's broker in order to list a home on NAR's affiliated multiple-listing services (MLS).

This rule is one reason Realtor commissions have averaged between 5.5% and 6% for decades, split evenly between buyer and seller agents. Overall commissions are substantially lower in most developed countries, including the U.K. (1.3% average fee), Norway (1.8%), Netherlands (2%) and Australia (2.5%). Few buyers outside the U.S. even use brokers.

Many buyers these days search for homes online. Yet buyer agents earn a 2.5% to 3% commission no matter how little or how much they help their client. They also have no incentive to obtain the best deal for their client because they pocket larger commissions on higher-priced homes.

Empirical evidence also shows that buyer brokers steer clients away from homes whose sellers paid them less than 2.5% to 3%. Ninety percent of transactions on the Missouri MLSs offered buyer agents exactly 3%. The NAR claimed its policies benefit consumers, but the jury disagreed.

After the Missouri verdict, dozens of other class-action suits hit NAR across the country. Plaintiff attorneys and the NAR appear to have settled the suits on a nationwide basis for practical reasons. Plaintiffs knew they couldn't squeeze more money out of the NAR, which had only \$1 billion in assets as of 2022. The NAR wanted to live to fight another day, and it smells victory in this tactical retreat.

"Two critical achievements of this resolution

are the release of most NAR members and many industry stakeholders from liability in these matters and the fact that cooperative compensation remains a choice for consumers when buying or selling a home," the NAR said in a statement. "Cooperative compensation" is the cartel's code for the seller paying the buyer broker.

Under the settlement, the NAR will pay \$418 million over roughly four years. It has also agreed to bar seller agents from advertising a blanket offer of compensation to buyer agents on an MLS. But the settlement notably doesn't bar seller agents from advertising buyer broker commissions on other home-selling platforms, including those operated by its members. Nor does it forbid buyer brokers from steering clients away from homes whose sellers pay lower or no commissions.

This may not be the end of the legal challenges to the NAR business model, and it shouldn't be. The Justice Department last month objected to a similar rule change in a different settlement between home sellers and a regional MLS. Justice said that settlement "makes cosmetic changes" that will perpetuate "stubbornly high broker fees" because it "still gives sellers and their listing brokers a role in setting compensation for buyers' brokers."

Justice could still intervene to stop last week's ballyhooed settlement, since collusion may be less obvious but still exist in many markets. The savings for consumers may be far less than meets the media hype. There's a reason the NAR boasted in a statement that Friday's settlement will "protect our members to the greatest extent possible."

The Realtors have prospered for decades from a rigged game that pads their pockets at the expense of consumers. They have then parlayed those profits into lobbying to preserve and expand government subsidies for housing. Whenever these columns pointed out the truth, the Realtors reacted with outrage, as if their commissions are a birthright.

The jury verdict and settlement prove the critics were right. Legal scrutiny should continue until there is a genuine free market in the buying and selling of homes.

criminal suspects to China. That law has turned out to mean whatever the government wants it to mean. Hong Kong's secretary for security, Chris Tang, boasts of a 100% conviction rate in national-security cases.

Apparently that's not enough. In defense of the new legislation, the government says it is merely following the Basic Law—Hong Kong's miniconstitution. So notwithstanding Hong Kong's underperforming stock market and a flight of foreign investors, the government decided it needs more tools to lock people up. The law's reach is sweeping and its terms such as treason and insurrection are conveniently vague.

Chief Executive John Lee says he can now turn his attention to the economy, but it may be too late. Regarding foreign influence as a threat is incompatible with a world financial center whose prosperity is rooted in the rule of law and openness to foreign capital. Enter Hong Kong at your own risk.

Hong Kong's Giant Leap Backward

More than two decades after it first tried, the Hong Kong government on Tuesday finally passed the draconian national-security law it wanted. The law makes the territory a more dangerous place for foreign businesses, lawyers, journalists and especially local citizens by eliminating freedoms that distinguished it from China.

Hong Kong tried to pass such a bill in 2003, but the public responded with huge public protests. The legislation was withdrawn. This time it passed the Legislative Council 89-0, and there's been little vocal public opposition. That's no surprise given that the government has locked up or driven into exile the people likeliest to object. The Hong Kong Democracy Council reports that the territory now has 1,829 political prisoners.

The new legislation comes atop a controversial national-security law imposed by China in 2020 following mass protests over a bill that would have permitted Hong Kong to extradite

platforms for privacy, antitrust and other putative offenses. The Journal reported this weekend that DOJ is investigating if Meta facilitated illicit

drug sales. Section 230 protects platforms from civil liability for third-party conduct on their platforms, but not criminal prosecution.

It's hard to believe social-media executives would have been as obeisant without the government's sword hanging over them. In private, White House officials also didn't merely implore platforms to increase censorship. They demanded they do so and held regular meetings with executives when they pressed for updates. Never have we heard of government officials regularly meeting with newspaper editors to discuss editorial decisions.

It may be fine for officials to flag false statements or ask that terrorist content be removed. But government communications must also be considered in a broader context, as the Court's *Bantam Books* (1963) precedent instructs.

"People do not lightly disregard public officers' thinly veiled threats," the Court noted by way of holding that government intimidation can constitute "informal censorship." Notices to book distributors that were "phrased virtually as orders" were "reasonably understood" as such. So were Biden officials' censorship demands to the platforms.

Imagine if officials in a future Trump White House berated platforms for not removing posts about the porous southern border, accused them of contributing to a surge of crime, and then floated antitrust and regulatory action if they didn't censor certain comments.

The Missouri lawsuit swept in some government officials and actions that didn't cross the First Amendment line. Injunctions by lower courts also may have been too broad. But none of this should stop Justices from making clear that government can't use threats of punishment to coerce platforms to suppress speech.

The NAR's ballyhooed legal settlement is less than meets the hype.

LETTERS TO THE EDITOR

Chuck Schumer Cares About Votes, Not Israel

I am appalled by Senate Majority Leader Chuck Schumer's unprecedented speech calling for a change in the leadership of Israel, a democratic country that is supposed to be our strongest ally in the Middle East ("Chuck Schumer Lectures Israel," Review & Outlook, March 15).

He has changed from the position of unwavering support for Israel that he described at the rally for Israel in Washington, which my wife and I attended in November. This shift gives Hamas more leverage in negotiating with Israel. It looks like American Republicans are the only people in the world who still support Israel in its mission to defeat Hamas, though I also believe that a majority of Americans continue to support Israel.

Now Israel is being pressured to accept a two-state solution with Palestinians who do not recognize Israel's right to exist and educate their children to hate Jews.

While Israel is winning the war on the ground in Gaza, Hamas is winning the propaganda war and is receiving help from the media. Why can't our government fervently denounce this antisemitism? Arab-American votes seem more important to the Democrats than doing the right thing.

MARTIN HOFFMAN
East Brunswick, N.J.

It seems that Israel's status as a democracy and U.S. ally gives Democrats the right to try to control its politics. Meanwhile, most Americans feel we need a new president, but Sen. Schumer is silent on that matter.

He feels entitled to comment because he is Jewish and his leftist allies also want change in Israel. Change will come, but through Israel's electoral process, not the whims of a bloviating senator with too much time on his hands.

RICH KLITZBERG
Boca Raton, Fla.

Perhaps Sen. Schumer could extend his regime-change lecture tour to include a few additional countries. He might start with Russia, Iran, China, North Korea, Syria, Cuba, Venezuela and America.

VICTOR HOUGH
Fair Oaks, Calif.

With the president saying that Benjamin Netanyahu, the prime minister of a Jewish state, needs a "come to Jesus moment" and the Senate majority leader calling for new elections, progressives in Congress must be celebrating. It must feel great to have your elected leaders doing your dirty work for you.

EDWARD B. JOSEPH
Sarasota, Fla.

Senator Warren's Latest Anti-Merger Stand

Sen. Elizabeth Warren's "Block Capital One's Merger with Discover" (op-ed, March 8) is more of the usual blabber. She blames the 2008 financial crash on regulators rubber stamping "anti-competitive deals, letting big banks gobble up competitors at will. Weak regulators permitted the kinds of mergers and thin oversight that led to the financial crash of 2008 and the subsequent taxpayer bailout." She conveniently omits that the crash was related to a real-estate market inflated by government pressure on banks to lend money to anyone who wanted to buy a home, including previously unqualified borrowers. This pressure caused banks to offer risky loans to these borrowers.

She rails against credit-card interest rates and late fees, ignoring that every transaction with a credit card is an unsecured loan. The credit-card company is taking a significant risk with each transaction. A guarantee to avoid late fees and interest on credit-card debt is simple: Make payment in full when it's due. Better still, pay cash and live within your means.

Ms. Warren states that Capital One "files more debt-collection law-

suits against consumers than any other credit-card lender." But this is the result of government pressure to issue credit cards to people with less-than-desirable credit.

The merger of Capital One and Discover will indeed "create America's biggest credit-card user." But it is doubtful that the company will charge customers exorbitant fees, as Ms. Warren claims. Competition will always exist, provided government regulators stay out of it. Capital One isn't the only bank issuing credit cards, so if credit-card users don't like the way they're treated, they can get a credit card from another bank or use a debit card or cash.

Can we count on Ms. Warren and her disciples at the Consumer Financial Protection Bureau to cancel their Capital One and Discover cards to protest the merger? Alternatively, they could form their own credit-card company and advertise to those being sued for debt collection by credit-card companies or those who are unhappy with late fees and interest rates. We'll see how long that venture lasts.

TIM HEALEY
St. Louis

Biden Lets Military Budget Get Crowded Out

America's inflation-adjusted military budget keeps shrinking under President Biden because Democrats allow it to be crowded out by every other domestic spending priority ("Biden Shrinks the U.S. Military," Review & Outlook, March 13).

Domestic spending on new and existing entitlements as envisioned by Mr. Biden makes national defense an unaffordable luxury—until there is a direct threat to the homeland. In the meantime, the Biden budget plan is to spend like there's no tomorrow and propose a fiscal-responsibility rescue with higher income, capital gains and payroll taxes and a new wealth tax. Going down that rabbit hole leads to slower economic growth and usually ends in debt and currency crises.

Inadequate military spending is an early indicator of diminished expectations for future security and prosperity. The Biden plan for shrinking in-

flation-adjusted defense spending is basically a national version of defund the police, but it's being done without public pressure.

Maybe we should also rely on social workers to be first responders on the frontlines of international conflicts. They could talk foreign forces down without resorting to violence. After our unilateral disarmament, that might be our only hope.

PAT EVANS
Melbourne, Fla.

Justify a Six-Figure Degree

In a March 15 letter, Princeton Prof. Perry Link laments the loss of personal growth that would follow if students weren't allowed to explore interests besides those associated with a career path. But given the cost of a four-year degree at Princeton, students might want to be sure what they are buying will result in a career that pays well enough to justify their investment.

Doing a little research on starting and average salaries for different careers could bring a lot of clarity. Once that's settled, take all the French poetry, paleontology and medieval history you want.

JAY BLOSSER
Morganton, N.C.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Actually I like the endless cycle of consumption and waste."

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DAN THORNTON
Des Peres, Mo.

Mr. Thornton was vice president of the Federal Reserve Bank of St. Louis.

OPINION

Uncle Sam's Guide to Peace and Prosperity

By Kevin Warsh

Economic and geopolitical instability are frequent bedfellows. That's because policy errors are contagious. Absent the creation of a new American-led economic and security framework, it's doubtful the U.S. can sustain prosperity and achieve a durable peace.

Massive government spending, surging debt burdens and bank rescues over the past several years have alarmed America's allies and emboldened its adversaries. The surge in inflation has added considerable weight to America's woes. It shocked central banks, knocked the economy, and prompted foreign adversaries to challenge America's geopolitical standing.

American economic and military strength can help establish a new economic and security commons.

The U.S. government is striving to mask the country's economic and financial troubles. In the past several months, the Treasury Department has issued more short-term bills and fewer long-term notes than expected. Its machinations have lowered 10-year Treasury yields by nearly 1 percentage point, to about 4%. The Federal Reserve has gotten into the act, too. It pledged at its year-end press conference to deliver interest-rate cuts and other policy easing in the new year.

The immediate results include a melt-up in asset prices, a loosening of financial conditions, and higher and

less stable prices. Hardworking Americans aren't fooled. They see the country going down the wrong track. And they watch adversaries plotting to take advantage. Bad actors operating in the Black, Red and South China seas are undeterred. A foreign axis of resistance is unimpressed by the American economic engine, unimpressed by U.S. military might, and unconvinced Washington will rise to the geopolitical challenge. The axis seeks to divide our allies and, worse, to sow domestic discord. U.S. deterrence is flailing. American diplomats are being asked to carry too heavy a burden.

