

# THE WALL STREET JOURNAL.

## What's News

### Business & Finance

- ◆ **Firm inflation during** the first quarter has called into question whether the Fed will be able to lower interest rates this year without signs of an unexpected economic slowdown, Powell said. **A1**
- ◆ **U.S. stocks ended** mixed after the Fed chairman's remarks, with the S&P 500 and Nasdaq slipping 0.2% and 0.1%, respectively, while the Dow rose 0.2%. Treasury yields hit five-month highs. **B11**
- ◆ **The biggest U.S. banks** reported stronger-than-expected first-quarter earnings, but results were tempered by rising pressure from interest rates, which squeezed profit margins. **A1**
- ◆ **UnitedHealth's** shares staged a relief rally, jumping more than 5% after the healthcare giant delivered better-than-expected first-quarter adjusted earnings. **B1**
- ◆ **SpaceX began** a crackdown on users who are connecting to its Starlink high-speed internet service from countries where it hasn't been authorized, moving against a black market in its kits. **A9**
- ◆ **Microsoft will invest** \$1.5 billion in a tech company backed by the U.A.E., a deal that includes an intergovernmental pact to ensure artificial-intelligence security. **B1**
- ◆ **Tesla delayed** deliveries of its Cybertruck in recent days, buyers said, the latest stumble for the automaker facing weakening demand for its electric vehicles. **B4**
- ◆ **International Paper** agreed to buy London-listed peer DS Smith in a stock deal valued at the equivalent of \$7.22 billion to form an international-packaging leader. **B2**

### World-Wide

- ◆ **The Supreme Court** questioned a novel legal approach federal prosecutors used to charge hundreds of defendants who participated in the Jan. 6, 2021, riot at the Capitol, in a case that could have ramifications for election-interference charges against Trump. **A1**
- ◆ **Seven jurors** for Trump's hush-money case were selected quickly after a sluggish start, a pace that could clear the way for trial testimony to begin next week. **A4**
- ◆ **Mike Johnson** vowed to remain House speaker as he faced the most direct challenge to his leadership since taking the gavel last fall, sparked by his effort to pass long-stalled funding for Ukraine, Israel and other overseas allies. **A4**
- ◆ **Canada said it would raise** capital-gain taxes on corporations and wealthy individuals to finance multibillion-dollar spending measures. **A9**
- ◆ **USC canceled** the commencement speech of its valedictorian, a Muslim student, citing what it described as security concerns amid the conflict in the Middle East. **A3**
- ◆ **The Israel-Iran conflict** is bringing the Arab Gulf states closer to the point where they may have to choose between Tehran on one side and the U.S. and Israel on the other. **A7**
- ◆ **Many Russian opposition** groups in exile are riven by infighting over how best to weaken Vladimir Putin. **A9**
- ◆ **Died: Bob Graham**, 87, former senator from Florida. ... **Whitey Herzog**, 92, former Cardinals manager. ... **Carl Erskine**, 97, a mainstay of the Dodgers. **A2**

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## Fire Rips Through Historic Danish Stock Exchange



**RAVAGED:** As flames tore through Copenhagen's old stock exchange building Tuesday, onlookers and first responders rushed into the 17th-century Borsen to rescue paintings and cultural artifacts housed there. To watch a video of the fire as it engulfed the popular tourist destination in the Danish capital, scan the code with the article on page B3.



## Tech Giants Trim Office Space, Dealing Landlords Major Blow

By KONRAD PUTZIER

Big technology companies are cutting back on office space across major coastal cities, leaving some exposed landlords with empty buildings and steep losses. The pullback marks a sharp reversal after years when companies such as Amazon.com, Meta Platforms' Facebook and Google parent Alphabet had been bolstering their office

footprints by adding millions of square feet of space. Their expansion continued even after the pandemic erupted and many employees started working remotely. Tech companies have been the dominant tenant in West Coast cities like Seattle and San Francisco, and by 2021 these companies came to rival those in the finance industry as Manhattan's biggest user of office space.

Now, big tech companies are letting leases expire or looking to unload some offices. Amazon is ditching or not renewing some office leases and last year paused construction on its second headquarters in northern Virginia. Google has listed office space in Silicon Valley for sublease, according to data company CoStar. Meta has also dumped some office space and is leasing less than it did early

on in the pandemic. Salesforce, the cloud-based software company, said in a recent securities filing that it leased or owned about 900,000 square feet of San Francisco office space as of January. That is barely half the 1.6 million of office space it reported having in that city a year earlier. Tech giants looking to unload part of their workplace

## Rivalries Divide Israel's War Cabinet

Netanyahu, defense minister, ex-chief of military are at odds over Gaza tactics

By RORY JONES AND CARRIE KELLER-LYNN

TEL AVIV—Six months into the conflict against Hamas, the Israeli public is deeply divided about how to win the war in the Gaza Strip. So, too, are the three top officials in the war cabinet meant to foster unity in that effort. Long-simmering grudges and arguments over how best to fight Hamas have soured relations between Is-

rael's wartime decision makers—Prime Minister Benjamin Netanyahu, Defense Minister Yoav Gallant and the former head of the Israeli military, Benny Gantz. The three men are at odds over the biggest decisions they need to make: how to launch a decisive military push, free Israel's hostages and govern the postwar strip. Please turn to page A10

◆ **Israel and Iran both seek** deterrence..... **A7**

## Global Growth Worries Rise

The IMF's medium-term economic outlook is increasingly pessimistic. **A2**



## Big Banks Boosted By Strong Economy, Consumer Spending

The U.S.'s biggest banks reported stronger-than-expected earnings in the first quarter, highlighting how a resilient economy is helping power everything from Main Street to Wall Street. JPMorgan Chase, Bank of America, Citigroup, Wells Fargo, Goldman Sachs and Morgan Stanley all reported revenue and earnings that beat

or met analysts' expectations. Consumer spending remained robust. Pent-up demand for dealmaking, stock and bond sales lifted earnings at the Wall Street-heavy banks. A market rally continued in early 2024, boosting fees the banks collect on money they manage for clients. But the results were tempered by rising pressure from interest rates, which squeezed profit margins. Banks are warning that the recovery in capital markets is fragile. And Please turn to page A4

## A Strong Deodorant Finds A Wild and Woolly New Market

Sheep farmers discover a body spray helps keep rams from fighting; 'no argy-bargy'

By SAABIRA CHAUDHURI

HARLESTON, England—A few years ago, retired police officer Sam Bryce posted a question on the U.K. Facebook group "Ladies Who Lamb." A ram she owned had become very ill-tempered and was picking on his castrated fieldmate. Was there anything the

other shepherdesses could suggest to calm him? The replies came back within minutes: Lynx Africa. Lynx is the U.K. name for the popular deodorant sold in the U.S. as Axe, a product that for decades has been marketed as a way for young men to become instantly irresistible. Please turn to page A10



Smell test

## Justices Cast Wary Eye On Law Used for Jan. 6

By JAN WOLFE

WASHINGTON—The Supreme Court questioned a novel legal approach federal prosecutors used to charge hundreds of defendants who participated in the Jan. 6, 2021, riot at the U.S. Capitol, in a case that could have ramifications for election-interference charges against former President Donald Trump. The justices on Tuesday appeared open to arguments by Joseph Fischer, a former police officer from Pennsylvania who entered the Capitol

on Jan. 6 for about four minutes, allegedly scuffled with law enforcement and eventually was charged with seven offenses, including a felony count of obstructing an official proceeding. Fischer argues that prosecutors shouldn't be allowed to charge Jan. 6 rioters with violating an obstruction statute passed as part of the Sarbanes-Oxley Act, the corporate-governance law enacted in 2002 after the Enron financial scandal. The law was intended to Please turn to page A4

## INSIDE



**PERSONAL JOURNAL**  
How to make boring conversations more interesting—or make your escape. **A12**

## U.S. NEWS

## Global Economy to Slow in Coming Years, IMF Says

But 2024 growth is now seen at 3.2%, up from an October forecast of 2.9%

By PAUL KIERNAN

WASHINGTON—The world economy is outpacing expectations this year, but the prospects for longer-term growth are less rosy.

Global economic output is likely to expand 3.2% in 2024, the International Monetary Fund said Tuesday, up from an October forecast for 2.9% growth.

The improved outlook owes mainly to the continued strength of the U.S. economy, which has defied expectations of a slowdown even as the Federal Reserve holds interest rates at their highest level in more than two decades.

China, Russia, India and Brazil—the largest developing economies—are also seen growing somewhat faster than the IMF predicted six months ago.

“The global economy remains quite resilient,” Pierre-Olivier Gourinchas, the IMF’s chief economist, told reporters.

## Medium-term gloom

Beyond the next few years, however, the panorama is less favorable. By 2030, the IMF predicts, the world economy is likely to be growing 2.8% a year—a full percentage point less than its average from 2000 to 2019.

That is largely because of slower growth in the labor supply, a function of demographics and aging populations in much of the world. In the past, legions of young workers and women entering

the job market for the first time provided a powerful tailwind to the world economy. But by the end of this decade, the IMF sees the global labor supply increasing just 0.3% a year, less than a third of its average in the 10 years before the pandemic.

Further weighing on the economy’s longer-term prospects is a projected slowdown in capital formation, as elevated debt levels crimp governments’ capacity to invest, the IMF said. Geopolitical strife and fragmentation of the global economy into like-minded trading blocs—where political distance matters more than geographic distance—also threaten progress.

The slowdown could have grim implications for “convergence” between richer and poorer countries. This was a heartening feature of the world economy during most

of the past two decades, when lower-income nations generally increased their living standards faster than mature economies like the U.S. and European Union.

But since the pandemic, this trend has stalled. The poorest countries are grappling with sharply higher prices for food, fertilizers and other key goods. They also had less capacity to respond to the pandemic with fiscal stimulus, delaying their economies’ recovery.

Relative to prepandemic trends, economic growth is projected to slow more in emerging and low-income economies than in advanced ones. The result is slower progress on metrics such as life expectancy, inequality and consumption, the IMF said.

“We need to think of ways of closing those gaps,” Gourinchas said. “If we do that, there will

be...less need for migration.”

## U.S. outperforms

Though the IMF projects less economic scarring from the pandemic than it did six months ago, the latest outlook still estimates about \$3.3 trillion in global economic output has been lost since 2020.

The main exception is the U.S., whose economy has already steamed past its prepandemic trend line. The IMF expects U.S. gross domestic product to expand 2.7% in 2024, up from an October forecast of 1.5% growth.

Behind the U.S.’s outperformance, the IMF said, is a boost to the labor supply from immigration, as well as robust government spending.

One possible avenue toward a brighter economic future is through greater adop-

tion of artificial intelligence, the IMF said.

But it is unclear how much of a boost AI could provide. AI could increase productivity growth by as much as 0.8 percentage point a year over a decade, the IMF estimates—or by as little as 0.1 percentage point.

There is also the risk of AI’s replacing humans in certain jobs, or fundamentally changing the nature of those jobs. Outcomes in this respect are likely to vary from country to country.

In advanced economies like the U.S., the IMF estimates that 60% of jobs are susceptible to changes as a result of AI, compared with 40% of jobs in emerging-market economies and 26% in low-income countries.

But if poorer countries experience less disruption from AI, they also stand to reap fewer benefits, the IMF warns.

## U.S. WATCH



SPACE-BOUND: A Boeing CST-100 Starliner spacecraft was rolled out Tuesday in Cape Canaveral, Fla. NASA is targeting May 1 for the Crew Flight Test-1 mission to the International Space Station.

## MICHIGAN

## Ex-House Leader, Wife Face Charges

Prosecutors charged the former leader of the Michigan House and his wife with financial crimes Tuesday, alleging they milked political accounts for personal travel, housing and other benefits while the Republican lawmaker held the powerful post.

Lee Chatfield misused his multimillion-dollar Peninsula Fund, which wasn’t required to report the names of donors and served as an “unregulated slush fund,” Attorney General Dana Nessel said.

Chatfield faces 13 charges, including conducting a criminal enterprise, which carries a maximum prison sentence of 20 years.

Chatfield’s attorney, Mary Chartier, said she would fight the charges. “It took almost 2½ years for the AG’s office to come up with charges. It’s going to be pretty flimsy if it took that long,” she said.

Chatfield’s wife, Stephanie Chatfield, also faces charges. A message seeking comment from her lawyer, Matt Newburg, wasn’t immediately returned.

—Associated Press

## OHIO RIVER

## Sunken Barge That Came Loose Found

A barge operator believes it has found a sunken barge in the Ohio River near Pittsburgh, one of 26 that broke loose and floated away during weekend flooding, company officials said Tuesday.

Crews used sonar to locate an object in a stretch of the river north of the city, which Campbell Transportation said it presumes to be its missing barge. River remained closed to maritime traffic.

Cmdr. Justin Jolley, of the U.S. Coast Guard’s marine safety unit in Pittsburgh, said that once the object in the river is confirmed to be the missing barge, “we’re hopeful we can reduce the security zone to that area and allow traffic to resume.”

Seventeen of the barges are secure and under control, while seven remain positioned against the Emsworth Locks and Dam and one is pinned against the Dashields Locks and Dam, the company said.

The Coast Guard is investigating how the barges got loose from their moorings late Friday, striking a bridge and smashing a pair of marinas.

—Associated Press

## OBITUARIES

## Herzog, Erskine Had Big Baseball Careers

Whitey Herzog, the gruff and ingenious Hall of Fame manager who guided the St. Louis Cardinals to three pennants and a World Series title in the 1980s and perfected an intricate, nail-biting strategy known as “Whiteyball,” has died. He was 92.

Cardinals spokesman Brian Bartow said Tuesday the team had been informed of his death by Herzog’s family.

Under Herzog, the Cardinals won pennants in 1982, 1985 and 1987, and the World Series in 1982.

Carl Erskine, who pitched two no-hitters as a mainstay on the Brooklyn Dodgers and was a 20-game winner in 1953 when he struck out a then-record 14 in the World Series, died at 97 on Tuesday at Community Hospital Anderson in his hometown of Anderson, Ind., a hospital spokeswoman said.

Among the last survivors from the celebrated Brooklyn teams of the 1950s, Erskine spent his entire major league career with the Dodgers from 1948-59, helping them win five National League pennants and the 1955 World Series.

—Associated Press

## Powell Sees High Rates For Longer

Continued from Page One

Instead, Powell said, officials would leave rates at their current level “as long as needed” if inflation proved more stubborn. He also said the Fed would be prepared to cut rates if the economy was slowing sharply. Officials raised rates last summer to a 23-year high and have held them there since July.

“We think policy is well positioned to handle the risks that we face,” Powell said. “Right now, given the strength of the labor market and progress on inflation so far, it’s appropriate to allow restrictive policy further time to work.”

Central-bank officials started the year with guarded optimism that they would be able to cut interest rates several times beginning around midyear, after inflation dropped faster than they had anticipated at the end of 2023.

In December, Powell had pivoted from focusing on whether the Fed would need to raise rates again to when the central bank might be in a position to lower them. Market participants raced ahead and began anticipating a string of six or seven rate cuts, puzzling Fed leaders who didn’t think such exuberant

expectations were aligned with their own outlook.

Still, Fed leaders, including Powell, maintained up through early this month that rate cuts were likely to be appropriate, even after economic activity and hiring had proven more resilient than expected. That kept front-and-center the possibility that officials would take back some of last year’s rate increases and shore up the prospects of a so-called economic soft landing.

Even President Biden, who had mostly avoided commenting on the Fed, joined in on the rate-cut guessing game, declaring shortly after his State of the Union address in March that the “little outfit” that sets rates might be lowering them soon.

At their meeting in March, most Fed officials projected two or three rate cuts this year would be appropriate, with a narrow majority penciling in at least three cuts.

But reality has dealt the Fed and the White House a different hand, at least so far. Powell’s comments suggest the central bank will now need to see several more monthly inflation readings to regain the confidence that they had been looking for, effectively delaying rate cuts until later in the year and underscoring the difficulty of achieving that soft landing.

While the Fed could cut rates sooner if the economy slows sharply and unexpectedly, typically rate cuts aren’t able to prevent a downturn once it has begun.

## Folksy Florida Democrat Served As Both Governor and Senator

By ARIAN CAMPO-FLORES

Bob Graham, a former Florida governor and U.S. senator who crafted deals to restore the Everglades, co-led an inquiry into 9/11 intelligence failures and spoke out stridently against the war in Iraq, died Tuesday at age 87, his family said.

**OBITUARY**  
**BOB GRAHAM**  
**1936-2024**

Over nearly four decades in office, the Democrat never lost an election and was known for his down-home demeanor and quirky habits. His career tracked Florida’s transition from a swampy backwater to a population magnet and political powerhouse.

Genial and mild-mannered, Graham usually wore ties imprinted with the silhouette of Florida. He completed over 400 “workdays” alongside regular Floridians to learn about their concerns. These included day-long stints in jobs such as barber and tomato picker.

Graham carried a little spiral notebook in which he recorded mundane details such as his morning weight along with a running to-do list drawn from meetings and constituent encounters. The notebooks—more than 2,000 of them, all labeled and color-coded—became his hallmark, and a frequent source of ribbing.

During two terms as governor, he presided over a period of robust job creation. He persuaded the Florida Legislature to pump more money into education—boosting per-pupil spending and test scores along the way—and strengthened



Bob Graham co-led the inquiry into 9/11 intelligence failures.

the state’s role in environmental protection. He later served three terms in the U.S. Senate, where he became chairman of the intelligence committee and helped pave the way for intelligence overhauls. His anger over President George W. Bush’s decision to go to war in Iraq fueled a presidential bid that failed to gain traction and became the coda to his career in elected office.

Daniel Robert Graham was born in Coral Gables, Fla., on Nov. 9, 1936. His father, Ernest Graham, a state senator, operated a dairy farm, where Bob Graham mixed feed and loaded manure, according to Steven Noll, who wrote a chapter on Graham for a book on Florida governors.

Graham graduated from the University of Florida and Harvard Law School. He met Adele Khoury as an undergrad and married her in 1959, and the couple went on to have four daughters, one of whom,

Gwen Graham, is a former House member.

Graham won a seat in the Florida House in 1966 as part of a group of young liberal Democrats. He later served in the Florida Senate for eight years.

Elected governor in 1978, Graham secured more funding for schools and universities, along with tax increases to pay for it.

In 1986, Graham ran for U.S. Senate and easily beat Republican incumbent Paula Hawkins. He was a champion for the environment and sound fiscal policy, including the paying down of debt. His most memorable efforts involved intelligence matters, especially after 9/11.

The 9/11 inquiry that he co-chaired produced a report that detailed intelligence failures by federal agencies and issued recommendations. Some were later adopted, including the creation of a position of director of national intelligence.

## Watch a Video



Scan this code to see Powell’s comments that rate cuts are less likely.

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## CORRECTIONS &amp; AMPLIFICATIONS

**Curleaf Executive Chairman**  
Boris Jordan said that regulators “tend to err on the longer rather than the shorter launches” when discussing delays between a state’s legalization of recreational marijuana and the launch of sales in that state. An April 5 Business & Finance article about the U.S. cannabis sector incorrectly quoted him as saying “tend to air.”

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

U.S. NEWS

# High Earners Wary of \$400,000 Threshold

Biden reups his vow to shield households below a cutoff that more people cross

By RICHARD RUBIN AND JOE PINSKER

President Biden is back on the campaign trail, and so is his favorite tax-policy number: \$400,000.

In his successful 2020 presidential run, Biden pledged to protect households from tax increases if their income was below that threshold. He re-upped the promise for his reelection bid and was planning to draw tax-policy contrasts with Republican rival Donald Trump in a Tuesday speech in Pennsylvania.

If Democrats have any power next year, the \$400,000 cutoff will be the floor in negotiations over who pays more and who doesn't. Have income below that and you will be spared. Above that line, and your 1040 is on the menu as Democrats seek trillions of dollars for new programs and middle-class tax cuts.

Republicans are campaigning for extending expiring tax cuts enacted in 2017 at all income levels, while Biden and Democrats say they will protect at least the bottom 97% of households from higher taxes. The competing antitax pledges appeal to voters' pocketbooks while limiting debate to the top sliver of households and restricting policymakers' ability to generate revenue.

In particular, the Biden pledge's persistence highlights shifting political coalitions as affluent suburban voters drift from the Republican Party. Biden's promise helps Democrats reassure upper-middle-class Americans that they can vote for the party without risking their bank accounts. But it also limits Biden's tax policies and gives critics a ready target.

Notably, Biden isn't adjusting the \$400,000 to account for inflation during his first term, keeping the round number he started with. That amount in May 2020, when Biden articulated the plan, is equivalent to more than \$487,000 now.

## Deeper pool

Because of inflation and economic growth, the pool of \$400,000-and-up households increased to 3.4 million in 2022, up 33% from 2019, according to census data analyzed by the Economic Innovation Group, a Washington think tank. The percentage of households above that line climbed to 2.6% from 2.1%.

Ginger Freitas accepts that voting for Biden might increase her tax bill.

"If I'm going to say that I am somebody who thinks that government should provide a social-safety net and society is better off when we all chip in, then I feel like I need to suck it up and put my money where my mouth is," said Freitas, who is a 42-year-old human-



David Deyer, above with his wife, Kayla Deyer, said \$400,000 feels like plenty of money in his hometown of Louisville, Ky. Aaron Littles, right, who lives in Tampa, Fla., finds the \$400,000 cutoff arbitrary. Because of inflation and economic growth, the pool of \$400,000-and-up households increased to 3.4 million in 2022, up 33% from 2019, according to census data.



FROM LEFT: VALLEY WILSON; ZACK WITTMAN FOR THE WALL STREET JOURNAL

resources director in Walnut Creek, Calif.

On paper, she said, her and her husband's combined income of around \$400,000 should make them well-off. But it doesn't feel that way. She attributes this to high California living costs and some childhood financial instability, which created a fear of not having enough money.

"For San Francisco, I don't even know what upper-middle class is considered anymore," she said. "It's probably somewhere in the 500s."

Biden's pledge is often interpreted as a bright line between "middle class" and "rich," but it wasn't intended that way. According to administration officials, \$400,000 was set so middle-class households can see they will be comfortably below it.

"It put in very precise terms who was intended to benefit," said Ben Harris, a campaign aide during 2020 and an assistant Treasury secretary in the Biden administration. "It was less a definition of who was rich and more a value judgment about rewarding work and labor."

Compared with the full population, households with incomes above \$400,000 are more likely to include children, and they are disproportionately white and Asian-American. They are also concentrated in urban areas. In Washington, D.C., in 2022, 6.1% of households were above the line; in Mississippi, 0.8% were.

"Those people the president made a promise to are no longer covered," said Mike Palicz, director of tax policy at Americans for Tax Reform, the group headed by antitax advocate Grover Norquist, which issues regular updates on the eroding \$400,000 standard. "It makes it very simple for us to show when the president's breaking his word."

Michael Kikukawa, a White House spokesman, contrasted Biden's approach of raising taxes on the wealthiest Americans with Republican proposals.

"He is fighting to cut taxes for working families and the middle class—keeping his commitment to never raise taxes on households earning less than \$400,000," he said.

## Taxpayers await

Aaron Littles feels unfairly targeted by the \$400,000 cutoff, which seems arbitrary to him. "I don't think of myself as rich. I think of myself as having worked really hard," said Littles, a 41-year-old executive at a healthcare-staffing company in Tampa, Fla., whose pay has fluctuated around \$400,000.

"I've hit the American dream and now I'm going to have to pay more taxes," he said. Littles plans to vote for Trump, the former president and presumptive Republican presidential nominee.

In Louisville, Ky., \$400,000 feels like plenty to David Deyer.

"We have it pretty nice in the Kentucky area," Deyer said. He and his wife are about \$25,000 under the threshold.

The 33-year-old, who works in business development for an HVAC contractor, said they can travel internationally and make monthly charitable donations on par with their mortgage payments.

Deyer said he could afford higher taxes but doesn't think of himself as rich. He and his wife make coffee to avoid Starbucks and buy fruit based on what is on sale.

"We're not extravagant people with high-end country-club memberships or a private jet or anything like that," he said. He declined to say who he is voting for.

## Democrats Adapted Their Pitch

Tax increases on rich people are popular, but for decades, Democrats struggled to compete against ascendant antitax policies from Republicans.

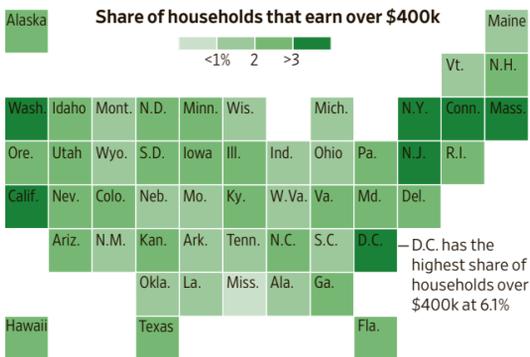
The GOP's tax position hardened in the 1990s, after President George H.W. Bush broke his "Read my lips: no new taxes" pledge in a bipartisan budget deal. Bush's moderate faction lost the subsequent intra-party fight and Republicans embraced a restrictive antitax pledge pushed by Grover Norquist.

Democrats lacked an effective comeback. Law Prof. Michael Graetz pegs the Biden pledge's origins to a 2008 presidential debate between Hillary Clinton and Barack Obama,

who both promised to block tax increases on households making under \$250,000.

"It's a testament to how successful the antitax movement has been, because Republicans won't tax anybody and Democrats won't tax 98% of anybody," said Graetz, author of a new book on antitax politics.

Obama won and largely stuck to the \$250,000 level. Critics pointed to several pieces of the Affordable Care Act as pledge-breaking promises, including limits on flexible-spending accounts and an indoor-tanning tax. Biden updated the figure to \$400,000 and made it a staple.



## U.S. NEWS

## Johnson Pledges To Stay Speaker As Threats Grow

BY NATALIE ANDREWS AND SIOBHAN HUGHES

WASHINGTON—House Speaker Mike Johnson vowed to remain speaker Tuesday as he faced the most direct challenge to his leadership since taking the gavel last fall, sparked by his effort to pass funding for Ukraine, Israel and other overseas allies.

The Louisiana Republican set plans to maneuver a complicated, four-part piece of legislation through the House by the end of the week—likely relying heavily on Democratic votes—while also keeping his job, even as more Republicans indicated they were souring on his leadership. By late in the day, there were signs his effort was unraveling, with meetings with GOP lawmakers going deep into the night and no bill text released.

Some lawmakers who favored moving ahead with aid for Ukraine and Israel were discussing an alternative path involving a petition that would force the leader's hand, if a majority of members signed on. Others were insisting that a border crackdown be included with any aid, an option that would be a poison pill in the Democratic-controlled Senate. A third group was pushing Johnson to stick with his initial plan.

"All options are on the table," said Rep. Kat Cammack (R., Fla.) when she briefly emerged from a marathon nighttime meeting in the speaker's office.

The new threat to Johnson's

speakership came Tuesday morning, when Rep. Thomas Massie (R., Ky.), a sharp critic of further aid to Ukraine, said he would join Rep. Marjorie Taylor Greene (R., Ga.) on her motion to vacate the chair, which could lead to a vote to oust the speaker. Greene filed the motion last month, but hasn't moved to force a vote.

Massie said Johnson should allow the GOP to pick a new leader and then step aside, claiming that at this point a motion to vacate the chair would draw more support than it did in October, when a group of eight Republicans engineered the ouster of former Speaker Kevin McCarthy (R., Calif.).

Johnson rejected the demand. "I am not resigning and it is in my view an absurd notion that someone would bring a vacate motion when we are simply trying to do our job," Johnson told reporters.

"We need steady hands at the wheel. I regard myself as a wartime speaker," he said, pointing to the challenges facing the country and his narrow 218-213 majority.

Massie's move came amid frustration among a large bloc of conservatives over how Johnson has repeatedly turned to Democrats to help pass legislation to fund the government and other critical measures.

Still, by late Tuesday, no other Republicans had joined the motion to vacate. If it came to a vote, Johnson would only be able to lose two Republican votes and still keep his post, unless some Democrats in the chamber decide to bail him out.



## Use of a Law For Jan. 6 Is Scrutinized

Continued from Page One

preserve the integrity of government investigations and prevent the destruction of evidence, such as the large-scale shredding of financial documents, Fischer's lawyer, Jeffrey T. Green, told the court during an argument session that lasted more than 90 minutes.

Until Jan. 6, the law "had never been used to prosecute anything other than evidence tampering, and that was for good reason," Green said.

Members of the court's conservative majority pressed U.S. Solicitor General Elizabeth Prelogar about the potential consequences of the government's approach.

"There have been many violent protests that have interfered with proceedings," Justice Clarence Thomas said. "Has the government applied this provision to other protests in the past?"

Prelogar said the government was applying the law in a straightforward manner.

"I can't give you an example of enforcing it in a situation where people have violently stormed the building in order to prevent an official proceeding," she said, "because I'm not aware of that circumstance ever happening prior to Jan. 6."

The Justice Department has used the statute against more than 300 people it says engaged in violent conduct on Jan. 6 after then-President Trump encouraged protesters to march to the Capitol as lawmakers were certifying Joe Biden's 2020 election win. Two of the four charges special counsel Jack Smith brought against Trump, the 2024 presumptive GOP presidential nominee, for election interference rely on portions of the same statute.

Smith alleges Trump individually violated the obstruction statute by pressing lawmakers to reject Electoral College votes and conspired with others to obstruct Congress's work.

The law imposes as many as 20 years in prison for anyone who alters, destroys, or hides "a record, document, or



A still from police bodycam footage shows Joseph Fischer, circled above, at the U.S. Capitol during the Jan. 6, 2021, riot, top. The Supreme Court is hearing Fischer's appeal that prosecutors exceeded the scope of federal obstruction laws in their allegations against him.

other object," so that it can't be used in official proceedings such as a court case or congressional investigation. The law also applies to anyone who "otherwise obstructs, influences, or impedes any official proceeding."

Several justices asked how far the government could go in wielding the law. Justice Neil Gorsuch asked whether the act of pulling a fire alarm to disrupt a vote of Congress would be a violation, a possible reference to Rep. Jamaal Bowman

(D., N.Y.), who pleaded guilty last year to a misdemeanor crime for triggering a fire alarm. And Justice Samuel Alito asked whether members of the public would violate the statute if they disrupted a Supreme Court oral argument by standing up and protesting.

"What happened on Jan. 6 was very, very serious and I'm not equating this with that," Alito said. "But we need to find out what are the outer reaches of this statute under your interpretation."

Justice Brett Kavanaugh said Fischer faced six other criminal offenses. "Why aren't those six counts good enough, from the Justice Department's perspective, given that they don't have any of the hur-

dles?" he asked. "Because those counts don't fully reflect the culpability of petitioner's conduct on Jan. 6," Prelogar responded.

The court's comments weren't all one-way traffic against the government. Justice Elena Kagan said the Enron scandal convinced Congress to create a broad, catch-all law that would criminalize forms of obstruction that were difficult to foresee.

"They said, Let's have a backstop provision, and this is their backstop provision," Kagan said.

By the end of the session, the government's approach appeared vulnerable to being rejected, though the outcome of the case—and the scope of any ruling—wasn't entirely clear.

Trump is separately challenging all of Smith's charges, arguing he enjoys immunity because he was president at the time. The Supreme Court plans to take up that case on April 25. The former president wasn't mentioned in Tuesday's hearing, and the charges he faces are different from those against riot participants.

If Fischer wins, it is possible the decision helps Trump, but that is far from certain.

"There's a world in which the decision could come down

in a way that benefits Fischer but not former President Trump," said Brook Dooley, a defense lawyer at Kecker, Van Nest & Peters.

With the Supreme Court's decision pending, some Jan. 6 defendants have been granted early release from prison while they challenge their convictions on appeal.

One is Kevin Seefried, a Delaware man who paraded a Confederate flag through the Capitol during the riot and was sentenced to three years in prison. If the justices rule for Fischer, the obstruction charge against Seefried—the most serious offense he was convicted of—would likely get dismissed.

There are about 100 Jan. 6 cases where obstruction of an official proceeding is the only felony charge the defendant faces. Dozens of those defendants have already pleaded guilty or have been convicted at trial and would need to be resentenced if the high court rules for Fischer.

For defendants facing additional charges beyond the obstruction count, a favorable Supreme Court ruling could give them a new opening, but not everyone will necessarily benefit, especially because judges have wide discretion in how to sentence convicted offenders.

The Supreme Court's decision is expected by the end of June.

—C. Ryan Barber contributed to this article.

## The Justice Department has used the statute against more than 300 people.

## Big Lenders Are Boosted By Economy

Continued from Page One

many said they don't expect much revenue and profit growth this year.

As a group, the six big banks reported \$35.63 billion in profits, down 3% from a year earlier, with half of the banks reporting a decrease in profit and half of them reporting an increase. Combined revenue rose 4% to \$139.07 billion.

Investors walked away worried the booming profits of the past few years were over for the big banks. Bank of America fell 3.5% to \$34.68 on Tuesday, leading the declines. The KBW Nasdaq Bank Index fell 1.6% and is now down 7.7% this month. The S&P Financials Sector fell for a sixth straight session.

Morgan Stanley was the ex-

ception, rising 2.5% Tuesday to \$89.14 after its report.

Executives said the economy continued to look strong, with consumers and businesses both spending and borrowing. Revenue from wealth-management arms also rose.

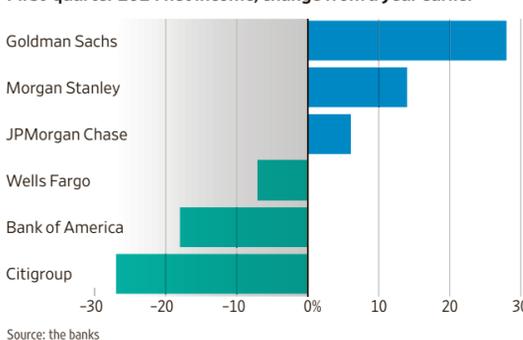
Credit-card income and transaction volumes jumped. Aggregate spending on debit and credit cards at JPMorgan, the biggest issuer of the group, rose 9%, and credit-card loans, or outstanding balances, increased 15%.

Consumers appear to be benefiting from higher paychecks. Research from Bank of America shows that wages grew in March for high-income and low-income households at the fastest rate since early 2023, reflecting the strong labor market.

"The economy remains resilient, and a lot of that has to do with the consumer," Bank of America Chief Financial Officer Alastair Borthwick said.

There are some areas of concern. JPMorgan Chief Executive Jamie Dimon said last

## First-quarter 2024 net income, change from a year earlier



week there were signs of distress in the bank's loans to consumers with low credit scores.

The banks' investment-banking divisions delivered one of their best quarters since the Federal Reserve's interest-rate rises began damping corporate dealmaking in 2022.

That is both thanks to higher underwriting fees, as banks helped arrange and sell a record number of debt deals during the quarter, and equity underwriting, as initial public

offerings picked up.

"The rebound in banking gained speed during the quarter, led by near-record levels of investment-grade debt issuance as improved market conditions enable issuers to pull forward activity," Citigroup CEO Jane Fraser said.

