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What's News

Business & Finance

- ◆ **BHP has offered to buy Anglo American**, a long-time rival with a market capitalization of about \$35 billion, in a potential megadeal that could reshape the global mining industry. **A1**
- ◆ **Top business groups and a national tax-services firm filed lawsuits** challenging a new FTC ban on noncompete agreements, cases that will test the agency's power to broadly prohibit practices it says are anticompetitive. **A1**
- ◆ **Meta Platforms reported record first-quarter revenue** as the company's advertising business grew at a rapid clip even as investors soured on forecasts of rising costs related to artificial intelligence. **B1**
- ◆ **U.S. stocks ended mixed**, with the S&P 500 eking out a gain of less than 0.1% and the Nasdaq rising 0.1%. The Dow declined 0.1%. **B11**
- ◆ **Amazon said it would let companies use their own generative artificial-intelligence models** inside its AI app development platform. **B1**
- ◆ **Blackstone struck a deal to acquire restaurant franchiser Tropical Smoothie Cafe** from Levine Leichtman Capital for nearly \$2 billion, including debt. **B3**
- ◆ **Prada reported an increase in revenue** for the first three months of the year, despite what the luxury brand called a challenging market environment. **B3**

World-Wide

- ◆ **The Justice Department is conducting a criminal investigation into McKinsey** related to its past role in advising some of the largest U.S. opioid manufacturers on how to boost sales. **A1, A6**
- ◆ **Rudy Giuliani and Mark Meadows were indicted**, along with 16 others, in Arizona for their alleged efforts to overturn Trump's November 2020 election defeat in the state. **A3**
- ◆ **Ukraine used longer-range ATACMS missiles** secretly provided by the U.S. against Russian forces east of Berdyansk shortly before Biden signed a law that includes money for more of those weapons. **A7**
- ◆ **The U.S. fertility rate fell to 1.62 births per woman in 2023**, a 2% decline from a year earlier and the lowest rate since the government began tracking it in the 1930s. **A1**
- ◆ **The Supreme Court struggled with the consequences of its 2022 decision** ending the nationwide right to abortion in a case pitting the health of women suffering medical emergencies against an Idaho law that bans the procedure. **A4**
- ◆ **Arizona's State House voted to repeal a near-total abortion ban** that has become a hot button political issue in the state and the nation. **A4**
- ◆ **Pro-Palestinian protests took root on university campuses** across the country, as tensions at Columbia remained high. **A3**

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King's Horses Take Free Rein Through London



HOOFING IT: Several of the king's horses dashed through the streets of London Wednesday after members of the Household Cavalry lost their mounts during preparations for the king's birthday parade. For video of the horses, scan the code on **A16**.

BHP Bids For Rival In Possible Megadeal In Mining

The target, Anglo American, says board is reviewing offer with advisers

By BEN OTTO AND DAVID WINNING

Mining giant BHP has offered to buy Anglo American, a longtime rival with a market capitalization of about \$35 billion, in a potential megadeal that could reshape the global mining industry.

Anglo American said Thursday it had received a proposal from BHP comprising an all-share offer for the company, contingent upon Anglo American's demerger of shareholdings in two South Africa-listed units, Anglo American Platinum and Kumba Iron Ore.

Anglo American said in a statement that its board is reviewing the proposal with advisers. It added that the proposal was unsolicited, nonbinding and highly conditional.

BHP declined to comment.

A tie-up between Australia-based BHP and London-listed Anglo American would create a mining-industry behemoth in what would be the biggest mining deal in years.

The deal would give BHP, the world's biggest mining company, access to Anglo American's mines in South America and Brazil.

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McKinsey Hit With Criminal Inquiry

DOJ is investigating consultant's advice to opioid makers on how to boost sales

By ALEXANDER GLADSTONE

The Justice Department is conducting a criminal investigation into consulting firm McKinsey related to its past role in advising some of the nation's largest opioid manufacturers on how to boost sales.