The relationship between the U.S. and the rest of the world is more fragile than it's been in half a century. French statesman Georges Clemenceau (1841-1929) feared that peace might be no more than the interlude between wars. If he's right, current prosperity will serve as a fleeting interval between economic shocks.

A powerful economic and security commons, in George Shultz's original framing, was established in 1945. After the devastation of the Great Depression and two world wars, the U.S. fortified its economy and strengthened alliances in a dangerous world. Americans benefited enormously from a surge in economic growth and heightened well-being for decades. America's leaders made clear that empire-building wasn't the goal. Rather it was to make the U.S. safer and stronger by supporting allies who supported us.

American peace and prosperity grew shaky in the late 1970s. Economic malaise and runaway inflation, institutional dysfunction and cultural decay, and a weakened military posture caused Americans to lose faith in their country's prospects. U.S. allies no longer trusted us, and adversaries



DAVID GOTHARD

scarcely feared us. Failed efforts to rescue American hostages held by the mullahs in Iran was illustrative. America's hegemony risked eclipse.

Ronald Reagan changed all that. He vanquished the Soviet Union and debilitated its proxies. His administration rebuilt an economic and security commons suited to the times. With a bolstered military, the U.S. held close to its allies and deterred its adversaries, occasionally with force. Strong, noninflationary growth and higher standards of living became the norm. The peace dividend wasn't only prosperity. It was peace, and it lasted for two decades.

The 21st century has brought new challenges: terrorist attacks on the homeland, wars in the Middle East, a financial crisis and a global pandemic. The American economy swings between booms and busts.

People have lost faith in institutions. Moral confusion clouds debates about the nation's history. Finally, a big runup in prices has harmed the least well-off. It's surprising that populism isn't more popular.

America's leaders ought to build a new economic and security commons. The U.S. should act as a sturdy point in a turbulent world. Strong, unapologetic national-security policy begins with a prosperous, sustainable economy. The U.S. must demonstrate again the superiority of its economic system. Washington's conduct of fiscal, monetary, regulatory and trade policy needs fixing so soft power can share the burden with hard power.

Outspending the nation's capacity is dangerous. Absent a fiscal anchor, the list of buyers retreating from America's debt markets won't be limited to those who wish us trouble.

Why Democrats Are Losing Their Grip on Latino Voters



UPWARD MOBILITY
By Jason L. Riley

After George W. Bush won more than 40% of the Hispanic vote in 2004 on his way to securing a second presidential term, the Democratic strategist Simon Rosenberg told me that his party had been caught unawares by the "extraordinarily sophisticated and competent" efforts of his Republican counterparts—such people as Karl Rove, Matthew Dowd and Ken Mehlman—to win over Latino voters.

Democrats "were taking the Hispanic vote for granted," said Mr. Rosenberg, a veteran of Bill Clinton's first presidential campaign. "They thought it was a base vote. But obviously it became one of the most viable swing votes in American politics." It still is, and the share of the Hispanic electorate continues to grow. Yet 20 years later Democrats are in danger of making the same mistake.

Barack Obama carried Hispanic voters by 36 points in 2008 and 44 in 2012, according to the Pew Research

Center. In a recent book, "Where Have All the Democrats Gone?," the liberal political analysts John B. Judis and Ruy Teixeira argue that Mr. Obama's success bred Democratic complacency. The left saw the growing Hispanic electorate as a reliably Democratic voting bloc. What they failed to acknowledge is that Hispanics tended to put economic interests above their ethnic identity.

So long as Democrats were viewed as the party of the working class, they could bank on winning large Hispanic majorities. The problem Joe Biden and his party face this year is growing numbers of Hispanics and other nonwhite working-class voters view Democrats as out of touch. White voters without a college degree have been quitting the Democratic Party in earnest since the Obama presidency. Democrats didn't expect to see Hispanics follow, but that's what has happened. To the surprise of most political observers, the trend accelerated thanks to Donald Trump.

Democrats carried the Hispanic vote by 38 points in 2016. By 2020 that margin had shrunk to 21 points,

and among Hispanic men it was down to 17 points. "In 2020, Democrats assumed that they would easily win the Hispanic vote against a president with a history of vitriolic statements against Mexico and Mexican

The party's lurch to the cultural left has hurt its standing with working-class Hispanics.

Americans and hostility toward illegal immigration," Mr. Judis and Mr. Teixeira write. Instead, Mr. Trump performed significantly better among Latinos than he had four years earlier.

Few predict that the GOP will win a majority of the Latino vote this November, but these inroads have smart Democrats terrified. Although Mr. Trump lost the 2020 election, he managed to reduce the Democratic advantage among Latinos by 18 points in Wisconsin, 14 in Pennsylvania and 12 in Arizona—three battle-

ground states that could be pivotal in choosing the next president. Mr. Biden continues to trail Mr. Trump in survey after survey, and his low job-approval rating among Hispanics isn't helping matters.

Some conservatives are convinced that Mr. Biden has ignored border security to win more Hispanic votes. If that's true, the strategy doesn't appear to be working and may be having the opposite effect. "Polls show that Mr. Trump's standing with Latino voters has grown since his defeat in 2020, with some surveys finding him winning more than 40 percent of those voters—a level not seen for a Republican in two decades," the New York Times reported last week.

The former president's rising support, the paper added, is coming from "Latinos who work in law enforcement along the Mexican border" and from "U.S.-born Latinos who are more likely to identify with and vote like their white peers."

In an interview with the Journal's "Potomac Watch" podcast, Mr. Teixeira pointed to recent experience as the most plausible explanation for

why more Hispanics were eyeing the GOP in 2024. "Frankly, the Trump years prior to the pandemic were actually relatively better for working-class voters, including nonwhites, than the first three years of the Biden administration." He speculated that the Democrats' cultural lurch to the left since the Obama era has also hurt the party's standing with Latinos. Democrats are preoccupied with the concerns of white college-educated elites, which explains the Biden administration's inaction on illegal immigration as well as its progressive posturing on race, gender, sex education, policing and climate change.

Mr. Teixeira believes that Democratic activists have made a mistake in encouraging Latinos to see themselves as "brown people who are oppressed in the United States, who live in this dystopian hellhole" and suffer nonstop discrimination. "That's not the way Hispanics—working-class people particularly—think about the world. They think about, 'I'm here to get ahead in life. I'm here to make a good life for my family. I want communities with safe streets and plenty of opportunity. I'm an American.'"

Tony Bobulinski: Joe Biden Was 'the Brand'

These are excerpts from the written testimony of Tony Bobulinski, a former business partner of Hunter Biden, submitted to the House Oversight and Accountability Committee Tuesday. Mr. Bobulinski is scheduled to testify before the committee Wednesday. Joe, Hunter and Jim Biden have disputed some of Mr. Bobulinski's allegations.

I want to be crystal clear: From my direct personal experience and what I have subsequently come to learn, it is clear to me that Joe Biden was "the Brand" being sold by the Biden family. His family's foreign influence peddling operation—from China to Ukraine and elsewhere—sold out to foreign actors who were seeking to gain influence and access to Joe Biden and the United States government.

Joe Biden was more than a participant in and beneficiary of his family's business; he was an active, aware enabler who met with business associates such as myself to

further the business, despite being buffered by a complex scheme to maintain plausible deniability.

If there is no evidence of corruption—if Joe's conduct and the conduct of his family were fully legal and proper—then why are they so dishonest about it? Not just slight misrepresentations of fact but deep untruths about the entire corrupt enterprise.

Hunter Biden gave his transcribed interview to the House Oversight Committee on February 28 and lied throughout his testimony. Here are just three key examples of his perjury:

1. In Hunter's transcript (Page 42), he states, "I officially began to do work for CEFC when the—when I received a retainer from CEFC in early—or spring of 2017."

Why, then, did Hunter yell at CEFC Executive Director Zang in front of his entourage as I sat right next to him in New York City on Sunday May 7th, 2017? Hunter was adamant that he was owed the rest

of the \$20 Million CEFC had committed to paying for the work he had claimed he had done in prior years.

2. On Page 48 of his transcript, Hunter is asked, "He's never interacted with any of your business associates. Is that correct?" The "He's" is a reference to Joe Biden.

Hunter responds, "Yes." Hunter arranged the meeting between his father and me at the Beverly Hilton in Los Angeles on May 2, 2017. The sole reason Hunter wanted me to meet his father was because I was the CEO of Sinohawk, the Bidens' partnership with CEFC. I was a business associate. In his transcript, Hunter confirms that that meeting with Joe took place and incriminates his Uncle Jim for perjury by confirming it.

3. Hunter also lied to the Committee about important details concerning his money demands and threats to CEFC on July 30 and July 31, 2017. He leveraged his father's presence next to him in that infamous text in order to strong-arm CEFC into paying Hunter immediately, and in the process defrauded the partners of Sinohawk Holdings LLC and Oneida Holdings LLC. The threat worked, as a few days later the Chinese wired \$5 million dollars into a company of which Hunter owned 50%. It's important to remember that the CEFC considered this money an interest-free loan to the "Biden family," and planned to send more. I have the email from CEFC to prove it.

Jim Biden also lied extensively throughout his transcribed interview before the Oversight Committee on February 21, and ironically, Hunter Biden—in his own testimony as outlined above—confirmed that Jim Biden perjured himself:

1. Jim has been selling "plausible deniability" for so many years he

can't tell truth from the lies. On Page 100 of his transcript, he is asked: "Do you recall having a meeting with Hunter Biden, and Tony Bobulinski and Joe Biden?"

Jim's response: "Absolutely not." The Committee was so shocked by his perjury they tried to ask the question again in a slightly different way:

"It's your testimony here today that meeting never took place?"

Jim responds, "Yes sir," "that I was present for."

Excerpts from the written testimony of Hunter Biden's business partner.

The Committee tried again: "Do you recall whether you were at the bar with Hunter Biden, Tony Bobulinski and Joe Biden?"

Jim responds: "That I know did not happen."

Jim adds further, "But my brother was never there."

On Page 134, delusional Jim Biden reiterates his untruthful answer again after the Committee showed him messages confirming I met with Joe Biden.

Jim Biden states, "Joe Biden never met with Tony Bobulinski."

That is just a flat-out lie. 2. On Page 124 of his transcript, Jim Biden states, "It was Hunter Biden, myself, Gilliar. I don't know. It was the five. Okay? And everybody was 20 percent. Okay? You know what was never executed. It was never signed."

Jim was then presented with a fully executed copy of the Oneida Holdings operating agreement that he and I had both signed along with Hunter Biden, Mr. James Gilliar and

Mr. Robert Walker. On Page 132, Jim tries to claim he was not a member of Oneida Holdings.

Jim is so dedicated to his lies that he describes the Oneida document, a large legal document signed by the Biden business partners, as something that I might have come up with after drinking a "quart of gin" (Page 124). It's absurd.

3. Jim Biden further lies by claiming "Bobulinski was trying to usurp and replace Hunter Biden." (Page 123)

Hunter Biden, Robert Walker, James Gilliar and Jim Biden asked me to step in as CEO of the business. I did not ask them. I tried to walk away from Sinohawk multiple times only to be convinced to stay on, including on one occasion by Jim Biden himself. The company was controlled by a Board of which the 4 of them could out-vote me on anything. They had control of the company. . . .

Why is Joe Biden blatantly lying to the American people? . . . If he were doing nothing wrong, why go through this insane exercise of obstructing and denying obvious facts? . . .

The reason is because the Biden family's profiting of tens of millions of dollars from our strategic opponents and corrupt individuals and entities around the world—without delivering any goods or services and while putting in minimal effort and work—causes Americans to rightly question any policies from this administration that apparently benefit those same strategic opponents and corrupt individuals and entities. Just read the latest motion by the Department of Justice related to Hunter Biden's criminal indictments in California; the DOJ states that he made large sums of money for very little work.

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BUSINESS & FINANCE

Austin's Hot Housing Market Cools

Home prices have declined further in the Texas city than anywhere else in U.S.

By WILL PARKER

The Sunbelt city that came to symbolize the pandemic housing boom is now leading a national property cool-down. Home prices and apartment rents in Austin, Texas, have fallen more than anywhere else in the country, after a period of overbuilding and a slowdown in job and population growth.

That marks a sharp reversal from previous years, when Austin's real-estate market was sizzling. The city attracted waves of remote workers on six-figure tech salaries. Others arrived after companies such as Tesla and Oracle moved offices there, taking advantage of lower taxes and less busi-



The Sunbelt city has been hit by overbuilding and slowing job and population growth.

ness regulation. Austin's economy grew at nearly double the national rate, and it became the country's 10th-largest city. Now it is contending with a

glut of luxury apartment buildings. Landlords are offering weeks of free rent and other concessions to fill empty units. More single-family

homes are selling at a loss. Empty office space is also piling up downtown, and hundreds of Google employees who were meant to occupy an

entire 35-story office tower built almost two years ago still have no move-in date.