Goldman Sachs's and Citigroup's investment-banking fees each increased 32% from a year earlier, while Bank of America's rose 38%. Several large banks posted a revenue

decrease in M&A and advisory activity, while Goldman reported a 24% increase.

Trading revenue fell at JPMorgan and Citigroup and was about flat at Morgan Stanley and Bank of America. Goldman reported a 10% rise.

While banks said corporate executives have regained confidence, the recovery remains fragile, given the uncertainty around interest rates and geopolitical tensions. And despite improvements, investment-banking activity remains below historic norms.

JPMorgan warned that borrowers might be less active in the capital markets later in the year. Goldman said its backlog of future investment-banking revenue fell from the end of 2023.

Banks could struggle over the long term if rates stay where they are now.

Customers are demanding higher deposit rates for money they keep in banks. While some shifted cash from low-interest savings accounts into certificates of deposit,

bank executives also acknowledged the continued risk of customers moving money out of the banks and into higher-yielding alternatives.

Many, including JPMorgan, Citigroup and Wells Fargo, already reported that net interest income, or the amount they earn from loans minus what they pay on deposits and other debt, was down in the first quarter compared with the fourth quarter of 2023.

Higher rates can also hurt banks' balance sheets. Banks including Bank of America are sitting on hundreds of billions of dollars of unrealized losses on debt securities that they bought before interest rates went up. Though they aren't likely to have to realize them, it makes investors skittish.

Another headache: tighter bank regulations. Federal authorities are finalizing a new set of rules that could make it more expensive for banks to lend.

—Charley Grant and Gina Heeb contributed to this article.

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## U.S. NEWS

# Biden Woos Left, but Center Is the Prize

Some Democrats push president to recalibrate message to win independents

By MOLLY BALL

WASHINGTON—President Biden's announcement last week that his administration would seek to forgive billions of dollars' worth of federal student loans was cheered by progressives, the latest in a string of actions he has taken to shore up support from the left—annoying the center in the process.

That has some Democrats worrying he is making a big mistake. Despite much recent hand-wringing about the unpopular president's need to shore up his base with liberal appeals, polls show Biden's principal weakness isn't with the left but with the middle of the electorate. The president, some centrists argue, isn't doing enough to appeal to the moderate and independent voters who tend to decide elections.

"The voters that elected Biden in the first place are the center-left voters that liked his centrist policies, not the Bernie Sanders-Elizabeth Warren slice of the electorate," said Lauren Harper Pope, who co-founded a group called WelcomePAC that urges Democrats to make pragmatic, big-ten appeals. "Yet the administration seems to have a fear of talking about things people actually care about if it might offend a small group of ideological activists."

## Trailing in key states

In a recent Wall Street Journal poll that found Biden narrowly trailing former President Donald Trump in the top battleground states, the two candidates drew roughly equal shares of their respective parties when polled head-to-head: Biden won 88% of Democrats, while Trump won 90% of Republicans. With independent voters, Trump led by six points, 36% to 30%. Similarly, a new New York Times/Siena national poll shows a tight race overall—Trump 46%, Biden 45%—with Trump leading among independent voters by 5 points.

The Democratic strategy group Blueprint found in a recent national poll that 52% of voters are concerned that Biden is too liberal, including 61% of independents.

It is a misconception, Pope says, that left-wing appeals are



President Biden met with members of the U.S. Border Patrol at the border with Mexico in Brownsville, Texas, on Feb. 29.

the key to mobilizing the young and minority voters that have cooled on Biden. In fact, Black, Hispanic and Asian-American voters tend to be more moderate than other Democrats. The Blueprint analysis found that 38% of voters who have switched to Trump since 2020 are age 18-34, while just 13% are 65 or older.

The Biden campaign disputed this analysis, pointing to his continuing disagreements with the left and noting that he wins moderate voters in many polls. (Self-described moderates are a disproportionately Democratic group.)

"President Biden has assembled a broad, diverse coalition because he has reached across the aisle to deliver historic legislation on infrastructure, drug pricing, manufacturing and gun reform," campaign spokeswoman Lauren Hitt said in a statement. "Donald Trump, on the other hand, has severely alienated moderates with extreme positions like endorsing abortion bans and lying about election results."

Indeed, Trump's extreme rhetoric ought to provide Biden an opening to seize the center. The Biden campaign issued a statement welcoming Nikki Haley voters after she dropped out and has aired a 30-second digital ad aimed at them, while Trump has done no such outreach and continues to show weakness among key demographics such as sub-

## Disconnect on Energy Policy

Evan Roth Smith, chief pollster for Democratic strategy group Blueprint, says many of President Biden's policies poll well, yet he gets low marks from voters for how he is handling those same issues, likely because of the way the White House and its allies tend to talk about them.

"The thing voters want is basically what the president is actually doing," he said. "But when you ask what they think is going on, they don't see the White House for what it's actually doing."

urbanites and women. Yet some centrists worry that Biden has failed to voice the sort of popular, mainstream positions that would attract these voters on top-of-mind issues such as energy, immigration, the economy and public safety.

## Border action sought

Immigration is an issue where Biden has taken tougher stances than voters give him credit for—and shied away from rhetoric that might win over moderates. The administration helped negotiate the bipartisan Senate deal to bolster border security that

he has had all along to seal the border and clamp down on illegal immigration" than the idea that Republicans were to blame for killing the border deal.

One case in point is energy policy. Under Biden, American energy production has reached historic highs—a popular accomplishment that voters overwhelmingly support.

But you would never know it from listening to him. The achievement went unmentioned in the president's recent State of the Union address and his recent campaign speeches, where he has preferred to talk about climate investments and "environmental justice."

failed to pass earlier this year. The deal was a political winner: A February Wall Street Journal poll found that 59% of voters supported it, including roughly equal shares of Democrats and Republicans.

Yet in the absence of congressional action, many voters would like to see the president take matters into his own hands rather than simply blaming Republicans for the deal's failure. The Journal poll found more voters agreed with the idea that "President Biden reversed Trump's executive orders on the border which opened our borders, and he failed to use the power

base voters are the best messengers for campaigns looking to build a broad coalition.

The voters currently "toggling" between the candidates, Shenker-Osorio said, are largely young and disenchanted. Were Biden to take more conservative positions, it would only muddy the waters with these voters, who are already struggling to comprehend the election's stakes. Republicans "are either an existential threat to all that we value, or they have some good ideas and we're going to try to work with them," she said. "If you try to say both of those things, one of those things is transparently BS."

## Gaza concerns

The Israel-Gaza war is another area where some worry Biden will end up paying too much heed to the progressive side, even as Iran's drone and missile strikes against Israel over the weekend heightened the political uncertainty surrounding the conflict. The U.S. and its allies helped fend off the attacks, and Biden has said repeatedly that his support for Israel's security is ironclad. But Biden has also been criticized by Republicans for urging Israel to be restrained in its response.

As casualties in Gaza have burgeoned, he and other Democrats have steadily increased their criticism of Israel's conduct of the war and of Benjamin Netanyahu's government. The president has had to scale back rallies and public appearances due to the ubiquity of anti-Israel protesters. Progressives have called for conditions on U.S. aid and suspension of arms sales to the Jewish state, steps Biden has so far refused to take.

Many center-left operatives point out that the number of voters casting protest votes against Biden has been significantly smaller than the number coming out to make a statement against Trump, including tens of thousands who have voted for Haley in primaries even after she dropped out of the race.

It is those voters that Biden most needs to reach to turn around his electoral prospects—pragmatic suburban moderates skeptical of far-left policies. "Biden has demonstrated better than any president in my lifetime that he can work with both sides and actually get tough things done," said Rep. Susie Lee, a Democrat who represents a swing district in Nevada and a leader of the bipartisan Problem Solvers Caucus. "The challenge is to make people understand that."

## Tech Giants Downsize Office Space

Continued from Page One

Office space listed for sublease in 30 cities with a lot of technology tenants has risen to the highest levels in at least a decade, according to brokerage CBRE. The 168.4 million square feet of office space for sublease in the first quarter of this year was down slightly from the fourth-quarter 2023 peak but up almost threefold from early 2019.

Even technology companies that are renewing or adding space want less than they did before. The amount of new office space technology companies leased fell by almost half in the fourth quarter of last year compared with 2019, CBRE said.

Tech's voracious appetite for office and other commercial real estate had been an economic boon for cities. The new workspace usually brought an influx of well-paid employees, boosted cities' property-tax revenue and translated into more business for local retailers and shop owners.

Now, the waning appetite is a blow to cities at a time when it is difficult to find other big tenants.

For landlords already grap-

pling with higher interest rates and a drop in demand from financial companies, law firms and other tenants, tech's reversal is especially painful.

In some cases, tech's softening demand can lead to plunging real-estate values. Take 1800 Ninth Avenue, a 15-story office building in Seattle. Amazon's rent payments helped almost triple the building's value in the decade after the 2008-09 financial crisis.

In 2013, Amazon moved into about two-thirds of the building. At the end of that year, the building sold for \$150 million—almost double the \$77 million it had sold for just two years earlier.

Its price kept climbing as strong demand from tech companies and low interest rates drew big investment firms into the Seattle commercial-real-estate market.

In 2019, J.P. Morgan Asset Management bought the building for \$206 million.

Amazon's lease expires this year, and the company is moving out.

The building is listed for sale. It is expected to sell for about a quarter of its 2019 price, according to estimates by real-estate people familiar with the property.

"We're constantly evaluating our real-estate portfolio based on the dynamic and diverse needs of Amazon's businesses by looking at trends in how employees are using our offices," an Amazon spokeswoman said in a statement. When the pandemic up-



Amazon is ditching some office leases and last year paused construction on its second headquarters in northern Virginia, above.

ended the U.S. office market, large tech companies were initially a bright spot. They continued adding space, betting they would eventually need it as they hired more people and as employees gradually returned to the office.

"Big tech was pretty resilient," said Brooks Hauf, a senior director at brokerage Avison Young.

That changed in 2022. Remote work continued to be popular, and some big tech companies laid off workers, meaning they needed less space than they had thought, said Colin Yasukochi, an execu-

utive director at CBRE's Tech Insights Center.

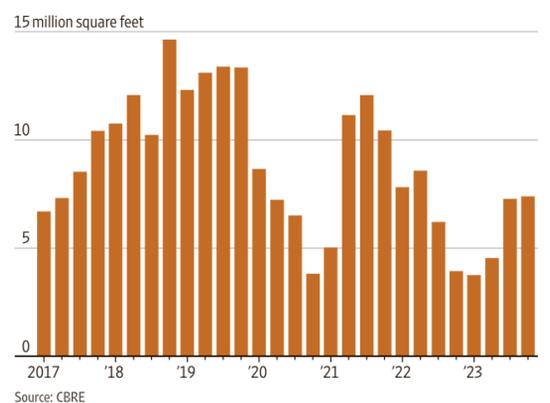
Leasing by tech companies fell by about half between the third quarter of 2021 and the third quarter of 2022, according to CBRE.

Since then, companies tied to the booming artificial-intelligence business have leased more space in San Francisco and other cities.

But that hasn't been enough to meaningfully boost the office market.

San Francisco's office-vacancy rate hit a record 36.7% in the first quarter, according to CBRE, up from just 3.6% in early 2019.

## U.S. tech-industry office-leasing activity, quarterly



## WORLD NEWS

## Deterrence Raises Stakes for Israel, Iran

Fear of appearing weak, however, increases the risk of broader warfare

By DOV LIEBER  
AND SUMMER SAID

TEL AVIV—Israel's military has long followed a clear policy: When enemies strike, hit back so hard they won't do it again. That deterrence is no longer working.

Iran, after launching a massive missile-and-drone attack on Israel over the weekend, is threatening to strike again if Israel retaliates. Lebanese militia Hezbollah fires at Israeli forces nearly every day despite frequent poundings by Israel. And Hamas continues to launch rockets at Israel even after being bludgeoned after its Oct. 7 attacks on Israel.

With no side willing to compromise for fear of showing weakness, and all players seeking greater deterrence, the risk of stumbling into a regional war increases.

"If they continue to exchange blows, it's a slippery slope to a real escalation," said Ofer Fridman, a former Israeli officer and scholar of war studies at King's College London.

Deterrence—the principle that any attack will be met by a far more punishing response—is the foundation of defense for many countries. It has been one of three pillars of Israel's strategic culture for decades, Fridman said.

If deterrence fails, then Israel relies on early warning of any attack. If both fail, then Israel seeks to rapidly inflict a crushing, even humiliating defeat on the battlefield so deterrence is restored and the adversary doesn't dare strike at Israel again—at least for many years.

"The Iranians will not be able to establish a new status of deterrence against the State of Israel," Israeli Defense Min-



An Iranian missile that fell on Israel over the weekend is displayed at a base near the southern Israeli city of Kiryat Malachi.

ister Yoav Gallant told Israeli commanders on Tuesday, his office said. Israeli Air Force planes "operate everywhere—the skies of the Middle East are 'open,' and any enemy that fights us will be hit, no matter where they may be."

Before Iran's attack, Israel threatened a major retaliation if Tehran struck.

After Iran launched drones but before its more dangerous ballistic missiles took off, Israeli Prime Minister Benjamin Netanyahu said in a video statement, "Whoever harms us, we will harm them."

Iran is now using similar terms about potential Israeli retaliation. "The smallest action against Iran's interests will definitely be met with a severe, extensive and painful response against all its perpetrators," Iranian President Ebrahim Raisi said.

Iran's drone-and-missile attack on Israel departed from a yearslong regional military strategy, in which it built up a network of proxy militia groups that have allowed it to strike militarily stronger adversaries, particularly the U.S. and Israel, while minimizing the risk of attacks on Iranian soil.

"We have decided to create a new equation," the head of Iran's Islamic Revolutionary Guard Corps, Maj. Gen. Hossein Salami, said on Sunday, adding that any strike on Iran's interests in the region would be met with direct attacks from Iran.

The attack has raised the risk of an Israeli response and further cycles of violence between the two countries, military analysts said.

"Iran's moves are very calculated and choreographed. But at the same time, they're

not risk-free," said Hamdi Malik, an associate fellow with the Washington Institute for Near East Policy and an expert on Iran's militia network. "Iran is willing to take some calculated risk."

In a sign Israel is trying to limit that risk, Israel assured Gulf states and other Arab countries Monday that its response to Iran's attack wouldn't endanger their security and likely would be limited in scope, regional Arab officials said on Tuesday.

Israel is likely to warn its Arab allies before it retaliates and could limit its attacks to Iran-linked facilities in Syria, they said.

Israel's Foreign Ministry declined to comment.

Iran was preparing for an Israeli response this week.

The Islamic Revolutionary Guard Corps, Iran's paramilitary

force, has enacted emergency measures for its facilities across Syria, said a Syrian government adviser and a Syrian activist from the eastern city of Deir Ezzour who was briefed by the IRGC's Syrian proxies. Some IRGC members have evacuated their bases in Syria and others are doing so at night when Israeli strikes are most likely, the people said. Only a few soldiers are staying behind to defend arsenals of weapons.

Fridman, the King's College scholar, said Israel needs to pivot from the idea that it can perpetually deter its enemies.

"Since the establishment of Israel, it's been moving from one conflict to another, assuming if we beat them hard enough they will stop attacking us," Fridman said. "It doesn't work. We need to find a political solution."

## Nuclear Arms Remain Question

Danny Danon, a senior lawmaker from Prime Minister Benjamin Netanyahu's Likud party, said Israel must re-establish deterrence with its enemies periodically.

"We cannot accept the equation that the Iranians are trying to create, that they can dictate what Israel can or cannot do," he said, adding that neither Iran nor Israel are interested in a full-scale war.

Nuclear weapons are another piece of the equation.

Russia has effectively deterred the North Atlantic Treaty Organization from some actions because of its public threats to unleash its nuclear arsenal, said Hanna Notte, the director of the Eurasia Nonproliferation Program at the James Martin Center for Nonproliferation Studies in Monterey, Calif.

But Israel's policy of never confirming nor denying its nuclear weapons program means that its usefulness as a deterrent isn't as flexible as Russia's, she said.

"Nuclear weapons possession doesn't deter all conventional attacks by another state on your territory," Notte said. What matters is the "scale of the attack and the perceived stakes of the side being attacked."

In Israel there is a strong desire to restore deterrence and to not just rely on sharp eyes and a big shield. "The dilemma is how to respond in a way that will not escalate the situation," Danon said.

## Regional Conflict Forces Gulf Powers to Pick Sides

By SUMMER SAID  
AND STEPHEN KALIN

DUBAI—Saudi Arabia and other oil-rich Persian Gulf states have tried to avoid taking a position on America's geopolitical rivalries in recent years, staying neutral in the Ukraine war and building ties with China. With Israel and Iran in open conflict, they might be forced to choose a side.

Saudi Arabia and the United Arab Emirates struggled to stay on the sidelines when it became clear last week that Iran would attack Israel in retaliation for a strike in Syria that killed senior Iranian military officers.

The Saudis and Emiratis shared intelligence that contributed to an overwhelmingly successful defensive response to a sprawling Iranian air attack, Arab officials said. However, they stopped short of giving Washington everything it wanted, denying the U.S. and Israel use of their airspace to intercept missiles and drones, the officials said.

The confrontation showed both countries how difficult it will be to keep striking a balance between their chief Middle East rival, Iran; their most important security partner, the U.S.; and Israel, a powerful military that the Saudis and Emiratis have grown closer to but that they both criticize over its conduct in its war in Gaza.

If the Israel-Iran conflict escalates and draws in the U.S., the Gulf Arab states likely would have a stark choice: Allow U.S. forces to launch attacks from bases in their countries and risk Iranian retaliation, or try to appease Iran and stay on the sidelines as they largely have done since the Oct. 7 Hamas attacks on Israel plunged the Mideast into turmoil.

Since Saturday's assault, the U.A.E. has called for restraint and the need to achieve stability through diplomatic channels. "The region should avoid conflict at all costs, as it cannot sustain additional tensions and confrontations," a U.A.E. official said.



Secretary of State Antony Blinken met with Saudi Arabia's Crown Prince Mohammed bin Salman in Jeddah in March.

Adding to the complexity for Saudi Arabia is its push to strike a broad deal that would recognize Israel in exchange for security commitments from the U.S. and help with its nuclear program. The deal's momentum was stopped with the Gaza war, but the Saudis have indicated they still want better U.S. defense guarantees, which they feel Washington has abandoned in the past decade.

"Absent a U.S. commitment to their security, they would do their utmost to limit their cooperation and hide it from Iran," said Bilal Saab, a former Pentagon official who worked on security cooperation in the Middle East and is a fellow at the London-based Chatham House think tank.

The Saudis and the Emiratis this year declined to participate publicly in a U.S.-led maritime coalition to confront attacks on Red Sea shipping by Yemen's Houthi rebels, who threatened to hit participating countries. Along with Kuwait, they also have restricted the Pentagon from launching airstrikes against the Houthis from bases in their territory, U.S. defense and Arab officials say.

Gulf countries are wary of being seen by their populations as supporting Israel and the U.S. after more than six months of war in Gaza. But if the U.S. gets more deeply involved in a direct confrontation with Iran, Arab governments are likely to find their

room to maneuver shrinking, Arab officials say.

"If Iran escalates directly against American assets...then it is a moment of reckoning," said Gregory Gause, a Middle East expert at Texas A&M University's Bush School of Government and Public Service. "Because then Washington says, 'If you want a partnership, you have to help us when we're the target in the same way that you expect us to help you when you're the target.'"

So far, Iran has said it doesn't intend to target the U.S., and Washington says it won't participate in an Israeli reprisal.

Gause said the Gulf states traditionally have fluctuated between fearing they would become collateral damage when Washington was aggressive with Iran, and fearing they would be abandoned when the U.S. became more conciliatory toward Tehran.

"This is just baked in the cake," he said. "It's not something that you can solve."

In recent years, Saudi Arabia and the U.A.E. have pursued detente with Iran after a period of severed ties. A China-brokered deal a year ago re-established Saudi-Iranian relations, and since the start of the conflict, the kingdom has been attempting to deter Iran and its proxies from turning the Gaza war into a wider conflict by offering cooperation and investments in the Iranian economy.



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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

## Starlink Moves to Curb Illicit Use

Unauthorized usage of satellite internet service in parts of Africa to be cut off

Elon Musk's SpaceX has begun a crackdown on users who are connecting to its Starlink high-speed internet service from countries where it hasn't been authorized—

By Nicholas Bariyo, Gabriele Steinhauser, Alexandra Wexler and Micah Maidenberg

taking steps to close an expanding black market for the company's satellite kits highlighted by a recent Wall Street Journal investigation.

Starlink customers in Sudan, Zimbabwe and South Africa have received email notifications from the company in recent days, warning that their access to the service would be terminated by the end of the month.

The emails, viewed by the Journal, noted that using Starlink in areas where it hasn't been approved by local regulators was against the company's terms of service.

The notifications were sent just days after the Journal published an investigation into the growing black market that has allowed users—including Russian military units fighting in Ukraine and a brutal militia in Sudan—to bypass local regulatory restric-



People in Omdurman, Sudan, tried to access the internet through SpaceX's Starlink in March.

tions on Starlink.

A SpaceX spokesman didn't respond to a request for comment.

SpaceX's Starlink sells internet connections using the world's largest fleet of satellites in low-Earth orbit.

The company markets its service, which users access via white, pizza-box-sized devices that connect to Starlink satellites, as an easy and fast way to get the internet in remote or rural areas where regular broadband connections might be unavailable or unreliable.

Since launching the first operational Starlink satellites

in 2019, SpaceX has been rushing to get regulators around the world to approve the service.

By late March, 72 countries had authorized Starlink, the company said.

Jurisdictions that haven't approved the service include India and much of Africa. The service also isn't available in Russia and China, and SpaceX isn't seeking permission to offer Starlink there, according to the official Starlink availability map.

But thousands of users across the globe have found ways around local restrictions, usually by purchasing

Starlink kits in countries where the service is authorized and then signing up for one of the company's roaming packages.

Middlemen companies that offer to activate Starlink and send the kits to users in places where they aren't officially available have sprung up in countries such as the United Arab Emirates and Mozambique.

Starlink said in a corporate presentation on its 2023 performance that it had more than 300,000 customers using the service while traveling.

In its emails to users in re-

cent days, Starlink said its regional roaming plans "are intended for temporary travel and transit, not for permanent use in a location."

Users who have been roaming on Starlink for more than two months without returning to the country where they ordered their device will see their service restricted, the emails said.

The Journal tracked Starlink devices to Russian soldiers fighting on the front line in Ukraine and to Sudan's Rapid Support Forces, a paramilitary group that the U.S. has accused of crimes against humanity and ethnic cleansing in its war with the country's military.

U.S. Assistant Secretary of Defense for Space Policy John Plumb said officials from the Pentagon, Ukraine and SpaceX have been working to prevent Russian forces from using Starlink.

Ukraine's military began using Starlink soon after Russia's invasion in 2022 and Kyiv has been pressuring SpaceX to turn off devices used by the Russian military on Ukrainian territory.

At an industry event last week, Plumb declined to discuss details but said the parties involved were making progress.

"Starlink is a commercial product. It's available on the commercial market," he said. "Certainly, Russia has no problem trying to buy things through [the] black market."

## Canada Set To Raise Capital Gains Tax

By PAUL VIEIRA

OTTAWA—Canada said it would raise capital-gains taxes on corporations and wealthy individuals to finance multibillion-dollar spending measures aimed at addressing rising disillusionment among younger Canadians about their financial prospects.

The capital-gains measure, unveiled in the country's annual budget plan on Tuesday, represents one of the biggest tax increases in recent Canadian policymaking. The additional revenue helps the Liberal government meet its promise to limit the size of the annual deficit and gives it more money for initiatives as Prime Minister Justin Trudeau aims to turn around his government's poor performance in public-opinion polls with an election over a year away.

The fiscal-policy plan triggered warnings from business groups that this would thwart efforts to encourage more business investment in the country, something Bank of Canada officials say is urgently needed to end an extended malaise in productivity. Economists say the hefty spending increases in the Canada budget plan, coupled with expenditure increases released last month by provincial governments, could pose a headwind to efforts to slow inflation.

Canadian Finance Minister Chrystia Freeland said spending on programs and administration in the current fiscal year, ending March 31, 2025, would rise 6.7% to C\$480.5 billion, or the equivalent of about \$349 billion. The level of federal spending is over 40% higher than prepandemic levels, even after the removal of pandemic-fueled stimulus. The budget plan envisages budget deficits of about C\$40 billion this year and next, fulfilling a promise Freeland made last fall.

To help finance spending—on measures intended to increase housing supply, improve access to healthcare and feed schoolchildren—Freeland is increasing the rate on annual capital gains realized above C\$250,000 from one-half to two-thirds. The higher rate applies to corporations and the wealthy and is scheduled to take effect June 25.

The higher inclusion rate—the first change in the capital-gains levy in over two decades—is expected to raise C\$6.9 billion this fiscal year, with corporations accounting for over two-thirds of that amount, and C\$19.36 billion over five years. The budget plan contemplates about C\$36 billion in net new spending over the next half decade.

In budget-plan documents, Freeland said for younger Canadians, the promise of a prosperous, middle-class life is at risk. "Those at the top have been getting richer while younger generations struggle to buy a first home and afford to start a family," she said. "Canada's potential must be leveraged to fix this."

Canada is maintaining the exemption for the sale of a principal residence.

## Infighting Divides Russian Opposition in Exile

By MATTHEW LUXMOORE

VILNIUS, Lithuania—A week after Russia's leading opposition figure, Alexei Navalny, died in an Arctic prison colony in February, his wife, Yulia Navalnaya, met with his grieving aides to ask: What next?

It was a pressing question not just for an organization that, despite Navalny's star power, had struggled to dent President Vladimir Putin's regime, but for the Russian opposition as a whole.

Russia's invasion of Ukraine in 2022 and Putin's brutal crackdown on dissent in its wake have scattered the political opposition to the winds, with disparate factions setting up in Western capitals.

Former energy tycoon Mikhail Khodorkovsky helps coordinate an antiwar committee from his London base. In the U.S., ex-world chess champion Garry Kasparov chairs organizations promoting democracy in Russia. From Tel Aviv, YouTube influencer Maxim Katz broadcasts political messaging into Russia.

But such efforts have failed to reach many average Russians or mobilize protests in a country where expressions of dissent are now criminalized. Moreover, many of the opposition groups are riven by infighting over how best to weaken Putin.

Some are now placing their hopes in Navalnaya, who promised to continue Navalny's crusade and help lead his Anti-Corruption Foundation, or FBK, which relocated to Lithuania after Russia outlawed it as "extremist" three years ago. They are calling on the opposition

groups to unite behind her and others in a formal council.

"We'd be much stronger with a real opposition coalition," said Katz, a former Russian politician with two million subscribers on YouTube, which isn't blocked in Russia, unlike major Western social-media platforms. "We should sit behind a common table and work out a coordinated strategy."

Since Navalnaya's visit to FBK in the days after her husband's death, and her announcement that she would take over his legacy, she has retreated from the spotlight and given no interviews about her plans. Kira Yarmysh, her spokeswoman, says FBK's future plans, and Navalnaya's role, are still being worked out.

FBK accuses the Kremlin of ordering Navalny's killing, something the Russian government denies. Navalny aide Leonid Volkov is still recovering from an attack by an unidentified assailant in Vilnius in March, which sent a chill through the community of Russian exiles there.

Occupying two floors of an office complex, FBK's full-time staff of 70 Russian speakers produces slick video investigations highlighting corruption in Russia and daily news shows focused on politics that are recorded in several video studios on the premises.

A core team has worked at the organization for more than a decade since Navalny founded it in 2011. "We've sat in jail together, we've suffered police beatings together," said Ruslan Shaveddinov, FBK's 27-year-old head of video. "Now each of us feels a duty to con-



Former energy tycoon Mikhail Khodorkovsky helps coordinate an antiwar committee from his London base.

tinue Navalny's legacy."

FBK doesn't reveal its main sources of funding, but says various nonprofits and private donors help. The videos they publish spur Russians to send them donations, usually in the form of cryptocurrency, the group says. FBK Director Ivan Zhdanov says the group's YouTube channels reach a monthly audience of up to 17 million people inside Russia.

Previous efforts to unite the Russian opposition have been short-lived. An opposition "coordination council" formed after a wave of anti-government protests in Moscow in 2012 gave way to bickering among its 45 members. It disbanded after a year. In 2018, Navalny rallied some opposition factions when he ran for

president, but he was ultimately barred from the ballot.

For exiled activists, staying relevant inside Russia is an uphill struggle. Yulia Galyamina, one of the few opposition politicians who remains in Russia

despite being barred from contesting elections after being branded a "foreign agent" by the state, says much of the opposition abroad no longer understands what ordinary Russians think

and feel. "It's very hard to maintain a connection with the realities of life here," she said.

Russian television, which is under state control, regularly seizes on evidence of opposition infighting to discredit its activists, many of whom are former lawmakers and government ministers.

'Now each of us feels a duty to continue Navalny's legacy.'

## UKRAINE

## Zelensky Signs Mobilization Law

Ukrainian President Volodymyr Zelensky on Tuesday signed a controversial law that could help Kyiv to boost conscription.

Expected to take effect in a month, the law seeks to make identifying draft-eligible men easier. It also provides soldiers with incentives, such as cash bonuses, though analysts say the country can't afford them. Russia has captured nearly a quarter of Ukraine, which is outnumbered, outgunned and in desperate need of more troops and ammunition.

The signed law didn't include a provision to rotate out troops after 36 months of combat. That will be part of a later bill, authorities said. The delay, however, outraged Ukrainians whose relatives have been fighting without breaks for two years.

—Associated Press

## PUBLIC HEALTH

## U.S. Offers Global Pandemic Strategy

The U.S. will help 50 countries identify and respond to infectious diseases, with the goal of preventing pandemics such as the Covid-19 outbreak the Biden administration said Tuesday. Under the Global Health Security Strategy, U.S. officials will offer support in the countries, most of them located in Africa and Asia, on testing, surveillance, communication and preparedness.

Efforts toward a global accord on pandemic response have faltered, but a senior administration official said Monday that the U.S. plans to move forward regardless of whether a treaty is hammered out. The goal is to get 100 countries signed on by the end of the year. Congo is one nation where work has already begun, with the U.S. helping its response to an outbreak of mpox virus.

—Associated Press

## NORTH KOREA

## Surveillance Grows Even More Intense

North Korea is putting cameras in schools and workplaces and collecting fingerprints, photographs and other biometric information in a push to monitor its population even more closely, a report from North Korea-focused website 38 North said Tuesday.

The fast-falling cost of surveillance equipment is a major factor, according to the researchers. The tools, which combine equipment imported from China with domestically developed software, threatens to erase many of the small spaces North Koreans have left to engage in private business activities, access foreign media and secretly criticize their government, they wrote—though for now the government's digital ambitions run up against unreliable electricity supplies and low network connectivity.

—Associated Press

## WORLD WATCH



PARIS OR BUST: The torch for the 2024 Olympics was lit at Greece's Olympia site Tuesday.

## FROM PAGE ONE

## Deodorant Finds Wild New Market

Continued from Page One

Recent years, some shepherdesses have discovered the deodorant has an auxiliary benefit: When used among their flocks, it masks the hormones that get the boys butting heads.

"There's no argy-bargy, no rowing," Bryce says of the deodorant's effects.

Since getting clued in, Bryce has regularly used a few long sprays of Lynx on Cash and Casper, two testosterone-aded 4-year-old rams she keeps some 100 miles northeast of London. The pair have lived together since they were five months old but are prone to fight following any period of separation.

"They puff themselves up and square up to each other

and make this grunting noise," explains Bryce, 55 years old, who often favors unwieldy Wellington boots paired with purple nail polish and sparkly eye shadow. "It's like when you see drunk men put their fists up and say, 'I'll fight you.'"

The deodorant isn't just for the fellas. Caitlin Jenkins, a 31-year-old shepherdess in nearby Suffolk, has used Lynx to successfully convince ewes to mother orphaned lambs. Ewes identify their offspring by scent and spraying them both confuses the ewe into believing a lamb is her own, says Jenkins.

"I always go for Lynx Africa because it has a very distinctive strong smell," she says. "The ones that don't smell as strong have less chance of working."

Axe was first launched by Unilever in France in 1983 after the company saw a gap in the market for a strong deodorant that smelled like cologne. The brand was sold as Lynx in markets where the Axe trademark was already taken, including the U.K.

Twelve years later, Unilever launched Lynx Africa (and Axe



Sam Bryce has regularly used a few long sprays of Lynx deodorant—known as Axe in the U.S.—on her rams.

Africa), a scent it marketed as "deep and sensual with a fresh top note set on a warm oriental base."

For years the brand's ads drew complaints for being degrading to women. One early 2000s ad showed a teenage boy putting his feet against the nose of a girl in a library, who responded by enthusiastically licking them.

"In the animal kingdom, the

horn turtle seduces the female by drumming his long toenails across her snout," said the voice-over. "Thank goodness humans have the Lynx effect."

Over the past few years Unilever has tried to reinvent Axe to be a more inclusive brand with more sophisticated fragrances and less gauche advertising. Its recent ads for Lynx Africa features a talking goat—a play on the acronym GOAT,

for Greatest of All Time—whose curving horns, coincidentally, make it resemble a ram.

Unilever, which declined to comment, has said that Axe isn't tested on animals. The shepherdesses say they're careful to avoid the animals' eyes while spraying them.

As a child, Bryce enjoyed milking her neighbor's goats. After retiring as a police officer 18 years ago following a back injury, she decided to keep some sheep. She now owns what she calls a "hobby flock" of about 30 sheep.

"Being a police officer is quite a high-adrenaline job. No day was the same and I think that describes sheep really well—you never know what they're going to get up to," she says as a bleating long-legged lamb skips past and then leaps into the air for no apparent reason. "I adore my sheep, but they're the naughtiest things I've ever owned."

Bryce says Lynx is especially helpful after Casper and Cash have been out mating with ewes. "When the rams come back from tugging, they stink," Bryce says. "They need a pow-

erful smell."

Half a world away in Gisborne, New Zealand, 43-year-old sheep and beef farmer Toby Williams is also a Lynx user—but only for himself, not his 60 rams. He has used Brut, Old Spice and Johnson & Johnson baby powder to convince ewes to mother orphaned lambs. "They all work the same," he says. "The point is you're providing a scent that confuses the animal."

The fifth-generation farmer is skeptical that the Lynx Africa technique works, given how prone to fighting rams are, but agrees the principle is sound. "Animals can see each other, but smell is what lets them know it's one of their friends," he says. "It's triggering rams to say, 'This is my mate.'"

Bryce says without Lynx, Casper and Cash "get full of themselves" and start to "bicker," so she likes to keep a couple of cans on hand.

"I'm not the only nutter, lots of ladies have it in their tool kit," she says. "It's quite a well-known thing among the ladies—the shepherdesses—that Lynx works."

## Rivalries Divide War Cabinet

Continued from Page One

Now, they also must make one of the biggest decisions the country has ever faced: how to respond to Iran's first-ever direct attack on Israeli territory. Their power struggle could affect whether the Gaza conflict spirals into a bigger regional fight with Iran that transforms the Middle East's geopolitical order and shapes Israel's relations with the U.S. for decades.