Federal prosecutors are also looking into whether McKinsey or any of its employees might have obstructed justice in relation to records of its consulting services for opioid producers, according to people familiar with the investigation, which has been continuing for several years.

A grand jury has been empaneled in Virginia as part of the federal inquiry into McKinsey's opioid-related consulting, some of the people said. The U.S. attorney's offices in the Western District of Virginia and the District of Massachusetts are jointly conducting the investigation, the people said.

McKinsey declined to comment.

The criminal probe centers on consulting advice McKinsey gave to drugmaker clients including Purdue, Endo International and Mallinckrodt that previously sparked mass civil litigation against the company. Government and private plaintiffs filed hundreds of

civil lawsuits in recent years accusing the consulting firm of exacerbating opioid addiction, an allegation that McKinsey has denied.

In 2021, McKinsey reached a settlement with all 50 states, five U.S. territories, and Washington, D.C., to pay \$642 million to resolve civil opioid-related litigation against the company, without

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◆ **Opioid settlement falls short for many**..... **A6**

FTC Faces Lawsuits On Ban Restricting Ex-Staffers

By DAVE MICHAELS AND RUSSELL ADAMS

WASHINGTON—Top business groups and a national tax-services firm filed lawsuits Wednesday challenging a new Federal Trade Commission ban on noncompete agreements, cases that will test the agency's power to broadly prohibit practices it says are anticompetitive.

The U.S. Chamber of Commerce challenged the regulation in federal court in East Texas while the tax firm Ryan LLC filed its lawsuit in federal court in Dallas. Other business groups joined the Chamber's suit—including the Business Roundtable, which represents chief executive officers of some of the country's biggest employers.

The rule, issued by the FTC on Tuesday, prohibits companies from enforcing existing noncompete agreements on anyone other than senior executives. The FTC says 1 in 5 Americans is subject to noncompete agreements.

"It's one of the most outrageous examples of government overreach that I have seen," Brint Ryan, chief executive of Ryan LLC, said in an interview. "It's such an aggressive position."

An FTC spokesman de-

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PERSONAL JOURNAL



Not a sneaker, not a loafer. The snoafer is a new entrant in the dad-shoe trend. **A10**

BUSINESS & FINANCE



Boeing burned through nearly \$4 billion in the most recent quarter and reported a loss. **B1**

Bone of Contention: Could Courthouse Dogs Sway the Jury?

More pooches work in the justice system, bringing hugs, wags and some controversy

By CORINNE RAMEY

In California's Ventura County, there's a well-dressed regular at the local courthouse who is always lying down on the job.

Comet, a 3-year-old black lab, wears a vest and bow tie to court and settles into the witness box before a trial starts. Jurors, who could be biased by the dog's presence, are none the wiser. Unless Comet, snuggled at the testifying witness's feet,

nods off.

"The dog snores and it can get really stressful for us," says Jennifer Barbettini, who works with crime victims at the Ventura County district attorney's office. The witness typically nudges Comet awake before anyone notices.

The pack is growing. More than 320 courthouse dogs are working across the U.S., more than triple that of a decade ago, according to Ellen

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Fertility Rate Falls To a Record Low Amid Social Shifts

By JENNIFER CALFAS AND ANTHONY DEBARROS

U.S. women are giving birth at record-low rates.

The total fertility rate fell to 1.62 births per woman in 2023, a 2% decline from a year earlier, federal data released Thursday showed. It is the lowest rate recorded since the government began tracking it in the 1930s.

The decline reflects a continuing trend as U.S. women

navigate economic and social challenges that have prompted some to forgo or delay having children. A confluence of factors are at play. Women in the U.S. are having fewer children, later in life. Women are establishing fulfilling careers and have more access to contraception.

At the same time, young people are also more uncertain about their futures and spending more of their income

Please turn to page A2

China Property Bust Was Plain to Foresee

Developers, home buyers and Western bankers all ignored warning signs

By REBECCA FENG

When New York hedge-fund manager Parker Quillen visited a glitzy new development in northern China called Tianjin Goldin Metropolitan, he wondered how on earth the developer would fill all that space.