Austin's recent downswing is a sign that migration patterns that were turbocharged by the pandemic continue to fade. Housing markets in other Sunbelt cities, including Phoenix and Nashville, Tenn., that swelled with new residents in recent years, have also softened from overbuilding, slowing population growth and a lack of affordability.

Austin was at the forefront of the U.S. housing boom, when rock-bottom borrowing costs near the start of the pandemic fueled robust sales and sent home prices to new highs. Austin prices soared more than 60% from 2020 to the spring of 2022.

A surge in interest rates crushed the housing market

Please turn to page B6

Nvidia To Price AI Chips For Wide User Base

By ASA FITCH

Nvidia's next generation of artificial-intelligence chips will be affordably priced to appeal to a wide group of customers, Chief Executive Jensen Huang said as he gave a bullish view on AI's growth.

The new crop of chips, code-named Blackwell, are the successors to Nvidia's wildly successful so-called Hopper chips, led by the H100. Huge demand for those chips led to supply shortages that have persisted as AI demand continues to skyrocket.

Huang told analysts at an annual conference on Tuesday that there were about \$1 trillion of installed data centers in the world. He later told reporters that spending was about \$250 billion last year and growing about 20% a year.

Nvidia could capture a large portion of the new spending, Huang said, because the company was making an ever-larger amount of equipment and software for data centers, from GPUs to networking chips and central processing units.

"Our percentage of \$250 billion will likely be higher than in the past," he said.

Nvidia's shares rose 1% on Tuesday, reversing earlier declines. Shares of rival Advanced Micro Devices fell about 5% and Arm Holdings stock dropped 4%.

Nvidia has been the primary beneficiary of an AI boom that began in late 2022 with the wide release of OpenAI's ChatGPT, which captured the public's imagination with human-sounding responses to prompts. The company's graphics processing unit chips, or GPUs, have been the com-

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Stranded Jets Spur Insurance Battle

By JEAN EAGLESHAM

Russia's seizure of billions of dollars worth of foreign-owned planes has set off the biggest-ever brawl in the normally staid business of aircraft insurance.

Some of the world's biggest insurers are fighting back against claims by the aircraft's owners. The insurers say the owners should have done more to grab planes before they were seized. And they are arguing in court filings that the U.S.'s support for Ukraine means that it is, in effect, at war with Russia. That would void some claims.

At stake: billions of dollars, more than 400 planes, hundreds of millions in legal costs. The legal fight, sprawling over two continents and dozens of companies, will likely affect coverage for future conflicts, analysts and lawyers said.

The planes, mostly Airbus and Boeing commercial jets leased to both Russian and foreign airlines, were worth more than \$10 billion when they were stranded in Russia following its invasion of Ukraine just over two years ago.

The planes are owned by a small number of big but mostly no-name aircraft-leasing companies. They are covered by insurers from both Russia and the West, including giants such as American International Group, Chubb and Swiss Re.

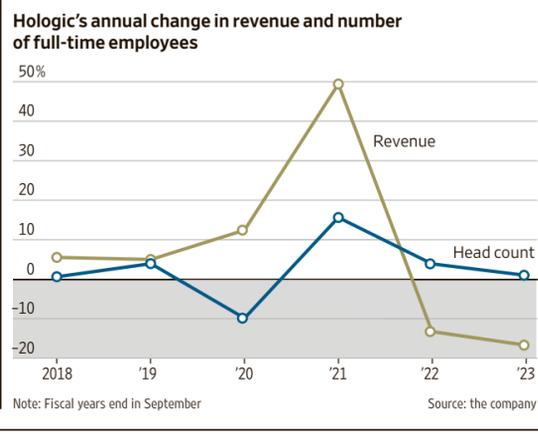
Lawyers are still haggling over the most basic questions about who should pay. Is there any chance the jets could be re-

Please turn to page B13



Medical-technology company Hologic, which developed two Covid tests, has kept head count steady during a volatile stretch.

A Strategy to Prevent Mass Layoffs Stands Out but Vexes Some Workers



Hologic's annual change in revenue and number of full-time employees

By LAUREN WEBER

When the pandemic raged in 2020, medical-technology firm Hologic developed two Covid tests that became revenue juggernauts. Annual sales rose by about 50%, or nearly \$2 billion.

Since then, demand for those products has dried up, capping a boom-and-bust cycle that played out at a range of companies over the past four years.

One thing never swung up or down at Hologic: the size of its full-time workforce.

Drawing a hard line on hir-

ing that rankled some workers, Hologic has kept head count steady, at just under 7,000 employees, during a volatile stretch.

It is a management philosophy that stands out amid a steady drumbeat of job cuts. Companies from Microsoft and Amazon to UPS and Citigroup have conducted large-scale layoffs over the past year. Many firms, particularly in tech, say they overhired when business was booming and that some of the jobs they are cutting won't come back.

Even before Covid, "we col-

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'Star Wars' creator George Lucas backs Disney and its CEO in proxy fight. B3



HEARD ON THE STREET
Unilever looks better off without its ice-cream division. B14

Apple Looks for Partners to Boost Its AI Efforts

By AARON TILLEY AND MILES KRUPPA

Apple is looking to outside companies to help its artificial-intelligence efforts.

Apple has held discussions with Alphabet's Google and other AI software providers about using their technology to power the iPhone maker's mo-

bile features, said people familiar with the matter. The tech giant has talked to startups including Cohere and OpenAI as part of the discussions, some of the people said.

It wasn't clear how any potential deal would be structured or whether Apple would partner exclusively with one of the companies. Spokespeople

for Apple, Google, OpenAI and Cohere declined to comment.

The Cupertino, Calif., tech giant is under pressure to deliver more advanced features using the latest generative artificial-intelligence techniques. The potential of such software and its far-reaching implications have captured the focus and attention of various indus-

tries and set off an arms race among technology companies, primarily due to the popularity of OpenAI's ChatGPT.

Some analysts saw the discussions with outside players as evidence that Apple hasn't managed to develop internal tools as sophisticated as other dominant AI players. The company generally strongly favors

the use of its own technology in its devices and has moved in recent years to build software and hardware in house.

Apple is focused on AI applications that will work on a device, but for more complicated tasks, it would need to rely on large-scale cloud infrastructure from a large technology company

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BUSINESS NEWS

JetBlue Cuts Routes, Citing Performance

Airline exits from Bogotá, Colombia; Quito, Ecuador; Kansas City, Mo.

By BEN GLICKMAN

JetBlue will exit from certain cities and end some flight routes to give priority to better-performing routes with limited aircraft on hand.

The move will help when the airline has fewer aircraft available, JetBlue said. Some of the company's aircraft were grounded due to inspections by Pratt & Whitney.

RTX, which owns Pratt & Whitney, said in July 2023 that it would need to conduct inspections and ground planes due to an engine issue related to powdered metal used in making certain parts.

JetBlue said Tuesday it

was exiting from the cities of Bogotá, Colombia; Quito, Ecuador; Lima, Peru and Kansas City, Mo.

JetBlue said it had decided to end some routes and make others seasonal. Nine routes out of Los Angeles were among those being discontinued along with five routes linked to Fort Lauderdale, Fla.

The airline won't resume service to Newburgh, N.Y.,

which has been suspended since 2020.

The company said these markets have recently fallen short of its expectations.

JetBlue plans to use its fleet on well-performing routes in its focus cities and increase ground time for aircraft. The company said these moves would reduce the chance of delays for customers.

The airline is doubling

down on plans to boost profitability and revenue after calling off its proposed \$3.8 billion merger with budget-carrier Spirit Airlines. The two agreed to terminate their merger this month after a judge sided with antitrust regulators, ruling the combination would reduce competition.

JetBlue has said it is on track to deliver up to \$200 million in savings from a

structural cost-cutting program, as well as \$75 million in maintenance savings from fleet modernization.

The airline posted a quarterly loss for three of four quarters in 2023.

The company said when announcing the scrapped Spirit deal that it would provide additional details about its long-term strategy and cost initiatives at its investor day May 30.



Disney Chief Executive Bob Iger, in white shirt, and George Lucas, who founded Lucasfilm and is a big shareholder in Disney.

Disney and CEO Get Support From 'Star Wars' Creator in Proxy Fight

By ALYSSA LUKPAT

George Lucas is endorsing Walt Disney and its Chief Executive Bob Iger in their proxy fight against activist investor Nelson Peltz.

The "Star Wars" creator and one of Disney's biggest individual shareholders said Tuesday that he was confident in the company's leadership in their battle against Peltz, whose hedge fund Trian Partners is trying to seize two board seats.

"Creating magic is not for amateurs," Lucas said. "I remain a significant shareholder because I have full faith and confidence in the power of Disney and Bob's track record of driving long-term value. I have voted all of my shares for Disney's 12 directors and urge other shareholders to do the same."

Trian and another activist hedge fund, Blackwells Capital, are trying to wrangle shareholder support to gain

seats on the board and challenge Iger's strategy to raise the company's stock price. Peltz and former Marvel executive Isaac "Ike" Perlmutter want Disney to find a clear successor to Iger, boost its streaming margins and improve output from its studios.

Trian wants the board to be more focused, accountable and aligned with shareholder interests. Among the activist's suggestions for Disney include shrinking Hulu and improving the guest experience at its theme parks. Trian wants Disney to increase shareholder returns, which the firm believes lags behind others in the media business and the broader market.

Iger has tried to reassure Peltz by cutting Disney's budget and laying off workers.

Still, Disney said in a presentation this month that Peltz's proposed approach would damage the company and shows he understands little about Disney's business.

"You don't manage creativity the way you manage a hedge fund," Disney said.

Disney shares rose slightly in Tuesday's trading, closing at \$114.51. The stock has risen by 27% so far this year. The share price is roughly unchanged over the past five years.

The proxy battle is expected to be Disney's most-expensive board fight. The company and the hedge funds could spend more than \$70 million ahead of the April 3 shareholder vote on marketing, social-media blitzes and proxy solicitors who are similar to campaign strategists. Peltz said last year he planned to nominate himself and former Disney Chief Financial Officer Jay Rasulo to Disney's board.

Lucas is the latest high-profile name to come out in support of Iger and Disney in the company's proxy fight against Peltz. The descendants of Walt Disney and his late brother Roy O. Disney backed the company, and proxy adviser

Glass Lewis has recommended that shareholders vote for Disney's director nominees.

On Monday, Glass Lewis said it struggles to see Trian's ideas as a net gain for investors.

Disney in 2012 paid \$4.05 billion in cash and stock to acquire Lucasfilm, the company that produced the "Star Wars" films. Disney has since invested heavily in the franchise, creating "Star Wars" attractions at theme parks and producing several films and TV shows. Lucas, who founded Lucasfilm, became a big shareholder in Disney.

His support in the proxy fight could help Disney spread the word to the millions of individual investors who together control more than one-third of the company's stock.

"When I sold Lucasfilm just over a decade ago, I was delighted to become a Disney shareholder because of my longtime admiration for its iconic brand and Bob Iger's leadership," Lucas said Tuesday. "When Bob recently returned to the company during a difficult time, I was relieved. No one knows Disney better."

AstraZeneca to Acquire Drugmaker

By IAN WALKER

AstraZeneca is buying Fusion Pharmaceuticals for up to \$2.4 billion as part of a plan to accelerate the development of next-generation cancer treatments, and marking the latest in an acquisition spree by the company.

The deal follows a number of other recent billion-figure takeovers from AstraZeneca and comes at a time of intense merger-and-acquisition activity in the pharmaceutical industry, which has seen big companies snapping up smaller biotechnology businesses.

The Anglo-Swedish pharmaceutical heavyweight said

Tuesday that it will pay an initial \$21 a share for Fusion, with an extra \$3 nontransferable contingent value right upon a specified regulatory milestone being reached.

The initial price is a 97% premium to Fusion's closing market price of \$10.64 on Monday.

Fusion had cash, cash equivalents and short term investments of \$234 million as of Dec. 31.

The deal for Fusion, a clinical-stage biopharmaceutical company developing next-generation radioconjugates delivering a radioactive isotope directly to cancer cells, is expected to close in the second quarter of this year.

It is subject to customary closing conditions, including the approval of Fusion shareholders and regulatory clearances.

Last week, AstraZeneca said that it was buying Amolyt Pharma for up to \$1.05 billion, expanding its late-stage studies rare-disease pipeline.

In December, the company agreed to acquire Gracell Biotechnologies for \$1.2 billion and Icosavax for \$1.1 billion.