"The lack of trust between these three people is so clear and so significant," said Giora Eiland, a former Israeli general and national security adviser.

Netanyahu, the nation's longest-serving premier, increasingly is trying to direct the Gaza war by himself, while Gallant and Gantz are widely seen to be trying to cut out Netanyahu from decisions.

Gantz, the general who led Israel's last major war against Hamas a decade ago, has previously expressed a desire to oust Netanyahu as prime minister. He called earlier this month for early elections in September after tens of thousands of people demonstrated against the prime minister's handling of the war—a sign that Gantz's base has grown frustrated with his role in a Netanyahu-led government.

The three war cabinet members have met daily since Saturday's attack by Iran, vowing a response but leaving vague the timing, scale and location. They face a challenge in designing a response that balances their goals of deterring Iran, avoiding a regional war and not alienating the U.S. and Arab states involved in repelling Iran's strike.

Gallant is considered the most hawkish of the three. At the start of the war, he advocated a pre-emptive strike on Iran's Lebanese ally Hezbollah, but he also is eager to align with the U.S.

Netanyahu has been keeping Gallant and Gantz in the dark about key decisions, according to current and former Israeli officials. In an effort to gain control over food and supplies going into Gaza, he has considered appointing an official on humanitarian aid who will report directly to his office and bypass the defense minister, said Israeli officials familiar with the matter.

"It's very hard for the prime minister to make the army do what he wants if the minister of defense is not aligned with him," said Amir Avivi, founder of the Israel Defense and Security Forum think tank. "This lack of alignment is making things for Netanyahu very, very hard."

The three men have been rivals for years. Gantz has run against Netanyahu in five elections that political analysts have described as some of the country's nastiest ever. Last year, Netanyahu tried to fire Gallant, who has told people close to him that the prime minister's previous Gaza policies have been a failure.

As for relations between Gantz and Gallant, they barely spoke to one another for more than a decade before joining the war cabinet together.

Polls show that Gantz is Is-



Israeli Prime Minister Benjamin Netanyahu, left, with Defense Minister Yoav Gallant, center, and former military chief Benny Gantz in October.

rael's most popular leader. People close to him have been trying to persuade members of Netanyahu's coalition and his own party to leave the government and force the prime minister from power, according to people familiar with the matter. That would leave Gantz as the most likely politician to replace Netanyahu.

## Political rivalry

Gantz has tried and failed several times to oust Netanyahu, a savvy political operator known inside Israel as "the magician" for his ability to escape political trouble. Now Netanyahu is politically weakened by the war, setting up a test of whether Gantz, and potentially even Gallant, can finally end his decade and a half of political dominance.

With cease-fire talks in Cairo earlier this month, Netanyahu also is under pressure from the far-right flank of his coalition, parts of which recently threatened to tear the government apart if an agreement is reached to end the war without taking out Hamas's military. That right flank also is pressing for a dramatic response to Iran.

On April 8, Netanyahu said he has set a date to push into the Gaza city of Rafah, the last Hamas stronghold where more than a million Palestinians are sheltering. He has faced opposition, though, from Gallant, who wants to figure out how to manage American expectations before proceeding, said people familiar with the disagreements.

The U.S. has warned Israel against mounting a Rafah operation, and Gallant is concerned about damaging Israel's relationship with Washington and losing American financial and military support, these people said. President Biden told Netanyahu on an April 4 call that future U.S. support would be conditioned on Israel's treatment of Gaza's civilians.

All three men have different ideas about postwar Gaza. The prime minister has said the West Bank-based Palestinian Authority in its current form should play no role, and is focused on the Israeli army working with local leaders. Palestinians say Netanyahu's plan amounts to occupation, something he says he opposes.

The defense minister sees Palestinians connected to the Palestinian Authority's leadership in the West Bank as the

best option. He has told people in meetings that he would rather have chaos in Gaza than Israeli soldiers governing the enclave, said people close to Gallant.

Last month, Netanyahu canceled a trip to Washington by his top aides to protest a U.S. decision not to veto a United Nations Security Council resolution calling for an unconditional cease-fire. Gallant still went ahead anyway with a visit that wasn't coordinated with the prime minister.

Gantz also flew to Washington last month over the prime minister's objections. The Biden administration openly received Gantz while signaling frustration with Netanyahu.

The three men also don't agree about how to free the hostages held by Hamas. Gantz has called publicly for a deal to secure their release, saying their lives are at risk. Netanyahu and Gallant have emphasized that only military pressure along with negotiations will lead to their release.

But Netanyahu controls Israel's hostage negotiation team, led by Israel's spy chief. While the prime minister has publicly talked of a deal, he has at times taken a hard line on the terms.

Personal tension between Israel's leadership goes back more than a decade. In 2010, Netanyahu's government nominated Gallant, a 30-year vet-

eran of the armed forces, to become leader of the military. After the nomination was announced, documents became public that alleged Gallant had orchestrated a smear campaign against other contenders for the job, including Gantz, according to a regulator's later report on the matter.

Gallant denied involvement, and police accused an ally of the military chief at the time of faking the document. Nevertheless, the scandal helped derail the nomination and end Gallant's military career.

Gantz got the job instead, becoming chief of the military between 2011 and 2015, a period during which he led two major operations against Hamas. He later used that credential to launch a political career, creating a new party that beginning in 2019 turned him into Netanyahu's chief political rival.

Three elections in a one-year span produced no clear win for either Gantz or Netanyahu. In 2020, the two agreed to join a coalition and to alternate the premiership to end a destabilizing political period. The experiment dissolved in acrimony within a year.

Gantz accused Netanyahu of blocking him from the prime minister's seat. Netanyahu said he couldn't run a government working with Gantz.

After a detour into the oil-and-gas industry following his

military career, Gallant decided in 2014 to get into politics. Israel's conflict that year with Hamas, overseen by Netanyahu and Gantz, then the military's chief, had frustrated Gallant.

After a few years in a smaller political party, Gallant joined Netanyahu's Likud. Netanyahu named him defense minister in 2022, finally giving Gallant top command over Israel's forces.

## Public pressure

In 2023, Netanyahu's new government tried to enact large-scale changes to Israel's judicial system, sparking months of protests, often led by military reservists. Believing there was a crisis brewing in the army that endangered national security, Gallant publicly urged Netanyahu to hold off.

Netanyahu fired him, setting off strikes and civil unrest, before backing down and suspending the legislation. Two weeks later, Gallant was reinstated.

The Oct. 7 attacks brought the three men together in the war cabinet. Gantz and Gallant set aside their differences to try to work professionally.

But tensions heightened between the two men and Netanyahu. The prime minister, facing public criticism for Oct. 7, blamed the security failures on Israel's defense and intelligence services. After Gantz criticized him, he apologized.

Netanyahu, under pressure from the White House, overruled Gallant on a pre-emptive strike against Hezbollah in Lebanon.

Days later, the prime minis-

ter met with the former army chief whom Gallant partly blamed for derailing his 2010 nomination to run the military. The former chief is one of the few people in Israel that Gallant refuses to shake hands with, and the defense minister viewed the meeting as an attempt by Netanyahu to undermine him, according to a person close to Gallant. Netanyahu's office described it as a routine meeting to strategize on the war.

Gallant and Netanyahu began organizing separate news conferences, sometimes just minutes apart.

Cracks emerged in the war cabinet after an initial Israeli blitzkrieg against Hamas forces in Gaza slowed, and the humanitarian cost of the war grew.

Netanyahu fell out publicly with Biden, but Gallant talked regularly to Defense Secretary Lloyd Austin.

In January, Gadi Eisenkot, a nonvoting member of the war cabinet who is a political ally of Gantz, publicly criticized Netanyahu's approach to the war, suggesting that the prime minister's talk of absolute victory was unrealistic. He called for elections to restore public trust in the government.

Soon after, Netanyahu said Israel would achieve "total victory" over Hamas. That goal has proved elusive.

More than 33,000 Palestinians have died in the Gaza war, according to Gaza health authorities, whose numbers don't distinguish between civilians and combatants. That humanitarian cost has brought intense international pressure on Israel to agree to a deal to exchange hostages for a cease-fire.

This month, Israel's mass antigovernment protest movement flared anew.

Even if Gantz chose to leave the government, at least five members of Netanyahu's Likud party, or one of his coalition partners, would have to pull out, too, to collapse the prime minister's 64-seat majority in the 120-seat parliament.

That leaves Netanyahu with room to maneuver.

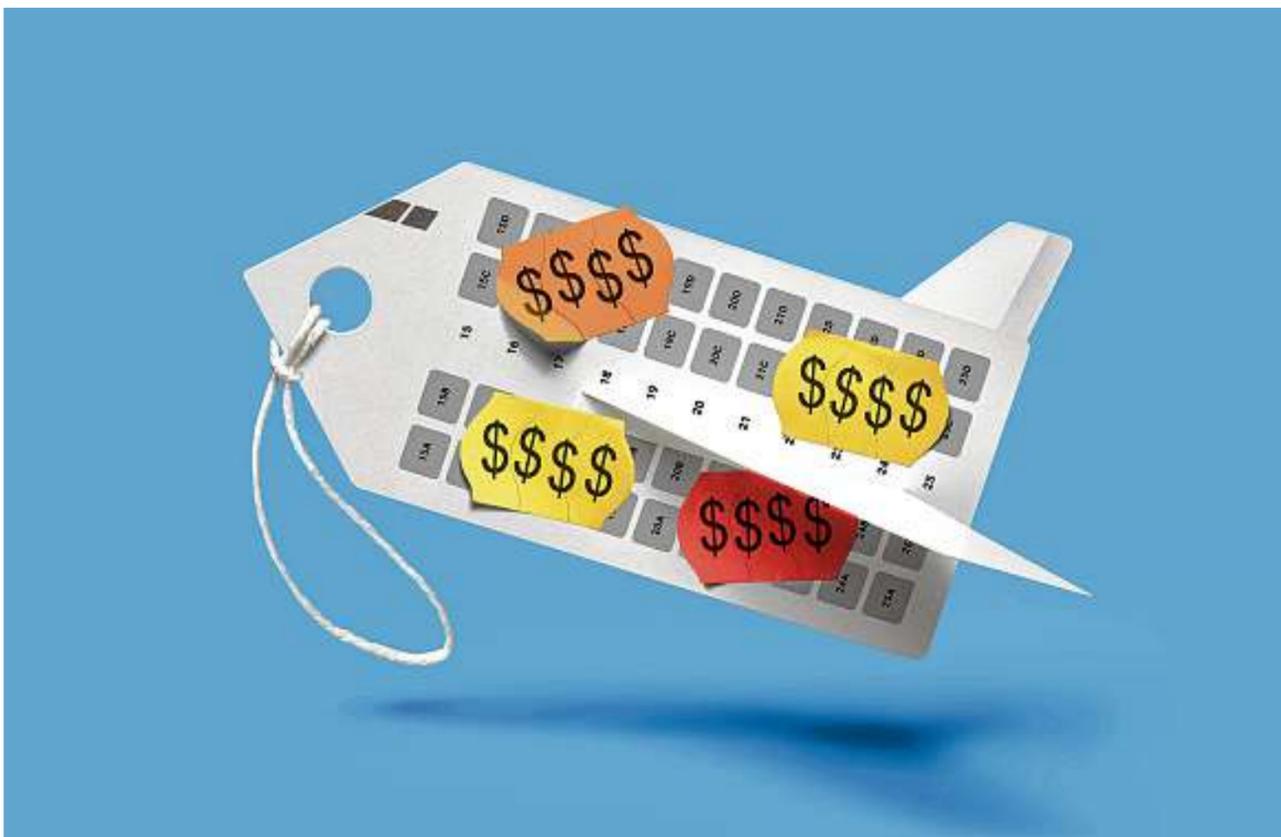
"The most important thing for Netanyahu is his political survival," said Ofer Shelah, a former lawmaker and military analyst with the Institute for National Security Studies. "The longer the current situation remains, the better his chances of remaining prime minister are."

—Anat Peled and Dov Lieber contributed to this article.

'The lack of trust between these three people is so clear and so significant.'



Gantz is Netanyahu's chief political rival. A 2021 billboard for Gantz's Blue and White party.



## A Choice Seat Comes at a Price

Airlines now charge fliers an extra fee for the 'luxury' of getting a good seat assignment in economy



**CARRY ON**  
DAWN  
GILBERTSON

Let's pour one out for the not-so-long-ago days when a decent seat assignment came with your flight at no extra cost.

Trying to reserve a seat these days is a logistical and financial puzzle unless you have airline status or corporate travel perks. Airlines have tricked-out seat maps with added fees nearly everywhere, even middle seats.

I'm not talking about budget airlines Frontier, Spirit and Allegiant, where passengers pay a fee to reserve a seat in advance in exchange for a cheap fare. I'm talking about rising seat fees at American, Delta and United, as anyone who's booked a flight recently knows too well. Southwest doesn't assign seats but does offer two options to board earlier for better seat selection. Those prices are also on the rise.

American was recently asking an extra \$44 to \$52 one way for a standard seat near the front of the plane for a flight from Dallas to New York this week and \$29 to \$35

for the same flight in June. I found prices ranging from \$40 one way for an ordinary Delta seat to \$90 for exit row on a June Atlanta-Orlando flight, and \$51 for United flights from Newark to San Francisco in May and June. All are labeled "preferred" seats by airlines.

On some flights, more economy seats have price tags than don't. But you don't discover the cost until you put in your passenger information. American shows you the price for each seat up front on the map. Delta and United each make you click individual seats to see prices. (The only thing you can see during a quick flight search is a seat map without prices to give you a general idea of seat availability.)

These days, a family pricing out a flight would need a calculator to compare total flight prices. I know because I have spent hours pricing seats on some of their most popular routes the past few days. It was an exercise in frustration, and is overdue for change. Some lawmakers have mentioned seat fees in their push to get airlines to make the all-in cost of a plane ticket more clear upfront.

Yes, there were free seats available on every flight I checked, in some cases rows of them for June flights. All were in the back of the

plane. In United's case, the free seats were in rows 43 to 53 on a Boeing 777 on a Newark-San Francisco flight. Free seats get more scarce closer to departure.

### B for billions

Airlines are playing to our travel anxieties and varying comfort levels with the seat upcharges, and clearly succeeding. Consultant Jay Sorensen of IdeaWorksCompany has studied airline ancillary revenue for years and estimates seat fees brought in \$4.2 billion for eight large U.S. airlines on domestic flights alone in 2022. (His figure includes those cushy sections at the front of economy with names like Comfort Plus, Economy Plus and Main Cabin Extra.)

That compares with \$5.1 billion for baggage fees, he says. Unlike bag and ticket change fees, the government doesn't require airlines to disclose seat-fee revenue.

President Biden has called out airline seat fees in his campaign



▲ Major airlines are charging a premium to reserve seats, even those without additional legroom.

against junk fees, but only as it relates to charges so families can sit together.

United made the most public changes, pledging to seat kids 12 and younger with a family member without extra fees, even those on basic economy tickets. American and Delta said they have similar plans in place.

My unscientific search of seat

fees for a family of four buying United basic economy tickets found three free seats together in the back row on a flight from Orlando to Newark on a Saturday in May. The fourth passenger would pay \$25 for an adjacent seat.

That compares with \$88 for four standard basic economy seats together without the policy in place.

In a sign of just how lucrative seat revenue is, United says its family-seating guarantee has saved travelers nearly \$40 million by providing 1.4 million "preferred" seats for free over the past year.

### European carriers

Beyond efforts to seat families together, airline seat fees show no signs of abating. Veteran fliers worry that U.S. airlines will adopt even stricter policies like some of their foreign competitors.

Cindy Culbertson, a retired bank regulator, is flying Scandinavian carrier SAS to Copenhagen this summer ahead of a 16-day Norway tour.

In January, she found what she considered a great business-class deal: \$2,600 round trip.

When she got to the seat map, she was stunned to find a bunch of price tags for each lie-flat seat. Her seat bill: \$250 round trip, including \$10 on a short connecting flight.

British Airways offers no free advance seat assignments to passengers without status, even if you're flying business class. Passengers can pick a seat when they check in online 24 hours before their flight. (First-class passengers, families with infants and those with medical or accessibility issues

can select a seat for free at booking, the airline says.)

Book a \$6,200 round-trip British Airways business class ticket for a nonstop flight from Phoenix to London in June and you'll pay \$123 to \$158 each way to pick your lie-flat seat at booking.

Gisele Lannamann and her husband paid \$50 a person per leg for economy seats for round-trip tickets from Boston to

Palma de Mallorca in Spain on Swiss in January.

Lannamann, a retired yacht chef, says they paid for seats so they could sit together in a window and middle seat.

Except they didn't get the seats they paid for on the flight home.

A text from the airline said they would be put in the best available seats. She says no one could help them at the airport or the gate and didn't offer them a refund. They ended up separated.

They didn't ask anyone to swap seats.

## Avoid Prepayments To Funeral Homes

BY DOMINIQUE MOSBERGEN

### PLAN NOW. DIE LATER.

Arranging your funeral now could save your family money and ensure you get the services you want. But think twice before paying ahead for your final fête. Many funeral homes encourage people to prepay under arrangements that benefit them more than customers.

"Don't prepay but please pre-plan," said Sara Williams, president of Funeral Consumers Alliance, a consumer-advocacy group. "Write it down and tell the world, so it's not this crazy cluster when you die."

Most people don't plan ahead, leaving loved ones to shop for funeral packages and burial plots. "You're not acting rationally when you are grief-stricken," Williams said.

Even in the best of times, accurate funeral-pricing information is hard to find. Some funeral directors say they are trained to upsell grieving families into buying more expensive packages and caskets for their loved ones—and to pay for their own future arrangements too.

Janine Carreno, who worked as a funeral director at Pierce Brothers Valhalla Memorial Park and Mortuary in North Hollywood, Calif., from 2008-18, said salespeople at the business would loiter around graveside services to sell future services to mourners.

"They were like hawks, watching every family walk by," Carreno said.

Diana Vactor told her family more than a decade before she died that she had prepaid for her service

with a funeral home in Brooklyn, N.Y., and purchased cemetery plots in New Jersey for herself, her son and two grandchildren. Vactor's granddaughter, Eartha Marks, remembers her saying she had paid \$8,000 for the funeral expenses to E&C Owens Memorial Chapel.

"It was her own retirement gift to herself," Marks said.

When Vactor died in December at 94, her family discovered that E&C Owens had closed years before. They couldn't find Vactor's prepaid contract. The family hastily made arrangements with another funeral home and paid about \$8,000 for a service and casket.

Marks has tried to find the money paid to E&C Owens. The New York Bureau of Funeral Directing told her it couldn't find a record of the sale. "My grandmother was such a proactive person. She would have been very disappointed," Marks said.

So-called preneed sales account for about a third of revenue at many funeral homes, industry analysts say. Funeral salespeople can earn lucrative commissions on such packages, which are sold

► It can be hard to get a refund if a funeral home closes, is acquired or if you move out of state.

as insurance plans or interest-bearing trust accounts.

People can pay in advance for every step of their final goodbye, from embalming to burial. Funeral directors say doing so spares next of kin from hefty bills. Packages can be guaranteed against inflation to save money in the long run, they say.

But prepaying can go wrong. It can be hard to get a refund if a funeral home closes, is acquired or if you move out of state, said Victoria Haneman, a law professor at Creighton University. She recommends people put funeral funds in a pay-

able-on-death bank account instead.

Customers who prepay should read the fine print. Is the contract refundable or transferable to another funeral home? If you pay in installments, know what your family could owe if you die before full payment.

Paying for a burial plot or cremation niche years before death could be wise if a buyer is set on their final resting place, said Jeff Jorgenson, owner of Elemental Cremation & Burial in Washington state. "If you can lock in the cost 10 years in advance, you've saved a massive amount of money

and a lot of headache."

Wendy Wiener, a lawyer who advises the funeral industry, said that people with preneed contracts are protected by state regulators and that most states have a consumer-protection fund to reimburse customers who prove they had a contract. Prepaying increases the likelihood your wishes will be carried out by those left behind, she said.

Just make sure your family knows where to find the contract.

Genaro Juarez didn't know his mother had prepaid for her cremation until after she died last July. He discovered her contract with Neptune Society in Tempe, Ariz., when he was sorting her belongings. Her body had already been picked up by another funeral home.

"They said there would be no refund and it was nonnegotiable," Juarez said.

He filed a complaint with the Better Business Bureau and also called Neptune Society's headquarters. Several weeks later he received a partial refund.

John M. Chapman died in 1999 at 82 after repeatedly telling his family that he had prepaid for all his funeral expenses, Dawson said. After Chapman's death, Toale Brothers Funeral Home & Crematory in Bradenton, Fla., where he had purchased the package, said the family owed \$500 more.

Dawson begrudgingly paid. "They were preying on our emotional status," Dawson said.

The funeral home didn't respond to requests for comment.



## PERSONAL JOURNAL.



ELIZABETH BERNSTEIN

# How to Be a Conversation Killer When the Chitchat Gets Boring

A user-friendly guide to making the discussion more interesting or plotting your escape

Peter Wagner was attending a business dinner recently when the man sitting next to him began to drone on about annuities and asset allocation. Ten minutes in, he'd had enough.

Smiling, he said: "We've just about exhausted my interest in this topic. What else have you got?"

His companion paused briefly, then grinned and switched the topic to Caitlin Clark and women's basketball.

Bet you wish you had Houdini-like escape skills like that!

There's an art to extracting yourself from a boring conversation. Done right, you escape, and the other person still feels good about the connection.

Too often, though, we feel stuck when someone is yammering on about something we find tedious. Rather than ending the chat or changing the subject, we stay silent, nodding politely and panicking inside. We fear being rude or hurting the other person's feelings. Or we simply don't know how to move on.

"A conversation is a little bit like driving down the freeway," says Adam Mastroianni, an experimental psychologist who studies conversations. "There are only certain points where you are allowed to enter or exit without doing considerable damage."

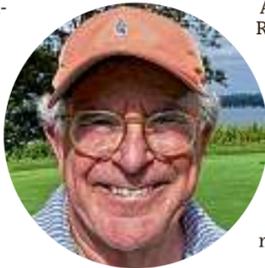
Research by Mastroianni and others shows that in just 2% of conversations do two people want to stop talking at the same point and manage to do so. The vast majority of the time, people in a conversation differ on when they want to end it, with one person wishing to stop talking an average of 10 minutes—or 68% of the length of the conversation—sooner than the other.

We need to take a lesson from rats. (Yes, rats!) When they are put in a maze, they typically just hang out. But give them a trigger—heat up the floor or administer a shock to their feet—and they quickly discover how to get the heck out. Scientists call this "escape conditioning."

Consider boredom your trigger to make a break for it. Research shows that people would rather self-administer electric shocks than be bored. One reason: It takes a lot of mental effort to try to stay engaged when we're bored.

"It's like a dieter holding back from chocolate cake or a smoker from having a smoke," says Philip Gable, a professor of psychological and brain sciences at the University of Delaware, who studies the neural effects of boredom.

► Peter Wagner uses a clever line to cut off dry discussions.



## Excuses that work

I heard a number of effective ways to put an end to a dull conversation while reporting this column, including this time-tested standby: "I'm going to get a drink. Can I get you one?"

Many people said that they pretend their spouse or significant other is calling. (One couple has a code-word to alert each other that they need to be saved.) Others said they try to pass the long-winded person off on someone else, then flee.

A woman in her 80s says she waits for the person who is rattling on to take a breath and then starts talking about whatever she wants. "If someone is going to be boring, I'd rather it was me," she says.

## Be kind

Think of listening as a gift.

A few years ago, Greg Reid was waiting for a flight when the man sitting next to him struck up a conversation. Reid was catching up on work email and wanted to continue. But he decided to listen as the man talked about his

kids, his job and his workout routine.

When it came time to board the flight, Reid says that the man shook his hand and said: "Thank you, that was wonderful. I haven't enjoyed a conversation like this since my wife recently passed away."

"I am glad I listened," says Reid, 59, a data privacy consultant in Portland, Maine. "You never know what the other person is going through."

## Make a game of it

The best way to escape a boring conversation is to turn it into a better one, says Mastroianni.

Challenge yourself to make the chat interesting. Give yourself bonus points for each thing you discover that you and the other person have in common.

Todd Kelman's strategy is to pepper the person with questions until he learns something they can laugh about. He did this with a woman he met at a recent networking event and learned that she was a vegan. "Are you a legit type of vegan or someone who



◀ Greg Reid is glad he listened to a fellow flier who wanted to talk.

has-a-couple-glasses-of-wine-and-orders-a-double-cheeseburger type of vegan?" he teased her.

The woman admitted she'd been a vegan for just two months. He then confessed that he'd lied about how much he worked out. And soon the two were laughing and bantering. "Boring conversation averted," says Kelman, 49, the manager of a professional hockey team in Cardiff, Wales.

## A third party

Introducing someone new to the person you're talking to can break up a monologue and broaden the conversation, Gable says.

My nephew and I have another strategy. Before big family events, we remind each other about something interesting we did recently that we want to talk about. Then, if we get stuck in a conversation we don't like, we throw the spotlight on each other. "Hey, did you

know that Noah got straight A's this semester?" I said recently to a family friend at a party who was talking a little too long about how he keeps his lawn free of weeds.

## It's OK to flee

Elisabeth Crain, a psychotherapist in Santa Barbara, Calif., suggests you give a three-minute warning, just like you would to a toddler. Try: "I'm afraid I have to be leaving in the next few minutes, but I want to hear the end of your story before I go."

This makes the person feel validated and avoids abruptness. Thank the person for their time and tell them you hope to see them again.

"If you make people feel seen and heard, they'll have a good memory of you," says Crain.

Wagner says he's been using his "you've pretty much exhausted my interest" line for years. Rather than ending the conversation, he'll often try to redirect it, suggesting a new topic such as: "How 'bout those Yankees?"

So far, he says no one's appeared to be offended.

"If you say it in a friendly way with a smile on your face, it works like a charm," says Wagner, 67, an executive in Roslyn, N.Y.

## Brooklyn Museum Showcases Dior's Fall Collection



OFF BRAND RORY SATRAN

On a balmy Monday evening, a cavalcade of black SUVs bearing Christian Dior logos shuttled a stream of statuesque blondes—Charlize Theron, Anya Taylor-Joy, Rosamund Pike, Delphine Arnault—to the Brooklyn Museum. Dior, one of the crown jewels of the nearly \$100 billion LVMH conglomerate, descended on the outer borough to show its fall collection, an ode to the fashion house's long Franco-American history.

The clothes, which spanned Marlene Dietrich-inspired tailoring, slouchy printed sportswear and sparkling, fringed dresses, will hit stores in the U.S. this week and worldwide in May. It's only been a little over a month since Dior's last 72-look runway collection in Paris. Luxury never rests.

"Everything has changed since I started working in fashion," said the brand's Italian creative director, Maria Grazia Chiuri, in an interview last week. Back then, there were only

two collections a year. But, she said, "In the last 10 years, the 'pre-collection' has become more important." It stays on shelves longer and keeps luxury hounds sated year-round.

These pre-collection and resort shows have become lavish, global affairs in recent years, with luxury brands jumping to outdo each other in far-flung locations. In the past few years alone, Dior has flown editors, influencers and clients to Mexico City, Mumbai, Seville and Seoul.

Dior's connections to New York date back to his first collection in 1947, a period spotlighted by the recent Apple TV+ series "The New Look." Legendary editor Carmel Snow of Harper's Bazaar christened his hourglass shape "the new look," and its success led to Dior's first visit to the States that same year. Christian Dior opened a New York branch in 1948. The postwar alliance between France and America was at its peak, and American women were mad for Dior.

The French-American theme came through in broad strokes (some might say too broad) at the Brooklyn show, with the Statue of Liberty and the Eiffel Tower printed on some garments. It was also apparent in the prevalence of black, and the ease of looks like a logo-printed tracksuit. "Honestly, I love sportswear," said Chiuri, who was wearing sneakers and cargo pants while we chatted.

Chiuri, who calls herself a "curator" of Dior's history, is as much in-



spired by the brand's origin story as by its more contemporary interpreters. She mentioned designer John Galliano, whose newspaper-print dress and Saddle Bag for Dior were immortalized by Carrie on "Sex and the City" in the early 2000s. The Saddle Bag, which is having a nostalgia-fueled "Y2K" moment, appeared on this week's runway.

The raison d'être for the Brooklyn show is as much strategic as creative. The United States was responsible for about 25% of LVMH's mind-boggling \$93.34 billion in revenue in 2023. In its 2023 annual investor report, the group highlighted "a major store renovation program" in the U.S. this year that will "help better reflect American customers' new expectations."

Christian Dior's chief executive,

▲ The clothes will hit stores in the U.S. this week, worldwide in May.

Delphine Arnault, LVMH chief executive Bernard Arnault's daughter, said, "I am delighted and proud that this Dior Fall 2024 show is taking place in the heart of the emblematic Brooklyn Museum, a precious partner dear to Dior, celebrating once again, and more than ever, the powerful ties that have united our house with New York since 1947."

Dior has an ongoing partnership with the Brooklyn Museum, which includes sponsoring the annual Brooklyn Artists Ball. This year's event, which took place last week, honored artist Titus Kaphar and drew the likes of Kehinde Wiley and Mickalene Thomas. Chiuri, one of the few female creative directors of a

large luxury house, is known for boosting women artists. The set for this week's show featured the work of Suzanne Santoro, who was born in Brooklyn and later joined Roman activist group Rivolta Femminile, and the feminist, conceptual-art duo Claire Fontaine.

Many of the fashion show's guests, whether they were flown in from Paris or Ubered in from Manhattan, were visiting the museum for the first time. That group includes Raquel Pica, a Cuban-born financial advisor and Dior client wearing an eye-catching diamond necklace and a black Dior ballgown. She says she's worn Dior for as long as she's worked in fi-

nance—40 years—and always buys it at Saks Fifth Avenue. Saks is a big player in Dior's New York story. It's carried the brand since 1950, and Galliano showed at its Fifth Avenue location in 2007.

Léna Mahfouf, a social media star known as Léna Situations with over five million Instagram followers, traveled from Paris to New York to see the collection. After the show, she said the suits made her "want to sign million-dollar contracts and then celebrate by dancing on the tables in the party dresses." She was wearing a simple strapless black dress and carrying a Dior handbag from the new collection, embellished with a sparkly view of the Statue of Liberty.

"It's quite literal but sometimes literal is fun," said Mahfouf.



# WHAT MAKES A ROLEX A ROLEX?

**It's not the wheels and cogs.** It's not the steel we shape nor the gold we forge. It's not the sum of every single part that we design, craft, polish and assemble with countless skills and constant care. It's the time it takes. The numerous days and months that are

necessary until we can print this single word on each individual dial leaving our workshops: *"Superlative."* It's the mark of our autonomy, responsibility and integrity. This is all we make, but we make it all. So that, in time, you can make it your own.

*#Perpetual*

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HUDSON YARDS  
AMERICAN DREAM

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## ARTS IN REVIEW

Singer-songwriter Maggie Rogers got her big break thanks to a video shared on social media, which has been a common occurrence for years now. But not much else about her career in music has been conventional. In 2016, she was studying music production at New York University when producer Pharrell Williams, then an artist-in-residence, sat in on a class to offer feedback. She played a song that she had written and produced called "Alaska," and Mr. Williams was effusive in his praise. The session was recorded on video and, after it was posted, it became a viral sensation. Before long, Ms. Rogers had a record deal.

Ms. Rogers's background was in folk music and "Alaska" was an electropop song. From the beginning, she has operated between genres, and her place in music has been unusual. Her debut LP, 2019's "Heard It in a Past Life," was released on a major label and hit No. 2 on the charts, but she doesn't really have the makings of a pop star. Her music is defined by its down-to-earth simplicity and its earnestness, and while she has garnered some critical acclaim, it has taken time for her to figure out the right setting for what she wants to say. The debut was mostly electronic in the vein of "Alaska," which was an awkward fit for her voice. Club music benefits from mystery or glamour, neither of which is Ms. Rogers's forte. Her 2022 LP, "Surrender," with beefier rock production, was an improvement, but didn't quite work as a coherent whole. If her first full-length record was too synthetic and her second too loud, Ms. Rogers's third album, "Don't Forget Me" (Debay Sounds/Capitol), fits where she is now.

Ms. Rogers is now 29 years old, and she's making music for grown-ups. She has partnered with versatile songwriter, producer and multi-instrumentalist Ian Fitchuk, best known for his work with Kacey Musgraves. Together, they've crafted a collection that recalls artists like Sarah McLachlan, Paula Cole and Shawn Colvin, who deliver comforting adult-contemporary grooves but also slot easily with folk and alternative music. It may not be the hippest corner of music, but it's a perfect match for Ms. Rogers's style, allowing her sharp and detailed songwriting to take center stage.

The opening "It Was Coming All Along," which coasts along with a bubbly synth part and a memorable bassline, sets the tone with its mix of confidence and vulnerability. Ms. Rogers's voice is like a telephone conversation with an old pal—she sets aside histrionics and tells a story, with clear and direct lyrics about getting older, wrestling with changes, and trying to make your way in the world. She has a knack for taking



MUSIC REVIEW | MARK RICHARDSON

## A Singer Sounds at Home

Maggie Rogers finds a slightly folky, alternative-rock style that fits her well on her third album

Ms. Rogers, above; her confident new record, 'Don't Forget Me,' is out now.

major highlights, offering the confident strut and shimmering twang of Bonnie Raitt circa "Nick of Time" and a chorus with staying power. Though a spoken-word interlude about a canceled date two-thirds of the way through, seemingly a nod to Taylor Swift, is a minor misstep. The next number "The Kill," with a sharp synthesizer hook that brings to mind Tears for Fears, is almost as good as "So Sick of Dreaming," as Ms. Rogers sings of a love that went wrong. A line like "Remember the days we used to drive upstate / Singing indie rock songs in the car" seems almost too simple at first, but Ms. Rogers favors narrative clarity and relatability in her lyrics, which work perfectly for the musical style.

That style does, however, have its shortcomings. Given just how cozy and laidback the arrangements are, when the melodies are less engaging the songs drift into the background. "Drunk" has a touch of new-wave minimalism in its guitar line, but its tune doesn't quite stick. The folk-pop number "On & On & On" ups the tempo a bit but would be better served with more urgency than Ms. Rogers sings it. These tracks, and a few others, are well crafted but ultimately generic, serving the overall vibe of the album but not standing out on their own. Better is the spare ballad "I Still Do," with a piano line that brings to mind Neil Young's "After the Gold Rush" and an affecting chorus that Ms. Rogers delivers in her upper range.

The creative process of "Don't Forget Me," in which the singer-songwriter collaborates with a producer who can play most of the instruments, has become a com-

mon one in the pop world. Jack Antonoff, who has worked with Lana Del Rey and Taylor Swift, is the most visible practitioner of this arrangement, but there are quite a few others at this point. It's a method geared toward consistency. Ms. Rogers and Mr. Fitchuk essentially created this entire record—she plays keyboards and bits of guitar and bass, he plays just about everything else—and it feels like a unified statement. But the lack of variation makes the LP sound a little closed off, sometimes even a little claustrophobic. One wishes for a bit of instrumental spice, a guest vocal, a lyrical guitar solo that takes a song somewhere new.