It had apartments starting at \$1 million and plans for an office tower bigger than the Empire State Building, an opera hall, shopping malls and

hotels. Its total square footage was to exceed the land area of Monaco.

Was there a plan for attracting buyers? Quillen asked. Polo, said the marketing agent showing him around.

"Polo? You mean the horse thing?" he asked.

"Exactly," he recalled her saying.

The agent, dressed in riding gear, led him through a

Please turn to page A8



U.S. NEWS

U.S. WATCH



Transportation Secretary Pete Buttigieg said passengers should be refunded 'without headaches'.

AIRLINES New Rules Set On Airfare Refunds

The Biden administration will require airlines to automatically provide cash refunds when flights are canceled and to disclose fees like checked bag costs earlier in the booking process under two new rules finalized Wednesday.

Airline passengers are already entitled to refunds when flights are canceled or significantly changed. But in practice, passengers sometimes have to spend time pursuing funds from the airline or haggle with customer service agents to get cash instead of vouchers. Some airlines make a travel credit the default even when passengers are due a refund.

"Passengers deserve to get their money back when an airline owes them—with- out headaches or haggling," Transportation Secretary Pete Buttigieg said in a statement.

Current rules hadn't made it clear what the government considers a "significant"

change, an issue that came to a head during the Covid-19 pandemic when airlines frequently redid their schedules.

Under the new rule, passengers will be entitled to a refund if their arrival or departure is changed by more than three hours for a domestic flight, or six hours for international.

Passengers would also be entitled to refunds when they don't get extras they paid for, like if the Wi-Fi doesn't work.

In another postpandemic change, consumers will be due a travel credit or voucher when they opt not to travel when governments restrict travel or doctors advise against it due to serious communicable diseases.

The new Transportation Department rules start going into effect in six months.

Airlines for America, a trade group that represents major carriers, said its members go above and beyond consumer protection regulations. The group said refund-related complaints to the government spiked during the pandemic but have receded.

—Alison Sider

NEW YORK Woman Near Death Gets a Pig Kidney

Doctors have transplanted a pig kidney into a New Jersey woman who was near death, part of a pair of surgeries that also stabilized her failing heart.

Lisa Pisano's combination of heart and kidney failure left her too sick to qualify for a traditional transplant, and out of options. Then doctors at NYU Langone Health devised a novel one-two punch: Implant a mechanical pump to keep her heart beating and days later transplant a kidney from a genetically modified pig.

Pisano, 54 years old, is recovering well, the NYU team said on Wednesday. She is only the second patient ever to receive a pig kidney—following a landmark transplant last month at Massachusetts General Hospital—and the latest in a string of attempts to make animal-to-human transplantation a reality.

Other transplant experts are closely watching how the patient fares.

—Associated Press

Fertility Rate Falls To New Low

The number of births last year was the lowest since 1979, according to provisional data. About 3.59 million children were born in the U.S. in 2023, a 2% drop compared with 3.66 million in 2022.

The figures are provisional and likely to adjust slightly when final data are released later this year.

The total fertility rate peaked during the baby boom after World War II, with a rate of more than three births per woman before falling through the 1960s and 1970s. More recently, the total fertility rate has declined steadily since hitting 2.12 births per woman in 2007, before the financial crisis.

The rate in the U.S. has remained generally under or around 2.1 children per woman, or what is known as the "replacement rate," since the 1970s. A rate of 1.62 in 2023 marks a new low and another sign of years of decline.

Births in 2023 were lower than any year since 1979, the data show. U.S. births edged

up slightly during and after the Covid-19 pandemic.

The long-term effects of lowering rates could shape the economy, programs including Social Security and other facets of life in the U.S., said Phillip Levine, an economics professor at Wellesley College. "It has the ability to have a significant impact on the way we live for a long time to come," he said.