The pharmaceutical company also acquired last year a gene therapy portfolio from its competitor Pfizer for up to \$1 billion.

Fusion Pharmaceuticals share price, year to date



Source: FactSet

Heard on the Street: The radioactive push..... B14

Smartphone Maker Xiaomi's Results Exceed Estimates

By JIAHUI HUANG

Chinese smartphone and electronics maker Xiaomi posted stronger-than-expected quarterly results, but its annual revenue dropped because of lower smartphone sales.

The Beijing-based company reported a 51% jump in net profit to 4.73 billion yuan, or about \$657.1 million, for the fourth quarter as revenue rose 11% to 73.24 billion yuan, it said Tuesday.

The company's adjusted net profit, which includes share-based compensation, among other items, was 4.91 billion yuan, more than tripling

from a year earlier.

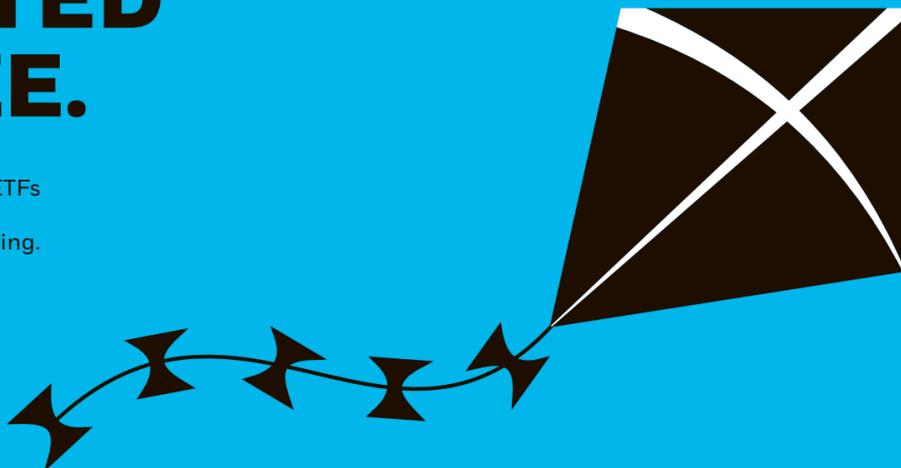
Revenue from its smartphone segment rose 21% to 44.23 billion yuan, which the company attributed to higher smartphone shipments that offset lower average selling prices. The company shipped 40.7 million units globally in the period, taking a 13% market share, according to market-research firm Canalys.

For the full year, Xiaomi posted net profit of 17.48 billion yuan, up sharply from in 2022. Annual revenue fell 3.2% to 270.97 billion yuan but beat estimates.

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Nontech Firms Like It in Nvidia's Orbit

Executives in finance, energy, other fields tell of benefits from tie to the company

By ISABELLE BOUSQUETTE

Corporate enterprises in industries like banking aren't typically the direct customers of the high-performing artificial-intelligence chips that catapulted Nvidia into the highest ranks of tech royalty—but they say simply associating themselves with the AI giant comes with big benefits.

Foremost among those is the ability to attract in-demand AI talent, an area that cutting-edge tech companies, not traditional enterprises like banks, typically dominate.

Nvidia's GTC event, short for GPU Technology Conference, kicked off this week in San Jose, Calif., and has been dubbed a sort of "AI Woodstock." Chief Executive Jensen Huang on Monday gave more detail on Nvidia's next generation of chips, code-named Blackwell, from the event venue, a sports arena with a seating capacity of about 11,000.

Companies speaking there, including energy company **SLB**, auto manufacturer Jaguar Land Rover and financial services companies **HSBC**, **Capital One** and **Wells Fargo**, all say burnishing their tech credentials and getting in front of talent are among the reasons they are participating.

"Presenting at conferences and events gives us an exposure to a type of profile of people that we have struggled to find in the past," said Shashi Menon, vice president of digital technology at SLB.

The information-technology talent market is more wide open than it has been in previous years, in part thanks to



Companies say they are participating in the conference known as 'AI Woodstock' in part to burnish their tech credentials and attract talent.

layoffs from big tech and companies increasingly leaning on automation.

But snagging AI roles remains competitive, said Chintan Mehta, chief information officer and head of digital technology and innovation at Wells Fargo. Mehta said having a presence at big conferences like GTC is definitely helpful. He is speaking at a Tuesday session on enterprise AI in banking.

"The usual perception in the market would be that 'Oh, it's a bank, it's not doing a whole lot of stuff,'" he said.

Being at an event like GTC helps the company dispel that narrative, Mehta said. "People

come talk to you, they know you as an individual, they know the work that's going on," he said.

These companies' work efforts may be paying off. Salil Sethi, founder of ProsperCircle, a company that tracks data on product management roles, said he is seeing more tech talent venture into nontech sectors. Of the nearly 400 new product management openings posted last Friday, he said, about 25% were at tech companies whereas the remaining 75% were in nontech enterprises.

At **Shell**, vice president of computational science and digital innovation Dan Jeavons

said working with companies such as Nvidia and Microsoft can attract tech talent who may have never considered working in the energy sector.

Conferences are a key opportunity to tell a company's technology story, said Ian Glasner, HSBC's group head of innovation, ventures and digital partnerships. The bank is speaking at GTC in a session about quantum machine learning.

Glasner said, "From a recruitment perspective, it really makes a difference."

Jacob Alexander Graham, director of global strategic partnerships at Jaguar Land Rover, said being part of GTC

not only allows the automaker to show off its innovations with the tech community, but also helps it "drive engagement opportunities with the wider ecosystem and attract talent."

As it happens, some tech workers do make the switch. Among the attendees at this week's event is Prem Natarajan, chief scientist and head of enterprise AI at Capital One. He joined the company from Amazon.com, where he led the company's Alexa AI unit.

Natarajan said he was attracted to Capital One because he wanted to develop technology to solve challenging problems in the financial sector—and he said he

believes a lot of up-and-coming talent feels the same.

Natarajan, who is speaking at a GTC session about generative AI in financial services, said he considers Capital One a technology enterprise. But spreading that narrative widely isn't easy. "These kinds of things take time," he said. "This kind of reputation, rightfully, cannot be built overnight."

Watch a Video

Scan here to watch a video of Nvidia's CEO unveiling its new chip.

Nvidia Seeks Affordability In AI Chips

Continued from page B1

putational workhorses of that boom, essential ingredients in creating ever more complex AI systems.

With its sales surging to a projection of about \$24 billion

in its current quarter—more than triple a year earlier—Nvidia's market value surpassed \$2 trillion in February, making it the U.S.'s third-largest listed company after Microsoft and Apple.

Nvidia's success has lifted some of its partners, including server maker **Super Micro Computer**. Shares in Supermicro have more than tripled this year, and the company is cashing in on that rise with a planned public stock offering to raise about \$2 billion. The stock declined 9% on Tuesday.

Huang unveiled Nvidia's new chips on Monday. Many analysts raised their estimates for the company around the event and largely endorsed the company's trajectory.

Huang said in an interview on CNBC on Tuesday that the successors to H100s would cost between \$30,000 and \$40,000—below what some analysts had expected. Huang later told analysts that he wanted to price new chips to appeal to the widest possible set of customers. The H100 chip costs about \$25,000 each,

according to analyst estimates.

"Every generation our market is growing, and we want to make the entire market afford a Blackwell," he said.

So far, Nvidia's booming sales have been driven largely by a handful of customers. The company disclosed in February that 19% of its revenue came from a single customer in its latest fiscal year. Major cloud-computing companies accounted for over \$9.2 billion of sales in its latest quarter, the company said.

Nvidia was working to ensure that supplies of the new chips wouldn't be constrained, Chief Financial Officer Colette Kress said at the analyst event, although she said it might be rocky at first. "There might be constraints until we can meet some of the demand that's put in front of us," she said.

The comments came a day after Huang unveiled the new chips at the SAP Center in San Jose, Calif., before a crowd of about 11,000 people—a big number for a tech-company

product launch and a reflection of the prominence Nvidia has acquired in recent months.

Analysts have described the gathering as the "AI Woodstock," a reference both to the famed 1969 music festival and the annual shareholder meeting of Warren Buffett's Berkshire Hathaway. The Berkshire Hathaway meeting is often called "Woodstock for Capitalists."

"I've never presented at a rock concert before," Huang joked with analysts on Tuesday.

Sports Illustrated Hands Print Rights To New Publisher

By DEAN SEAL

The owner of the Sports Illustrated brand has selected a new company to publish the legacy sports magazine after dumping its previous publisher over a missed payment this year.

Authentic Brands Group said on Monday that it has formed a long-term partnership with **Minute Media** and handed over publishing rights for the Sports Illustrated brand across its print edition and digital platforms.

Minute Media's license is set to initially run for 10 years, with options for two 10-year extensions that could see the digital-media company publishing the 70-year-old magazine into its centennial.

The move comes two months after Authentic terminated its licensing agreement with **Arena Group**, the magazine's publisher since 2019.

Arena said in a regulatory filing that it had missed a \$3.8 million quarterly payment to Authentic, which in turn terminated their licensing agreement, as allowed by the terms of the deal.

Arena said at the time that it would have to "lay off a

significant number, possibly all" of Sports Illustrated's unionized staffers, which numbered about 80, casting doubt over the future of the longtime sports-journalism stalwart.

With the new agreement, some of the staffers could be rehired.

Minute Media and Authentic didn't disclose their staffing plans or the financial terms of their publishing partnership on Monday.

Authentic said it would acquire an equity stake in Minute Media.

The union for Sports Illustrated's editorial staff said on Monday that staffers welcome the publisher change and "look forward to remaining part of the storied brand's future."

Launched in 2011, London-based Minute Media owns a number of sports news and commentary outlets, including Derek Jeter's media platform the Players' Tribune and the FanSided network of websites and newsletters.

Sports Illustrated, the preeminent voice in sports journalism for decades, has struggled like many other magazines to keep pace with the transition to digital media and changes in advertising.

Microsoft Hires Leader For Consumer AI Strategy

By TOM DOTAN

Microsoft has hired Mustafa Suleyman, a well-known leader and entrepreneur in artificial intelligence, to lead the software giant's efforts on consumer AI products.

Suleyman helped lead Google's DeepMind, a pioneering artificial-intelligence lab that the company acquired in 2014. He left Google and co-founded AI startup Inflection AI, a startup that was last valued at \$4 billion and raised funding from investors including Microsoft and Nvidia. In a post on X, Suleyman said he was stepping down from his position at Inflection AI.

Suleyman will be reporting to Microsoft Chief Executive Satya Nadella. He, along with his Inflection co-founder Karén Simonyan, will be leading a new organization Microsoft is forming called Microsoft AI, which will focus on advancing its Copilot integration of AI into its products as well as its other consumer products and research.

In an email to Microsoft employees, Nadella lauded Suleyman's work as an engineer on AI. He also noted that several of Inflection's employees would be joining Microsoft as part of this new division.

The move helps clarify how the company is organizing its AI strategy, which previously sprawled across several divisions. Suleyman will be overseeing AI tools for consumer products like Bing and Windows. Rajesh Jha, who leads its workplace software suite Microsoft 365, will oversee



Mustafa Suleyman, along with his Inflection co-founder Karén Simonyan, will be leading the new Microsoft AI unit.

Copilots for that group. Kevin Scott, chief technology officer, will manage AI research and partnership efforts with companies like OpenAI.

Scott has pioneered Microsoft's AI strategy and has been key to its \$13 billion investment in OpenAI. Nadella said that in this new structure, he would continue to lean on Scott "to ensure that our AI strategy and initiatives are coherent across the breadth of Microsoft."

The big new hires and creation of a new division come as Microsoft is diversifying its AI bets. After OpenAI's board ousted its CEO, Sam Altman, last year, Nadella intervened to reinstate him. The episode, during which Microsoft's share price swung wildly, highlighted how dependent

the company was on the startup and a technology it doesn't own exclusively. This year, Microsoft invested in another AI startup, Mistral AI.

In Nadella's email to employees, he said the company was committed to its relationship with OpenAI.

Inflection has raised more than \$1.5 billion in the past two years. One of its co-founders is investor Reid Hoffman, who is also a member of Microsoft's board.

Inflection has built several AI products, including Pi, an AI assistant. As part of the announcement that Suleyman and Simonyan would be leaving for Microsoft, Inflection announced it was pivoting its focus to making its technology available to enterprises and developers.

Super Micro Reveals \$2 Billion Stock Sale

By CORRIE DRIEBUSCH

When **Super Micro Computer** said in a regulatory filing Tuesday that it would sell roughly \$2 billion of stock, it didn't give a time frame.

According to people familiar with the matter, **Goldman Sachs** tried to sell two million shares for the company before the market opened, but the bank wasn't able to find enough buyers in time. The plan now is to try again after the close.