Ms. Rogers has made her best record with "Don't Forget Me," but she still hasn't made a great one.

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



subject matter that could scan as repetitive—many of these songs are about new love and love lost, searching for connection—and making it sound fresh each time.

The third track, "So Sick of Dreaming," is one of the album's

TELEVISION REVIEW | JOHN ANDERSON

## Conan O'Brien's Intercontinental Comedy

Conan O'Brien makes much of the fact that he is now 60 (61 on April 18), but he clearly has no plan to go gently into a dignified retirement: His antics in "Conan O'Brien Must Go" careen from cringe to awkward to excessive to hilarious. Despite years on network TV, Mr. O'Brien has never been as comfortably middlebrow as, say, Jay Leno. He has always appealed most strongly to viewers of a particularly skewed mindset, something acknowledged during the introduction to the new four-part series, during which film director Werner Herzog describes the star as many things including "vile, base and depraved." If you don't immediately recognize the dour Bavarian delivery of Mr. Herzog, and aren't already laughing, well, you've been warned.

But "Conan O'Brien Must Go" asks a lot. It is a travel show based on a podcast—two programming phenomena of which there is certainly no shortage—and the resulting comedy is crazily uneven and profoundly unrehearsed. When it hits the mark, though, it is wildly funny. With stops in Norway, Thailand, Argentina and Ireland, the new



series has Mr. O'Brien visiting people who have called into his "Conan O'Brien Needs a Fan" podcast, arriving unannounced in, say, Bergen or Bangkok, surprising his new friends, assuming the role of overbearing American celebrity and acting crestfallen when he isn't recognized as the major star he is. The shock caused by his arrivals here and there usually seems genuine. So does his flattered reaction when someone asks for a selfie.

The purpose of the trips, other than meeting his fans, is unclear, even to Mr. O'Brien. In Norway, he makes a recording with a local rap

Mr. O'Brien travels to various countries in his occasionally hilarious new series on Max.

duo, visits a knitting club (very funny), a Viking village (overdone) and a sex therapist, consulting about Norwegian dating protocols (hot and cold). He forges an intimate relationship with cod. While complimenting the Norwegians on their reserve, quietude and honesty, he solicits fashion advice from a man on the street, which turns out to be brutal.

It is episode 2, which brings Mr. O'Brien to Buenos Aires, that re-



veals something about the show going forward, as well as the nature of comedy: It isn't the same everywhere. In Norway, the comedian's absurdist shtick is taken to an extreme, only to earn quizzical or embarrassed looks. In Argentina, they evidently get irony and mock-insults in a way that escaped the Scandinavians—his visit with an artist named Sebastian and his two sons, and a sit-down at a cafe with a translator named Martina, are far more rewarding segments because everyone's English is perfect, the participants laugh along and they always get the point of the humor. The

host's trip to Thailand is a mixed bag, partly because of language but also because the locals in Bangkok aren't quite sure whether to chuckle, smile politely or run away.

Comic paradise for the ginger O'Brien, no surprise, is Ireland, where he does a bit of genealogical research but mostly interacts with people in Dublin and Galway (and visits Galbally, the birthplace of Mr. O'Brien's great-grandfather). No one blinks at Mr. O'Brien's bawdier jokes or stares questioning when he cracks wise, although some of the better moments, in the Irish finale or elsewhere, are structured. "Bono Hunting" in Dublin's Merrion Square Park, for instance—and using a phony Global Humanitarian Award as bait—is a pretty good bit. So are the exchanges between Mr. O'Brien and his former producer Jordan Schlan-sky, who drops by Buenos Aires, starting an episode-long argument about whether the dance is pronounced "tango" or "tongo" and driving his host to distraction with his trademark know-it-all-isms. For this kind of thing, which you will like if you like this kind of thing, one needn't travel at all.

Conan O'Brien Must Go  
Thursday, Max

Mr. Anderson is the Journal's TV critic.

# SPORTS

## The Swing That Won the Masters

Scottie Scheffler just clinched his second major in three years. He did it thanks to a technique that violates the basic fundamentals of how you're supposed to swing a golf club.

By Andrew Beaton

Augusta, Ga. Scottie Scheffler smashes his drives off the tee and pounds his iron shots off the fairway with astonishing accuracy. It's why he spent Sunday evening slipping on a green jacket as a Masters champion for the second time in three years.

He's so extraordinarily skilled that anyone who has ever picked up a club wishes they could hit a golf ball like him. But the funny thing is that no one should actually try to hit a golf ball like him.

Scheffler has risen to the top of the game despite footwork that would make golf purists choke on their pimento cheese sandwiches.

There's no questioning its effectiveness. The 27-year-old American is the No. 1 ranked player in the world and just ran away with another Masters, winning by four strokes at 11-under par. There's also no questioning the fact his odd technique flagrantly violates some of the basic fundamentals of golf. When he drives the ball, Scheffler moves his feet more than any golfer since Happy Gilmore.

Typically, golfers generate power during their swing by transferring their weight forward, releasing pressure from the back foot and shifting it toward the front foot with their toes pointed in the general direction of the fairway. But as Scheffler swings, especially on his drives, his back foot completely abandons its position, sliding right behind his body and toward his front foot. He looks more like a figure skater or ballet dancer than someone hitting a ball 300-plus yards.

Coaches who have worked with him say the Scheffler Shuffle isn't a flaw in his swing. It's actually a strength. They would never teach anyone else to slide their feet like Scheffler, but then again, they would never change something that works so undeniably well.

"I feel like we're like that doctor that takes the Hippocratic oath," says John Fields, who



As Scottie Scheffler swings, especially on his drives, his back foot completely abandons its position.

coached Scheffler at the University of Texas. "The number one thing you're supposed to do is do no harm."

Fields first heard of Scheffler when he asked his team which young player they thought would be the next great star for him to recruit. An upperclassman raised his hand and said there was no question. It was Scheffler.

So Fields followed up on the recommendation and went to watch this 12-year-old kid from Dallas play. That's when he saw some mechanics that might look shockingly familiar to golf fans today. His back foot slid behind his

back. Sometimes his front foot moved an abnormal amount, too.

"Wow, that's different," Fields thought. "But then every shot was pretty darn good."

At that point, Scheffler had already been working for five years under the tutelage of Randy Smith, a golf coach who worked with the 1997 British Open champion Justin Leonard. So by the time Scheffler was a Longhorn, Fields understood he had no business overhauling the mechanics of a golfer who had won the U.S. Junior Amateur.

Observing Scheffler from next to the first hole during the final round on Sunday, Smith says that

he never tried to fix the unusual footwork from a young age because it didn't limit his play. Rather, it enables him to capitalize on his unusual athleticism.

"If you get a 6-foot-3 athlete that can slam dunk a basketball, play baseball better than anybody out there and may be a world-ranked, top-five pickleball player, and you're going to tell him to watch his footwork?" Smith says. "Sometimes athletes do a little something different, especially if they have as good a feel in their hands as he does."

Fields explains that even though it isn't a "cookie-cutter

golf swing" there is a clear purpose to what Scheffler does with his back foot and why it helps. Scheffler generates immense swing speed from his large frame, which enables him to hit the ball so far. But in order for him to do that consistently, he has to rotate his hips toward the target as fast and as powerfully as he possibly can. His foot coming off the ground helps him do just that.

Sliding your back foot isn't entirely unprecedented even if it's decidedly uncommon. Greg Norman, the two-time major champion from Australia, is a notable example of a golfer whose exaggerated back-foot movement didn't stop him from being wildly successful.

What's different about Scheffler compared with someone like Norman is how dramatic the slide is. Whereas Norman's foot might have moved a smidgen, Scheffler's drags much farther.

"It's more aggressive because he's more aggressive—bigger and stronger," Smith says.

Jon Rahm has a distinctive

### Scheffler looks more like a figure skater than someone hitting a ball 300-plus yards.

swing of his own. He also shares a Masters bond with Scheffler. After Scheffler won the tournament in 2022, it was his job to put the green jacket on Rahm when the Spaniard won the next year. Then they reversed roles when Scheffler won again on Sunday.

Once, when breaking down Scheffler's swing, Rahm noted how odd it is, even though it generates such good results. He added that nobody else should try to emulate it. "It's unteachable," Rahm said. "If you try, you'd probably end up hurting people."

Smith agrees. He continues to instruct his players to move their feet precisely like it's taught in the coaching videos. Still, he doesn't think those mechanics are any better than what Scheffler does.

The proof is that Scheffler just won his second Masters.

"His footwork, to me," Smith says, "is phenomenal."

MIKE SEGAR/REUTERS

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

13 16 19 23 27 29 30 31 38 42 46 49 50 51 57 61 65 68

- 30 Rarer than rare
31 Geological span
33 Follow
34 Kawasaki's Brute Force 300, e.g.
35 Where the wild things are
36 Screw up
37 Salty expanse
39 The slightest amount...of computer memory, say?
43 Brief outing
44 Key H.S. exams
48 Hamper
49 Embarrassing blunder
50 Make ritzy
51 Like capital gains, typically
52 Yankee great Derek
53 Compass point
54 Only female character in "Winnie-the-Pooh"
55 "Once in a blue moon," e.g.
56 Religious offshoots
59 Noodles made from buckwheat flour
62 Kisses, in letters
64 "Your point being?"

### DOUBLE TEAM | By Daniel Bodily

Across
27 Defib pro
28 Focus of a pitching scout?
29 Did well, as an investment
32 Drummer Ringo uses a crystal ball?
38 Mushroom Kingdom plumber
40 Put away
41 Nose ring?
42 Footballer Lynn explores the coral reef?
45 Author \_\_\_\_\_ Neale Hurston
46 It might cause you to shake
47 Simile snippet
49 Millionaire Jay of fiction
52 Rocker Joan hits the slopes?
57 Toothpaste tube letters
58 "Child's play!"
60 Modern suffix with 1-Across
61 Actor Jamie rides on horseback?
63 Frenzied
65 Not occupied
66 "Yeah, right!"
67 High-priced block
68 Concludes
69 Course number
70 Wax-coated cheeses
Down
1 Scarf that covers the hair and neck
2 Caribbean cruise stop
3 One with a second job?
4 Medium's ability, briefly
5 Beat
6 Starts the bidding
7 Network fixtures

### Previous Puzzle's Solution

LAMB STRUT HAT
ACAI POISE CLARE
BEERGARDEN SIGN
DONE TIPTOE
RED SOX CAP TAIN T
TLIED ARUBAN
CLAY SPINAL ALLI
CINEMA JORDAN
TISA CLASSA OATS
NITWIT BOGIE
COLON ELOPEMENT
ONEDGE ROAM
BEAU BREAKRANKS
RUSH BARGE TOIL
APE SHRED EDDY

## Wait, Caitlin Clark Is Only Getting Paid \$76,000 in the WNBA?

By Rachel Bachman

CAITLIN CLARK GOING NO. 1 in the WNBA draft was a foregone conclusion long before she was selected with the first pick by the Indiana Fever on Monday night. But for much of America, it still delivered one major surprise.

Her salary is what?! Clark will make \$76,535 this season. That's the prescribed base compensation for each of the top four picks in the draft, according to the WNBA's collective-bargaining agreement with players.

Sports fans and the general public, many of whom aren't familiar with the salary structure of the 28-year-old league, were stunned at the idea that the new face of women's basketball is now making the same amount as a junior accountant.

By Tuesday evening, President Biden had joined the conversation. "Women in sports continue to push new boundaries and inspire us all," he wrote on X. "But right now we're seeing that even if you're the best,

women are not paid their fair share. It's time that we give our daughters the same opportunities as our sons and ensure women are paid what they deserve."

People are used to the salaries in major men's sports, where \$76,000 barely covers the cost of the team mascot. San Antonio Spurs rookie Victor Wembanyama, the No. 1 pick in the NBA draft, makes a \$12,160,680 base salary, for instance. That's nearly 159 times as much as Clark will make for the Fever.

How did this happen to the generational player who, even while in college was starring in national TV commercials alongside NBA players? As new fans of the WNBA will learn, the league isn't subject to the same federal gender-discrimination law as are college sports. At universities across the country, female athletes are supposed to be afforded roughly similar experiences and opportunities as male athletes. (That is, outside of sponsorship agreements, where players can earn as much as they're able.)

In professional sports, the market prevails. Given that women's pro team sports generally came along decades after their male counterparts, that means female athletes tend to make far less money.

The NBA, founded in 1946, is now a globally followed, 30-team league with broadcast-rights deals worth an estimated \$2.6 billion annually. The WNBA, a 12-team league that launched in 1997 and plays roughly half as many games, has broadcast-rights deals worth \$60 million a year.

The good news for Clark is that her salary is only a small part of her overall earnings. She makes far more from sponsors including State Farm, Gatorade and Hy-Vee than she does in salary.

She can also earn more from the WNBA in supplementary payments. Clark could make up to \$250,000 a year by serving as a marketing ambassador for the league, up to \$100,000 for team marketing deals and earn other bonuses for winning league awards.



Caitlin Clark is congratulated by WNBA commissioner Cathy Engelbert at the WNBA draft.

ADAM HUNGER/ASSOCIATED PRESS

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## OPINION

## The 'You're Stuck With Joe' Strategy



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

Hillary got the memo, which isn't surprising since she wrote it. On NBC's "Tonight Show with Jimmy Fallon" she explained the Biden campaign strategy in nutshell: Joe Biden "has a heart" while Donald Trump "is old and has been charged with . . . felonies."

They lie to you and quite possibly to themselves who say these charges arose independently of Mr. Biden.

It didn't take orchestration. It didn't take coordination. Alvin Bragg in Manhattan, Fani Willis in Georgia and Jack Smith at the Justice Department don't need to be hit with a sledgehammer to figure out what accords with Mr. Biden's wishes. That black Democratic prosecutors stepped up is reminiscent of the Nancy Pelosi Sunday morning strategy, sending out Congressional Black Caucus members to the chat shows whenever Democrats had something especially thankless to defend. A New York Times profile describes the capable Mr. Bragg as almost a tragic figure, having to share his era with Mr. Trump, hyping his anti-Trump bona fides to the point of ridiculousness to get elected in activist-dominated New York City.

It was, let's recognize, "outside the norms" for Mr. Biden

to announce publicly he wanted Mr. Trump as his 2024 rival, when Mr. Biden previously found it convenient to let voters think he wouldn't be running.

It was "outside the norms" when his aides orchestrated a front-page New York Times leak about his anger at his own attorney general for not pursuing Trump charges.

Mr. Bragg, who days earlier nixed a Trump case, reversed course. Trump prosecutions would become the central pinion of the Biden re-election strategy, echoing Mrs. Clinton's 2016 strategy, which amounted to arguing, "Ha, ha, you have to vote for me because Trump is beyond the pale."

I don't take as gospel that a Trump presidency would be a disaster for the country, or produce any result noticeably different to the average American than a Joe Biden presidency—leaving aside the risk of mass violence from the left. But recognize that Mr. Biden's first political target is his own party, which didn't want him to run again and knows a younger Democrat would be stronger now against Mr. Trump. Mr. Biden wouldn't even be president today if party elders hadn't reluctantly rallied around him in 2020 to short-circuit a Bernie Sanders candidacy, in a year when Mr. Biden could shelter in his basement while Mr. Trump did the campaigning for both sides (and beat himself by a nose).

Mr. Biden snowed his own allies, as he later would voters, with an assurance, "Look, I view myself as a bridge, not as anything else . . ."

His current campaign, indeed his excuse for being the nominee at all, starts because a potted plant could win the deep and wide Trump-hating coalition. But it's the last 0.1% on which the race may depend,

### Don't call it collusion but Biden's campaign owes the Iranians a big thank-you note.

a voting bloc Biden strategists apparently have chosen to define as "young Hamas supporters with student loans who idolize EVs and revile big oil."

Don't fail to notice the administration's multilayered glee this week at Iran's stategy, laboriously telegraphed air attack on Israel. Net result: one injured Israeli 7-year-old in return for Israel's killing in Damascus of seven Iranian Revolutionary Guard kingpins.

I don't shriek "collusion." Other countries know about our elections and our officials know they know. Unusual, however, is an enemy working so hard to make sure its own attack is 100% defeated. The Iranians obviously have their reasons. For Mr. Biden, the episode rather conveniently reframes the conflict as one of

Israel vs. Iran, about which the low-voting college cohort are nonplussed at best, instead of Israel vs. an absurdly romanticized notion of the "Palestinian people."

This is a big reason the president's spokesmen and allies were bubbling over with joy as they fanned out on cable TV on Monday and Tuesday.

It's routine to say in an election year America deserves better. But do recognize the Joe Biden revealed in the Justice Department's Hur report, entangling himself in purloined classified documents, going back to his Senate days, to amass evidence that he was always "right" about issues nobody cares about today. This is chatterbox Joe all over.

Sometimes the fates bestow on America an accidental president gifted with a historical opportunity to do what needs doing and move on. Mr. Biden failed when he didn't endorse the Durham investigation or seize another opening to heal a giant breach with Americans by disowning his party's role in the collusion hoax. He failed again when marrying his "democracy vs. authoritarianism" rhetoric to an uncertain trumpet on Ukraine, manifested in his un-Rooseveltian readiness to let the defense budget actually shrink in real terms as the world sinks into chaos.

Even Hunter had a better reason for his actions—he wanted money for drugs—than Mr. Biden has for running for a second term.

**BOOKSHELF** | By Tunku Varadarajan

## An Answer To Violence

### Knife

By Salman Rushdie  
Random House, 224 pages, \$28

August 2022. As Salman Rushdie lay on death's brink after a frenzied attempt on his life by an Islamist fanatic, a doctor offered him this weird bit of comfort: "You're lucky that the man who attacked you had no idea how to kill a man with a knife." Two weeks later, the writer's son observed that many people are stabbed just once and die. And yet, the son told his dad, "you got stabbed like fifteen times and you're still alive."

"Knife" is Mr. Rushdie's blow-by-blow account of the attack. At an amphitheater in Chautauqua, in idyllic upstate New York, Mr. Rushdie had arrived to speak on the importance of keeping writers safe from harm. His attacker came at him like "a squat missile," stabbing him in the neck,



chest, face, right eye (now blinded) and left hand (his wound a "stigmata," as he calls it). Mr. Rushdie was perforated as thoroughly as is possible in 27 seconds, the time his assailant had to complete his kill before being overpowered by members of the audience. "In twenty-seven seconds," he writes, "you can recite the Lord's Prayer. Or, eschewing religion, you could read aloud one of Shakespeare's sonnets, the one about the summer's day, perhaps." Mr. Rushdie's survival was as astonishing

as it sounds, and he acknowledges this "miracle" in his book, even though he is—by his own description—a "godless bastard."

Mr. Rushdie has lived under the shadow of impending death since 1989, when Ayatollah Khomeini, the supreme leader of the Islamic Republic of Iran at the time, ordered his execution for blasphemy in reaction to "The Satanic Verses," a novel by Mr. Rushdie that is regarded by the hair-trigger faithful as insulting to the Prophet Muhammad. Having lived for more than a decade after Khomeini's fatwa in a variety of safe houses in the U.K., the author moved to New York in 2000, gambling—correctly—that he could lead a freer, more public life in America. But Death was always in a corner of his mind—how could it not be? And so, when he saw "this murderous shape rushing toward me" in Chautauqua, his first thought was of Death: "So it's you. Here you are." His second thought, since he'd cheated Death for all this time, was: "Why now? Really? It's been so long. Why now, after all these years?"

Mr. Rushdie refuses to name his 24-year-old attacker from New Jersey, and refers to him only as "A." The author spells out the import of this shorthand: "My Assailant, my would-be Assassin, the Asinine man who made Assumptions about me, and with whom I had a near-lethal Assignment . . . I have found myself thinking of him, perhaps forgivably, as an Ass." In no place in the book—subtitled "Meditations After an Attempted Murder"—does Mr. Rushdie hide his scorn for A., who said in an interview after his arrest that he hadn't read more than "a couple pages" of his victim's writing, and also that he didn't like Mr. Rushdie because he was "disingenuous" (the assailant's own, improbably sophisticated, word). Mr. Rushdie imagines himself confronting A. and saying, "you'll have to come up with a better reason than that."

If A. embodies the banality of evil in the old Aeneid sense, banal, also, was Mr. Rushdie's reason for electing to go to Chautauqua in the first place. He hadn't really wanted to be there, but went because he needed the cash. "We had some big domestic bills to pay," he writes. "Our home's whole air-conditioning system was old, on the edge of breaking down, and needed to be renewed, so the money

### Salman Rushdie delivers a brave and stoic book about the gruesome attack he suffered in August 2022.

would be very handy." This humdrum impulse delivered him to his assailant, who eluded the threadbare security and entered the venue with not one but a bagful of knives. In a flash of black humor, Mr. Rushdie asks: "Did he think he might pass them out to the audience and invite them to join in?" This jest is close to the bone, the author reports. Members of the crowd had, at first, "thought the attack might be some kind of performance-art stunt intended to highlight the issues of writer safety we had come to discuss."

"Knife" is Mr. Rushdie's attempt to "answer violence with art." Writing the book, he says, is his way of "owning what had happened . . . refusing to be a mere victim." It is a brave and beautiful book that tells his story with a cathartic relish, no gruesome detail spared. He writes of how his "bulging boiled-egg eye hung out of" his face; how the hospital's ventilator felt like "having an armadillo's tail pushed down your throat"; and of the shock of seeing (after his recovery) video clips of himself in his mangled, knife-rent state, of which he'd not been entirely aware, since his wife had allowed no mirrors in his hospital room.

In truth, this book is as much a love letter to his wife—the poet Rachel Eliza Griffiths—as it is a punch-back at his assailant. Mr. Rushdie, it is evident, owes his recovery as much to Ms. Griffiths's fiercely loyal ministrations as he does to the efforts of a phalanx of attending physicians and surgeons. He is 76 years old—75 at the time of his attack—yet his love for his wife is boyish, even pup-like.

If there is a weakness in "Knife"—a false note—it comes when he records "a conversation that never occurred" between himself and A. Here, Mr. Rushdie strays from the steely forensics and elegantly stoical meditations of the rest of the book into a flabby fantasy-world of an imagined encounter that is never really convincing and is often pretentious—as when he quotes Bertrand Russell and Orhan Pamuk at A. (an unschooled man) and receives nothing more than a mystified brush-off in response. "Language," says Mr. Rushdie, is his "knife."

Mr. Rushdie's "Knife," in truth, is a sort of Occam's razor—it is best when it is sharp and frank and direct. In his conversation with A., alas, it stoops to dullness. But the rest of the book is so very good that it is easy to look past that error in narrative judgment.

Mr. Varadarajan, a Journal contributor, is a fellow at the American Enterprise Institute and at NYU Law School's Classical Liberal Institute.

## Biden Has to Win Back His 2020 Voters



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

Although Hillary Clinton outpolled Donald Trump in 2016, with 48% of the popular vote to his 46%, she lost the election because she couldn't unify the anti-Trump vote. Nearly 6% of voters opted for independent and third-party candidates, dooming her campaign in key swing states.

In 2020 Joe Biden succeeded where she failed. Anti-Trump voters coalesced behind him, and the independent and third-party vote fell to less than 2% of the total. Although Mr. Trump increased his share of the popular vote by nearly 1 point, Mr. Biden improved on Mrs. Clinton's performance by 3 points, winning 51.3% of the popular vote and gaining a 4.4-point edge. This margin helped him prevail narrowly in three key swing states—Arizona, Georgia and Wisconsin—averting an Electoral College tie that would have thrown America into greater turmoil.

We seem to be headed for our third straight closely divided election. Recent polls indicate that Messrs. Trump and Biden are about tied in the national popular vote, although Mr. Trump leads in most of the swing states. This isn't surprising, as Democratic

presidential candidates tend to trail their national performance in battleground states by between 2 and 4 points. According to the latest RealClearPolitics poll average, Messrs. Biden and Trump are tied in Pennsylvania, while Mr. Trump leads in five other swing states by margins ranging from 0.6 point in Wisconsin to 4 points or more in Georgia and Arizona.

Since leaving the White House, Mr. Trump has fired up his base but done little to expand it. This explains why national surveys show him with roughly the level of support he received in November 2020. By contrast, if polls are correct, Mr. Biden's share of the popular vote has dropped by 5 to 6 points since 2020.

To narrow this shortfall, Mr. Biden may be able to persuade a fraction of former Trump supporters—mainly those who favored Nikki Haley before she dropped out of the race—to join his cause. But his best chance of re-election lies in bringing most of the voters who supported him four years ago back into the fold. If he isn't able to do that, he'll lose.

Some early signs are encouraging. Since his State of the Union address on March 7, Mr. Biden has nearly erased Mr. Trump's national popular-vote lead. Forthcoming swing state polls are likely to show some movement in his direction as well. Still, it won't be

easy for him to match his 2020 performance, and a recently released New York Times/Siena poll reveals why.

Voters have positive memories of Mr. Trump's presidency. About 42% of respondents said the Trump years were "mostly good for America," and 48% said he left the country better off than when he took office. The public generally approves of his performance in key policy areas such as the economy, immigration, crime, and managing foreign conflicts.

### He has lost support in key voting blocs that helped him secure the White House last time.

By contrast, only 25% think the Biden years have been "mostly good for America," while 46% think the opposite. Only 19% of Hispanics and a shockingly low 8% of voters under 30 think Mr. Biden's presidency has been positive for the country. He continues to receive negative ratings on the economy, immigration, crime and foreign conflicts.

Despite Team Biden's efforts to talk up good economic news, the economy remains a political weakness. According to the same poll, only 21% of voters think the economy's condition is excellent or good, compared with 79% who rate

it as fair or poor. A recent YouGov/Economist poll helps us understand the sentiment. Asked to name what they regarded as the best measure of the economy's performance, 4% of respondents cited the stock market, 10% their personal finances, and 17% employment and job reports—vs. 57% who cited the prices of goods and services. Only 10% of Hispanics and 9% of young adults give the economy positive ratings, suggesting that these groups may not back Mr. Biden by the wide margins they gave him in 2020.

Despite these obstacles, Democrats have some reasons to be optimistic. The abortion issue is working in their favor and could upend Mr. Trump's lead in Arizona and elsewhere. The party is outpacing the GOP on fundraising. Turmoil in the Republican Party—at the state and national levels—could weaken it. And if Mr. Trump is convicted of a serious crime, some voters may shift into the Democratic column.

Still, support for Mr. Biden isn't yet strong enough to reelect him. To close this gap, his campaign will need to remind voters why they rejected Donald Trump in 2020, hit hard on abortion and threats to democracy—and hope that the news on inflation, interest rates and foreign conflicts between now and November is positive enough to reduce public discontent with the president's performance.

## Crotonville and the Death of Fun at Work

By Suzy Welch

To everyone who sent me the article reporting General Electric's sale of Crotonville, the longtime learning center that was the pride and joy of my late husband, Jack Welch, I'd like to thank you for the ugly cry. It is indeed the end of an era: one when companies and employees were on the same team.

That's done and over, isn't it? Today, companies and employees are each in a boxer's crouch, glaring across the ring.

I wonder sometimes what Jack would make of my M.B.A. students—not to mention Generation Z in general—who view every employee with a gimlet eye. They aren't only thinking, "How are you going to help my career?" or "How much will you value my ideas?"

They're thinking, "How fast are you going to chew me up and spit me out? Because that's how it works now."

In too many cases, they aren't wrong. No one works at one company for very long anymore; that's a given. We all know the reasons: changes in tech, economic shifts, demographic trends, the zero-sum

zeitgeist. A friend, a Sloan graduate, just hit nine years with one company, a big e-commerce platform. She told me she's considered a lifer and something of a freak of nature.

Crotonville was a shrine to such "freaks," people who so bought into the company's values that they considered it an honor to be invited to an off-site program where they got to talk about those ideas even more than they did at work.

### Young employees can't imagine caring about a company and vice versa.

Crotonville was based on the notion that you could love your company. And your company could love you. I remember those days with bitter-sweet nostalgia myself, but this seems like a laughable notion in 2024, doesn't it?

Early last semester, I invited Emily Field to present to my class at New York University on managerial skills. She's a McKinsey partner and a co-

author of "Power to the Middle: Why Managers Hold the Keys to the Future of Work."

During the Q&A, a student asked about motivation. After Ms. Field's reply, which I agreed with, I added, "Look, what Emily is saying is that managing people is hard, because to do it right you have to authentically care about them. On some level, management is an act of love."

"Oh, absolutely," Ms. Field said. We both looked up to see 60 mortified faces. Hands shot up.

"You need to keep boundaries at work."

"You can't trust your boss."

"Companies don't love you, they use you."

For a few minutes, Emily and I were like Butch Cassidy and the Sundance Kid. We stood our ground, but I left class shaken. For the rest of the semester I continued to make my case—that companies and their people are one and the same. Or they should be. Work is better that way—more productive, interesting, effective, enjoyable. Jeepers, it's more fun.

Yes, fun at work. Imagine that.

Gen Z can't, it seems. Work is what you do when you can't be doing what you want.

Handshake, a job site solely for college students and recent grads, recently conducted a survey of 2,500 undergraduates. When asked for their definition of career success, 78% of Gen Zers named sustaining a work-life balance as their top choice. Dead last was "advancing to a senior role," at 40%.

This trend has reverberations through corporate America. At Brunswick, where I'm a senior adviser, we're used to clients presenting all sorts of strategic problems. Lately, "employee engagement" has topped the list again and again. Here's another data point: In 2023 a Gallup poll found that Americans are unhappier at work than they've been in years.

Crotonville wasn't built for times like these. That would have made Jack sad.

Ms. Welch is a professor of management practice at NYU's Stern School of Business, the director of Stern's Initiative on Purpose and Flourishing, and a senior adviser at the Brunswick Group.

## OPINION

## REVIEW &amp; OUTLOOK

## Biden Winks at Iranian Oil Exports

Treasury Secretary Janet Yellen said Tuesday that “all options” are on the table to disrupt Iran’s terror financing. Great, and we hope this means the Administration will welcome the 383-11 vote in the House Monday to expand sanctions against Chinese financial institutions that buy Iranian oil.

It’s no secret the White House has been reluctant to stiffen sanctions against Iranian oil lest prices rise before the November election. The Administration has looked the other way as Chinese “teapot” refineries have imported an increasing amount of Iranian crude at a discount.

Iran’s oil production plunged after the Trump Administration withdrew from the 2015 nuclear deal and imposed its “maximum pressure” campaign. But during President Biden’s attempted rapprochement, Iranian crude exports have climbed by about a million barrels a day. That’s about as much as U.S. crude exports have increased under Mr. Biden.

China accounts for nearly all of Iran’s 1.6 million barrels a day in exports, providing Tehran with \$35 billion to \$45 billion a year to finance attacks on Israel and its network of terrorist proxies. This blood money also supports Iran’s production of drones, which Russia uses to attack Ukraine. China is a linchpin in this axis of terror, which it hasn’t tried to disguise.

Beijing never condemned Hamas’s Oct. 7 attack, and on Monday Chinese Foreign Minister Wang Yi called Iran a “comprehensive strategic partner.” The Chinese government also urged “influential countries, to play a constructive role in maintaining regional peace and stability”—meaning, the U.S. and Europe should press Israel to stand down.

The Administration’s failure to crack down on Chinese oil purchases reflects its larger deterrence failures. Biden officials including Ms. Yellen have admonished Beijing for solar panel and industrial exports that their labor allies dislike. Yet they have been less critical of China’s aid to Iran’s war machine.

Its sanctions have been pin-pricks with little tangible impact. Take the Administration’s export controls on U.S. technology to Chinese companies that provide components used in Iranian and Russian drones. The Administration keeps adding new entities to its blacklist in a

game of whack-a-mole. Last week the Commerce Department finally added some more, noting “these components are used to develop and produce Shahed-series UAVs which have been used by Iran to attack oil tankers in the Middle East and by Russia in Ukraine.” What took so long?

The White House wants to keep U.S.-China relations calm through November. But its overriding concern is keeping global oil prices down so U.S. gasoline prices don’t spike in the summer.

Oil prices have been rising, but less than you’d expect amid global tensions. That may be because markets know there is considerable spare global oil supply that could come online relatively quickly if needed. Don Luskin and Michael Warren of Trend Macro note that Saudi Arabia and the United Arab Emirates have an estimated 4.5 million barrels a day in spare capacity owing to output cuts by the Organization of the Petroleum Exporting Countries since 2022.

Those cuts were partly a response to Iran’s surging exports. If Iranian exports decline, the Saudis and UAE might export more to take Tehran’s market share. U.S. frackers would also have more of a financial incentive to ramp up production.

By the way, the Administration would have more flexibility if it hadn’t drawn some 260 million barrels from the U.S. Strategic Petroleum Reserve to keep gas prices low during the mid-terms elections.

The House sanctions bill is a test of whether Mr. Biden is serious about punishing Iran for its unprecedented attack on a U.S. ally. The bill is aimed at limiting imports to China’s independent refineries. Democrats in Congress don’t want gas prices to rise anymore than Mr. Biden does, but keeping open China’s financing spigot enables Tehran to continue waging its terror campaign. This increases the risk of future supply disruptions.

Democratic Sen. Chris Van Hollen joined former GOP Sen. Pat Toomey in 2022 in backing legislation to impose secondary sanctions to limit Russian oil exports to China. But the White House didn’t get on board because it feared rising oil prices then too. The more Mr. Biden puts his re-election above national security, the less secure the U.S. and its allies become.

## The Fourth Amendment Isn’t in Jeopardy

There is no shortage of bad ideas in Congress, and too many have a chance to become law these days. An example is the Fourth Amendment Is Not For Sale Act, which would prohibit the U.S. government from buying digital information that would remain available to the likes of China and Russia.

The bill, scheduled for a House vote on Wednesday, would ban the government from buying information on Americans from data brokers. This would include many things in the cloud of digital exhaust most Americans leave behind online, from information on the websites they visit to credit-card information, health information and political opinions.

Our libertarian friends fret that letting the government buy data infringes on the Fourth Amendment’s guarantee against unreasonable searches. But the Supreme Court held in *U.S. v. Miller* (1976) that “a person has no legitimate expectation of privacy in information he voluntarily turns over to third parties.”

The Justice Department says the bill, sponsored by Rep. Warren Davidson (R., Ohio), would limit the ability of U.S. law enforcement to seek information online that often

helps solve federal crimes, including hacks and other malicious digital acts. The bill also bans the purchase of records on Americans’ location information, a change that Justice says would hinder the ability to track missing children, hunt fugitives and investigate criminal networks.

The bill would force U.S. intelligence officials to avoid data that could include information on an American. That’s a burden on tools the Defense Department uses to protect foreign military bases and troops abroad.

In a letter to Judiciary Chairman Jim Jordan and ranking Democrat Jerrold Nadler in December 2023, the Fraternal Order of Police wrote that banning the use of digital information would end law enforcement’s access to “tools that generate leads into crucial and often complex cases.” The National Sheriffs Association says the proposal “empowers the cartels.”

The bill’s co-sponsors include voices on the extremes of both parties, including Rep. Andy Biggs (R., Ariz.) and Democrats Pramila Jayapal (D., Wash.) and Mr. Nadler. Let’s hope the sensible center prevails on this one.