An influx of people immigrating to the U.S. could offset the impact of a lower birthrates on the U.S. population's size, said Hamilton, co-author of the report. Immigration has risen in recent years, easing labor shortages and expanding the population of big metropolitan areas.

Birthrates declined more for younger women between 2022-2023, according to the provisional data, while those for women in their 40s were unchanged.

Women in their mid-to-late 30s are having children at similar rates to those in their early to mid-20s. Birthrates for women 35-39 fell to 54.7 births

per 1,000 women—closer to the rates for women 20-24, which dropped 4% to 55.4 births per 1,000 women in 2023.

Some women in their 20s might postpone having children. Despite fertility treatments such as in vitro fertilization, egg freezing and artificial insemination, trying to have children later in life can carry lower odds of success and health risks.

While birthrates for teenagers 15-19 continue to decline, they fell just 3% last year—a lower rate than the average 7% annual decline researchers recorded between 2007-2022. It is unclear what might have contributed to the change, Hamilton said.

"There's going to be a lot of interest and investigation into why we're seeing this," he said.

The general fertility rate dropped 3% to 54.4 births per 1,000 women ages 15-44, with declines across most race and ethnicity groups tracked by the federal government. The fertility rate for Hispanic women, after rising in 2022, fell by 1% to 65 births per 1,000 women. Among non-Hispanic groups, fertility rates for American Indian and Alaska Native and Black women fell by 5% and by 3% for Asian and white women.

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BHP wants Anglo American to demerge South African units.

BHP Bids For Mining Competitor

The global mining sector is experiencing a wave of deal-making not seen for years. The energy transition and government policies such as the Inflation Reduction Act in the U.S. are driving acquisition activity as the run-up in commodity prices that followed Russia's invasion of Ukraine early in 2022 has left companies flush with cash.

Copper is at the heart of the deal spree amid expectations that demand for the metal will rise as the world decarbonizes.

Electric vehicles and wind farms use copper in much greater quantities than gasoline-powered cars and coal-fired power stations.

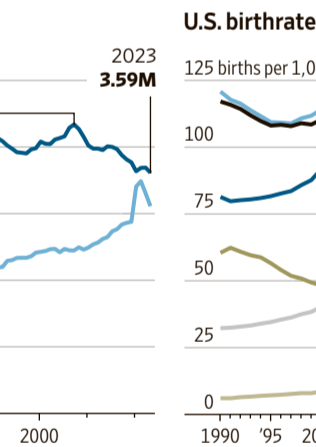
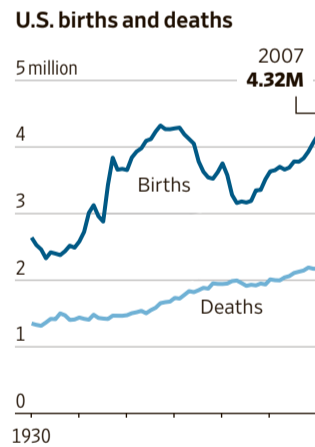
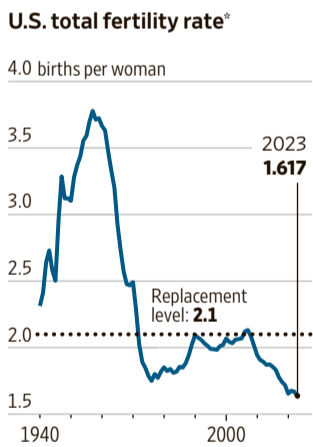
Copper prices are up some 15% so far this year, although they remain nearly 10% below a record of \$4.929 a pound reached in early March 2022.

BHP relies on iron ore, the main ingredient in steel, for the bulk of its earnings but has been steadily raising bets on the transition to a lower-carbon world.

It bought Australian copper-and-gold mining company Oz Minerals for \$6.34 billion in May last year, which represented its biggest acquisition since 2011 when it bought Petrohawk Energy for more than \$12 billion.