The stock closed down 9% as investors and traders digested the prospect of a wave of shares coming to market. It is typical for shares to drop following an announced stock sale, though they usually don't fall that much.

It is unusual, though not unheard of, for a planned stock sale to get delayed like this, according to bankers and investors.

Super Micro Computer is a server maker and go-to supplier for companies and governments eager to participate in the AI boom.

As of the weekend, the stock had increased more than 12-fold over the past 12 months. It closed Monday at just over \$1,000.

The company said it plans to use the money raised from the share sale to purchase inventory, expand manufacturing and boost research and development.

BUSINESS & FINANCE

EV Maker XPeng Narrows Losses

Chinese carmaker's quarterly revenue more than doubled from a year earlier

By Sherry Qin

Chinese electric-car maker XPeng said Tuesday that it reduced its net loss to 1.35 billion yuan (\$187.5 million) from 2.36 billion yuan in the year-earlier period, thanks to a jump in revenue.

Quarterly revenue more than doubled from a year earlier to 13.05 billion yuan, which the company attributed to the accelerating sales growth of its G6 and G9 sport-utility vehicles. It has guided for a 44%-to-54% on-year rise in revenue in the first quarter of this year.

The quarterly revenue jump brought XPeng's full-year revenue to 30.68 billion yuan, up 14% from the previous year. Its annual net loss widened to

10.38 billion yuan from 9.14 billion yuan in 2022.

XPeng delivered 60,158 vehicles in the fourth quarter, more than double from a year earlier. However, it expects first-quarter deliveries to decline, projecting a range of between 21,000 and 22,500.

Like other carmakers, XPeng has been cutting prices on its models as competition intensifies. Citi analysts have warned that oversupply and the ongoing price war in China's EV market pose a risk to XPeng.

The company pared its net loss in the final three months of last year, amid strong sales of electric SUVs and robust deliveries.

Guangzhou, China-based XPeng said Tuesday that its gross margin recovered to 6.2% from negative 2.7% for the third quarter, while its vehicle margin increased.

"Our plans on cost reduction...have begun to bear fruit," Co-President Dr. Hongdi Brian Gu said. Aside from price cuts, the company is betting that new product launches will help it expand in the mass market and sharpen its competitive edge.

XPeng said last weekend it would launch a cheaper EV brand within the next month. Over the next three years, it has more than 10 new models in the pipeline, Chief Executive He Xiaopeng said.



XPeng electric vehicles at its flagship store in Beijing.



The combined company will use AI to help customers be more predictive about cybersecurity.

Cisco Closes Splunk Deal

By Steven Rosenbush

Cisco Systems closed its \$28 billion all-cash acquisition of cybersecurity and analytics company Splunk on Monday.

The deal, the largest in Cisco's history, was completed months earlier than projected and reflects the extraordinary effort many companies are undertaking as they remake their businesses around data and artificial intelligence.

Cisco Chief Executive Chuck Robbins and former Splunk CEO Gary Steele—now an executive vice president at Cisco—said AI will be deeply woven into the combined companies, and they saw no hint that the wave of business-AI adoption was going to slow.

The combined company will use AI to help customers draw correlations among intelligence coming from different vendor platforms, so that they can take a more predictive approach to cybersecurity. While that predictive capability has been developing for some time, the company also plans to launch more capabilities that make use of generative AI to simplify their software and make the

tools easier for people without technical training to operate.

Splunk's dashboard allows users to search, monitor and analyze machine-generated data. It takes training to use it, and generative AI helps flatten the learning curve, according to Steele.

"Splunk has its own proprietary language, the way in which you issue commands, and you have to be reasonably technical to do that," he said. "With the AI assistance that we've launched, you can use English language to automatically generate that proprietary language."

Splunk's AI will benefit from Cisco's massive amounts of data, not to mention its global presence and sales and marketing channels, Steele said.

Generative AI will have other applications across Cisco's business, such as simplifying the complex task of setting a configuration screen

for a company's security policy, according to Robbins.

"It's very technical," he said. "We're going to enable our customers to just use English language to describe what security capabilities they would like...and then we will translate that into a policy that they would review."

The software would function as an assistant, simplifying and speeding up the deployment of security policy and other resources without replacing human operators, according to Robbins.

When the deal was announced last September, the companies said they expected it to close by the end of September 2024. The process was completed in roughly half a year.

Last week, the European Union gave the acquisition unconditional antitrust approval, after regulators found the deal wouldn't pose barriers to competition.

\$28B

Amount of the all-cash acquisition of the cybersecurity and analytics company.

WuXi AppTec's Net Profit Increases

By P.R. Venkat

Chinese biotechnology company WuXi AppTec said net profit jumped last year, while reiterating that it doesn't pose a security threat to any country amid worries over a potential U.S. ban.

Net profit for 2023 rose 21.3% to 10.69 billion yuan, equivalent to \$1.49 billion, on steady contributions from its contract research, development and manufacturing organization platform, WuXi AppTec said late Monday. Revenue touched 40.34 billion yuan compared with 39.35 billion yuan the previous year.

The company will pay a cash dividend of 2.88 billion yuan for 2023.

WuXi AppTec said for this year, it expects free cash flow to remain positive and reach between 4 billion yuan and 5 billion yuan, which would continuously cover cash dividend payouts.

WuXi AppTec's shares have been volatile in recent sessions after some U.S. legislators accused the company of being a security threat to the U.S.

Two U.S. bills have targeted the company and its affiliates, seeking to prohibit U.S. federal agencies from contracting with or granting funds to certain Chinese biotech companies on the grounds that the companies could threaten national security through actions such as collecting sensitive biometrics information or collaborating with the Chinese military.

WuXi AppTec reiterated Monday that it continues to engage with relevant stakeholders to explore possible solutions and appealed for due process through transparent consideration of the facts.

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Who's Who of Distinguished Leaders: 2024 Honorees

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THE PROPERTY REPORT

Cellphone Data Gives Retailers Guidance

Location analytics help merchants find the best places to open new stores

By KATE KING

When executives at retailer **Untuckit** considered locations for a new store on Long Island, N.Y., they initially dismissed a location they felt was too close to an existing store at the Roosevelt Field mall.

Then the men's apparel brand saw the cellphone data. It showed the two locations were drawing customers from opposite ends of Long Island, convincing them that if they were to add a store at the second mall, it wouldn't cannibalize the first. The execs signed a lease and are scheduled to open at Walt Whitman Shops next month.

It is one of at least 14 new stores Untuckit plans to open this year. The digitally native company leaned heavily on cellphone and other data from technology company Placer.ai in choosing locations, said Chris Riccobono, the company's founder.

"It allows you to see your demographic," he said. "It gives us this level of confidence."

Retailers opened more stores than they closed in 2023 for the third consecutive year. Company announcements tracked by research and advisory firm Coresight Research show the streak continuing into 2024, and retail vacancy has fallen to record lows nationwide.

Underpinning this steady expansion is the increasing sophistication of cellphone data and other location analytics, which allow companies and landlords to pinpoint spots for successful stores with greater accuracy than ever before.

Pings and GPS signals from shoppers' cellphones tell retailers not only how many people visit a mall or strip center a day, but also what time they go, how long they



An Untuckit Pennsylvania outlet. The men's apparel retailer turned to data from Placer.ai in its decision to open a store on Long Island next month.

stay, where they shop and how many times a year they are likely to come back. Retailers layer in their own data, including customers' addresses and shopping preferences gleaned from their online sales and loyalty-program apps.

"There's so much data at tenants' and retailers' fingertips now," said Josh Suffin, president of real-estate services for the analytics company RetailStat. "Significantly more than there was 10, 20 years ago."

Many retailers buy this data from third-party companies such as RetailStat, whose clients also include landlords, brokers and lenders. Grocers, for example, use estimates of

competitors' sales compiled by RetailStat to forecast what their sales would look like if they opened in a particular location.

"If the forecasted volume isn't high enough, they won't do a deal," Suffin said.

Data usage isn't new: Retailers have long relied on U.S. census data to choose store locations. Starbucks looked at where it was mailing the most bags of ground coffee when it was

expanding to the East Coast in the 1990s, said David Firestein, managing partner with the firm TSCG who helped the coffee chain sign its first New York City lease.

Retailers also used to hire services that would station

employees in parking lots or on street corners with handheld clickers, pushing their thumbs down to count cars and pedestrians.

Digitally native companies such as **Warby Parker** and **Allbirds** analyzed their customers' orders and shipping addresses in deciding where to open their first bricks-and-mortar stores in the mid-2010s. More recently, retailers have started layering in foot-traffic data.

Madison Reed, which started selling its hair-color products online in 2014 before opening its first salon in 2017, combines its own knowledge about its customers with cellphone analytics from Placer.ai to identify locations for new salons.

Placer.ai aggregates data from tens of millions of mobile devices. It tipped Madison Reed executives off to shopping centers they wouldn't

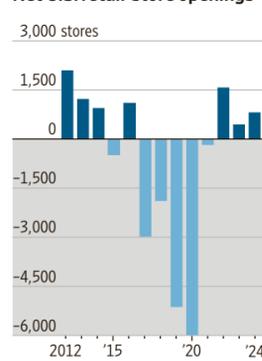
have previously considered, while warning them away from others, said founder Amy Errett.

Errett said she doesn't rely solely on foot-traffic data. She likes to sit on a bench in a shopping center watching customers walk by for hours before signing the lease for a new location.

But retailers and brokers broadly agree that cellphone data provides more reliable and precise data than in the past. This helps retailers feel confident that a store will be successful before they sign a long-term lease and spend sometimes millions of dollars in build-out costs, said Anjee Solanki, national director of retail services and practice groups, U.S., for real-estate firm Colliers.

Machine learning and artificial intelligence are expected to further accelerate the store-opening process. Retail-

Net U.S. retail-store openings



Note: Major retailers. 2024 data is year to date. Source: Coresight Research

Stat is working on training artificial intelligence on its historical data, such as where stores opened and succeeded or failed.

"We are just at the beginning of what's to come," Suffin said.

Housing Is Cooling in Austin

Continued from page B1 nationwide, and existing-home sales fell to a nearly 30-year low in 2023. Despite that collapse, home prices remain near record levels thanks to tight supply. But in Austin, according to the Freddie Mac House Price Index, prices have fallen more than 11% since peaking in 2022, the biggest drop of any metro area in the country.

"Austin's housing market remains extremely overvalued," said Matthew Walsh, an economist at Moody's Analytics. Housing affordability hit a four-decade low, even with recent price declines, he added. Austin home prices still run 35% higher than what the city's underlying economic trends would typically support, Moody's calculates. Austin's per capita income rose 23% between 2020 and 2022, but home prices increased more than twice as much.

"It's unsustainable," Walsh said.

The rental market has a similar trajectory. Investors purchased a record \$9.4 billion in apartments in Austin in 2021, according to MSCI Real Assets, seizing on rents that rose 20% that year.

Since then, developers

there have been building more apartments than in any other city, measured as a share of the existing housing supply. That has helped curb the rise and rents, while also slowing new investment in existing apartment buildings.

"Clearly, there's some pockets of overbuilding," said apartment investor Larry Connor, whose company manages a 15,000-unit national portfolio. Rents in Austin are down 7% during the past year, more than in any other city, according to estimates from listings website Apartment List.

Rental deals in downtown apartment towers appeal to Thomas Young, 24 years old, who moved from California two years ago to take a job in commercial real-estate consulting. He rents a one-bedroom condo north of downtown for \$1,600 a month, but said he and his partner could afford \$1,000 more to move into one of the glassy new high-rises that have recently slashed prices. He is betting that Austin's still-softening market means he is unlikely to face much of a rent increase if he chooses to stay in place.

"I've got a lot of options," he said.

Others are in no hurry to jump into a for-sale housing market that still looks overheated.

Scott Collins, a 43-year-old who works remotely for a management consulting firm, was in contract to buy a new-construction home last year but pulled his deposit after the builder ran into trouble

and never made progress on building the house.

More recently, his landlord offered him a \$1,500 cash concession to get him to renew the lease on his apartment. With home prices down, he is likely to start looking to buy again if rates come down, too.

"I had no interest in paying the inflated prices that were going on here through the pandemic," Collins said. "I might peek around in the summer and see."

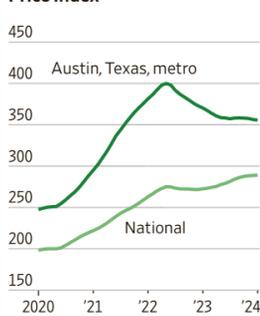
But as rents and home prices remain overwhelmingly higher than they were just three years ago, a growing share of home buyers are looking to leave Austin altogether, some numbers suggest.