## Hamis Rejects Biden’s Deal—Again

President Biden’s strategy of pressuring Israel and pleading with Hamas for a cease-fire and hostage deal has met one more dead end. Hamas rejected another offer over the weekend, countering with new demands designed to throw negotiations into disarray.

As State Department spokesman Matthew Miller explained, “Israel moved a significant way in submitting that proposal,” but Hamas rejected it. “It is Hamas right now that is the barrier and the obstacle to a cease-fire in Gaza.” The Times of Israel reports that Hamas rejected every clause of the proposal brokered by the U.S., Egypt and Qatar.

Hamas now demands a six-week truce in which it releases no hostages while Israel stops fighting, withdraws from Gaza’s cities, and commits to a permanent cease-fire, a withdrawal from Gaza, and the return of all Palestinians (including Hamas) to northern Gaza. In other words, an Israeli surrender.

Only in the second phase, over another six weeks while Israel executes that surrender, would Hamas release some hostages in exchange for terrorist prisoners.

After months of negotiations over the release of 40 hostages among the women, older men and the sick, Hamas now says it can produce only 20, and it wants far more Palestinian terrorists in return. It demands 30 for each civilian hostage and 50 for each captive female Israeli soldier, including 30 terrorists who are serving life sentences.

As usual, the needs of Palestinian civilians mean nothing to Hamas, but how about the needs of the U.S. President? Mr. Biden staked

The more the U.S. presses Israel, the less Hamas needs a deal.

his Gaza strategy on coercing Israel to make the concessions to get a deal and cease-fire. But the holdup wasn’t on the Israeli side.

The more desperate the President appeared for a cease-fire, the more distant it became. When he blamed Israel for all civilian suffering and demanded new Israeli concessions, Hamas raised its demands.

“Thank you to the Americans,” as the Israeli commentator Amit Segal put it on Tuesday, “for your deep understanding of the principles of the Middle Eastern bazaar.” He didn’t mean that as a compliment.

Hamas scorns a deal because the President has given it reason to expect to get the cease-fire it wants without releasing any hostages. Mr. Biden had been slowly delinking the two while creating a public breach with Israel. Doubtless he thought about the signal these steps would send to Dearborn, Mich. Did he think about the signal he is sending Hamas about the five American hostages who may still be alive?

Hamas is unlikely to cut a deal until it feels the knife on its neck, as it did when Israel stormed Gaza City. That yielded the release of 105 hostages. But since Mr. Biden declared himself Protector of Rafah, Hamas’s final stronghold, and Israel withdrew most of its troops, the odds of a deal have declined.

The best hope on the horizon is from Iran’s miscalculation in striking Israel directly. This gives Mr. Biden an opportunity to reset his policy and exert real pressure. When Rafah is on the table, and the terrorists in fancy suits are threatened with expulsion from Qatar, there will again be a reason to talk.

## LETTERS TO THE EDITOR

## How Would Biden Defend America From Iran?

It isn’t comforting to think that if Iran launched 330 missiles and drones at the U.S. (“Iran’s Ominous Attack on Israel,” Review & Outlook, April 15), President Biden’s response would be similarly de-escalatory and measured. If the damage were slight, would we conclude that everything was even for our past hits on Iranian terror leaders? Mr. Biden should review the career and legacy of Neville Chamberlain.

Why does the media rarely report the names and publish the pictures of the Americans held hostage in Gaza? Mr. Biden’s lack of concern for them, especially compared with his frequently voiced concerns about the welfare of Gazan civilians, is staggering. Our allies and our enemies are watching his failed policies of appeasement, and they are making plans.

ANITA SWORTWOOD  
Riverside, Calif.

The ability to repel so many of the Iranian missiles fired at Israel reminds me of President Ronald Reagan’s Strategic Defense Initiative, nicknamed “Star Wars.” At the time,

it was subjected to mockery. Maybe it wasn’t such a bad idea after all.

JOHN A. VITERITTI  
Laurel, N.Y.

Missiles fired at Israel by its Muslim enemies typically avoid Jerusalem, lest they damage a valuable mosque or dome. Not on April 13-14. Some of the missiles were intercepted in the Jerusalem skies. Who would be blamed if the Al Aqsa mosque or Dome of the Rock had been destroyed by an Iranian projectile? The sender or, more likely in my opinion, Israel, for unsuccessfully defending it?

ORRIN DAVIS  
Atlanta

The U.S. and our allies defended the Israeli people from a mass attack by Iranian drones and missiles. Why haven’t we and our allies also defended the Ukrainian people from similar attacks over the past two years? President Volodymyr Zelensky must be confused as well.

ROBERT MCDANIEL  
Merritt Island, Fla.

## School Choice, Welcome to the Political Fray

In “Trump Is Best for School Choice, Even if I Won’t Donate to Him” (op-ed, April 9), Jeff Yass writes about former President Donald Trump: “I’m encouraged by what he said,” “I’m likewise impressed by his actions” and “I believe he’ll help improve the lives of many generations of Americans . . . he is the best school-choice candidate facing off against the worst.” Yet he also writes, “I have never given financial support to Mr. Trump’s campaign, and I don’t plan to,” even though he says school choice is “the issue I care about most deeply.”

Mr. Yass, on behalf of children stuck in failing schools, I ask you: Why not?

SHARI F. LECKER  
Brookline, Mass.

While I commend Mr. Yass for not donating to the Trump campaign and for his concern for poor children, I doubt his recent \$6 million investment to defeat antivoucher rural Republicans in our Texas primary was worth it. I was in the Texas House chamber when vouchers went down for the third time in the second

special session. It was a great victory for the coalition of urban Democrats and rural Republicans who support our public schools. Even though Gov. Greg Abbott attached every carrot he could, public-school supporters stood firm.

In Arkansas, 95% of universal-voucher recipients were either in kindergarten or already enrolled in private schools, thus making vouchers more of a middle- and upper-class tax break than an effort to save poor children trapped in failing schools. It isn’t conservative to spend taxpayer dollars on unaccountable private schools that can choose or refuse any student. Siphoning money from public schools to private school vouchers harms public-school spending. Look at Arizona, 49th among the states in per pupil funding.

A billionaire from Pennsylvania can’t buy our Texas independence. In terms of our Texas public schools, as Texans say, “Come and take it.” That’s a dare from the Battle of Gonzales in our war of independence from Mexico.

SARA STEVENSON  
Austin, Texas

## Make the Small-Business Tax Cuts Permanent

Rep. Kevin Brady and Douglas Holtz-Eaken have called for extending the 2017 tax cuts for small businesses (“Expiring 2017 Trump Tax Cuts Create a Chance for Reform,” op-ed, April 12). But the most important tax cut—the small-business deduction—needs to be made permanent.

The deduction, which about 9 in 10 small businesses use, allows for a 20% deduction of qualified business income. It’s the biggest tax cut for

small businesses in history, helping level the playing field against large corporations. Its savings have helped small businesses create jobs, raise wages and grow at a crucial time for the U.S. economy.

Main Street is already pulling back as the 2025 expiration draws near, fearing that it will soon face a massive tax hike. This damage will be repeated if the deduction is merely extended. Small businesses don’t need a cycle of uncertainty every few years, worrying if Congress will or won’t protect their relief. They need the confidence to continue investing, expanding and improving their communities.

The best way to give them that confidence is to make the small-business deduction permanent. There’s already a bipartisan bill to make it happen: the Main Street Tax Certainty Act. Congress should pass it immediately.

BRAD CLOSE  
President, National Federation of Independent Business  
Washington

## A Better Idea for the IRS

Regarding your editorial “The IRS Is Here to Help. Oh No” (April 12): Instead of an Internal Revenue Service direct-file program, how about a refundable tax credit for the cost of tax-return preparation and filing? The private sector generally can do work at a significantly lower cost.

PETER TARNAWSKY  
South Wales, N.Y.

## Pepper ... And Salt

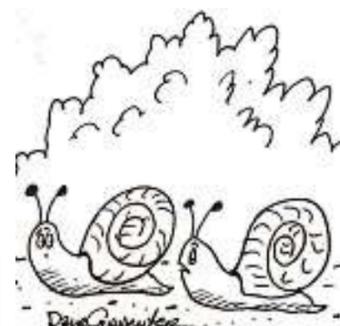
THE WALL STREET JOURNAL

## No Longer a Happy Country

Prof. Felicia Nimue Ackerman may have been spot on with her reassessment of Israel’s happiness level (“Which Israelis Are Happy?” Letters, April 11), but she lost me entirely with her last four words, recommending “a country like America.” The U.S. has fallen out of the top 20 in the global ranking.

MORRIE NEISS  
Montreal

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“Actually I prefer ‘escargot’ over ‘snail.’ It just sounds more dignified.”

## OPINION

## Israel Has No Choice but to Strike Back

By Elliot Kaufman

What if the Oct. 7 invasion had been “intercepted”? Imagine the same Hamas attack but better Israeli defense, with more than 90% of the terrorists stopped before the border or shortly thereafter, and only minor Israeli casualties. President Biden would probably have done then what he is doing now, in the aftermath of Iran’s intercepted attack: urge Israel not to respond in any serious way. Let Hamas live to try it again.

To learn the lessons of Oct. 7 is to reject that advice after the long night of April 13. Israel will respond to Iran, it announced Monday. It has

### Those urging restraint are following the same failed strategy that produced catastrophe on Oct. 7.

learned the hard way that air defenses don’t relieve you of the duty to subdue a determined attacker. Hamas’s intent to slaughter Israelis was hardly a secret, but Israel allowed it to survive and grow stronger because its rockets could be intercepted.

It was no harm, no foul. Israel agreed to “take the win” against Hamas—as Mr. Biden now advises with regard to Iran—all the way to catastrophe.

Rocket fire from an Iranian proxy became normal, not worth a response in most cases, until it was too late. It’s the same story with Hezbollah, whose expanding arsenal and oc-

casional rocket fire became facts of life in northern Israel. Another war would have been costly, and what damage were the rockets really doing in the meantime? As the smart set says about Iran today, Hezbollah’s attacks were merely “symbolic.”

Israel never stopped the trickle, so it became a flood. Hezbollah has fired on Israel more than 3,000 times since Oct. 7, depopulating the country’s north. Yet this, too, has become normal. “Man is a creature who can get used to anything,” writes Dostoevsky, and all the more so if it’s the other guy who has to live with the consequences. Biden administration officials now regularly implore Israel not to “escalate” with Hezbollah—that, they say, would cause a war.

The miracle of Iron Dome air defenses for years led Israel to tolerate what no other nation would. Worse, other nations demanded that Israel tolerate it, because Israel suffered little damage. When Hamas crossed a line and Israel responded, as in 2008 and 2014, the world quickly came to demand a cease-fire, no matter how strong and unbowed Hamas remained. Better to restore calm. Better to have peace and quiet.

Amid unprecedented economic growth, Israelis themselves came to worship calm. Politicians and generals rationalized allowing Qatar to send aid money to Gaza, knowing that much of it was being diverted to Hamas. Why? To maintain stability.

The Biden administration does much the same with Iran by issuing \$10 billion sanctions waivers and not enforcing oil sanctions. This is money to grease the peace, even though everyone knows Iran uses it to spread war.

For Israel, it all worked until it didn’t. Hezbollah now diverts Israeli



A billboard in Tehran depicts missiles alongside anti-Israel messages.

troops from Gaza, holds a region of the country hostage and is strong enough to deter a substantial reply. The Houthis in Yemen, another Iranian proxy, have shut down the Red Sea and barely paid a price. You think this will be the last time they do it?

The war in Gaza is now fought on Hamas’s terms, following Hamas’s greatest success, waged in the tunnels Hamas has spent 16 years preparing. It should have been fought after the very first rocket.

Easy for me to say now, but that’s the point. After Oct. 7, Israelis vowed never again to fall victim to such a *conceptzia*. Israel, and America, has a chance to learn from experience.

Today many restrainers assure us that Iran’s attack on Israel was a mere demonstration, nothing demanding a reply. Never mind that it was the largest drone attack in history, plus 150 or so ballistic and cruise missiles. When it wanted to put on a show in January, after Israel

had killed a different Iranian terror kingpin, Iran fired 11 missiles at an Iraqi businessman’s family home and called it a Mossad base. This wasn’t that.

The Biden view of the attack is convoluted: “Iran’s intent was clearly to cause significant destruction and casualties,” spokesman John Kirby says, but no need for an Israeli reply. Claim victory to mask fear.

Telegraphing its intentions but firing a massive barrage suggests Tehran wanted to do as much damage as it could get away with. Bizarre public negotiations, conducted through leaks to third parties in the lead-up to the strike, helped Iran calibrate what it could shoot while securing Mr. Biden’s pressure on Israel not to respond.

The administration is proud of its back-channel work, but it shouldn’t be. Instead of reassuring Iran that it could attack Israel within parameters, Mr. Biden should have left Ayatollah Ali Khamenei fearing how the

U.S. would reply.

In telling Israel to move on, Mr. Biden is asking it to recognize Iran’s right to respond to pinpoint strikes in Syria with war on the Israeli homeland. As the head of Iran’s Islamic Revolutionary Guard Corps said Sunday: “From now on, if the Zionist regime anywhere attacks our interests, assets, figures and citizens, we will reciprocally attack it from Iran.”

If those are allowed to become the rules of the game, would Israel be deterred from disrupting Iran’s command and supply hub in Syria, from which it arms Hezbollah in Lebanon and Hamas in the West Bank? A small Israeli surrender in Syria, coerced by a Biden administration desperate for calm, could seed the next war.

Israel is being told again to let the problem fester and accept a tit-for-tat equation, but on worse terms than ever. “It’s only 100 ballistic missiles” is only the latest gruel to swallow, while Mr. Khamenei releases ravings, such as on April 10, about Israeli normalization with Muslim states: “The Zionists suck the blood of a country for their own benefit when they gain a foothold.” The world brushes off the antisemitism. The media doesn’t even report his statements.

Mr. Biden asks Israel to put its faith in deterrence while its enemies become stronger and Israel is the one deterred. When the president threatens that Israel will be isolated, on its own if it defends itself properly, he is asking it to stick to the strategy that left it fatally exposed on Oct. 7 and that it swore off the same day.

*Mr. Kaufman is the Journal’s letters editor.*

## Is Jan. 6 the Political Winner Democrats Think It Is?



UPWARD MOBILITY  
By Jason L. Riley

Perhaps for obvious reasons—see my drawing nearby—the most indelible image for me of the Jan. 6, 2021, attack on the U.S. Capitol is the guy strolling down a hallway with an enormous Confederate battle flag over his shoulder.

At one point a photographer snaps him walking past a portrait of Sen. Charles Sumner of Massachusetts, a leading abolitionist.

Having never been a supporter of Donald Trump, I didn’t consider the Capitol riot a tipping point. Like my colleagues at the Journal editorial page, I respected the will of the voters and tried to write about Mr. Trump’s presidency through the same free-market conservative lens with which I had viewed his Democratic and Republican predecessors. I faulted him when I thought he was wrong (on trade, immigration and general comportment) and credited him when I felt he was right (on taxes, school choice and Supreme Court nominees). As I saw it, my journalistic duty to readers

was to provide informed commentary, not take down the Trump White House because I disagreed with certain policies.

Among some who joined the Trump administration, however, Jan. 6 was the last straw. Days after the riot, Transportation Secretary Elaine Chao and Education Secretary Betsy DeVos announced their resignations.

“There is no mistaking the impact your rhetoric had on the situation, and it is the inflection point for me,” Mrs. DeVos wrote in a letter to the president. Former Attorney General William Barr said that Mr. Trump’s conduct was “a betrayal of his office and his supporters.” Mick Mulvaney, a former chief of staff who had been serving as the administration’s special envoy to Northern Ireland, called Jan. 6 an “international travesty” and said, “I can’t do it. I can’t stay.”

Mr. Trump distanced himself at first from the mobs that tried to stop Congress from certifying Joe Biden’s victory. He said he was “outraged by the lawlessness, violence and mayhem” and even warned the rioters: “Those who broke the law, you will pay.” But in

the months that followed, Mr. Trump walked it all back. The people who had attacked police officers, smashed through windows and defecated in the Capitol’s corridors became “patriots.” Those arrested and jailed became “hostages” and “political prisoners.” Soon it was clear that Mr. Trump didn’t regret what happened that day so much as he regretted initially throwing his MAGA faithful under the bus.

### A Supreme Court ruling against the government could shift the focus to prosecutorial overreach.

When Mr. Biden announced his re-election bid last year, he released a short video that opens with dramatic footage of the Capitol riot. The Biden campaign strategy has been to wrap Jan. 6 around Mr. Trump’s neck and not let voters forget his role in it. The twist is that Mr. Trump doesn’t seem to mind because he, too, is running on what transpired that day. Mr.

Trump begins his rallies with a recording of Jan. 6 defendants singing the national anthem from their jail cells. Biden campaign events feature law-enforcement officers who were attacked that day, while Mr. Trump fetes the families of convicted Jan. 6 rioters.

Whether the focus on Jan. 6 is working or backfiring politically remains an open question, but a case under consideration by the Supreme Court could give the advantage to Mr. Trump, who has long argued that Mr. Biden’s Justice Department prosecutors have targeted him and his supporters for political reasons.

On Tuesday the court heard arguments in *Fischer v. U.S.*, and the issue is whether the government overreached in prosecuting Jan. 6 defendants. While some were charged with lesser offenses—trespassing, disorderly conduct—which carry a maximum penalty of six months in jail, more than 300 people were charged with obstructing an official proceeding, which carries a maximum of 20 years in prison.

The obstruction count comes from the Sarbanes-Oxley Act of

2002, which Congress passed after the Enron scandal to address white-collar crime. Lawyers for the defendants argue that it’s being misused to go after Trump supporters. Even the New York Times, no friend of the former president, has reported that the obstruction charge was “never an easy fit” for the Jan. 6 prosecutions: “When it was passed in the early 2000s, the law was aimed at curbing corporate malfeasance by outlawing things like destroying documents or tampering with witnesses or evidence.”

Applying Sarbanes-Oxley to the Jan. 6 riot is a stretch, and the justices sound skeptical of letting the feds get away with it. A ruling against the government could overturn convictions and undo charges against hundreds of defendants. It also might help Mr. Trump directly because he faces the same obstruction count in a separate case brought by special counsel Jack Smith.

Mr. Biden is on course to turn Jan. 6 into a losing issue for Democrats, who stubbornly maintain that the best way to defeat Mr. Trump is in the courts rather than at the ballot box.

## Antisemitism in Dearborn, Past and Present

By Jon Pepper

My hometown is in the news every day. I hear it on the radio, see it on television and read about it in print. It’s never good. Dearborn, Mich., is now known as the place where protesters chant “Death to Israel, Death to America.” It’s the city that President Biden is reportedly trying to placate ahead of the election as he cobbles together a Mideast policy that doesn’t undermine our Israeli ally.

It wasn’t always like this. When I was growing up between the 1950s and 1970s, Dearborn was known for Ford Motor Co., then the second biggest carmaker in the world, whose headquarters was four miles away from my family’s house. Its iconic brand of vehicles synonymous with American car culture—the muscular Mustang, the stylish Thunderbird, the rugged F-150 truck—defined our radiant town.

Dearborn celebrated Ford in every

conceivable way. Streets, schools and libraries were named for Henry Ford, the company’s founder. Its biggest shopping mall, the motel where the Mustang was created, the city’s largest social club, and two neighborhoods were named for his Fair Lane estate, a mansion in the center of town.

I grew up, naturally, on Fordson Drive and gradually became aware of another side of Dearborn the American Automobile Association didn’t promote in its brochures. Henry Ford had a troubling history of antisemitism. His publication of the Dearborn Independent, a weekly newspaper, served as a platform for crackpot conspiracies about the Jews. The city also wore racial prejudice on its sleeve, making a proud segregationist, Orville Hubbard, its mayor from 1942 to 1978.

Hubbard, Jim Crow and antisemitism seemed buried in Dearborn’s past as it caught up with the times. Its black population, approximately

3,554, is roughly 3,554 more than it had in 1969—except for the “15 or so live-in servants” then present, according to a New York Times report. Ford Motor Co., where I once worked, has gone to great lengths to repair relations with local Jewish communities and distance itself from its founder’s worst ideas. A statue of Hubbard was also removed from the Dearborn Historical Museum’s grounds in 2020.

Yet Hamas’s Oct. 7 attack revealed that Dearborn’s “progress” on such issues hadn’t progressed as expected. A rally for “an end to the Palestinian occupation” at the Ford Community and Performing Arts Center on Oct. 10 began the first of many denunciations of Israel emanating from Dearborn that have since escalated to the point of absurdity. The latest came on April 5, when activists held a rally outside Henry Ford Centennial Library for International Al-Quds Day, a brainchild of the late Ayatollah Ruhollah

Khomeini. There came the inspired chants for death to Iran’s Great and Little Satan, America and Israel respectively, which Rep. Rashida Tlaib refused to denounce when pressed about them last week.

### My hometown loved Henry Ford. Today some residents are all too keen to echo his ugly views about the Jews.

Weeks earlier, Mayor Abdullah Hammoud demanded on CNN that Mr. Biden “come to Dearborn, come to this community, and let’s put the pen in both of our hands, and let’s co-govern and co-write what the policy should be moving forward.” As a child, I would have marveled at the notion the mayor of my small Midwestern city was of equal political status with the president. Today Mr.

Hammoud’s comments evoke a Yiddish word: *chutzpah*.

There was much I liked about Dearborn, including the influx of Arabs and Muslims, who brought with them an entrepreneurial spirit that refilled decaying commercial streets with restaurants and pastry shops. They rejuvenated neighborhoods and repopulated schools that had been in a long period of decline. I made many friends in the Arab community. We played wallyball at 5:30 a.m. every weekday at the Fairlane Club, where disputes on the court often turned into heated swearing matches, whose words in Arabic I learned with their help. I would later run into my friends at local restaurants, where drinking was *haram*, except in the back room.

Things have changed since I left in 2007. An obsession with Mideast politics infects everything. I last visited in the autumn, after my brother Jay died unexpectedly on the same day as Hamas’s attack. During visitation at a Dearborn funeral home several days later, one of my Lebanese friends collared another brother of mine about the war. He insisted, with support from the media, that the Israel Defense Forces had bombed the Al Ahli hospital in Gaza City. Not long after, we learned that the story had been twisted and that the explosion had in fact been caused by an errant Palestinian Islamic Jihad missile.

We bade farewell to more than my brother during that trip. We also said goodbye to the hope that Dearborn’s reputation for racial and ethnic rancor was finally behind it.

*Mr. Pepper is president of Indelible LLC, a strategic communication consultancy and author, most recently, of “Missy’s Twitch.”*

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## Notable & Quotable: Rural

Erica Etelson and Anthony Flaccavento writing for the Nation, April 15:

As rural economies imploded, Democrats and Republicans alike stood idly by. But liberals added insult to injury by looking down on the “dank backwaters” of rural America or glibly insisting that people abandon their communities and go where the jobs are.

Rural Americans are angry because we’ve spent decades at jobs making homes warmer and food cheaper for our suburban and urban neighbors, but to be economically discarded and culturally vilified. . . . As one

Iowa Republican put it, “It was a huge insult to say that you support Trump because you’re racist. A lot of them here voted for Obama. Democrats see us as uneducated, simple thinkers who’ve got guns. It’s a huge boon for the Republican Party.” . . . Nation contributing editor Christian Parenti sacrificed many hours of his life listening to countless Trump speeches. “Trump took the Bernie [Sanders]-style populism,” he wrote, “emptied it of real class politics, reduced it to a jumble of affective associations, and used it to beat up the smug liberals of the professional-managerial class. It worked.”



### COUNTING DOWN 100 DAYS

Paris 2024 begins in 100 days. The athletes are set, the excitement is building, and the Official Timekeeper OMEGA is ready to record every event. To mark the countdown, a new Speedmaster Chronoscope is unveiled in the colours of Paris 2024. Along with a commemorative medallion on the caseback, the 18K Moonshine™ Gold watch features its own timing track on the dial, with tachymeter, pulsometer, and telemeter scales. A reminder of the expert precision that OMEGA brings to the Olympic and Paralympic Games.



# BUSINESS & FINANCE

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Wednesday, April 17, 2024 | B1

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## Wall Street Bets Against \$100 Oil

Traders expect spare capacity will cap prices despite Mideast conflict

By DAVID UBERTI

The specter of a widening war in the Middle East has put \$100-a-barrel oil back on the table. But Wall Street is looking elsewhere in the region for hints about how high prices could go.

The Saudi-led Organization of the Petroleum Exporting Countries and its Russia-aligned counterparts have dialed back production of millions of barrels of oil a day in recent years. Investors are betting that spare capacity, which the countries could yet tap in to, will effectively put a cap on oil prices—and protect Americans from an inflationary shock.

Benchmark global prices

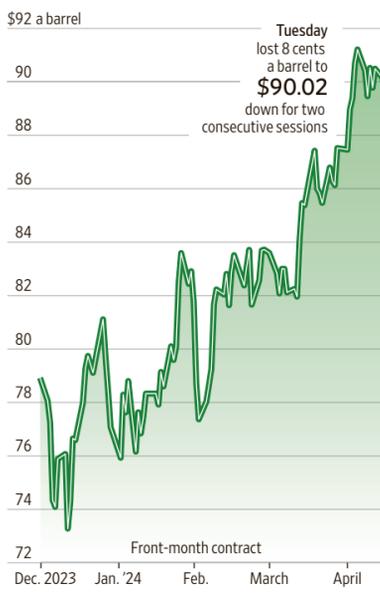
have increased 23% since mid-December, recently nearing their 2023 highs. The climb has pushed up the cost of driving to work, shipping groceries and running farm equipment. That has buoyed inflation across an American economy that is still running hotter than the Federal Reserve would like.

Iran's largely thwarted strike on Israel in recent days has added new uncertainty to the market. Prices rose Friday in the lead-up to the Islamic Republic's barrage of drones and missiles. This week, as officials in Washington and elsewhere tried to dial down tensions, front-month futures for Brent crude hovered around \$90 a barrel.

That muted response to the attack could be a sign that traders are betting that Israel will respond cautiously. Analysts say it is also a nod to how OPEC+ could quickly respond to any financial aftershocks.

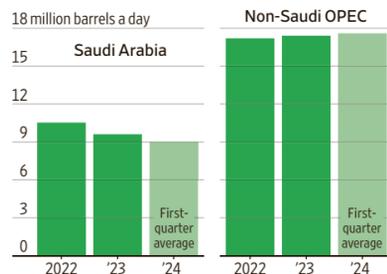
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Brent crude-oil futures price

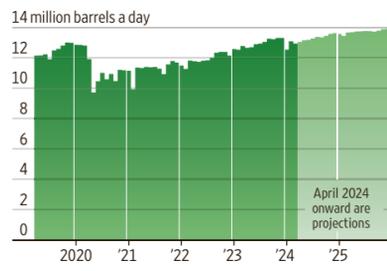


Sources: FactSet (Brent crude); OPEC (crude production); Energy Information Administration (U.S. crude production)

OPEC crude-oil production



U.S. crude-oil production, monthly



## Health Giant's Earnings Lift Stocks For Sector

By ANNA WILDE MATHEWS AND SABELA OJEA

UnitedHealth's shares staged a relief rally on Tuesday, jumping over 5% after the healthcare giant delivered a surprise: better-than-expected earnings.

The stock move marks a recovery after share prices across the sector suffered for months, largely due to investor worries about rising medical costs and changes in the Medicare business.

Shares of competitors, including Humana and Eleveance, also rose after UnitedHealth posted results.

On an adjusted basis, UnitedHealth's results for the quarter beat analysts' expectations, despite a devastating hack of its Change Healthcare unit that disrupted much of the healthcare financial system and had a major impact on UnitedHealth's own operations.

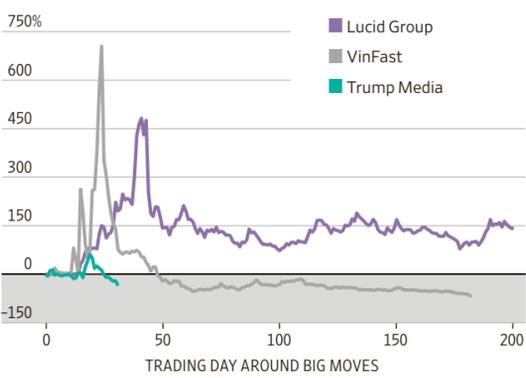
UnitedHealth offered investors soothing comments about medical costs in the quarter and going forward. On a call with analysts Tuesday, executives repeatedly hammered the point that expenses were running pretty much exactly as expected, literally noting that this was the "headline" they wanted to convey. They backed that up by sticking to their full-year adjusted-earnings projection.

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## Trump's Truth Social Stake Sinks \$3.4 Billion

Cumulative share-price performance around notable peaks for companies that did SPAC deals



Notes: Lucid move occurred before merger closed in 2021 and stock fell further; Trump Media move based on recent peak around public listing, not all-time high from the SPAC before deal closed. Source: FactSet

By AMRITH RAMKUMAR

Donald Trump's hot social-media company stock has turned cold, wiping out more than \$3.4 billion of his windfall in its first three weeks of trading.

Shares of the parent of Truth Social, the presidential candidate's social-media upstart, have fallen more than 65% from their recent peak. The money-losing company was worth roughly \$9 billion shortly after it started trading late last month. The company's shares have tumbled so far this week, ending Tuesday down 14% at \$22.84, giving it a market value of about \$3.1 billion.

Thousands of Trump supporters banded together on so-

cial media to drive up the stock, seeking to support him financially and wagering that Trump's potential success in this year's election would benefit his social-media platform.

The momentum that pushed the stock up now appears to be working in reverse as investors question the valuation of a company that posted about \$5.5 million in sales and nearly \$40 million in losses from operations over the past two years. If Trump's supporters are selling or if they can't muster the support to keep the share price high, the stock could tumble further.

"If you try to treat it as a buy and hold stock, bad things are probably going to happen to your account," said Matthew

Tuttle, chief executive of Tuttle Capital Management, which oversees a fund that holds special-purpose acquisition companies, or SPACs, like the one that took Trump's company public.

Shares of companies that went public via SPAC, like Truth Social's parent, Trump Media & Technology Group, often soar then crash. One reason is that many insiders and company executives aren't able to sell their shares for six months. That means there are few shares available for trading, so a small amount of buying and selling can drive shares haywire.

The expectation that those executives will eventually un-

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### INSIDE



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LVMH posts a drop in sales, missing expectations, as it cites global uncertainty. B3



**TECHNOLOGY**  
Tesla delays deliveries of the Cybertruck pickup in its latest stumble. B4

## Fresh Produce Receives a Makeover

By KATIE DEIGHTON

First cottage cheese got a glow-up. Then canned fish and olive oil developed a new look. Now produce is getting its turn in the stylist's chair.

A wave of branded fruits and vegetables is landing on e-commerce sites and in grocery stores across the country, using snazzy fonts and bright colors that promote their provenance and sustainable credentials.

This isn't "designer" produce with designer price tags, like Omakase Berries. It is the everyday apple, now with a Pepsi-style marketing strategy.

Outside some enduring brands such as Dole, Chiquita and Driscoll's, plus a newer player in Avocados From Mexico, most basic produce has usually competed on price and quality but little else.

More farmers and produce companies are now moving to a business model they have seen work in other product categories: differentiate even the plainest products with fun packaging and an interesting back story, gain customers' loyalty and sell more units at higher margins. Branding the previously unbranded helps companies use marketing tools that had been



Noah Robbins's Ark Foods, which sells shishito peppers and other vegetables, has raised over \$4 million in venture capital.

unavailable.

"Without a brand we weren't able to be in shopper marketing, we weren't eligible for press, we had no partnerships," said Tenley Fitzgerald, the vice president of marketing of Yes! Apples, the marketing arm of grower agency New York Apple Sales.

The 105-year-old New York Apple Sales introduced Yes! Apples to retailers around four years ago to lift sales at

retail.

Fitzgerald, a marketer who previously worked for direct-to-consumer food brands Blue Apron and Fresh Direct, had posed the idea of a consumer brand to bosses after a contract stint with the organization.

"I was a social-media freelancer...initially resharing recipes and information about [New York] apples, but there was nothing to tie the posts

to regarding a consumer-facing brand," Fitzgerald said. She went on to package its apples in paper totes, glossy red boxes and plastic bags splashed with its looping cursive logo, and created a website that lets consumers buy from the brand directly. E-commerce sales in the six months ended February 2024 were more than double those in the same period the year prior, she said, declining to share dollar figures.

A number of factors have changed the status quo in produce farming in recent years, investors and industry experts say.

Consumers started paying more attention to the role of produce in their health, and some even want to understand the way in which their produce is grown.

More shoppers bought produce online, where they can't examine the products in person, making brand names a more useful signal of consistency.

They also showed a growing tendency to shell out for cool food brands that say something about their lifestyles and tastes, even during a time of food-price sensitivity.

It also isn't only about produce itself: Some new

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## Microsoft To Invest In U.A.E. AI Firm

By RORY JONES AND TOM DOTAN

Microsoft will invest \$1.5 billion in a technology company backed by the United Arab Emirates, a deal that includes an intergovernmental pact to ensure artificial-intelligence security as the U.S. and China increasingly compete for influence in the Gulf.

Relations between the U.S. and U.A.E. have been strained in recent years over Abu Dhabi's growing ties to China and its technology firms. The agreement between one of America's biggest tech players and Abu Dhabi-based G42 signals a pivot toward Washington for the Gulf state.

Terms of the deal or a valuation of G42 weren't disclosed as the firms announced the agreement Tuesday. Microsoft President Brad Smith will join the Abu Dhabi firm's board and G42 will use the U.S. company's cloud services for its AI applications, the companies said.

The partnership also aims

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# Broadcaster, Voting Machine Firm Reach Defamation Pact

By ERIN MULVANEY

One America News Network reached a confidential settlement Tuesday to resolve a defamation lawsuit by voting-machine company Smartmatic over the conservative outlet's broadcasting of false election-theft claims after the 2020 presidential contest.

Smartmatic sued One America News in 2021, alleging the network provided a platform for false claims that voting machines helped tilt the election outcome for President Biden. The network told its audience the voting machines had been compromised and hosted guests who asserted without evidence that the election had been stolen, the lawsuit said. Smartmatic said the broadcasts smeared its reputation.

Both sides confirmed the settlement but declined to offer any details or comment. The pact comes a year after Fox News paid \$787.5 million to avert a trial over defamation claims from another voting machine company, Dominion Voting Systems. Dominion had submitted court materials highlighting internal communi-

cations and deposition testimony from on-air talent and top Fox executives who voiced doubts about election-fraud claims even as the network allowed associates of former President Donald Trump on air to make them.

One America News, which is owned by San Diego-based TV programming firm Herring Networks, previously denied its broadcasts were defamatory and argued the events it covered were newsworthy. It is also facing a defamation lawsuit from Dominion, which is still pending.

The network has sought to outflank Fox News on the right and appealed to hard-core Trump supporters. In promotional videos it promises to tell "hard-hitting stories the mainstream media doesn't want you to hear." In 2022, DirecTV dropped One America News, reducing the size of its audience.