BHP has also cut its exposure to fossil fuels, selling its oil-and-gas unit to Woodside Energy in mid-2022.

London-based Anglo American has a market capitalization of \$35 billion.



*Total fertility rate is an estimate of the number of babies a woman would have in her lifetime; 2.1 is the level needed for a generation to replace itself. †In specified age group. Note: 2023 data is provisional. Source: Centers for Disease Control and Prevention

CORRECTIONS & AMPLIFICATIONS

A demonstration in Columbia, Mo., attracted about 150 protesters. In some editions Wednesday, a U.S. News map showing pro-Israeli and pro-Palestinian protests at higher-education campuses incorrectly indicated that the demonstration attracted closer to 1,000 protesters.

Tesla shares were down more than 40% this year as of

Tuesday. In some editions Wednesday, a Page One article about ARK Investment Management said Tesla shares were down more than 4% this year.

Larry Ellison is chairman and chief technology officer of Oracle. A Technology article on Wednesday about the company incorrectly said he is chief executive.

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

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FTC Sued Over Ban on Noncompetes

The Biden administration fended the measure. "Our legal authority is crystal clear," Douglas Farrar said. "Addressing noncompetes that curtail Americans' economic freedom is at the very heart of our mandate, and we look forward to winning in court."

The FTC argues that non-compete clauses, which typically prevent workers from taking a new job or starting a business for a certain time period after leaving an employer, hamper competition for labor and result in lower pay and benefits for workers.

Even lower-wage workers such as security guards and hair stylists, who lack access to intellectual property or trade secrets, have occasionally been subject to them. Physicians are sometimes subject to non-compete clauses and some have been forced to move from one state to another to practice medicine at a new employer, FTC Commissioner Alvaro Bedoya said Tuesday.

"There are doctors who cannot work because of a noncom-

pete," said Bedoya, a Democratic member of the FTC who voted to approve the regulation, which passed on a 3-to-2 party-line vote.

Businesses that use noncompetes said they are an effective way to protect their intellectual property, customer relationships, and other investments.

Ryan LLC is a tax-services and software firm based in Dallas that said it would have to abandon noncompete agreements imposed on more than 200 partners involved in the firm's tax practice. The restrictions protect the firm's confidential information and the strategies that Ryan's employees develop, the company said in its lawsuit. They also promote investments in training, Ryan argued.

Other measures, such as nondisclosure agreements, don't protect companies as well, Brint Ryan said. Companies have to investigate and litigate if they believe an NDA was violated, he said.

The Chamber of Commerce's lawsuit says policymakers and courts have for decades recognized the value of noncompete agreements and state govern-

ments can put curbs on them "when they go too far." The federal government has never regulated noncompete contracts, the Chamber said, and Congress never authorized the FTC to step in and take over for the states.

The Chamber frequently sues the federal government over regulations it says were erroneously drafted or exceed an agency's authority. The Chamber and Ryan filed their lawsuits in conservative judicial districts where courts have been skeptical of what they see as federal agency overreach.

"I think the venue increases the chance that the rule is enjoined pretty quickly," said Laura O'Donnell, an employment and labor litigator for Haynes Boone in San Antonio.

The law on noncompetes varies by state. Texas, for instance, allows the contracts if employees have access to confidential information or were given specialized training, O'Donnell said. California bans them.

The FTC's ban is the capstone of a larger set of moves at the agency to elevate the interests of workers in antitrust

enforcement. The Biden administration called for eliminating noncompetes in 2021, when the White House issued a blueprint for stricter enforcement of the antitrust laws.

Noncompete restrictions hamper competition for labor, the FTC said, because employees can't easily leave for higher pay and better benefits. Removing them would boost employee earnings by \$400 billion or more over 10 years, the FTC estimated.