In the third quarter of last year, more home buyers searching sales listings on the real estate website Redfin looked to move away from the Austin area than looked to move to it, according to a Redfin search analysis. Texas cities including San Antonio and Corpus Christi, where home prices are much lower than in Austin, topped the list of places searched by people looking to leave Austin.

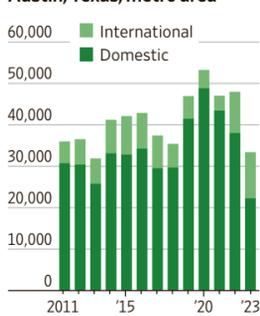
Still, even though Austin's job growth has slowed, it is still higher than the national average, according to the Bureau of Labor Statistics. And while home prices continue to decline within Austin's city limits, suburban home sales have held up much better, said Clare Losey, housing economist at the Austin Board of Realtors.

"We still have quite a bit of room to grow," Losey said.

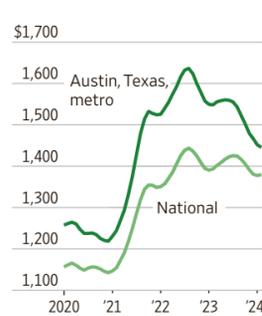
Freddie Mac House Price Index*



Inbound migration to Austin, Texas, metro area[†]



Apartment asking rents[‡]



*Seasonally adjusted †Measured July 1 to July 1 ‡Estimates for monthly rent price Sources: Freddie Mac (Index); Census Bureau via John Burns Research & Consulting (inbound migration); Apartment List (asking rents)

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BUSINESS & FINANCE

Takeout Firm Plans 100 New Spots

Wonder's scheme to expand in New York area follows capital raise of \$700 million

By SARAH NASSAUER

A year after scrapping plans to develop a nationwide network of food trucks, a former Walmart executive's startup wants to open nearly 100 delivery-focused restaurants around the New York City area with new investor funding.

Wonder last week raised \$700 million from investors under a structure that promises equity at a potential discount once particular milestones are met, such as a sale or initial public offering, said Chief Executive Officer Marc Lore. The startup, which also owns meal-kit provider Blue Apron, has raised \$1.5 billion overall.

In 2022, when Wonder last raised significant funding, The Wall Street Journal reported it was valued at \$3.5 billion. Investors in the recent round, including **New Enterprise Associates**, **GV** and **Dragoneer Investment Group**, provided capital through a simple agreement for future equity, known as a SAFE note, said Lore.

Traditional startup funding has dried up in many sec-



Wonder offers takeout and delivery from several restaurants cooked in a single kitchen.

tors aside from artificial intelligence amid high interest rates.

"In this kind of market there is a disconnect between where investors would value the company and where I would value it," said Lore. "This is basically an elegant solution."

Lore founded Wonder in 2018 before he finished a stint

as head of e-commerce at Walmart. Lore has personally invested around \$300 million in debt and equity, including \$100 million this round.

Wonder's 11 locations in New York's Manhattan and Brooklyn boroughs and New Jersey primarily offer takeout and delivery from several restaurants cooked in a single kitchen. Its plans call for

adding nearly 100 more locations over the next two years, Lore said.

The startup initially set out to build a network of truck-based restaurants preparing hot curbside meals from popular chef-inspired menus. In the early years, around 500 Wonder trucks blanketed some suburban New Jersey and New York communities.

Wonder later shifted to a less-expensive operating model focused on physical kitchens. That shift temporarily erased much of Wonder's revenue.

Last fall, Wonder bought Blue Apron for \$103 million. Blue Apron lost money in 2022, during its last full year as a public company, but reported \$459 million in sales. Wonder declined to share its revenue excluding Blue Apron. Lore said investors are focused on Wonder's core model, not Blue Apron's revenue.

Lore has had success selling off several startups to larger firms, but hopes Wonder can be a company that sticks. "That's always the dream," said Lore, adding that the company envisions an IPO in three to five years.

Lore sold Quidsi, an e-commerce site for diapers and other household goods, to Amazon.com in 2010 for \$500 million. Amazon eventually shut down the unit. He sold Jet.com to Walmart for \$3.3 billion in 2016.

Walmart eventually wound down Jet, folding the operation into its broader e-commerce business. Lore left Walmart in early 2021 and took over as CEO of Wonder later that year. Lore also is part of the incoming, new ownership group for the Minnesota Timberwolves basketball team.

PE Firm To Acquire Jama for \$1.2 Billion

By LAURA KREUTZER AND DENNY JACOB

Francisco Partners has agreed to acquire **Jama Software** from shareholders that include existing backers **Insight Partners** and **Madrona Ventures** for \$1.2 billion.

Insight and Madrona previously led a \$200 million growth investment in the requirements-, risk- and test-management software provider in 2018. In five years, Jama has tripled its recurring revenue, according to a press release.

Jama helps engineering companies hone their product-development processes with an eye to reducing defects, delays, cost overruns and recalls. The company currently has more than 12.5 million users across markets that include automobiles, semiconductors, medical devices, financial services, industrial manufacturing and aerospace and defense, according to its website.

Jama Chief Executive Marc Osofsky will reinvest and continue to lead the company.

Francisco didn't specify in a news release which fund it is using to back the transaction.

However, the firm has plenty of capital to support both larger and smaller transactions. In 2022, it raised a total \$17 billion for two new funds, including its \$13.5 billion Francisco Partners VII main fund and \$3.3 billion Francisco Partners Agility III fund, which is focused on smaller deals.

Technology-focused Francisco has plenty of experience backing industrial software companies, including a 2022 growth investment in maritime software provider Veson Nautical.

Bankrupt Genesis Agrees to SEC Settlement

By VICKY GE HUANG

Bankrupt crypto lender **Genesis Global Capital** has agreed to pay a \$21 million civil penalty to settle charges that it engaged in unregistered offer and sale of securities.

Genesis, which is winding down in bankruptcy, and crypto exchange Gemini operated a program called Gemini

Earn, which let investors hand over their digital assets in exchange for interest payments. As of November 2022, Genesis held about \$900 million in assets from 340,000 Gemini Earn users.

Genesis abruptly paused withdrawals from the program after it couldn't meet client redemption requests in the wake of crypto exchange FTX's collapse.

In a lawsuit against the two firms last year, the Securities and Exchange Commission alleged that Gemini Earn violated investor-protection laws.

The regulator said Genesis should have registered the product, which would have required providing clients with detailed financial disclosures.

Under the terms of the set-

tlement announced Tuesday, the SEC said it won't receive any portion of the penalty until after all other allowed claims by the bankruptcy court are paid, including claims by retail investors in the Gemini Earn program.

"Today's settlement builds on previous actions to make clear to the marketplace and the investing public that crypto lending platforms and

other intermediaries need to comply with our time-tested securities laws," said SEC Chair Gary Gensler in a statement.

Gemini, Genesis and Genesis' parent company **Digital Currency Group** are facing a separate civil lawsuit by the New York attorney general, who is seeking more than \$3 billion in restitution for allegedly defrauded investors.

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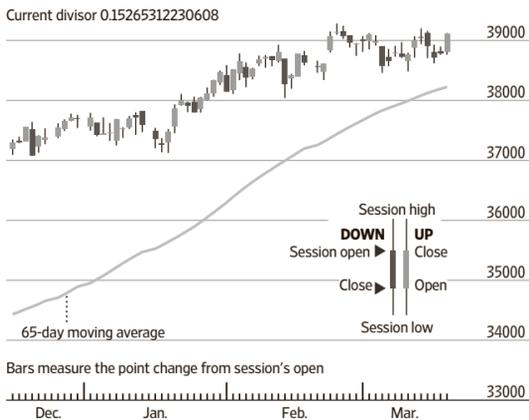
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

39110.76 ▲ 320.33, or 0.83%
 High, low, open and close for each trading day of the past three months.

Last Year ago
 Trailing P/E ratio 27.21 21.61
 P/E estimate * 18.76 17.04
 Dividend yield 1.84 2.15
 All-time high 39131.53, 02/23/24



S&P 500 Index

5178.51 ▲ 29.09, or 0.56%
 High, low, open and close for each trading day of the past three months.

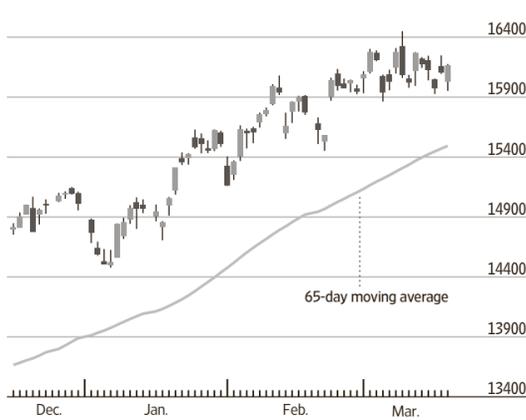
Last Year ago
 Trailing P/E ratio * 23.83 17.62
 P/E estimate * 21.35 17.93
 Dividend yield * 1.44 1.73
 All-time high 5178.51, 03/19/24



Nasdaq Composite Index

16166.79 ▲ 63.34, or 0.39%
 High, low, open and close for each trading day of the past three months.

Last Year ago
 Trailing P/E ratio ** 30.65 25.37
 P/E estimate ** 28.65 24.72
 Dividend yield ** 0.82 0.89
 All-time high: 16274.94, 03/01/24



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	Low	% chg	YTD	% chg 3-yr. ann.
Dow Jones										
Industrial Average	39122.71	38761.28	39110.76	320.33	0.83	39131.53	32030.11	20.1	3.8	6.2
Transportation Avg	15558.00	15401.56	15539.93	122.35	0.79	16695.32	13444.01	11.0	-2.3	3.1
Utility Average	861.20	853.28	859.64	6.29	0.74	975.39	783.08	-5.4	-2.5	0.5
Total Stock Market	51521.63	51039.11	51502.51	290.53	0.57	51544.11	39381.56	28.4	7.8	7.7
Barron's 400	1135.33	1122.83	1134.77	9.02	0.80	1141.48	881.58	22.7	5.8	5.6
Nasdaq Stock Market										
Nasdaq Composite	16175.59	15951.86	16166.79	63.34	0.39	16274.94	11669.96	36.3	7.7	7.0
Nasdaq-100	18039.82	17809.15	18032.20	47.19	0.26	18302.91	12567.15	41.5	7.2	11.9
S&P										
500 Index	5180.31	5131.59	5178.51	29.09	0.56	5178.51	3936.97	29.4	8.6	9.8
MidCap 400	2942.13	2912.64	2939.67	21.65	0.74	2968.54	2326.82	19.6	5.7	4.0
SmallCap 600	1294.22	1278.09	1291.26	8.81	0.69	1339.63	1068.80	10.5	-2.0	-1.6
Other Indexes										
Russell 2000	2039.83	2009.81	2035.71	10.97	0.54	2084.74	1636.94	14.5	0.4	-3.8
NYSE Composite	17983.74	17867.83	17975.80	93.48	0.52	18018.63	14675.78	20.0	6.7	4.9
Value Line	595.96	590.85	595.57	3.31	0.56	602.24	498.09	9.2	0.3	-2.7
NYSE Arca Biotech	5254.15	5182.57	5249.43	52.69	1.01	5511.46	4544.40	1.2	-3.1	-2.0
NYSE Arca Pharma	1013.28	1004.60	1012.95	2.45	0.24	1029.37	804.86	24.4	11.3	13.7
KBW Bank	99.10	98.40	98.73	0.19	0.20	99.81	71.71	18.4	2.8	-6.6
PHLX ^S Gold/Silver	118.32	116.71	116.83	-2.53	-2.12	144.37	102.94	-3.8	-7.1	-6.2
PHLX ^S Oil Service	89.50	87.44	89.43	1.88	2.15	98.76	69.29	15.9	6.6	16.6
PHLX ^S Semiconductor	4734.49	4620.52	4712.81	-44.79	-0.94	5165.83	2906.29	51.2	12.9	16.1
Cboe Volatility	14.86	13.80	13.82	-0.51	-3.56	22.61	12.07	-35.4	11.0	-12.9

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Alight	ALIT	9,056.0	8.89	0.05	0.57	8.89	8.84
Vanguard Long-Term Bd	BLV	8,080.0	71.16	...	unch.	71.16	71.16
Altria Group	MO	7,468.7	44.70	0.07	0.16	44.88	44.51
VanEck Gold Miners	GDV	6,909.2	29.06	...	unch.	29.09	28.99
SoFi Technologies	SOFI	6,865.1	6.93	0.01	0.07	6.93	6.90
Snap	SNAP	6,202.4	11.04	-0.01	-0.09	11.10	11.01
Cummins	CMI	5,656.4	280.31	-0.70	-0.25	281.01	280.29
SPDR S&P 500 ETF Trust	SPY	5,549.0	515.57	-0.15	-0.03	515.94	515.38