Smartmatic also has sued Fox News and the cable-news outlet Newsmax, in cases that remain ongoing.

Fox News parent Fox Corp. and News Corp., the parent of The Wall Street Journal, share common ownership.

# Health Giant Beats Forecast

Continued from page B1

"They said cost trends were in line, that was very important," said Sarah James, an analyst with Cantor Fitzgerald. "It sets up the expectation that the bulk of the bad news is out."

UnitedHealth also sought to ease worries about the core Medicare business, saying it was well-positioned for challenges arising from federal regulators' recent actions. The government unveiled lower-than-expected 2025 rates for the private Medicare plans earlier this month, the latest in a series of blows to Medicare insurers, pushing down shares across the sector.

UnitedHealth Chief Executive Andrew Witty said healthcare costs had risen sharply last year, and he attributed the increase largely to an aftereffect of the Covid-19 pandemic. The company said that so far in 2024, healthcare cost patterns aren't continuing to rise. "Everything looks pretty much as expected," Witty said.

The insurance unit's medical-loss ratio, the share of premiums spent on medical care, was 84.3% in the first quarter. Without the impact of the Change incident, the result was only slightly above a FactSet consensus analyst projection of 83.8%.

For the first quarter, UnitedHealth posted a net loss of \$1.22 billion, or \$1.53 a share, compared with a profit of \$5.77 billion, or \$5.95 a share, for the same period a year earlier, with results pulled down by a charge related to the sale of the Brazil operation as well as the cyberattack impact.

The company reduced its 2024 net earnings projection to a range of \$17.60 to \$18.20 a share, while holding the guidance steady on an adjusted basis.

It expects the cyberattack to hit its full-year earnings by between \$1.15 and \$1.35 a share. It also anticipates direct-response costs of 85 cents to 95 cents a share for the year.

Stripping out one-time items, UnitedHealth's earnings per share came in at \$6.91 for the first quarter. Analysts surveyed by FactSet had forecast adjusted earnings per share of \$6.61.

Revenue climbed 8.6% to \$99.80 billion, beating analysts' expectations of \$99.23 billion, according to FactSet.

## BUSINESS & FINANCE



The \$7.22 billion stock deal followed a bidding war for DS Smith. A Smith paper mill in Tournay, France.

# International Paper to Buy Rival

By IAN WALKER

International Paper agreed to buy London-listed peer DS Smith in a stock deal valued at 5.8 billion pounds, or \$7.22 billion, outgunning a rival bid from Mondi to form an international-packaging leader.

The Memphis, Tenn.-based company is offering 0.1285 new share for each DS Smith share held, giving it 33.7% of the combined company once the merger completes.

The terms value each DS Smith share at 415 pence based on International Paper's closing price of \$40.85 on March 25, the day before the companies disclosed the potential offer.

DS Smith had already reached an agreement in principle to combine with Mondi when it said it was in talks with International Paper

Share-price performance, year to date



Source: FactSet

company Mondi pegged a potential deal valued at £5.14 billion, or 373 pence per DS Smith share.

Mondi has until April 23 to make a formal offer for DS Smith or walk away.

International Paper said it would seek a secondary listing in London when the deal concludes.

The company expects at least \$514 million of pretax cash synergies from a takeover of DS Smith, which should be achieved by the fourth year of completion. It also expects to book \$370 million of costs to achieve the synergies.

DS Smith shares declined 16.20 pence, or 4% at 393.40 pence. They are currently up 28% the year to date.

"Combining with DS Smith is a logical next step in International Paper's strategy to

drive profitable growth by strengthening our global packaging business...We are confident this combination will drive significant value for our employees, customers, and shareholders," International Paper Chairman and Chief Executive Mark S. Sutton said.

DS Smith Chief Executive Miles Roberts said the deal would combine two complementary businesses well positioned in Europe and North America.

The merger is expected to be completed in the fourth quarter of this year.

Mondi didn't immediately respond when approached for comment by Dow Jones Newswires.

Meanwhile, a London listing of the combined company would be a boon for the London Stock Exchange following some recent departures.

# Produce Receives A Makeover

Continued from page B1

kitchen designs feature cupboards without doors, said Andrea Hernández, the founder of food-and-beverage insights firm Snaxshot.

"Cabinet doors don't allow for people to see that you have a \$45 olive oil bottle and a \$15 hot sauce," Hernández said.

Private-equity and venture-capital firms have meanwhile entered the produce business, eager to get a slice of the last opportunities to invest in food brands from the bottom up, and willing to connect farmers with the designers and marketers that make brands pop in grocery stores.

Nearly \$30 billion was invested in agrifood tech startups in 2022, up from \$3.1 billion in 2012, according to VC firm AgFunder.

Some new farming brands have struggled. Brooklyn-based Smallhold, a mushroom brand sold in Whole Foods and named one of Fast Company's most innovative companies of 2023, in February filed for bankruptcy. It cited a downturn in venture-capital fundraising and flat sales in the fresh-mushroom category over the past year. The company's co-founder and CEO, Andrew Carter, resigned around the same time.

New York Apple Sales, meanwhile, hasn't seen any "overwhelming lift" in physical stores since the introduction of the Yes! Apples brand, due to a variety of factors including a rise in private-label



Venture-capital firm New Fare is an investor in Ark Foods.

packaging, Fitzgerald said. The marketing organization is looking for more online retail partners, Fitzgerald said, "since that's an area where we can make a bigger impact in the category due to consistent product placement and branding across online retailers."

Branded produce more broadly is developing relationships slowly, companies and investors said, as growers strive to deliver uniform products and absorb unaccustomed new costs for marketing and packaging. The cadence is uneasy for some investors used to working with technology founders of the "move fast and break things" ethos.

"As investors we have to recognize this is not, and can't be, an explosive category, but that doesn't mean it's not a huge opportunity," said Elly Truesdell, the co-founder and managing partner of venture-capital firm New Fare, which invests in food and beverage businesses.

One of New Fare's first investments was in Ark Foods, a produce company that in

2013 began selling shishito peppers and has expanded into mini heirloom tomatoes, eggplant, honeynut squash and precut and mixed salad bags, all packaged and branded with the Ark Foods logo.

Noah Robbins, the company's CEO and founder, made his first splash in the industry by getting his peppers into restaurants via suppliers and asking chefs to print the brand's name on menus.

"I used all of the menus as a data point when we went to retailers and we said, 'Look, consumers want new experiences with vegetables, and this is our brand,'" said Robbins, a second-generation farmer who studied fine art in college and often appears as the face of what he calls a modern-day farming company. Ark Foods has raised over \$4 million in venture capital and is profitable, he said.

"We've always tried to do our own thing and grow re-

sponsibly," Robbins said. "We haven't gone out there and tried to raise a gazillion dollars."

Produce marketing requires more flexibility than selling packaged goods, said Michael Perdigao, president of advertising and corporate communications for the Wonderful Company, the privately held business behind Pom Wonderful pomegranates and pomegranate juice, Wonderful Halos mandarin oranges and Wonderful Pistachios.

The company established the Pom Wonderful brand in 2002, making it a relative elder of everyday produce branding.

"We don't know from year to year how big the crop is going to be," Perdigao said. "We may have committed to a media buy or bought in the upfront market or something, and then don't need it."

The Wonderful Company often shifts marketing budgets from one brand to another to reflect fluctuations in supply, Perdigao added.

Convincing retailers to sell produce differently also can be a challenge, Yes! Apples' Fitzgerald said.

Some retailers maintain a "clean store" policy prohibiting brands' signs and other types of advertising, which makes it tricky to shout about a new name in the produce section, Fitzgerald said. The saving grace in those circumstances has been the rise in packaged produce—bags of items once sold individually, providing new real estate for brand names and the stories behind them.

"Without that packaging," Fitzgerald said, "all I have is a half-inch [price look-up code] sticker."

## Watch a Video: How New Mines Could Break U.S. Reliance on China's Batteries



With China producing more than 85% of the world's batteries, the U.S. is racing to mine the metals needed for products like EVs. Scan this code for a video on two projects working to change the supply chain.

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## BUSINESS NEWS



A fire that started in the roof devastated the Børsen, a 17th century tourist attraction in the Danish capital. Below, its interior.

# Fire Ravages Copenhagen's Historic Stock Exchange

Locals rush to save art treasures from Børsen as the blaze fells landmark spire

By DOMINIC CHOPPING

A fire ripped through Copenhagen's old stock exchange Tuesday and toppled the building's iconic spire, a centerpiece of the city's skyline since the 17th century.

The building, known as Børsen, is a tourist attraction that contains many paintings and other parts of Danish cultural history. It is in the city center next to where the Danish parliament sits at the Christiansborg Palace.

Its spire featured four intertwined dragon tails topped by the three crowns of the Scandinavian empire of Denmark, Norway, and Sweden.

"Our own Notre Dame moment," Denmark's deputy prime minister, Troels Lund Poulsen, said in a post on X. Monday marked five years since a fire ravaged Notre Dame Cathedral in Paris.

The Børsen had housed the Danish Chamber of Commerce as well as serving as a conference center and venue since the stock exchange moved premises in the 1970s. There were no reports of injuries.

As the fire took hold early Tuesday, employees, rescue workers and passersby rushed to rescue art.

Chamber of Commerce CEO Brian Mikkelsen helped rescue art from the building, according to Danish media. "I cannot describe how upset I and my



colleagues are. It is a huge disaster, because it is 400 years of cultural history that is in flames," he said on X.

He said in a news conference that the Børsen would be rebuilt "no matter what."

Firefighters began tackling the blaze after the alarm was raised at around 7:30 a.m. in Copenhagen. Nearby buildings were evacuated and the fire brigade worked to extinguish the fire and save valuables.

The blaze, which began in the building's copper roof, quickly spread to the floors below, with the scaffolding surrounding the building making the task of tackling the fire harder. The flames died down by late Tuesday afternoon and emergency services said they had the fire under control.

The cause of the fire hasn't yet been determined. Jakob Engel-Schmidt, Den-

mark's culture minister, tweeted it was touching to see how in Copenhagen, locals and emergency workers rushed to retrieve treasures from the burning building.

A team of 25 people from the Danish National Museum were dispatched to the site and helped evacuate cultural objects, assessed the damage and transported them for storage at its warehouse.

The building housed a number of paintings from artists such as P.S. Kroyer and Lorenz Frølich. What has been saved isn't yet known, but emergency services said it was possible to save several hundred works and Danish public broadcaster DR reported that Kroyer's 1895 painting, "From Copenhagen Stock Exchange," had been saved.

The building was commissioned by King Christian IV,

who ruled Denmark and Norway for 60 years, until the mid-17th century. It was built to offer merchants a marketplace near the coastal entrance to Copenhagen.

It was undergoing extensive restoration work. Work was due to involve the replacement of the copper roof and facade bricks as well as restoration of sandstone decorations.

"I will do everything I can so that the dragon spire will once again tower over Copenhagen," Engel-Schmidt posted on X, saying it was "a symbol of Denmark's strong history as a trading nation."

### Watch a Video

Scan here to see a video of the fire at the historic Børsen building.

# LVMH Revenue Fell in Quarter

By ANDREA FIGUERAS

**LVMH Moët Hennessy Louis Vuitton** reported a drop in first-quarter revenue, missing analysts' expectations, amid what it called a geopolitical and economic environment that remains uncertain. The French luxury conglomerate—which houses brands Dior and Louis Vuitton, among others—said Tuesday that revenue for the first three months of the year came in at €20.69 billion, equivalent to \$21.97 billion, down 2% in reported terms compared with the year-earlier period.

Analysts expected group revenue of €21.14 billion, according to a poll of estimates compiled by Visible Alpha.

Revenue rose 3% organically, which compares with the 17% organic increase LVMH reported during the same months last year, when it saw a significant rebound in Asia.

The core fashion and leather-goods division contributed €10.49 billion to group revenue, which compares with €10.73 billion in the year-prior period. This came below analysts' forecasts of €10.66 billion, according to Visible Alpha consensus.

As for the wines and spirits business, the company saw an organic 12% decline. The division has been under pressure as demand for high-end liquors fell in the U.S., leading to high inventory levels.

Analysts expected a sluggish start to the year, as the luxury sector continues to grapple with a slowdown in demand.

Following years of strong results after the height of the pandemic, the industry is facing a normalization of sales growth due to inflation and high interest rates that have weighed on consumer spending.

Despite being a challenge for all players in the sector, the trend differs among companies depending on which clients they are more exposed to.

Names that cater to status-

seeking consumers have been particularly hit by the slowdown, since these customers have tightened their belts more, while companies exposed to a wealthier clientele are performing better, as affluent shoppers tend to be more resilient in times of macroeconomic weakness, Barclays analysts wrote in a research note.

Sector-normalization trends are now well understood by the market, but there will be a gap between the best and the worst performers, with Chinese demand being the key swing factor, Bank of America analysts said in a note to clients.

Regionally, LVMH saw strong momentum in Japan, where it achieved organic growth of 32%.

Asia excluding Japan saw a decline of 6%.

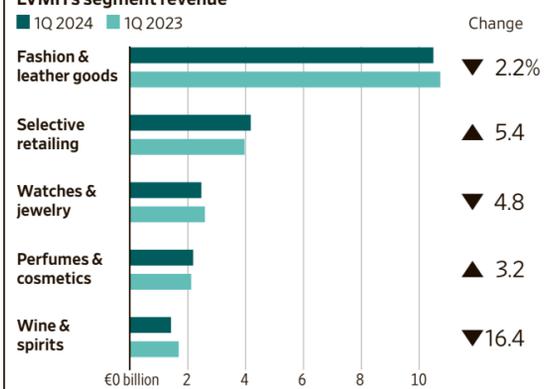
The company faced a tough comparison base in the region, since in the same period of 2023 it benefited from the lifting of sanitary restrictions in China and a rebound in international travel.

Domestic economic woes in China and a slower-than-expected recovery in the country contributed to the wider slowdown in demand for luxury goods. China—which was the world's largest luxury market before the pandemic—has been facing a prolonged downturn in the property sector as well as weak exports and consumer demand.

"We stick to our 'soft landing' scenario," Bernstein analysts wrote in a note to clients, noting LVMH's update is a sign that this remains the most likely shape of things to come. The comparison base should become significantly easier going into the coming quarter and even more into the second half, ushering in higher growth, Bernstein said.

The owner of jewelers Bulgari and Tiffany remains both vigilant and confident amid an uncertain environment and said it had a good start to the year.

### LVMH's segment revenue



# Dr. Martens Issues Warning; Shares Plunge

By PIERRE BERTRAND

**Dr. Martens** shares plunged after the iconic British footwear and clothing brand said Chief Executive Officer Kenny Wilson plans to step down and warned of a challenging year ahead.

Wilson will be succeeded by current chief brand officer Ije Nwokorie before the current financial year ends in March 2025, the company said.

Its shares closed down 29% Tuesday.

News of the leadership change came as the company warned that its outlook for fiscal 2025 is challenging, and that earnings could fall from what it expects to report for the year ended March 31.

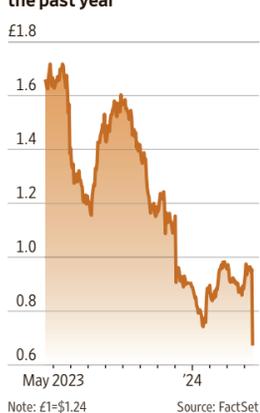
The company said it could envision a worst-case scenario of pretax profit coming in at



The iconic British shoe brand said its outlook for fiscal 2025 is challenging.

around a third of fiscal 2024's level. It also assumes revenue will decline by a single-digit percentage on year.

### Dr. Martens share price over the past year



Fiscal 2025 wholesale revenue in the U.S. is expected to post a double-digit decline after the company's autumn-

winter order book came up significantly short.

"If wholesale customers become more optimistic, we could see in-season reorders, however these are hard to predict," the company said. The wholesale decline is likely to result in a £20 million hit, equivalent to \$24.9 million, to fiscal 2025 pretax earnings.

Inflation is also expected to weigh on the result, contributing to a £35 million headwind, it said. Dr. Martens also anticipates £15 million of additional costs in fiscal 2024 to repeat in fiscal 2025.

"The nature of USA wholesale is that when customers gain confidence in the market we will see a significant improvement in our business performance, but we are not assuming that this occurs" in fiscal 2025, Wilson said.

# Adidas Raises Outlook After Yeezy Brand Helps Bottom Line

By DAVID SACHS

**Adidas** raised its revenue and profit expectations after the controversial Yeezy brand contributed to a better-than-anticipated first quarter.

The German shoe and sports-apparel company said Tuesday that it now expected operating profit to finish the

year at around €700 million, equivalent to \$743.7 million, compared with its previous forecast of €500 million.

After terminating its contract with Yeezy namesake Kanye West last year, the company decided to sell the inventory rather than write it off. Adidas's release of Yeezy apparel generated revenue of

about €150 million and an operating profit of around €50 million in the first quarter, the company said. Its remaining inventory will be sold at cost, contributing to revenue but not profit, the company said.

Adidas's upgrade came after first-quarter revenue rose 4% on year to €5.46 billion, above a Visible Alpha consen-

sus of 3.1%. Its gross margin improved to 51% from 45% a year prior, while operating profit jumped to €336 million from €60 million.

Revenue adjusted for currency effects is now expected to grow at a rate in the mid-to-high single digits compared with previous expectations of mid-single-digit growth, it said.

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TECHNOLOGY

WSJ.com/Tech

# Tesla Delays Cybertruck Deliveries

Pause is the latest issue for the electric-vehicle maker after recent job cuts

By ALYSSA LUKPAT AND JOSEPH DE AVILA

Tesla has delayed deliveries of its Cybertruck in recent days, according to buyers, the latest stumble for the automaker facing weakening demand for its electric vehicles.

Buyers say Tesla pushed back the scheduled delivery date for the stainless-steel pickup without giving a reason. It couldn't be determined how many buyers were affected.

Tesla didn't respond to a request for comment.

The Cybertruck hit the market in November. Chief Executive Elon Musk warned the model is unlikely to generate significant cash flow before the end of the year. The unusual-looking pickup isn't nearly as ubiquitous as other Tesla models but has been driven by celebrities including Kim Kardashian.

Tesla, the world's most valuable automaker, has used the Cybertruck to try to renew interest in electric vehicles, which has waned in recent years.

Tesla stock dropped nearly 3% on Tuesday, a day after the company said it planned to lay off more than 10% of its global workforce.

Two of Musk's top deputies also said they were leaving Tesla.

One Cybertruck buyer, Max Pyko of Birmingham, Ala., said he was supposed to pick up his Cybertruck on April 13 but received a text message alerting him that the delivery was canceled. Pyko, a 41-year-old physician, was given a tentative new delivery date of April 20.

In a text message, which was reviewed by The Wall Street Journal, the carmaker said, "We have just been informed of an unexpected delay regarding the preparation of



Buyers say Tesla pushed back the scheduled delivery date for the stainless-steel pickup without giving a reason.

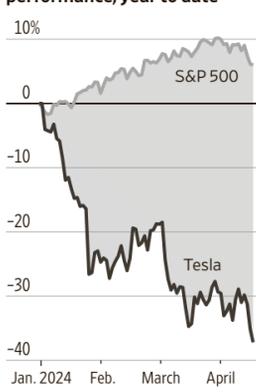
your vehicle. We need to cancel your delivery appointment for tomorrow and we will reach out again when we're able to get you back on the schedule."

The carmaker said in a second message to Pyko, "It appears they need at least until April 20th to correct the issue, but it could be potentially longer than that. Tesla is working on getting improved parts to all affected locations asap."

Other Cybertruck buyers have been complaining on message boards about their deliveries being pushed back. Buyers from around the country said Tesla notified them of the delay hours or days before they were supposed to receive their cars.

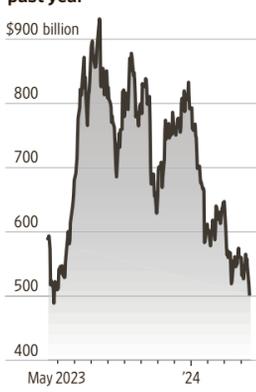
It is unclear what has prompted the delay. At least one Cybertruck owner reported on social media that his accelerator pedal got stuck when a panel came off the top

Share-price and index performance, year to date



Source: FactSet

Tesla's market cap over the past year



of the pedal. The National Highway Traffic Safety Administration said Tuesday it was aware of the issue and "in contact with the manufacturer to gather additional information."

and difficult to read, which raised the risk of a crash.

The cheapest Cybertruck model sells for around \$76,000, and a more expensive version, called the Cyberbeast, starts at about \$96,000, according to Tesla's website.

By comparison, the cheapest Model 3 sells for less than a third of the price of the Cyberbeast.

Currently the Cybertruck can be ordered on Tesla's website for delivery next year. The automaker said a less expensive Cybertruck model would be available next year. Tesla said the model can be driven off-road and used to tow cargo.

Tesla said its global vehicle deliveries were down 8.5% in the first three months of this year compared with a year earlier.

◆ **Heard on the Street: Tesla shifts growth hopes..... B13**

# Ericsson Sees Slide In Mobile Network Market

By DOMINIC CHOPPING

Ericsson expects the mobile-network market to continue falling at least through the end of this year, as customer spending remains cautious and investments in India slow further.

The Swedish telecommunications-equipment company said sales in its key mobile networks unit fell 21% in the first quarter, with sales momentum in India continuing to slow while North America sales dropped 23% on the year.

After benefiting from a surge in orders from North America early in the 5G deployment cycle, work in the region has been falling sharply, and a greater share of business last year came from lower-margin developing markets such as India. Investments in the country were expected to begin moderating at the start of 2024 after a rapid roll-out phase, but normalization began at the end of 2023 and continued in the first quarter.

Network sales in south east Asia, Oceania and India fell 42% in the quarter, mainly due to lower investments in India.

Industry market-research firm Dell'Oro expects the global network equipment market to decline by 4% in 2024, but Ericsson said Tuesday this "may prove optimistic" as customers remain cautious with their investments and the pace of investment in India continues to normalize. "We expect a further decline in the radio access network market, at least through the end of this year," Chief Executive Borje Ekholm said.

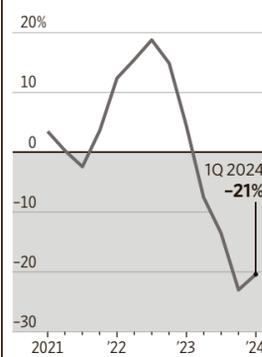
If current trends persist, sales should stabilize during the second half, benefiting from the recent network-gear contract from AT&T which is worth up to \$14 billion, and the normalization of customer inventory levels in North America.

The company reported an adjusted gross margin in its mobile-networks unit of 44.3%, above guidance of 39% to 41%, and said it expects to report a margin of between 42% and 44% in the second quarter as it benefits from improved business mix.

Net profit attributable to shareholders came in at 2.56 billion Swedish kronor, or \$235.1 million, compared with 1.52 billion kronor a year earlier, as sales fell 15% to 53.33 billion kronor. The company said earnings included a 1.9 billion kronor one-off boost from the resolution of a commercial dispute. Analysts polled by FactSet had expected a net profit of 742 million kronor sales of 55.14 billion kronor.

The company identified around \$1 billion of cost cuts last year, which included thousands of job cuts and it said earlier this year that it will reduce headcount further in addition to other efficiency measures.

Ericsson's mobile network sales, change from a year earlier



Sources: S&P Capital IQ; the company

# Microsoft To Invest in A.I. Firm

Continued from page B1

to create "a skilled and diverse AI workforce" for the U.A.E. and create a \$1 billion fund for developers, the firms said.

The U.A.E. has set a goal of becoming a world leader in artificial intelligence and recently held talks with OpenAI Chief Executive Sam Altman about investing in a multibillion-dollar initiative that would boost the world's chip-building capacity and expand its ability to power AI, The Wall Street Journal reported in February.

As part of those discussions, Altman spoke with the U.A.E.'s Sheikh Tahnoun bin Zayed al Nahyan, who chairs G42. He is also the country's national security adviser and brother of the U.A.E. ruler, Sheikh Mohamed bin Zayed.

In October, G42 announced a partnership with OpenAI, which is behind AI systems such as ChatGPT, to "deliver cutting-edge AI solutions to the U.A.E. and regional markets." G42 in August unveiled its own Arabic large-language model, the technology behind ChatGPT.

Microsoft is the biggest investor in OpenAI and has a major customer base in the U.A.E. The U.S. firm opened two large cloud data centers in the country in 2019, and last year said it would tie up with G42 to introduce "sovereign" cloud offerings that

could secure the data of government-related companies, which generally offer the biggest contracts for Western companies selling in the U.A.E.

The deal is the latest in a series of investments and big hires Microsoft has made to help maintain its lead in artificial intelligence. The company is reorienting its business around AI, following the success of OpenAI's chatbot chatGPT. Microsoft has been pouring billions of dollars into investments beyond OpenAI. Earlier this year, it invested \$16 million in Mistral, a French startup that makes open-source AI technology. It has also unveiled plans to invest a total of around \$8 billion in building new data centers in Germany, Spain and Japan.

Last month, the company hired Mustafa Suleyman, the CEO of AI startup Inflection, in a newly created role of CEO of AI. Microsoft has previously invested in Inflection, and the company has hired a significant number of employees from the AI startup to join Suleyman in the new division.

Microsoft's outsize presence in the AI startup sector has raised concern among some regulators worldwide. Officials in Europe are looking into its relationship with OpenAI.

The latest deepening of commercial ties with the U.A.E. reflects a broader realignment of diplomatic interests.

Mohamed, the U.A.E. leader, has tried to court the U.S., China and Russia in recent years to diversify his country's economy away from its dependence on oil and draw foreign investment.

# Take-Two Interactive Plans to Cut 5% of Jobs

By BEN GLICKMAN

Take-Two Interactive Software plans to cut about 5% of its workforce as it pulls back on some videogame projects, marking the latest tech company to trim costs this year.

The company, which makes video games such as "NBA 2K" and "Grand Theft Auto," said in a regulatory filing Tuesday that it would streamline its organizational structure in an

effort to boost its profit margins, part of a broader cost reduction plan. The eliminated projects will reduce headcount and will cut back on Take-Two's hiring needs, the company said.

Take-Two expects to incur about \$160 million to \$200 million in charges connected to its cost-reduction plan, including \$120 million to \$140 million related to title cancellations.

The cost-cutting moves are expected to be finished by the end of the year. The company had 11,580 employees as of March 31, 2023, according to regulatory filings.

Take-Two adds to a growing list of tech companies who have trimmed their workforces since the start of the year. According to the website Layoffs.fyi, 255 tech companies have laid off about 74,000 employees in 2024.

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Photographed by Shaina Fishman  
at SDF's National Training Center.

BUSINESS NEWS

# Costco Finance Chief Ends 39-Year Run

Galanti's exit marks the end of an era for the big-box retailer that he helped shape

By JENNIFER WILLIAMS

On a recent overcast Wednesday, Richard Galanti was at his cubicle by 8 a.m., as usual.

What was unusual: It was his first week not being Costco Wholesale's finance chief, a job he held for nearly four decades as the longest-serving chief financial officer of a major U.S. public company.

The 68-year-old influenced how Costco appealed to shoppers. Its members will find hardly any frills in the retailer's warehouses and significantly fewer items—just 3,800 unique products—on the shelves compared with other large stores. Yet shoppers flock to Costco for everything from its popular Kirkland Signature shirts to diamond rings, the viral chocolate-peanut butter pie and occasionally gold bars.

During a visit in March to the wholesale retailer's Issaquah, Wash., headquarters, Galanti spoke of how the company's uncomplicated model keeps customers coming back for more. The retail giant maintains a limited range of products but ensures they are of good quality, sometimes eclectic, and reasonably priced. "We keep things simple," Galanti said.

This philosophy permeates the company, from its workspaces to product selection, and is part of the secret behind Costco's roughly 10% growth for 30 successive years. The retailer's own brand, Kirkland Signature, alone does more than \$50 billion in revenue annually, just shy of what global brands such as Nike brought in in the latest fiscal year.

Galanti was named CFO of Costco at 28, nearly two de-

cadecades below the average hiring age for finance chiefs among S&P 500 and Fortune 500 companies, according to executive-search firm Crist Kolder Associates. His time in the role—39 years—is the longest of any CFO in the group, handily beating the average of 4.7 years.

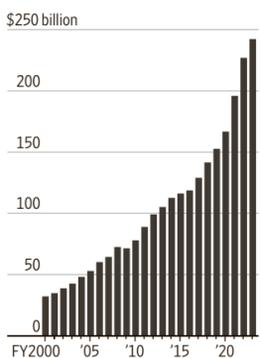
Galanti, who stepped down as finance chief last month, became the "voice" of the company in those years. He led nearly all of Costco's earnings calls solo since the company went public in late 1985, with the exception of one in May 2022 because of a family event, a departure from the more typical CEO-CFO tag team.

On those calls, Galanti is mostly business with jokes sprinkled in, breezing through Costco's financials and analyst questions from a spacious but open cubicle that overlooks the company's campus.

### Good timing

Galanti, who has a degree in finance from the University of Pennsylvania's Wharton School and an M.B.A. from Stanford, worked with Costco's founders on a financing round as an investment banker with Donaldson, Lufkin & Jenrette.

### Costco's annual revenue



Note: Most recent fiscal year ended Sept. 3. Sources: the company (revenue); FactSet (performance)



Richard Galanti became Costco's finance chief at age 28. Now, as he steps down nearly 40 years later, he points with pride to its efforts to keep inventory simple and prices low.

"It was a fortuitous set of events," Galanti said. Costco's then-CFO was leaving, and Costco co-founders Jim Sinegal and Jeff Brotman offered Galanti the job of vice president of finance in 1984. He became finance chief 10 months later.

It didn't hurt, and maybe was key, that Galanti grew up working at one of the four

### Share-price performance over the past year



grocery and liquor stores that his father and three uncles owned in the greater Atlanta area, doing everything from bagging groceries to stocking shelves, mopping floors and cutting meat. It wasn't the M.B.A. that mattered to Costco's co-founders as much as his knowledge of the industry, Galanti joked. Sinegal couldn't be reached for comment about working with Galanti. Brotman died in 2017.

"They liked me because I knew shrink wasn't a doctor; it was inventory shortage," he said.

Galanti started leading earnings calls fairly quickly after joining Costco. He recalls in the early days as CFO writing the guts of a quarterly filing from home on a Sunday and then having someone in accounting check the numbers on the Monday before results went out. Now, there are an audit committee meeting, a CEO certification meeting and a disclosure controls committee meeting.

Other changes include automation of buyer and sup-

plier activities rather than having them manually processed and paid and the vast new headquarters that replaced the three small buildings that for decades housed all of the Costco employees who work at the Washington campus.

ing about his influence at Costco, the executive takes pride in the company's efforts to keep inventory simple and prices low. A more typical supermarket or discount supercenter may have between 50,000 and 100,000 items, versus Costco's 3,800.

This works for Costco's bottom line. The retailer also pursues other ways to keep its costs low.

There is greatly reduced expense and little art in stocking the store once inventory reaches a Costco warehouse. "Think about, at a store where every can has to be put there and made to look pretty, whereas we have a forklift operator putting 2,000 cans for sale with a pallet and ripping off the plastic," Galanti said.

Costco also isn't shy about flexing its size to secure better prices as "our buying power per item dwarfs anybody out there," he said.

The company has an internal cap on the markups it will take on a product—15% for Kirkland Signature products and 14% for any others. Supermarkets tend to work on a mid-to-high-20% markup, analysts said.

It is a lesson learned from Costco's founders. Back in the 1990s, when women's Calvin Klein jeans sold at most retailers for around \$55, Costco would occasionally get the jeans for \$27.50 a pair and sell them to members for roughly \$29 or \$30, Galanti said. Then Costco got its hands on a larger shipment of the jeans, at around \$22 a pair.

"We could have sold them for \$28.99, \$29.99 all day long. We sold them for like \$22.99," Galanti said. "We left \$10 million of gross margin on the table when we were a much smaller company."

The company makes that same trade-off today, Galanti said. "It keeps us honest," he said of the company's self-imposed cap on markups.

### Tenure gets parking

In other ways, though, the company has stayed the same. Executives don't promote themselves or their achievements on social media. The open office plan persists and parking spaces are reserved for employees based on tenure, not titles. Galanti has one, but the new CFO, Gary Millerchip, has an unreserved spot across the street.

"We just grew up that way," Galanti said. "We're a little quirky, but that's our culture and it works for us."

While Galanti avoids boast-



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# THE PROPERTY REPORT

## Rents Are Still Rising and Fueling Inflation

How quickly price boosts will slow to levels acceptable to Fed is open question

By WILL PARKER

The Federal Reserve wants to see cooler inflation before cutting interest rates. The rental market remains in the way.

Rent growth has slowed from double-digit recent highs after pent-up demand caused by early pandemic lockdowns and record home prices sent rents soaring. Economists expect that decline will continue as more supply comes on line and tenants reach their limits.

But how quickly it falls to levels the Fed will find acceptable is an open question.

"Housing inflation typically runs higher than general inflation," said Thomas LaSalvia, economist at Moody's Analytics. "But it has to come down further than where it is right

now."

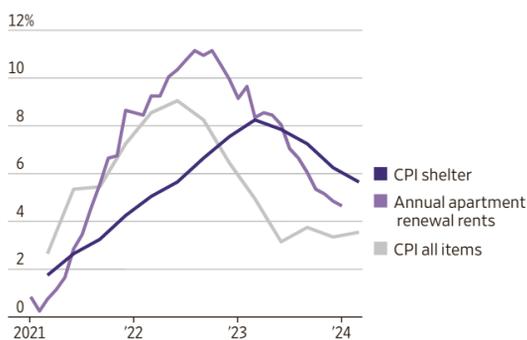
Shelter inflation, or what the government calls its measure of home and apartment rents, rose 5.7% in March compared with a year prior, well above the shelter inflation rate of about 3.3% from 2015 to 2019.

Shelter costs played a significant role in the hotter-than-expected March consumer-price index, which is expected to delay the Fed's plans to lower short-term interest rates.

The rents that apartment tenants pay to renew their leases are still rising. For apartments, renewal rents rose 4.6% in January compared with the same month a year before, according to the property-data company Yardi Matrix. Two other data companies registered renewal rent increases of about 4% so far this year.

Rent increases for new leases on empty or available apartments, also known as asking rents, are now close to zero for the year and are con-

Annual change in home and apartment rents



Note: CPI data is quarterly

Sources: Yardi Matrix (apartment renewals); Labor Department via Moody's Analytics (CPI)

sidered a leading indicator for the rental market. Housing analysts say the large number of new apartments being built in many U.S. cities has helped curb the rate of asking-rent growth.

But renewal rents are proving more stubborn. In Indianapolis, Kansas City, Mo., Orlando, Fla., Miami and San Diego, renewal rents were up

more than 7% in January, according to Yardi, a cost increase that is affecting renters' opinions about the greater economy.

A Kansas City renter, Glen Mies faces a 15% rent increase this June, a bump that would stretch the limits of his income from his job driving a cargo van for a wine distributor, he said. He intends to

move.

"It's frustrating," he said. "It seems to me that I should be able to afford a one-bedroom, not-that-nice apartment."

Teresa Diaz, a 67-year-old medical research assistant who rents a studio apartment in Detroit, said her landlord wanted to increase her rent by nearly 30% this month, though Diaz negotiated it down to about 12%.

"It's delaying my retirement," she said.

The single-family market, both for sale and rentals, continues to see gains. The median rent for a three-bedroom house is rising faster than wages in more than half of 341 counties analyzed by the property-research firm Attom.

"The fact that so few homes are available for sale in many markets clearly further helped increase rental demand for landlords and boost their bottom lines," said Attom Chief Executive Rob Barber in a March report.

Still, many economists proj-

ect that the pace of shelter inflation will keep declining through the end of the year. In addition, the government's figures often lag behind the real price deceleration seen in the rental market by several months.

"The Fed understands the nuances within the CPI shelter inflation rate, and it's paying attention," LaSalvia said. He said the shelter rate is on pace to fall below 4% by the end of the year, drawing it closer to historical norms.

The next test is the spring and summer leasing season, when a large number of apartment leases come up for renewal, said Jay Parsons, head of investment strategy at the Texas property-investment firm Madera Residential.

The surge in renewals will happen when vacancies are relatively high and new supply is reaching a peak, two factors that can reduce landlords' pricing power.

"I'd be very surprised if renewals don't further cool," Parsons said.

## PwC Pushes Back At Criticism Over Evergrande Risk

By CAO LI

**PricewaterhouseCoopers** has responded to a public letter that blamed some of its executives for the global accounting firm's exposure to China Evergrande, the fallen property giant.

PwC issued a statement on Tuesday after a letter circulated on Chinese social media over the weekend, which claimed to be written by some of the firm's partners. The letter alleged, among other things, that a former partner had raised concerns about Evergrande and suggested dropping it as a client, but a senior executive intervened.

PwC said "the letter contains inaccurate statements and false allegations concern-

ing PwC and certain of our partners." The firm said it has reported the matter "to the relevant authorities" and reserves the right to take further action.

Evergrande, once one of China's biggest property developers, ran up more than \$300 billion of liabilities before it defaulted in 2021. Its failure spread panic through bond markets, and ushered in dozens of other defaults from China's property sector. Last month, Chinese regulators said Evergrande had committed fraud, overstating its sales by around \$78.4 billion between 2019 and 2020.

PwC resigned as Evergrande's auditor in early 2023, in part because it wasn't able to get documents to support revenue recognition.



Evergrande ran up more than \$300 billion of liabilities before it defaulted in 2021. An unfinished Evergrande project, background.

### BUSINESS & FINANCE

## Mental-Health Startup Secures \$72 Million Investment

By MARIA ARMENTAL

Mental-health startup **Two Chairs**, which focuses on finding the right match between patients and therapists, secured a \$72 million growth investment to ramp up hiring and build a national network.

Boston-based **Fifth Down Capital** backed the company alongside existing investors, including venture-capital firm **Amplo**, which led the debt and equity round. Bridge Bank, a division of **Western Alliance Bank** that offers financing for emerging technology businesses, provided the debt financing.

A person familiar with the transaction said equity represented \$52 million of the \$72 million. The company said in a statement that the latest funding brings the total amount it has raised so far to \$103 million.

Two Chairs founder and Chief Executive Alex Katz declined to comment on financial details, but said that the bulk of the money raised was equity at a higher valuation than the company's last financing round.

Two Chairs uses technology to match patients and therapists, drawing on information about patient needs, preferences, availability, and location. Routine feedback, what is known as measurement-based care, helps track progress and tailor treatment to patients' needs.

"When it comes to therapy, it's not just about getting to a therapist. Generally, it's about getting to the right therapist, with the right expertise, who's well matched to your preferences," Katz said, adding research shows the therapist-patient relationship "is by far the

best predictor of outcomes and care."

An estimated 59.3 million, or roughly 23.1%, of Americans aged 18 or older lived with depression, post-traumatic stress or other mental illnesses in 2022, according to an annual national survey on drug use and health conducted by a division of the U.S. Department of Health and Human Services. Slightly more than half received treatment, according to the government data.

The coronavirus pandemic exacerbated the strains and access-to-treatment inequities of the U.S. mental-health system, forcing many to wait months for appointments or seek treatment at the nearest emergency room. A proliferation of digital mental-health companies raced to fill the void, attracting billions of dollars in private capital, but many failed to live up to their promises.

"There were a lot of companies that had a growth-at-all-cost mindset," Katz said. "In hindsight, a lot of patients got harmed in the course of doing that."

Katz started Two Chairs in 2017 after seeing close friends and relatives, including his



Two Chairs founder and Chief Executive Officer Alex Katz with Chief Clinical Officer Colleen Marshall.

girlfriend, struggle to find a therapist. The company offers outpatient treatments to adults and aims to take on two of the main barriers when it comes to therapy: finding the right therapist and paying for the services.

Two Chairs offers in-person and virtual therapy in California, Florida and Washington state, and its services are currently covered in-network with **CVS Health's** Aetna national insurance network and Kaiser Permanente's insurance networks in Washington state and

Northern California. Being in-network limits patients' out-of-pocket expense.

The company has more than 500 therapists on staff that collectively speak more than a dozen languages, Katz said.

"That really matters because for some patients, they're going to feel most comfortable opening up about their mental health and their personal journey in their native language," Katz said.

Katz said the company has roughly doubled business annually for the past three years in

terms of number of patients, number of therapists and annual revenue.

"We're growing quickly. We're expanding access. We're serving many more patients in a real time of need. But we're not growing so fast that the care model is coming off the rails," he said.

Mental health continued to attract significant investor interest in 2023 among digital health startups, with about \$1.1 billion across 57 deals, albeit at much lower levels than the 2021 peak, when investors poured in some \$4.9 billion, according to Rock Health, a venture investor and advisory firm.

Amplo founder and Chief Executive Sheel Tyle said that Two Chairs' ability to grow without compromising its focus on quality care attracted his firm to the company, which represents his firm's first investment in the mental health sector.

Amplo so far has invested \$40 million in Two Chairs, according to Tyle, who was a classmate of Katz's at Stanford University.

"At the end of the day, the business will only succeed if you maintain a very high bar and quality" of care, Tyle said.

### In Memoriam

For more information:  
wsj.com/inmemoriam

#### George Messenger

NORTHBROOK, ILL. - George L. Messenger, 91, former President and COO of Kemper Reinsurance Company died April 2, 2024. Messenger began his career with Kemper Group in 1954 and joined Kemper Reinsurance Company at its inception in 1969. Member of the Society of Chartered Property and Casualty Underwriters (CPCU), the Reinsurance Association of America, the Brokers and Reinsurance Markets Association and the American Arbitration Association. Messenger was former chairman of the CPCU Reinsurance Section Committee. He also served on the boards of Kemper Reinsurance Company and Kemper Reinsurance London, Bermuda and Europe. He is survived by his children Glenda (Bob) Hutchinson, George Messenger, Greg (Sue) Messenger, many grandchildren and great-grandchildren and preceded in death by wife Gerry and son Gary. Donations in his memory may be made to Mercy Home for Boys and Girls (www.mercyhome.org).

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## Planet Fitness Taps Keating as Its New CEO

By ADRIANO MARCHESI

**Planet Fitness** has appointed Colleen Keating as its next chief executive, effective in June, succeeding Craig Benson, who was serving in the position on an interim basis.

The fitness-center franchiser and operator said Tuesday that Keating's appointment comes after an extensive

search process by its board. She brings with her over three decades of experience across hospitality, real estate, operations and franchise management, the company said.

Since 2020, Keating has served as CEO of **FirstKey Homes**, a large single-family rental-home property-management company in the U.S. Prior to that, she served in

a number of roles of increasing responsibility at **InterContinental Hotels Group**.

Planet Fitness had been searching for a permanent successor since September when its longtime chief executive officer, Chris Rondeau, stepped down after the board decided to shake up management. The company appointed Benson to the role on an in-

terim basis.

In February, Rondeau, who had served as head of the company since 2013 before being ousted in September, also resigned from the gym chain's board due to certain disagreements, including over the decision to lay off about 9% of its corporate workforce.

Keating's appointment becomes effective June 10.

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, FINRA, 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: +New 52-week high; -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, Chg, Net. Lists top 1000 stocks including AAPL, MSFT, GOOGL, AMZN, etc.

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Creditor's Counsel: Brad Friesen, Bell Davis Pitt, P.A. (336-714-4164)
Sale Trustee: Phillip Feagan (828-694-3541)

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. \* CHG-Daily percentage change from the previous trading session.

Tuesday, April 16, 2024

Table with columns: Stock, 52-Wk % High/Low, % Chg, Stock, 52-Wk % High/Low, % Chg, Stock, 52-Wk % High/Low, % Chg. Includes sections for Highs and Lows.

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Biggest 1,000 Stocks

Table listing the biggest 1,000 stocks with columns for Stock, Sym, Close, Chg, Net, Stock, Sym, Close, Chg, Net.

Table listing the biggest 1,000 stocks with columns for Stock, Sym, Close, Chg, Net, Stock, Sym, Close, Chg, Net.

Cash Prices

Table listing cash prices for various commodities with columns for Commodity, Price, Commodity, Price.

Commodities

Table listing commodity prices for various categories like Energy, Metals, Fibers and Textiles, Grains and Feeds, and Fats and Oils.

Commodities

Table listing commodity prices for various categories like Food, Grains and Feeds, and Fats and Oils.

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PLEASE TAKE NOTICE that in accordance with NOTICE OF SALES of the Uniform Commercial Code as enacted in New York, by virtue of certain Event(s) of Default in a Pledge and Security Agreements dated as of October 21, 2020 (the "Pledge Agreements"), executed and delivered by DIMITRI VLAHAKIS and ZENOVIA VLAHAKIS (collectively, and the "Pledgor"), and in accordance with its rights as holder of the security, MAGUIRE BAY RIDGE LLC (the "Secured Party"), by virtue of possession of those certain Share Certificates held in accordance with Article 8 of the Uniform Commercial Code of the State of New York (the "Code") and by virtue of those certain UCC-1 Filing Statement made in favor of Secured Party, all in accordance with Article 9 of the Code, Secured Party will offer for sale, at public auction, (i) all of Pledgor's respective right, title, and interest in and to the following: (a) 1818 79TH REALTY, LLC, a New York limited liability company, 901 73RD STREET LLC, a New York limited liability company, and 7506 FIFTH AVENUE LLC, a New York limited liability company (collectively, the "Pledged Entities"); and (ii) certain related rights and property relating thereto (collectively, (i) and (ii) are the "Collateral"). Secured Party's understanding is that the principal asset of the Pledged Entities is that certain fee interest in the premises located at 1818 79th Street, Brooklyn, NY 11214, 901 73rd Street, Brooklyn, NY 11228 and 7506 Fifth Avenue, Brooklyn, NY 11209 (collectively, the "Property").

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BANKRATE.COM MMA, Savings and CDs

Average Yields of Major Banks

Table showing average yields for National average, Savings, Jumbos, Weekly change, and Consumer Savings Rates.

High yield savings

Table listing high yield savings accounts from various banks with columns for Bank, Phone number, Minimum, Yield, Bank, Phone number, Minimum, Yield.

Money market account

Table listing money market accounts from MyBankingDirect, BrioDirect, and Vio Bank with columns for Account Name, Balance, Yield, Account Name, Balance, Yield.

One-month CD

Table listing one-month CD rates from VirtualBank, Lone Star Bank, and Presidential Bank, FSB with columns for Bank, Balance, Yield, Bank, Balance, Yield.

Two-month CD

Table listing two-month CD rates from VirtualBank, Lone Star Bank, and Presidential Bank, FSB with columns for Bank, Balance, Yield, Bank, Balance, Yield.

Three-month CD

Table listing three-month CD rates from Popular Direct, America First FCU, and Bancos USA with columns for Bank, Balance, Yield, Bank, Balance, Yield.

High yield jumbos - Minimum is \$100,000

Table listing high yield jumbo CD rates from Vio Bank, UFB Direct, Western State Bank, and One-month CD from VirtualBank with columns for Bank, Balance, Yield, Bank, Balance, Yield.

Exchange-Traded Portfolios

Largest 100 exchange-traded funds, latest session. Preliminary close data as of 4:30 p.m. ET

ETF

Table listing exchange-traded funds with columns for Symbol, Price, Chg, YTD, Symbol, Price, Chg, YTD.

Grains and Feeds

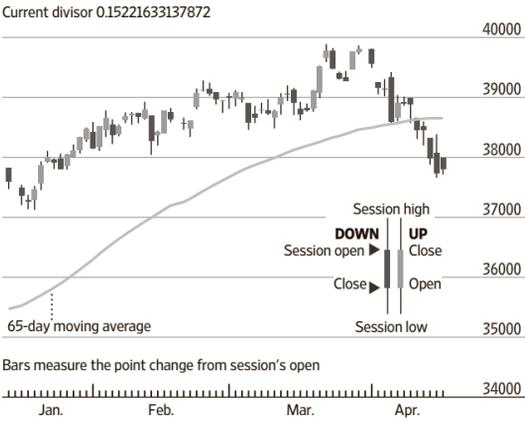
Source: Dow Jones Market Data

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

37798.97 ▲ 63.86, or 0.17%
High, low, open and close for each trading day of the past three months.



S&P 500 Index

5051.41 ▼ 10.41, or 0.21%
High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

15865.25 ▼ 19.77, or 0.12%
High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

Table with columns for Index Name, High, Low, Close, Net chg, % chg, 52-Week High, Low, % chg, YTD, and 3-yr. ann. Includes Dow Jones, Nasdaq Stock Market, S&P, and Other Indexes.

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services...

Most-active issues in late trading

Table listing companies like AT&T, TAL Education Group, Bank of America, United Airlines, Visa, etc. with their trading activity in late trading.

Percentage gainers...

Table listing companies like CAE Inc, United Airlines, RAPT Therapeutics, NXP Semiconductors, etc. with their percentage gains.

...And losers

Table listing companies like Destiny Tech100, Indonesia Energy, JB Hunt Transport, etc. with their percentage losses.

Trading Diary

Volume, Advancers, Decliners

Table showing trading volume, number of advancers, decliners, and issues traded for NYSE and NYSE Arca.

International Stock Indexes

Table listing international stock indexes by region/country, including MSCI ACWI, STOXX Europe 600, S&P/ASX 200, etc.

Percentage Gainers...

Table listing companies like Arrowroot Acqn Cl A, Palisade Bio, Finch Therapeutics Group, etc. with their percentage gains.

Most Active Stocks

Table listing companies like Jaguar Health, WISA Technologies, ProSh UltraPro Shrt QQ, etc. with their trading volume and price changes.

Percentage Losers

Table listing companies like Top Wealth Group Holding, Pacific Biosciences CA, Skillssoft, etc. with their percentage losses.

Volume Movers

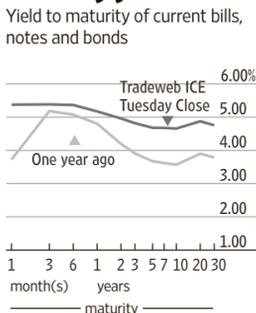
Table listing companies like CSLM Acquisition Cl A, Better Choice, USCF SummerHaven Dyn ComSDCI, etc. with their trading volume.

CREDIT MARKETS

Consumer Rates and Returns to Investor

Table showing consumer rates (Federal-funds target rate, Prime rate, SOFR, etc.) and returns to investor (Yield/Rate, 52-Week Range, 3-yr chg).

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table showing corporate borrowing rates and yields for U.S. Treasury, Aggregate, Fixed-Rate MBS, etc.

CURRENCIES & COMMODITIES

Currencies

Table showing U.S.-dollar foreign-exchange rates in late New York trading for various countries and currencies.

Commodities

Table showing commodity prices for DJ Commodity, Refinitiv/CC CRB Index, Crude oil, Natural gas, Gold, etc.

# COMMODITIES

wsj.com/market-data/commodities

## Futures Contracts

### Metal & Petroleum Futures

	Contract					Open interest
	Open	High	Low	Settle	Chg	
<b>Copper-High (CMX)</b> -25,000 lbs.; \$ per lb.						
April	4.3650	4.3655	4.2800	4.3055	-0.0735	781
July	4.4010	4.4035	4.3055	4.3315	-0.0720	114,864
<b>Gold (CMX)</b> -100 troy oz.; \$ per troy oz.						
April	2384.00	2389.00	2371.40	2390.80	25.00	1,804
May	2387.00	2402.00	2367.40	2395.50	24.60	1,818
June	2399.10	2414.80	2379.20	2407.80	24.80	413,893
Aug	2419.50	2436.70	2401.50	2430.00	24.90	55,210
Oct	2443.70	2457.50	2424.10	2452.30	24.90	11,649
Dec	2465.80	2481.00	2447.00	2474.90	24.80	21,450
<b>Palladium (NYM)</b> -50 troy oz.; \$ per troy oz.						
April	995.00	999.00	990.00	1029.40	-12.70	3
June	1043.50	1046.00	1005.50	1031.20	-12.70	19,707
<b>Platinum (NYM)</b> -50 troy oz.; \$ per troy oz.						
April	966.00	966.00	958.70	964.00	-5.80	6
July	985.20	987.70	968.90	975.20	-5.80	72,098
<b>Silver (CMX)</b> -5,000 troy oz.; \$ per troy oz.						
April	28.355	28.355	28.210	28.318	-0.333	222
May	28.950	29.100	28.830	28.376	-0.341	8,667
<b>Crude Oil, Light Sweet (NYM)</b> -1,000 bbls.; \$ per bbl.						
May	85.70	86.18	84.75	85.36	-0.05	131,608
June	85.16	85.60	84.22	84.83	-0.03	363,059
July	84.50	84.90	83.62	84.22	0.02	193,233
Sept	82.90	83.24	82.16	82.73	0.08	122,753
Dec	80.47	80.79	79.85	80.40	0.13	185,758
June'25	76.77	77.00	76.29	76.74	0.17	100,842
<b>NY Harbor ULSD (NYM)</b> -42,000 gal.; \$ per gal.						
May	2.6654	2.6771	2.6243	2.6513	-0.029	48,934
June	2.6651	2.6799	2.6327	2.6578	-0.002	78,909
<b>Gasoline-NY RBOB (NYM)</b> -42,000 gal.; \$ per gal.						
May	2.7948	2.8239	2.7782	2.8223	0.384	93,368
June	2.7686	2.7926	2.7533	2.7911	0.314	102,733
<b>Natural Gas (NYM)</b> -10,000 MMBtu.; \$ per MMBtu.						
May	1.695	1.802	1.649	1.732	0.041	164,034
June	1.946	2.046	1.907	1.988	0.042	216,074
July	2.267	2.374	2.246	2.323	0.049	250,841
Sept	2.373	2.482	2.354	2.434	0.056	142,890
Oct	2.477	2.581	2.458	2.535	0.055	104,468
Jan'25	3.712	3.786	3.693	3.762	0.042	81,378

### Interest Rate Futures

	Open	High	Low	Settle	Chg	Open interest
<b>Sugar-World (ICE-US)</b> -112,000 lbs.; cents per lb.	230.60	232.50	225.55	228.40	1.55	122,872
<b>Sugar-Domestic (ICE-US)</b> -112,000 lbs.; cents per lb.	20.05	20.05	19.28	19.63	-0.39	126,791
<b>Cotton (ICE-US)</b> -50,000 lbs.; cents per lb.	39.70	39.70	39.70	39.70	-0.30	1,710
<b>Treasury Bonds (CBT)</b> -\$100,000; pts 32nds of 100%	114-170	114-240	113-100	113-310	-10.0	1,554,238
<b>Treasury Notes (CBT)</b> -\$100,000; pts 32nds of 100%	108-015	108-040	107-135	107-215	-7.0	4,417,425
<b>5 Yr. Treasury Notes (CBT)</b> -\$100,000; pts 32nds of 100%	105-077	105-087	104-252	104-312	-5.2	6,042,162
<b>2 Yr. Treasury Notes (CBT)</b> -\$200,000; pts 32nds of 100%	105-110	105-175	105-042	105-097	-5.2	5,471
<b>30 Day Federal Funds (CBT)</b> -50,000,000; 100 - daily avg.	5.125	5.125	5.125	5.125	0.000	1,387
<b>Three-Month SOFR (CME)</b> -\$1,000,000; 100 - daily avg.	5.125	5.125	5.125	5.125	0.000	10,371

### Currency Futures

	Open	High	Low	Settle	Chg	Open interest
<b>Japanese Yen (CME)</b> -¥125,000,000; \$ per 100¥	65.13	65.25	64.88	64.93	-0.020	3,438
<b>Canadian Dollar (CME)</b> -CAD 100,000; \$ per CAD	72.54	72.60	72.23	72.32	-0.020	289
<b>British Pound (CME)</b> -£62,500; \$ per £	1.2449	1.2476	1.2410	1.2443	-0.004	220,755
<b>Swiss Franc (CME)</b> -CHF 125,000; \$ per CHF	1.1049	1.1053	1.1016	1.1039	0.004	92,993
<b>Australian Dollar (CME)</b> -AUD 100,000; \$ per AUD	1.5114	1.5163	1.5133	1.5156	0.005	396
<b>Mexican Peso (CME)</b> -MXN 500,000; \$ per MXN	0.6006	0.5954	0.5834	0.5853	-0.0102	12
<b>Euro (CME)</b> -€125,000; \$ per €	1.0638	1.0665	1.0613	1.0642	0.006	3,084

### Index Futures

	Open	High	Low	Settle	Chg	Open interest
<b>Mini DJ Industrial Average (CBT)</b> -\$5 x index	37993	38284	37838	38046	53	96,244
<b>Mini S&amp;P 500 (CME)</b> -\$25 x index	5101.25	5123.25	5078.75	5092.50	-11.50	2,080,316
<b>Mini S&amp;P Midcap 400 (CME)</b> -\$100 x index	2891.70	2893.20	2857.60	2876.50	-14.60	36,017
<b>Mini Nasdaq 100 (CME)</b> -\$20 x index	17879.00	17988.00	17792.00	17881.25	5.00	254,959
<b>Mini Russell 2000 (CME)</b> -\$50 x index	1992.20	1994.70	1965.30	1982.80	-8.20	479,821
<b>Mini Russell 1000 (CME)</b> -\$50 x index	2787.60	2803.60	2781.40	2788.60	-6.40	6,196
<b>U.S. Dollar Index (ICE-US)</b> -\$1,000 x index	105.99	106.33	105.87	106.07	0.07	42,728

### Agriculture Futures

	Open	High	Low	Settle	Chg	Open interest
<b>Corn (CBT)</b> -5,000 bu.; cents per bu.	431.25	432.25	428.50	431.00	-0.50	332,425
<b>Oats (CBT)</b> -5,000 bu.; cents per bu.	357.50	361.75	345.00	346.00	-11.75	2,430
<b>Soybeans (CBT)</b> -5,000 bu.; cents per bu.	1157.25	1163.00	1143.25	1145.00	-13.25	226,761
<b>Soybean Meal (CBT)</b> -100 tons; \$ per ton.	338.60	341.50	335.20	335.30	-3.20	112,593
<b>Soybean Oil (CBT)</b> -60,000 lbs.; cents per lb.	45.40	45.44	44.57	44.91	-0.56	123,364
<b>Rough Rice (CBT)</b> -2,000 cwt.; \$ per cwt.	18.42	18.92	18.20	18.37	0.04	3,365
<b>Wheat (CBT)</b> -5,000 bu.; cents per bu.	550.75	557.00	542.50	549.75	-2.00	71,661
<b>Wheat (KC)</b> -5,000 bu.; cents per bu.	584.75	591.75	578.75	587.50	3.50	48,889
<b>Cattle-Feeder (CME)</b> -50,000 lbs.; cents per lb.	239.550	241.450	238.675	240.350	0.800	2,818
<b>Cattle-Live (CME)</b> -40,000 lbs.; cents per lb.	181.500	181.650	179.575	181.500	1.200	9,143
<b>Hogs-Lean (CME)</b> -40,000 lbs.; cents per lb.	74.025	75.850	72.875	73.725	1.900	116,117
<b>Lumber (CME)</b> -27,500 bd. ft. \$ per 1,000 bd. ft.	530.00	530.50	525.00	527.00	-7.00	5,724
<b>Milk (CME)</b> -200,000 lbs.; cents per lb.	15.44	15.49	15.43	15.47	0.03	4,985
<b>Cocoa (ICE-US)</b> -10 metric tons; \$ per ton.	11,063	11,085	9,988	10,243	-758	13,893
<b>Coffee (ICE-US)</b> -37,500 lbs.; cents per lb.	235.75	239.50	232.85	236.75	5.20	19,585

## Borrowing Benchmarks

wsj.com/market-data/bonds/benchmarks

## Money Rates

April 16, 2024

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.

Inflation		U.S. government rates		Commercial paper (AA financial)		Secured Overnight Financing Rate		DTCC GCF Repo Index	
March	Chg From (March)	Latest	Week ago	-52-WEEK-High	-52-WEEK-Low	Latest	Week ago	-52-WEEK-High	-52-WEEK-Low
level	Feb. '24	'23							
<b>U.S. consumer price index</b>									
All items	312.332	0.65	3.5						
Core	317.088	0.53	3.8						
<b>International rates</b>									
Week	Week	-52-Week-							
Latest	ago	High	Low						
<b>Prime rates</b>									
<b>U.S.</b>	8.50	8.50	8.50	8.00					
Canada	7.20	7.20	7.20	6.70					
Japan	1.475	1.475	1.475	1.475					
<b>Policy Rates</b>									
Euro zone	4.50	4.50	4.50	3.50					
Switzerland	2.00	2.00	2.25	2.00					
Britain	5.25	5.25	5.25	4.25					
Australia	4.35	4.35	4.35	3.60					
<b>Overnight repurchase</b>									
<b>U.S.</b>	5.36	5.35	5.48	4.82					
<b>Federal funds</b>									
Effective rate	5.3300	5.3300	5.3500	4.8400					
High	5.6500	5.6500	5.6500	5.1500					
Low	5.3100	5.3100	5.3300	4.8000					
Bid	5.3100	5.3100	5.3300	4.8200					
Offer	5.3300	5.3300	5.3700	4.8400					
<b>Treasury bill auction</b>									
4 weeks	5.270	5.265	5.840	3.190					
13 weeks	5.250	5.225	5.345	5.060					
26 weeks	5.155	5.120	5.350	4.840					
<b>Secondary market</b>									
<b>Fannie Mae</b>									
30-year mortgage yields	6.815	6.392	7.495	5.739					
30 days	6.826	6.401	7.554	5.739					
60 days									
<b>Other short-term rates</b>									
Latest	Week ago	-52-Week-high	-52-Week-low						
<b>Call money</b>									
<b>U.S.</b>	7.25	7.25	6.75						

## Mutual Funds

Data provided by LIPPER

Fund		NAV	Chg %	YTD %	Fund	NAV	Chg %	YTD %	Fund	NAV	Chg %	YTD %	Fund	NAV	Chg %	YTD %	Fund	NAV	Chg %	YTD %			
SeriesBondFds	8.68	-0.03	-3.3	SrsBChGrRetail	17.49	+0.05	12.0	LgCpGwth	68.10	+0.14	13.2	MidCap	102.41	-0.54	2.4	MuShAdml	15.69	-0.01	0.4	Wellnt	42.07	-0.09	2.2
SeriesOverseas	13.45	-0.09	3.7	SrsEmgMkt	17.37	-0.21	0.2	JP Morgan R Class	19.55	-0.03	2.4	PrncpAdml	163.19	-0.33	4.4	Wdrsl	44.85	-0.16	4.6	Wellnt	42.07	-0.09	2.2
SerLTTrdBld	5.29	-0.03	-8.8	SrsGlobal	13.92	-0.15	0.6	CoreBond	9.94	-0.03	2.7	R2030	2										

MARKETS

Treasury Yields Reach Five-Month High

Stocks are mixed as Powell says Fed may need to wait longer before cutting rates

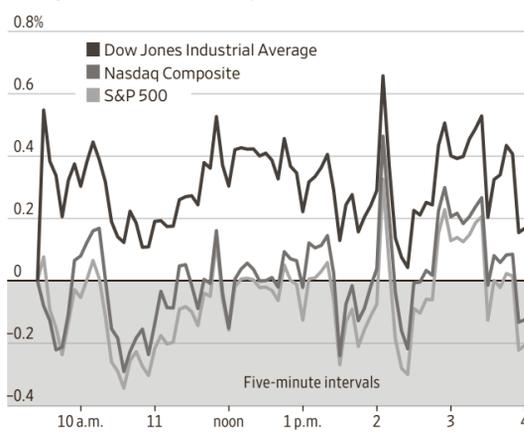
By SAM GOLDFARB

The Dow Jones Industrial Average ended higher and Treasury yields hit five-month highs after Federal Reserve Chair Jerome Powell suggested that the central bank would likely need to wait longer to cut interest rates than it had previously anticipated.

Stocks and bonds have hit a rough patch since the Labor Department reported last week that the consumer-price index rose more than expected in March, marking the third-straight month of firmer-than-expected inflation data.

In recent months, Powell has signaled that the Fed

Index performance on Tuesday



Source: FactSet

would likely cut rates soon, suggesting that officials needed just a little more confidence that inflation was sustainably on the path to their 2% target. Speaking at a conference Tuesday, however, Powell said that recent data "indicate that it is likely to take longer than expected to achieve that confidence" and that current policies need "further time to work."

Stocks had been wavering all session before Powell spoke and continued their choppy trading during and after his remarks. Some analysts noted that Powell's comments didn't come as a surprise, mostly confirming what investors had already concluded after last week's economic data.

Coming off its largest two-day decline since March 2023, the S&P 500 edged down 0.2%. The Dow snapped a six-day losing streak, rising 0.2%, or roughly 64 points. The Nasdaq Composite slipped 0.1%.

Powell indicated that the Fed needed "more time until that first cut, but that has certainly been priced into the market," said Zachary Griffiths, a senior strategist at the research firm CreditSights.

The good news for investors was that Powell didn't seem at all interested in raising interest rates, a scenario that analysts have deemed unlikely but had started to treat a little more seriously, Griffiths said.

The yield on the benchmark 10-year U.S. Treasury note



Morgan Stanley reported a pickup in investment-banking revenue, boosting its shares.

again closed at its highest level since November. It settled at 4.657%, according to Tradeweb, up from 4.627% Monday.

Earnings reports helped boost the Dow industrials. UnitedHealth Group rose 5.2% after the healthcare giant reported better-than-expected first-quarter results.

Those earnings also provided a lift to other insurers, which have been hurt in recent months by investor worries about rising medical costs.

Among that group, Humana climbed 0.9%, while Elevance gained 1.4%.

Bank earnings, meanwhile, continued to earn mixed reviews from traders. Morgan Stanley rose 2.5% after its first quarter earnings showed a pickup in investment-banking revenue. But Bank of America shares dropped 3.5% after it reported an 18% drop in first-quarter profit.

Shares of smaller companies performed worse than those of

larger businesses—continuing a recent trend—with the Russell 2000 edging lower.

Rate cuts would be especially helpful to smaller businesses but "we just don't have any on the horizon," said Jack Ablin, chief investment officer at Cresset Capital.

Overseas, the Stoxx Europe 600 fell 1.5%. At midday Wednesday, Japan's Nikkei 225 was down 0.2% and the Shanghai Composite was up 1.1%.

S&P 500 futures were up 0.2%.

Wall Street Doesn't See \$100 Oil

Continued from page B1

"OPEC's market power is more important this year than last year," said Jorge León, senior vice president of the consulting firm Rystad Energy.

Members led by Saudi Arabia began a series of output cuts in 2022 that reduced the OPEC+ slice of global supplies to less than 34%, according to Rystad. That is the smallest amount since OPEC joined with a Russian-led producers' group in 2016. Still, the Biden administration's unprecedented release of oil reserves, followed by gushers of production in the U.S., Brazil

COMMODITIES and elsewhere, filled the supply gap and kept prices in check.

Slowing U.S. production growth this year flipped the balance of power back in favor of OPEC+ and higher prices. Federal officials project American output will rise by some 300,000 barrels a day this year, to a record 13.2 million, down from the one million-barrel-a-day growth in 2023.

That has led refiners to draw down some of their existing stockpiles of crude, driving up demand for future shipments. At the same time, speculators such as hedge funds have piled into petroleum in a bet that a stronger-than-expected U.S. economy will gobble up more fuel, chemicals and asphalt.

"It's easier for OPEC and OPEC+ to be the 800-pound gorilla in the room, to be strong in this market," said Ann-Louise Hittle, vice president of oil



The big question in trading hubs stretching from Houston to New York to London is whether OPEC+ members will boost production at a meeting expected in June.

markets at consulting firm Wood Mackenzie.

The big question in trading hubs stretching from Houston to New York to London is whether the cartel's members will boost production at a meeting expected in June.

A rise in price toward \$95 a barrel will put pressure on OPEC+ to increase output, said Frederic Lasserre, global head of research and analysis at the commodities-trading giant Gunvor.

Speaking at the Financial Times Commodities Global

Summit, an industry confab held in Switzerland last week, he added, "We are going to see some production back, at least from Saudi Arabia."

Traders' ultimate fear is that an expanding global economy and wartime disruptions could push prices high enough to curb the world's thirst for oil. Demand slowed after a similar shock in 2022, when Russia's invasion of Ukraine supercharged inflation by scrambling energy markets and propelling crude costs to shale-era highs. U.S. prices at the pump re-

main far below their levels that year. The average cost of a gallon of regular gasoline Monday stood at \$3.63, according to AAA, a hair lower than it was a year ago.

That could change if the Israel-Iran conflict spirals into a war that disrupts Tehran's oil infrastructure or slows tanker traffic in the Strait of Hormuz, a narrow shipping lane to the Persian Gulf.

Crude prices have been fluctuating since U.S. and Israeli officials last week began preparing for a potential Iranian

attack. Analysts believe wartime risks are adding between \$5 and \$10 to the price of a barrel of oil on any given day.

"The market is on tenterhooks," said Rebecca Babin, managing director at CIBC Private Wealth.

Many traders are still betting that OPEC+ will effectively keep a lid on oil prices. Saudi Arabia, which restored relations with Tehran this past year, called on Israel and Iran to exercise restraint.

Goldman Sachs recently warned clients that a broader

war could affect various OPEC+ members' ability or willingness to pump more crude through shipping disruptions, infrastructure damage or heightened tensions.

"We've been surprised how long they have kept these cuts," said Walt Chancellor, an energy strategist at the Australian bank Macquarie. "With all things OPEC and Saudi Arabia, you got to approach it humbly."

—Anna Hirstenstein and Joe Wallace contributed to this article.

Trump's Truth Social Stake Sinks

Continued from page B1

load shares into the market and increase the supply of available stock also often sinks share prices.

In the case of Trump's firm, he owns nearly 60% of the shares outstanding, fueling speculation that he might try to get a waiver from the company's board to sell early and take advantage of the stock's rise. The board is friendly to Trump, but an attempt to sell before the lockup agreement expires could trigger lawsuits from other shareholders.