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Taysha Gene Therapies	TSHA	2,149.5	2.86	0.61	27.11	3.22	2.25
Canopy Growth	CGC	794.1	4.39	0.56	14.62	4.56	3.80
Sarcos Tech & Robotics	STRC	431.4	2.06	0.24	12.88	2.25	1.81
Zoetis	ZTS	85.3	185.24	12.28	7.10	185.24	172.96
Standard BioTools	LAB	164.0	2.66	0.11	4.31	2.66	2.50

...And losers

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Aquestive Therapeutics	AQST	582.7	4.72	-0.62	-11.61	5.34	4.38
Solidion Technology	STI	162.2	2.73	-0.20	-6.83	3.02	2.69
Arvinas	ARVN	459.4	40.80	-1.76	-4.14	42.56	40.80
TC Energy	TRP	73.0	38.65	-1.62	-4.02	40.27	38.65
KLA	KLAC	109.7	655.01	-26.05	-3.82	681.49	655.01

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	1,082,404,197	14,778,974
Adv. volume*	678,054,267	4,881,621
Decl. volume*	380,012,534	9,789,315
Issues traded	2,911	311
Advances	1,949	131
Declines	866	163
Unchanged	96	17
New highs	176	7
New lows	34	8
Closing Arms [†]	1.57	2.61
Block trades [†]	4,810	151
	Nasdaq	NYSE Arca
Total volume*	4,758,742,554	305,019,630
Adv. volume*	2,551,457,720	180,788,056
Decl. volume*	2,101,861,531	121,110,673
Issues traded	4,414	1,903
Advances	2,466	1,412
Declines	1,765	466
Unchanged	183	25
New highs	108	146
New lows	126	20
Closing Arms [†]	1.15	1.88
Block trades [†]	28,368	1,932

*Primary market NYSE, NYSE American, NYSE Arca only. †(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	MSCI ACWI	773.32	1.84	0.24	6.4
	MSCI ACWI ex-USA	326.10	-1.02	-0.31	3.0
	MSCI World	3393.37	12.70	0.38	7.1
	MSCI Emerging Markets	1027.78	-10.29	-0.99	0.4
Americas	MSCI AC Americas	1956.59	9.92	0.51	7.9
Canada	S&P/TSX Comp	21860.58	23.40	0.11	4.3
Latin Amer.	MSCI EM Latin America	2484.66	-14.65	-0.59	-6.0
Brazil	Bovespa	127528.85	574.67	0.45	-5.7
Chile	S&P IPSA	3581.24	-20.94	-0.58	3.3
Mexico	S&P/BMV IPC	55548.07	-680.33	-1.21	-3.2
EMEA	STOXX Europe 600	505.23	1.29	0.26	5.5
Eurozone	Euro STOXX	511.19	2.56	0.50	7.8
Belgium	Bel-20	3681.14	7.95	0.22	-0.7
Denmark	OMX Copenhagen 20	2687.69	-30.01	-1.10	17.7
France	CAC 40	8201.05	52.91	0.65	8.7
Germany	DAX	17987.49	54.81	0.31	7.4
Israel	Tel Aviv	1938.51	9.97	0.52	3.9
Italy	FTSE MIB	34262.36	321.40	0.95	12.9
Netherlands	AEX	860.69	6.93	0.81	9.4
Norway	Oslo Bors All-Share	1512.55	3.39	0.22	-0.4
South Africa	FTSE/JSE All-Share	71868.07	-562.39	-0.78	-6.5
Spain	IBEX 35	10701.40	104.70	0.99	5.9
Sweden	OMX Stockholm	951.60	5.90	0.62	5.4
Switzerland	Swiss Market	11577.80	-45.83	-0.39	4.0
Turkey	BIST 100	8929.88	211.77	2.43	19.5
U.K.	FTSE 100	7738.30	15.75	0.20	0.1
U.K.	FTSE 250	19432.81	-53.72	-0.28	-1.3
Asia-Pacific	MSCI AC Asia Pacific	175.10	-1.11	-0.63	3.4
Australia	S&P/ASX 200	7703.20	27.36	0.36	1.5
China	Shanghai Composite	3062.76	-22.17	-0.72	3.0
Hong Kong	Hang Seng	16529.48	-207.64	-1.24	-3.0
India	S&P BSE Sensex	72012.05	-736.38	-1.01	-0.3
Japan	NIKKEI 225	40003.60	263.16	0.66	19.5
Singapore	Straits Times	3173.55	1.63	0.05	-2.1
South Korea	KOSPI	2656.17	-29.67	-1.10	0.03
Taiwan	TAIEX	19857.20	-22.65	-0.11	10.7
Thailand	SET	1382.46	-3.48	-0.25	-2.4

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	52-Week Low	% chg
Fusion Pharmaceuticals	FUSN	21.18	10.54	99.06	21.21	2.31	426.9
Enliven Therapeutics	ELVN	17.54	4.90	38.77	24.22	9.80	-19.8
BitFuFu	FUFU	5.40	1.32	32.35	18.32	3.81	-47.7
Critical Metals	CRML	10.30	2.44	31.04	22.50	5.32	-0.9
Spire Global	SPIR	16.01	3.73	30.37	19.40	2.80	163.0
Vincer Pharma	VINC	6.30	1.39	28.31	9.37	0.61	556.3
HCM Acquisition CI A	HCMAC	13.68	2.98	27.85	16.28	3.60	30.8
Redwoods Acquisition	RWOD	12.08	2.58	27.16	12.08	9.35	17.2
Actinium Pharmaceuticals	ATNM	8.21	1.67	25.54	9.56	4.00	-12.9
Envoy Medical	COCH	4.55	0.89	24.32	11.72	0.75	-54.4
Telomir Pharmaceuticals	TELO	5.95	1.12	23.19	20.72	4.76	...
Aptorum Group	APM	9.63	1.79	22.83	17.49	1.35	309.8
NWTN	NWTN	4.85	0.89	22.47	12.34	2.76	-50.1
FibroBiologics	FBLG	10.91	1.92	21.36	55.00	6.53	...
Primech Holdings	PMEC	3.75	0.63	20.19	4.18	1.01	...

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	52-Week Low
Fisker	FSR	210,639	210.0	0.13	-9.83	7.22	0.13
Ontrak	OTRK	208,707	36908.1	0.44	131.58	4.08	0.14
Direxion Dly Semi 3 Bear	SOXS	186,120	42.9	3.65	2.86	23.22	2.76
Pro							

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 consolidated from trades reported by various market centers, including securities exchanges, Fintz, electronic communications networks and other broker-dealers. The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes: +N=New 52-week high; -N=New 52-week low; dd=Indicates loss in the most recent four quarters.

Stock tables reflect composite regular trading as of 4 p.m. ET and changes in the official closing prices from 4 p.m. ET the previous day.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-sections A-C, D-F, G-I, J-L, M-N, O-Q, R-S, T-V, W-X, Y-Z.

Main table of 1,000 largest stocks with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg.

Borrowing Benchmarks

wsj.com/market-data/bonds/benchmarks

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Table of money rates including Inflation, U.S. consumer price index, International rates, Prime rates, Policy Rates, Overnight repurchase, U.S. government rates, Discount, Federal funds, Treasury bill auction.

Cash Prices

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table of cash prices for Energy, Metals, Grains and Feeds, Silver, Food, Fibers and Textiles, Fats and Oils.

Bankrate.com MMA, Savings and CDs

Average Yields of Major Banks

National average

Weekly change

Consumer Savings Rates

High yield savings

Money market account

One-month CD

Two-month CD

Three-month CD

Four-month CD

Five-year CD

Notes: Accounts are federally insured up to \$250,000 per person. Yields are based on method of compounding and rate stated for the lowest required opening deposit to earn interest. CD figures are for fixed rates only. MMA: Always six (6) third-party transfers per month, three (3) of which may be checks. Rates are subject to change.

Source: Bankrate.com, a publication of Bankrate, Inc., Palm Beach Gardens, FL 33410

Internet: www.bankrate.com

MARKETS

S&P 500 Climbs to Record Before Fed

Ten of 11 industry sectors gain; Energy is leader, pushed up by rising oil prices

By CAITLIN OSTROFF

The S&P 500 climbed to a record ahead of the Federal Reserve's interest-rate decision, with investors awaiting clues about how stickier-than-anticipated inflation might influence potential rate cuts this year. The benchmark index rose 0.6%, with 10 of its 11 sectors closing higher. The Dow Jones Industrial Average rose 320 points, or 0.8%, while the tech-heavy Nasdaq Composite added 0.4%.

The central bank is widely expected to hold interest rates steady when its two-day policy meeting concludes Wednesday. Investors will in-

stead focus on its latest interest-rate and economic projections.

Fed officials in December thought a key inflation gauge would fall from just above 3% at the end of 2023 to just below 2.5% at the end of this year.

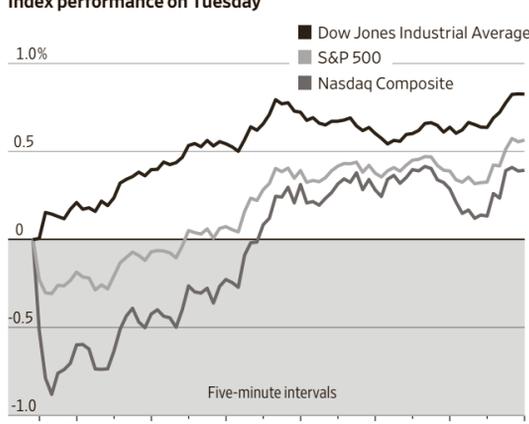
Since then, inflation has been higher than expected. That has investors focused on whether officials still project three cuts this year or just two. Investors will also hunt for signs from Fed Chair Jerome Powell's news conference on whether the first cut is still possible in June, as futures markets anticipate.

Investors in interest-rate futures markets are betting that the Fed will cut interest rates three times in 2024.

Earlier this month, Powell told lawmakers the central bank was "not far" from being able to cut interest rates.

"The question is does he do a detour from that statement," said Quincy Krosby,

Index performance on Tuesday



Source: FactSet

chief global strategist for LPL Financial. "The market's move higher on the days we do move higher is predicated on the idea that the Fed will cut rates."

The S&P 500 has advanced

more than 8% this year.

Chris Zaccarelli, chief investment officer at Independent Advisor Alliance, said that while inflation hasn't come down as quickly as anticipated, it has generally

trended lower, supporting a rate cut sometime this year.

"The market sees less rate cuts this year, but they don't think rate cuts are off the table," he said.

Among individual movers, American depository receipts of Unilever rose 2.8% after the consumer-goods giant said it plans to spin off its ice-cream unit that houses Ben & Jerry's.

Front-month Brent crude futures contracts rose 0.6% to \$87.38 a barrel. Energy shares led gains in the S&P 500, pushing the sector up 1.1%.

The yield on the benchmark 10-year Treasury note edged down to 4.296% from 4.339% Monday. Yields and prices move inversely.

Overseas, the Stoxx Europe 600 rose 0.3%. The yen fell against the dollar after the Bank of Japan ended an era of negative rates. The Nikkei 225 index rose 0.7%, topping 40000. Japanese markets are

closed for the Vernal Equinox on Wednesday.

S&P 500 futures were down 0.1% late Tuesday.

AUCTION RESULTS

Here are the results of Tuesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

52-WEEK BILLS	
Applications	\$132,510,468,900
Accepted bids	\$46,104,716,900
* noncompetitively	\$1,508,093,400
* foreign noncompetitively	\$3,200,000
Auction price (rate)	95.136556 (4.810%)
Coupon equivalent	5.062%
Bids at clearing yield accepted	31.68%
Cusip number	912797KJ5
The bills, dated March 21, 2024, mature on March 20, 2025.	

19-YEAR, 11-MONTH BONDS	
Applications	\$36,207,409,800
Accepted bids	\$13,000,024,800
* noncompetitively	\$82,964,800
* foreign noncompetitively	\$0
Auction price (rate)	99.444553 (4.542%)
Interest rate	4.500%
Bids at clearing yield accepted	94.02%
Cusip number	912810I21
The bonds, dated April 1, 2024, mature on Feb. 15, 2044.	

Stranded Jets Spur Legal Battle

Continued from page B1

turned to their owners? Were the planes stolen by the Russian airlines or seized by the state? Have the jets been so poorly maintained or so badly damaged that they are worthless?

The dispute dates to the chaotic early days of the war in Ukraine. The U.S. and Europe put sanctions on Russia, which forced leasing companies to end agreements with Russia's airlines. Hundreds of aircraft were left in limbo.

Leasing companies hired repo teams to grab the aircraft when they landed at friendly airports. They had few successes. The repossession effort

has tapered off. Leasing companies acknowledge that it is unlikely the planes would be able to fly again in the West due to the makeshift way in which Russia has been maintaining the jets.

The Kremlin ordered airlines not to return those jets, effectively absconding with billions in assets. Many of the planes have been registered in Russia and are flying domestic routes or going overseas to friendly countries.

The leasing companies, which own around half of the world's commercial jets, typically require airlines to insure their planes with a local company, which then sells off some of the risk to international reinsurers. The leasing companies also have their own insurance, covering war and other risks.

The insurers have offered many reasons why they shouldn't pay the claims. One is that they withdrew coverage for Russia after the war started

but before the planes they insured got stranded there.

If they win on that argument, it "could undermine the future of the insurance product itself if buyers doubt that cover is reliable for any new conflict," according to Rob Smart, chief technical officer at Mac-tavish, a U.K. firm that advises policyholders.

Insurers are also arguing that exclusions for war can be triggered even when countries aren't actually fighting with each other. The insurers said the financial and other support given to Ukraine by the West is proof of involvement in the conflict. "War" is no longer merely "boots on the ground," Swiss Re said in a court filing. Another defense is that the aircraft-leasing companies

could have done more to retrieve their planes. Chubb said in a court filing that the companies "had opportunities prior to and after February 24, 2022, to remove their assets from Russia." To the extent they failed to do this, they "voluntarily abandoned their assets" and so aren't covered by the insurance.

The leasing companies say it was impossible to retrieve the jets in all but a handful of cases.

Steven C. Marks of law firm Podhurst Orseck, representing leasing company Carlyle Aviation Partners, called the "ridiculous bunch of defenses" a stalling tactic and questioned whether all the insurers had adequate funds to pay the claims. The insurers' management of Russia-related

claims "could lead to larger-scale problems, including a domino effect of insolvencies and missed payments," he wrote last month to the Federal Insurance Office, a U.S. government body that monitors the insurance industry.

While foreign insurers are fighting, Russian insurers have paid settlements worth more than \$2 billion for more than 100 aircraft, according to securities filings and company statements. Irish leasing company AerCap Holdings, which in 2022 took a \$2.7 billion write-down on its planes stuck in Russia, has agreed to deals for 67 of its 113 planes in the country, getting in total \$1.3 billion of cash.

These deals appear to value the aircraft at less than they were worth before the war began. AerCap got around 70% of the insured value of the aircraft, the company said last month. Critics say Russia is trying to get ownership of the planes on the cheap.

But the legal fight is far from over. AerCap is still pursuing its Western insurers for \$2.2 billion for its 113 written-off planes, including amounts not recovered under its settlements. "So it's not as though that money is necessarily lost," Peter Juhas, the company's chief financial officer, told investors last month.

Others are rejecting the discounted offers from Russian insurers. Carlyle Aviation Partners, owned by the private-equity giant, is pursuing a 23-plane claim for more than \$700 million in Florida state court. It rejected an offer from Russian insurers to settle for a discount to the jets' book value.

"The same template was offered to us and we're not agreeing to it," Carlyle lawyer Marks said. He accused the Western insurers of dragging their feet to try to persuade aircraft-leasing companies to agree to discounted offers.

—Benjamin Katz contributed to this article.

400

Number of aircraft at issue in dispute between insurers and owners

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

UBS's Path Is Lined With Temptation

Investors would balk if its expansion of investment banking in the U.S. detracts from the focus on wealth management

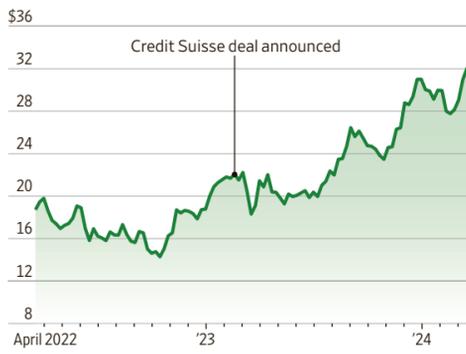
Those who win the lottery often spend the money unwisely. This is the risk UBS needs to keep in mind on the anniversary of its Credit Suisse windfall.

A year ago Tuesday, UBS said it would buy its embattled rival under the auspices of Swiss regulators, who wanted to end a banking panic. UBS ended up paying \$3.6 billion in stock for a bank with an estimated tangible book value of \$33 billion—even after write-downs, expected litigation costs and accounting adjustments. The odd skeleton still lurking in the closet probably won't stop this being remembered as the deal of the decade. Shares in UBS are up 62% since.

But one big question lingers: How will the merger change UBS? After all, the lender had a strategy that the market liked: a focus on wealth management.

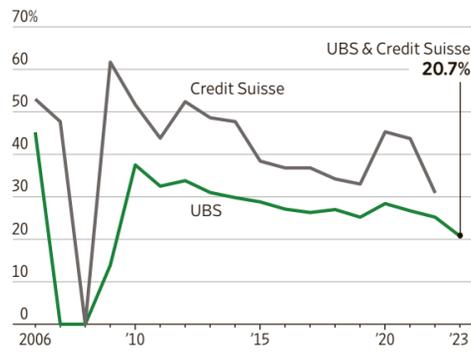
Investors see this business as the holy grail in today's regulatory environment. It requires little capital to generate high returns, and the fees tend to be less volatile than investment-banking income. Morgan Stanley has become the highest-valued major bank in the world because 48% of its 2023 revenues came from wealth management.

UBS share price over the past two years



*Between 2015 and 2019, Credit Suisse data exclude investment-banking revenues in Asia Pacific. Negative income (as a result of trading) results in a 0% revenue share. Source: FactSet

Investment banking, percentage of total revenues*



UBS can boast an even higher figure: 52%. This strength comes from adversity in the financial crisis, when it needed to be bailed out after daredevil efforts to expand investment-banking operations in the U.S. left it exposed to subprime real estate. Humbled, the bank returned to asset gathering, gearing its investment bank mostly toward fulfilling the needs of wealthy clients. It shrank to account for about a quarter of company revenue before the merger. Credit Suisse went the opposite

way. With its investment bank relatively unscathed by the financial crisis, risk management relaxed, bonuses exploded, scandals popped up and fines accumulated. On average in the three years before its demise, its investment bank accounted for about 40% of total revenue, surpassing the more reliable wealth and asset management business.

The memory of all this is why UBS now walks a tightrope in its postdeal strategy. It wants to use Credit Suisse's operations to be-

come the sixth largest investment bank in the U.S. UBS ranked No. 25 in North America before bolting on Credit Suisse's capabilities, which have promoted it to No. 16, according to Dealogic. It has been adding senior dealmakers and expanding research coverage.

It isn't just Swiss banks that have failed to penetrate this market, where incumbents such as JP-Morgan and Goldman Sachs reign supreme. Incursions by Deutsche Bank and HSBC ended badly. Barclays is engaged in yet another

strategic overhaul.

UBS executives have made it clear that this time will be different, with the investment bank kept on a tight leash.

The point of expanding it is to establish a larger footprint in the U.S. that lowers costs and helps bring family offices on board, thus keeping the spotlight on wealth management, UBS Chief Executive Sergio Ermotti said at an investment conference last week.

"I don't see any reason for us to go away from this kind of niche. It's quite unique," he said, referring to wealth management. "We are willing to sacrifice growth short term."

UBS's culture of risk aversion does seem entrenched, but the path forward will be lined with temptations.

Take the large number of U.S. firms that are now rolling over debt ahead of a maturity wall at the end of this year and the beginning of 2025. It is an attractive proposition for bankers willing to venture further into the financing game.

The UBS playbook remains clear, but it could still be hard to follow—particularly since good fortune has a way of breeding complacency. —Jon Sindreu

Unilever Looks Better Off Without Ben and Jerry's

Ice-cream business is struggling and enjoys less overlap with the rest of the consumer company

Giving up ice cream is the right move for Unilever, slimming it down without cutting too far into what makes the Anglo-Dutch consumer giant who it is.

Unilever on Tuesday said it would separate out the ice-cream business, which includes iconic brands such as Ben & Jerry's, Wall's and Magnum. Unless a buyer emerges, it will likely become a stand-alone listed entity by the end of next year. The company said the business includes five of the top 10 global ice-cream

brands, with revenue of €7.9 billion, equivalent to \$8.6 billion, last year.

Unilever will retain its nutrition business, which includes food products such as Hellmann's mayonnaise, alongside its home-care, personal-care and beauty-and-well-being divisions, which sell products ranging from household cleansers to Dove soap.

On Tuesday, the company also announced 7,500 mainly white-collar job cuts as part of a new savings program.

One obvious question is why not separate out the nutrition business as well, effectively splitting Unilever into a food company and a household-staples company. One answer is that the ice-cream business is unique, requiring a separate, cold-temperature supply chain and servicing distinct points of sale like outdoor ice-cream stands. Other foods such as shelf-stable mayonnaise can go on the same trucks as Dove soap bars, often to the same retailers, allowing more natural synergies.

Another answer is that Unilever's food business helps it achieve critical scale in emerging markets, especially with brands such as Horlicks, a malted beverage



The ice-cream business logged sales growth of 2.3% last year, by far the slowest of Unilever's four major divisions. Unilever says the arm includes five of the top 10 global ice cream brands, with revenue of \$8.6 billion last year.

powder that is popular around the world.

Additionally, the ice-cream business has struggled lately. It recorded sales growth of just 2.3% in 2023, by far the slowest of Unilever's four major divisions. Being a highly discretionary purchase, it is one that consumers can easily cut back on in response to price increases—underlying

volumes fell 6% as prices rose 8.8%. The broader nutrition business saw a less-intense demand response from consumers, with volumes falling by just 2.2% on a 10.1% rise in prices.

Jettisoning the ice-cream business is the first truly transformative move by Unilever's newish Chief Executive Hein Schumacher, who joined in July of last year

with a mandate to stem market-share losses and revive a flagging valuation. His vision for renewing the company is now coming into clearer view, featuring a streamlined Unilever that nonetheless remains a global giant in both food and household goods.

There is plenty more to be done, but it is a promising start. —Aaron Back



AstraZeneca Joins Radioactive Push With Fusion Deal

AstraZeneca became the latest big drugmaker to buy a company focused on an emerging approach to fighting cancer known as radiopharmaceuticals.

On Tuesday, the Anglo-Swedish pharmaceutical said it is buying Fusion Pharmaceuticals for up to

\$2.4 billion as part of a plan to accelerate the development of next-generation cancer treatments.

With the deal, AstraZeneca joins Eli Lilly, Bristol-Myers Squibb and Novartis in working to develop therapies that can deliver radioactive isotopes directly

to cancer cells.

It is a highly complex approach, but Novartis has shown it has the potential to be lucrative: Pluvicto, a Novartis therapy for a type of advanced prostate cancer, is expected to surpass \$2 billion in annual sales next year, according to

analysts polled by Visible Alpha.

AstraZeneca already had a collaboration with Fusion, but the deal deepens the pharmaceutical company's commitment to the field and, crucially, gives it access to production of a next-generation isotope known as actinium-225.

One of the biggest challenges in radiopharma is its supply chain. Radioactive isotopes are produced in special nuclear research reactors or generators and then shipped to a production facility, where they are linked to a cell-targeting compound.

The product then needs to be tested and packaged before being shipped to clinics.

Speed and precision are extremely important because the radioactive material in the medicine decays within days.

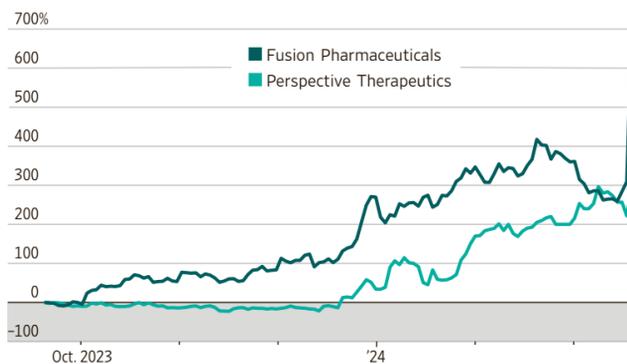
Radiopharma is a nascent field, so there aren't a lot of late-stage assets left for big pharmaceutical companies to target. That likely means private companies will be pursued more aggressively as well. Shares of radiopharmaceutical company Perspective Therapeutics rose 16% on Tuesday.

AstraZeneca's deal shows big pharmaceutical companies aren't backing down from the nuclear option. —David Wainer



The Anglo-Swedish company is buying Fusion for up to \$2.4 billion.

Share-price performance, past six months



Source: FactSet