This week's slide came after Trump Media said it would let

investors exercise warrants tied to the company. Warrants are similar to options: They give the holder the right to buy shares at a specific price, often at a discount to where the stock is trading in the open market.

Exercising warrants is a common part of deals like the one that brought Trump's firm public, but can still dent the shares when the share and warrant prices converge.

Even with the recent retreat, the stock is still up about 30% for the year, making Trump's stake worth about \$1.8 billion, a total that would nearly double his net worth from before the deal, according to Forbes. He will likely receive tens of millions of additional shares in the coming weeks because the stock is still up a lot overall.

In some of his first public comments about the company since the merger closed,

Trump said in recent Truth Social posts that he is proud of the company and he thinks the platform is an amazing way for him to reach supporters.

Devin Nunes, Trump Media's CEO and a former congressman, said in a recent interview

on Fox News that the stock is unique because of the former president's supporters. "There's not another company out there that has retail investors like this," Nunes said. He has previously dismissed questions about Trump trying to sell early as speculation.

On Tuesday, the company said it has finished research and development of a television streaming platform. Traders will be monitoring

Trump's hush-money trial and new polls gauging his rematch with President Biden. News about Trump's legal headaches and his potential political success has swung the stock in the past.

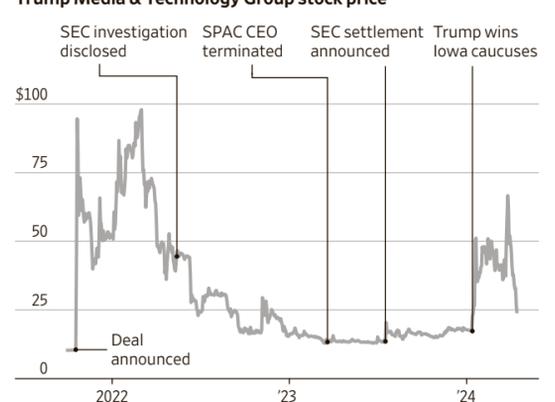
Some of the stock's frenzy has also fizzled in the options market. Instead of pouncing on long-shot wagers that would profit if the company's shares kept soaring like they were weeks ago, many traders have turned to put options that could protect them against a bigger decline in the stock.

Some of the most actively traded bets in the options market Tuesday were tied to the shares plummeting to \$2.50 or

65%

Decline in shares of Truth Social's parent Trump Media since their recent peak

Trump Media & Technology Group stock price



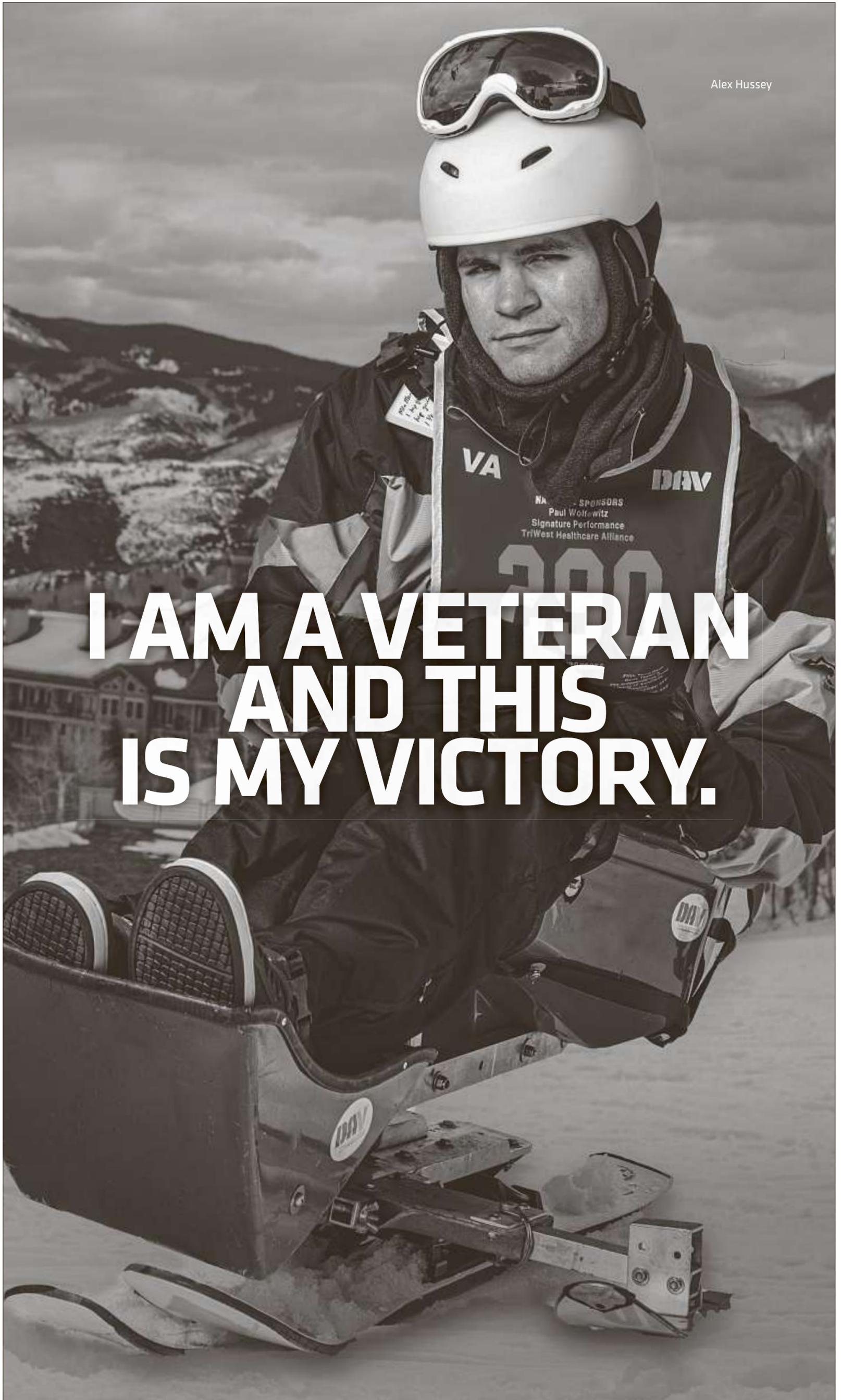
Note: Trump Media is Truth Social's parent; trading before March 26 was under the SPAC that took the company public. Source: FactSet

\$10 from current levels, Cboe Global Markets data show.

"This thing is so volatile it could go plus or minus 20% every day," said Julian Kly-

mochko, CEO of Accelerate Financial Technologies, who has followed the stock closely.

—Gunjan Banerji contributed to this article.



Alex Hussey

# I AM A VETERAN AND THIS IS MY VICTORY.

**“My victory is removing ‘can’t’ from my vocabulary.”** Alex was hit by an IED in Afghanistan. He lost both legs, his left hand and has a traumatic brain injury. With support from DAV, Alex is taking on mountains. DAV helps veterans of all generations get the benefits they’ve earned—helping more than a million veterans each year. Support more victories for veterans® [Go to DAV.org](https://www.dav.org).

**DAV**<sup>®</sup>  
KEEPING OUR PROMISE TO  
AMERICA'S VETERANS

# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

## Tesla Runs Out of Time on Self Driving

Electric-vehicle pioneer seems to be shifting its growth hopes to the unproven technology of automated driving

If **Tesla** wants to be seen as an artificial-intelligence company rather than just a carmaker, it needs to come up with hard data to back its claims.

The electric-vehicle pioneer is cutting a 10th of its workforce. Its top executive in charge of powertrain and energy engineering, Drew Baglino, also said he was leaving after 18 years at Tesla.

This latest news, which sent the shares down more than 5% on Monday, fits a recent pattern pointing to a strategic shift. Tesla seems to be giving priority to its efforts to make cars autonomous over its previous pursuit of the rapid sales growth.

Chief Executive Elon Musk tweeted this month that the company would unveil a long-awaited driverless Tesla or “robotaxi” on August 8. Employees have been told the robotaxi is now a higher priority than the cheaper Tesla model that previously underpinned expectations for growth, *The Wall Street Journal* reported.

Tesla’s current driver-automation software can perform most driving tasks but still requires human drivers to keep their eyes on the road and intervene where necessary. The company has promoted its capabilities

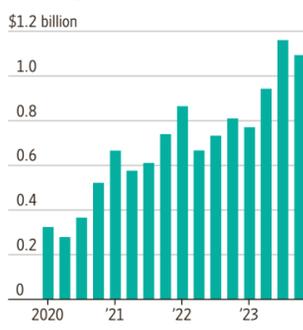
more aggressively since the release of an update late last year that replaced some human-written code with artificial intelligence.

On Friday Tesla halved the price of a subscription to \$99 a month for the company’s most advanced package, called “Full Self-Driving” or FSD. A pivot from vehicle to software sales could be a reason for Baglino’s departure as the company’s top hardware engineer. A recognition that the company won’t sell as many cars as it hoped might explain the job cuts, which will affect factory workers too. In 2022, the last time Tesla announced layoffs, the cuts affected only salaried employees and its head count grew.

Why would Tesla shift focus? The most obvious reason is that its current strategy isn’t working: Price cuts haven’t succeeded in keeping its targeted sales growth on track in a slowing EV market. Their most noticeable effect has been to trim Tesla’s margins, reducing profit expectations and the share price.

Still, this was precisely the problem the next-generation Tesla was supposed to address. If the project is being delayed, it could be Musk is losing confidence in the company’s

### Tesla’s research and development spending, quarterly



Source: FactSet

capacity to master the engineering challenge of making an EV that is cheap, attractive and profitable. Compact cars have been a tough business for the car industry, even without the addition of expensive EV batteries and the recent arrival of competitors from China.

A more generous interpretation is that Musk is gaining confidence in the company’s software capabilities, allowing Tesla to re-emphasize an alternative growth strategy that was previously over-

shadowed by the success of the Models 3 and Y. Selling software has long been a more lucrative business than selling cars—not to mention the only thing that could justify Tesla’s outside valuation. So if the company actually has sight of a workable driver-automation product, giving it priority is a strategic no-brainer.

The problem is this “if”: Musk has a long record of promising that autonomy is just around the corner. He is “the boy who cried FSD,” as he said last year. So why should investors believe him now?

Shareholders will look for clarity on the company’s strategy next week, when it will hold a call to discuss its first-quarter results. But if a pivot from hardware to software is indeed under way, Tesla needs to give investors reasons to believe the latest talk of FSD and robotaxis amounts to more than just the same old promises.

The current evidence is anecdotal, as Tesla drivers air their opinions of the latest version of FSD on social media. Just about the only hard data investors have to go on is a lengthening bill. Tesla boosted spending on research and development last year even as growth

slowed, adding to the margin squeeze from vehicle price cuts.

Giving the number of Tesla owners who bought FSD or subscribe to it would be a start. More fundamentally, the company needs to define, disclose and target metrics for the product’s performance, such as how far it goes on average before human drivers need to intervene and how that changed over time. This isn’t just for investors; regulators and the public also need to be brought on board.

Only with detailed, trustworthy disclosures on FSD’s performance will it become clear when Tesla might think about taking legal responsibility for driving functions, paving the way for a genuinely autonomous robotaxi. The August reveal could prove to be a red herring, given the delay between past product unveils and road-ready output. Production of Tesla’s Cybertruck started four years after its unveiling, and has been slow to increase.

Investors could get behind Tesla’s plans for a compact EV because of its record with the Model 3 and Y. With autonomy, the company still has everything to prove.

—Stephen Willmot



Disney’s ‘Deadpool & Wolverine’ is currently the only movie projected to top \$300 million domestically.

## Hollywood Banks on the Familiar

If Barbenheimer taught the movie industry anything, it’s that audiences crave something fresh—and yet familiar.

Last year’s dual box-office smash of “Barbie” and “Oppenheimer” proved a bright spot in a year battered by Hollywood’s labor strikes and—to a lesser extent—a weakening of the superhero franchises that propped up the industry over the past decade. “Barbie” and “Oppenheimer,” along with “The Super Mario Bros. Movie,” were the biggest movies of the year by global box office, grossing more than \$3.7 billion combined. And while all three were based on well-known characters, not one was based on an established film franchise.

Finding super-well-known-but-untapped intellectual property is much easier said than done. So the industry is still relying on sequels, or known properties and characters from other media formats. Among the 20 or so movies slated for release this year that are expected to gross more than \$100 million domestically, 17 are sequels. And of those that remain, “Wicked” and “The Fall Guy” from **Comcast’s** Universal Studios are based on established works from Broadway and television, while **Sony’s** “Kraven the Hunter” is based on a previously untapped Marvel character.

Eleven of the sequels will come more than five years after the most recent films in their franchises. That

includes **Walt Disney’s** “Deadpool & Wolverine,” which is expected to be the biggest movie of the year and is currently the only one projected to top \$300 million domestically, according to the Hollywood Stock Exchange, a virtual market where players bet on box-office outcomes. That would be in line with the previous two Deadpool movies, the latest of which came out six years ago.

Five of this year’s major releases will be a decade or more after their previous franchise release. “Beetlejuice Beetlejuice,” from **Warner Bros. Discovery**, and “Twisters,” from Universal, are sequels to movies first released in 1988 and 1996, respectively.

In an industry getting accustomed to seeing three Marvel releases a year, such pacing seems restrained. It has shown some early signs of paying off. The three highest-grossing movies that surpassed \$100 million domestically this year are “Dune: Part Two,” “Godzilla x Kong: The New Empire” and “Kung Fu Panda 4.” The first two are sequels to movies released in 2021, while the most recent “Kung Fu Panda” dropped in 2016. And “Top Gun: Maverick” showed that one-off hits from the ‘80s can get serious new life; that movie went on to gross nearly \$1.5 billion globally.

Still, that hasn’t been enough to fully lift the industry out of its post-pandemic funk. The domestic box office has so far generated sales of

\$1.84 billion, which is about 17% below this time last year and nearly 40% below what the industry averaged during the first 15 weeks in the prepandemic years of 2015-2019, according to data from Box Office Mojo. And even after the excitement of the CinemaCon industry trade show last week, which featured unseen previews and full screenings of major releases in the pipeline, analysts largely expect this year’s box office to be down from last year—and well below the prepandemic level. “I feel much more constructive about the back half of 2024 and 2025,” Macquarie Research analyst Chad Beynon said after the conference. But he expects domestic admission revenue to fall 7% this year.

“We are all looking at this with a skeptical eye,” he added.

The one bright spot could turn out to be IMAX, as the industry’s remaining moviegoers are showing a greater preference for premium experiences. Chief Executive Rich Gelfond told a Morgan Stanley conference last month that IMAX theaters accounted for 23% of the domestic box office for “Dune: Part Two”—despite accounting for less than 1% of domestic screens. Wall Street currently projects IMAX revenue to grow slightly this year compared with drops of about 6% projected for national chains **Cinemark** and **AMC Entertainment**. Even familiar faces could use some help from much bigger screens. —Dan Gallagher

## China’s Overcapacity Is Already Backfiring

In the “China Shock 2.0” narrative, not only is China a security threat and a low-end factory competitor, but it is also angling to swamp the West with cut-rate high-tech goods. There has been less focus on the downsides of such a strategy for China itself.

China’s first-quarter growth beat most estimates—5.3% on the year—thanks mostly to strong industrial output and exports. But the economic data released Tuesday also showed that excess capacity is very real, and could be damaging to China itself.

While China’s industrial engine revved up in January and February, it downshifted again in March: Output rose just 4.5% on the year, down sharply from 7% in January and February. More telling, manufacturing capacity utilization plummeted to 73.8% in the first quarter—its weakest, excluding the pandemic-affected first quarter of 2020, since at least 2015. In volume terms, China’s exports hit a nearly 10-year high in March. But in value terms, they were barely above where they sat in October.

In other words, firms’ pricing power is weakening and margin pressure is probably mounting. The March industrial financial data, which will be released later this month, will be worth watching.

So will private investment in manufacturing. If external demand,

in value terms, doesn’t find a stronger footing soon and China’s domestic economy remains weak, then eventually such investment will need to slow. Otherwise the government—or state-owned banks—will have to start absorbing the cost of too many loans to industry more directly.

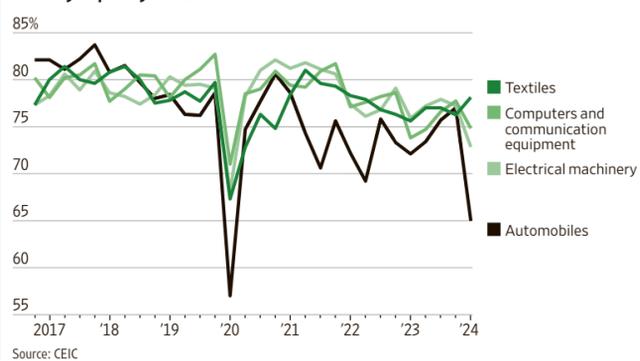
Particularly interesting is the breakdown of that capacity utilization data itself. Falling run rates were especially obvious in Beijing’s favorite sectors like automobiles and electrical equipment—the so-called “new productive forces,” including electric vehicles, chips and solar panel. Automobile manufacturing utilization rates fell below 65% in the first quarter—well below their previous low (excluding the first quarter of 2020) of 69.1% in mid-2016.

Meanwhile, economywide borrowing—excluding government bond issuance—weakens in March, despite bond yields and interest rates near multiyear lows. If margin pressure starts to force some “new productive forces” to start slowing investment, fiscal policy would need to step in to prop up growth.

Alternatively, China can keep funneling its excess savings into new manufacturing overcapacity—but Chinese banks and Beijing, not just China’s trade partners, will eventually end up footing the bill.

—Nathaniel Taplin

### Factory capacity utilization in China



Source: CEIC

## Beaten-Down Health Insurers Take a Breather—for Now

Health-insurance stocks have been so battered this year that it doesn’t take much good news to move them higher.

That’s what has happened so far today. Sustaining those gains will be tougher, though.

On Tuesday, **UnitedHealth** said its first-quarter adjusted earnings topped Wall Street’s estimates, despite a cyberattack on one of its units that weighed on the health-care and insurance company’s results. Crucially for investors, UnitedHealth’s results implied that if one strips out some one-time costs associated with the cyberattack earlier this year, its core medical-loss

ratio—a key measure of medical expenses—was about 83.9%, roughly in line with Wall Street estimates. The company also kept its adjusted net earnings outlook unchanged.

Beyond the numbers, perhaps the most important words for the industry came in the UnitedHealth release, which assured investors that the “overall care patterns in the first quarter were consistent with the company’s expectations.”

That was enough to help lift the sector, with **CVS** and **Humana**, two other companies affected by higher medical costs in the Medicare sector, trading up alongside UnitedHealth on Tuesday.

Insurers focused on the Medicare business have declined sharply down as a group this year and are, on average, trading at a sizable discount to their five-year average valuations.

UnitedHealth, for instance, fetches 16.4 times forward earnings versus its 18.9 five-year average and a 20 multiple for the broader S&P 500.

**Centene**, a smaller insurer, fetches 10.3 times earnings versus a 12.1 average. Humana, however, is trading around its average of 17.6 despite losing nearly 30% of its value this year.

Investors shouldn’t hurry to de-

clare the end of what has been a higher medical cost environment. While UnitedHealth executives stressed during the analyst call that they are no longer seeing the “aggressive acceleration” in medical utilization the industry saw last year as nurses and doctors returned to their jobs while seniors came back for procedures, they haven’t seen a major “step down” either.

It is also hard to tell if UnitedHealth really has a proper sense of what’s going on, especially given that many billing systems were down last quarter due to the hack. To make up for that lack of visibility, UnitedHealth was pretty conser-

vative, taking an additional \$800 million charge for claims reserves that weren’t reported.

That should give Wall Street some comfort with the cushions the company built in. And yet, it is hard to know the true size of the medical expense until UnitedHealth has actually waded through the fallout from the hack.

UnitedHealth had a low bar to clear, but it gave investors hope that high utilization levels, especially in Medicare, have stabilized. For Humana, CVS and others will be needed.

—David Wainer

## PAID ADVERTISEMENT

# So, you're ready to buy a home. Here's your next 111 to-dos.\*

## Get Informed - Do Your Research

1. Research the real estate industry and legal services to understand what's available to you, including the entire process and necessity for legal representation.
2. Achieve proficiency in federal and state fair housing laws that protect your rights. You want to be sure that you're not being denied the opportunity to make an offer on a home or secure financing based on your race, religion, national origin, sex, disability, and/or family status.
3. Research local and national down payment assistance resources. These programs can help make your home purchase more affordable.
4. Check your eligibility for down payment assistance programs.
5. If you're a Veteran, research home services and loan programs available to you.
6. If you're a Veteran, determine whether you qualify for a zero-down VA home loan. Making a down payment is a significant hurdle for many home buyers. Programs like these can open the door to homeownership, for those who know about them and qualify.
7. Learn about local home prices, inventory levels, and market demand in your desired area. If you are in a hotter market, high demand for homes may affect your buying process and offer strategy.
8. Ensure that all personal and financial information remains confidential to mitigate risk of identity theft. Research the steps that you can take to protect your identity when buying a home.
9. Throughout the process, know the risks of posting home search details on social media to avoid being targeted for fraud.
10. Do some research on what home features are currently popular to help identify your preferences and how this may affect the value of the home.

## Set Homeownership Goals and Budget

11. Obtain a copy of your credit report, including your credit score, to assess where you stand, and ensure you have time to dispute errors and improve your score. The better your credit score, the more likely you are to be approved for a mortgage and receive a better rate.
12. Consider all your homeownership wants and non-negotiable needs. You may need a certain number of bedrooms based on the size of your family, or a first-floor bedroom and bathroom if you plan to age in place.
13. Set your budget and be mindful of the complete cost of homeownership. Consider the purchase cost of the home and any ongoing living and maintenance expenses. Those ongoing expenses may include but are not limited to real estate taxes, heating, A/C, water, yard and appliance maintenance, repairs, homeowners association fees, and commuting costs.
14. Assess your financial ability to purchase a home. The typical rule of thumb is that your total monthly housing payment (mortgage, taxes, insurance, etc.) shouldn't be more than 30% of your gross monthly household income, but individual situations may vary.
15. Assess your desired market's compatibility with your budget based on current income and other considerations.
16. Professionally advocate for yourself throughout the entire process. To do that, you should promote and defend your interests while keeping emotions in check to ensure you get your desired outcome.

## Start Your Home Search

17. Establish and adhere to a schedule for house hunting, mortgage approval, and closing to meet your desired timeline. If you miss any milestone deadlines, you could be at risk of losing your down payment or losing the home for purchase.
18. Learn how local markets could affect your buying and owning process. Fewer homes for sale, future development plans, school ratings, access to transportation, and community amenities are all elements that may affect demand in a given market.
19. Scout listings and online marketplaces for suitable properties.
20. Set up real-time alerts on home search marketplaces to get notifications when matching homes hit the market, and for open houses and price reductions.
21. Compare properties to your wants and needs list to ensure they align with what you're looking for.
22. Tap your personal network to uncover additional properties of interest that are not yet publicly listed and may become available for sale soon.
23. Contact homeowners in desired areas to see if they are considering selling.
24. Gather information about any homes that might be for sale but are not actively being marketed.
25. Virtually preview properties that you're interested in.
26. Select homes for viewing that align with your specific needs.
27. Schedule multiple in-person home viewings by contacting each home's listing agent. Schedule separate appointments at times that suit the listing agent but may not always suit you.
28. Periodically reevaluate your needs and refocus your property search, as necessary.
29. Explore all available resources to learn more about prospective neighborhoods. Be sure to speak to local experts who understand the neighborhood and will give you honest feedback.
30. Tour the amenities, schools, and points of interest, and test commute times in your chosen search area.
31. Cross-reference local crime registries for the neighborhoods you are searching.
32. Educate yourself on what to look for in property disclosures of home listings while you search to make informed decisions. Required property disclosures vary by state and may include, but are not limited to rights of way, upcoming special assessments, whether the home is in a flood zone, past termite damage, and the presence of lead paint.
33. Stay current with the listing months of market inventory. As with days on the market, this indicates how competitive a given market is and should inform your offer.
34. Consider measures of home value beyond price per square foot. These include neighborhood, proximity to work and community amenities, and community development plans. Be sure to consult with a local expert to get the most comprehensive information.
35. Research municipal services and other relevant neighborhood information.
36. Be informed about potential neighborhood negatives such as noise levels, venues, or operations that could impact your property value.
37. Check applicable zoning and building restrictions if you plan to rent out your home or add a unit to generate short-term or monthly rental income.
38. Understand public property and tax information for potential homes. It's important to be informed about the possibility of future tax increases and property assessments, which will affect the property taxes you owe from year to year.
39. Gather and consider important data on utility availability and costs. For example, you'll want to confirm if the home has good high-speed internet access.

40. Research any environmental factors and risks that could affect your home, such as flooding, wildfire, heat, air quality, and noise. Some of these factors will affect the cost of ownership. For example, if the home you purchase is in a flood zone, you will need to obtain flood insurance.

41. Narrow down your top home choices for a closer look before considering making any offer.

## Prepare Financing

42. Analyze your finances to determine the total down payment and closing costs you can afford.
43. Gather and assess quality lender resources. Ask friends and family for recommendations.
44. Consider at least three mortgage lenders during the pre-approval process. Mortgage rates, terms, and eligibility may vary from lender to lender.
45. Familiarize yourself with the mortgage pre-approval process. Pre-approval means that a lender has verified your income, credit background, and other factors and has provided a conditional commitment for an approved mortgage amount. With pre-approval, your offer will be considered far more seriously.
46. Prepare and collect personal financial information like pay stubs, credit card statements, and other existing loans/debt, and share that information with the lenders you're considering.
47. Collect and compare multiple financing options. Beyond traditional mortgages, look into lesser-known alternative options like seller financing or rent-to-own programs.
48. Explore various financing options to find the best fit for your needs. Many people use a conventional, fixed-rate 30-year mortgage, but mortgages with other terms (e.g., 15- and 10-year fixed rate, adjustable rate, and assumable) might also be options.
49. Coordinate with your lender to discuss discount points, which you can pay to lower the interest rate on your loan.
50. Analyze loan estimates. Loan duration, size of your down payment, fees, and other loan terms can affect your overall mortgage costs.
51. Obtain a pre-approval letter from your lender, which is more comprehensive than pre-qualification. Pre-approval is a written commitment from a lender that stipulates the amount they will lend you for a home purchase.
52. Carefully review the pre-approval letter from your lender to understand its contents and ask necessary questions.

## Making Your Offer

53. Review statistics to see what percentage of the list price sellers in your area are currently receiving. This will help you decide whether to offer the asking price, or adjust your offer below or above the asking price, to make your bid more competitive.
54. Consider the current, local average days on the market to gauge property pricing and market competitiveness. Fewer days on market indicates greater demand, which means you may need to raise your offer or offer additional incentives to make your offer more competitive.
55. Pay for a professional comparative market analysis (CMA) before making an offer to ensure it's competitive. A CMA is a report that details recent home sales, local market activity, and sales prices to help you craft a successful offer.
56. Research independent home valuation information from online resources like Realtor.com to assess an offer price that considers the sale of similar homes in the area. It's important to make an offer that's in line with local market conditions. You don't want to overpay for a home, or make an offer that's so low it won't even be considered, so it's good to talk to an independent adviser who has local market knowledge.
57. Consider hiring a real estate lawyer for legal representation as you build your offer and for legal due diligence as you review contractual documentation.
58. Review a sample sales contract to prepare to make an offer. This document outlines every facet of the transaction, but it may not include everything you want in the transaction or from the seller, so don't assume everything is there.
59. Understand common contract contingencies and the importance of including protective clauses in your offer. These may include but are not limited to your ability to secure financing that covers the appraised home value, inspections (home, radon, lead, etc.), closing date, date of possession, and owner lease-back terms.
60. Learn about any purchasing incentives that you might be eligible for. Home sellers may offer concessions like a pre-paid homeowner warranty, closing costs, or allowance for home improvements/repairs as indicated by a home inspection. You will need to negotiate these as your own representative.
61. Ensure your offer will stand out as the most attractive in the current market. Be ready to compete—many homes today are receiving multiple offers and bidding wars are common.
62. Craft an offer that is well positioned to be accepted, and submit it to the seller's agent. An offer typically includes how much you are willing to pay for the home, how much earnest money you can provide, when you want to close on the home, and the deadline for the seller to respond.

## Negotiations and Offer Acceptance

63. Identify and prioritize your main goals for contract negotiations.
64. Familiarize yourself with negotiation best practices. Be mindful of how your body language and facial expressions can influence a successful negotiation.
65. Develop a negotiating strategy to secure the best terms. In addition to price, consider terms such as repairs, closing costs, or the timeline for closing.
66. Negotiate the best price with the seller's agent. The seller's agent will be negotiating on the homeowner's behalf. You will be negotiating with a professional who likely has extensive experience in this area, and you may be at a disadvantage.
67. Be prepared for multiple-offer situations. Don't get discouraged, and have your negotiation strategies ready.
68. Consider using offer strategies like an escalation clause, which raises the price you're offering by a certain amount over the price that another buyer is offering; offering flexibility on move-in/possession date, or waiving various contingencies.
69. Explore optional contingencies, and understand their advantages and disadvantages. If you agree to waive the inspection contingency, for example, you are accepting the risk of purchasing a home that may have myriad defects or require additional funds to repair or bring up to code.
70. Be aware that all known material defects should always be disclosed to you. Know what questions to ask, and ensure you receive and comprehend all required disclosure forms by state and federal laws. These forms vary by state.
71. Agree to final terms with the seller, and sign the contract. In some states an attorney may be required.
72. Verify the final offer is signed by all parties.
73. Prepare your lender for listing agent calls. The agent representing the home seller will contact your lender to confirm pre-approval and arrange other settlement details. These details will likely favor the home seller, since

that agent is representing their interests, so you may want to participate in those calls to negotiate on your behalf.

## Facilitate Closing

74. Coordinate communications effectively among all parties, including your lender, the seller's agent, the closing attorney, and any additional third parties.
75. Seek additional guidance for transactions involving short sales, foreclosures, or bank-owned properties. These transactions often involve additional title, ownership, and financing considerations, and they may be as-is—meaning, the properties may be damaged or require costs for repairs that the buyer is accepting as a condition of purchase.
76. Estimate the gross out-of-pocket cost of completing the transaction. This may include, but is not limited to, closing costs, a title search, financing points (to "pay down" the mortgage interest rate), and transfer taxes.
77. Acquaint yourself with flood insurance. If the home you purchase is in a FEMA-identified flood zone, you must obtain flood insurance as a condition of ownership. You may also consider adding flood insurance to your regular home insurance policy, because most regular policies do not cover damage from flooding.
78. Learn about title insurance, and consult a qualified insurance broker. Title insurance covers any pre-existing title problems that you may discover after you've purchased the home (e.g., tax liens, unpaid/outstanding mortgages, previous ownership claims).
79. Fully investigate your options for a home inspector, title company, appraiser, and other services. Forgoing a home inspection is not advised as these professional inspectors will provide a comprehensive assessment of a home's current condition and risks.
80. Create a list of required and optional home inspections, including environmental, roofing, and mold. This will help you determine what inspection contingencies to include in your purchase offer.
81. Ensure that necessary property surveys are ordered. A property survey will help you understand where your property begins and ends, and determine any potential issues—such as easements or encroachments—before you take ownership of the property.
82. Discuss any concerns arising from the home inspection. Use any negative findings from your home inspection report as leverage for repairs or credits.
83. Track and meet all contract deadlines. Depending on the terms of your offer, these may include deadlines for inspections, final financing/loan, down payment and earnest money deposits into escrow, title searches, and settlement date.
84. Order the appraisal. Confirm whether your lender will accept an independent appraiser or require an appraisal management company to conduct the appraisal.
85. Question the appraisal report if it affects your financing. Check for errors like square footage, inadequate home comparisons, or incorrect descriptions of the home or neighborhood.
86. Order the title search. A clean property title means the buyer and lender agree there are no claims on the property that could become an issue after ownership is transferred.
87. Regularly contact your lender to ensure the loan process is on track to meet the closing requirements.
88. Ensure any necessary funds, like earnest money or down payments, are received by the stated deadlines to avoid any risk of the seller terminating your contract.
89. Ensure all parties have all forms and information needed to close the sale. Missing or late paperwork can cause delays.
90. Check addendums and alterations for agreed-upon terms.
91. Take note of the location and details of your closing meeting.
92. Confirm and communicate the closing date and time to the seller's agent, noting any changes.
93. Schedule and conduct a final property walk-through. Create a comprehensive checklist of your concerns regarding the home, and then confirm that any agreed-upon repairs were addressed or fixed by the seller.
94. Confirm the clear-to-close status, indicating all documents and conditions to approve your loan have been met, with your lender.
95. Review your closing statement. It explains the terms of the mortgage, the projected monthly payments, and how much your fees and closing costs will be.
96. Double-check all taxes, dues, and prorations related to your purchase.
97. Request the final closing figures from the closing agent. This is the total amount of money that you will have to bring to the closing table.
98. Review your title insurance commitment carefully to ensure all information is accurate.
99. Be aware of wire fraud risks, and verbally verify all wiring instructions with the seller's agent before transferring funds. Get the detailed instructions from your closing company, and be leery of any messages you receive that request changes to the original instructions.
100. Provide receipt of escrow deposit to the seller's agent/broker to verify this financial step has been completed.
101. Gather all required forms and documents for closing. Typically, you'll need a photo ID and a cashier's or certified check (or receipt of a wire transfer).
102. Perform any remaining closing activities to complete the transaction.
103. Review all closing documents with the closing agent or attorney. Be prepared to sign a ton of paperwork.
104. Distribute final documents to all involved parties for their records. You'll want to keep this important paperwork safe.
105. Verify receipt of all keys, access codes, garage door openers, and manuals for all equipment and appliances.

## Post-Closing Activities

106. Prior to moving, consider rekeying your locks and changing access codes as an extra precaution to safeguard your home from anyone who may have had access prior to your ownership.
107. Remember to transfer all utilities and services to your new residence so you do not incur costs on your former residence. This ensures everything is up and running in preparation for your move-in date.
108. Turn your home inspection report into a maintenance to-do list.
109. File claims with your homeowner's warranty company as needed. A home warranty is a policy that covers the cost of major repairs or appliances.
110. Stay engaged and proactively follow up on any pending items or concerns post-closing. Keep a running checklist handy to ensure you stay on top of any potential warranties, including their expiration dates.
111. Arrange for the move-in day in your new home by contacting movers. Buy yourself a bottle of champagne. Congratulations, you're a new homeowner now.

## Or, do 1 thing. Find a buyer's agent.

No one is better qualified to represent your interests when buying a home than a professional buyer's agent.

Because they work for you.

They represent your interests in negotiations with the seller's agent, in probably the biggest financial decision of your life.

Is it any surprise that nearly **9 out of 10** home buyers say they'd use a buyer's agent when purchasing a home again?

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\*Actual services or to-dos will depend on the needs of the buyer and the transaction - not all 111 things will need to be done in every transaction.

\*\*Based on a 2023 proprietary survey among recent home buyers and sellers.