The basis for regulating non-compete clauses comes from a 110-year-old law that prohibits unfair methods of competition, the FTC said. The agency first said in the 1960s that it could use that authority to write competition regulations. But it hadn't issued a new competition rule for more than 50 years—until finalizing the non-compete measure on Tuesday.

The FTC should have a strong argument in court, said John Newman, a law professor at the University of Miami who previously served as a deputy director of the FTC's competition bureau in the Biden administration. The statute says the FTC may "classify corporations" and "make rules and regulations."

Other lawyers said that paragraph refers only to how the FTC carries out enforcement duties and doesn't support issuing economywide regulations.

'Our legal authority is crystal clear,' an FTC spokesman said.

U.S. NEWS

Giuliani, Meadows Indicted In Arizona Election Probe

Grand jury charges 18 Trump allies for alleged efforts to overturn loss in state

By JAN WOLFE

Several of former President Donald Trump's closest advisers, including Rudy Giuliani and Mark Meadows, were indicted in Arizona following a yearlong criminal investigation into their alleged efforts to overturn Trump's 2020 election defeat in the state. Arizona Attorney General Kris Mayes, a Democrat, said Wednesday that a state grand

jury approved criminal charges against 11 Republicans who submitted a document to Congress falsely declaring Trump carried the battleground state.

Seven other people were also charged in the indictment, but their names were redacted because they hadn't yet been served with court papers. Portions of the indictment describing those seven individuals make clear they include Giuliani, Trump's former lawyer, and Meadows, former White House chief of staff.

"I understand for some of you today didn't come fast enough, and I know I'll be criticized by others for con-

ducting this investigation at all," Mayes said in a recorded statement. "But as I have stated before and will say here again today, I will not allow American democracy to be undermined. It's too important."

Representatives for Giuliani and Meadows didn't respond to a request for comment. Joe Biden won Arizona by more than 10,000 votes in 2020, flipping a state Trump won in 2016 against former Secretary of State Hillary Clinton.

Trump, who isn't charged, is repeatedly referred to as "Unindicted Coconspirator 1" in the 58-page indictment. The Arizona charges come

after a string of similar indictments in Nevada, Georgia and Michigan.

The 11 people who had been nominated to be Arizona's Republican electors met in Phoenix on Dec. 14, 2020, to sign a certificate saying they were the state's "duly elected and qualified" electors. GOP officials in the state documented the signing of the certificate in a social-media post and sent it to Congress and the National Archives.

Those 11 people have now been charged with crimes in Arizona, including fraud, forgery and conspiracy, Mayes said Wednesday. The defendants include sev-



The indicted include Rudy Giuliani, left, and Mark Meadows.

eral influential figures in Arizona politics, including former state GOP Chair Kelli Ward and sitting state Sens. Anthony Kern and Jake Hoffman. Democrats have called these individuals "fake electors," saying they engaged in a brazen scheme to subvert democracy. Participants in the effort have objected to the term "fake electors," saying

they relied on legal advice grounded in historical precedents. They have said the certificates were a legitimate way of preserving objections to a contested election in case Trump was eventually declared the winner through court challenges.

◆ High court to again weigh Trump's fate..... A4

Pro-Palestinian Protests Flare At More Schools

NEW YORK—Pro-Palestinian protests took root on university campuses across the country Wednesday, as tensions between students and administrators at Columbia University remain high.

By Alyssa Lukpat, Erin Ailworth and Suryatapa Bhattacharya

Columbia has given demonstrators until Thursday night to disassemble an encampment there, following almost a week of intense protests that it has struggled to contain. It initially set a deadline of midnight Wednesday before extending it. The university said discussions between the school and protesters were continuing and that the student demonstrators have agreed to take down some of their tents.

The protests began in response to university President Minouche Shafik's congressional testimony last week over whether the school has done enough to protect Jewish students.

House Speaker Mike Johnson (R., La.) appeared on the Columbia campus Wednesday where he condemned antisemitic hate and mob mentality. He also called for Shafik to resign "if she cannot immediately bring order to this chaos."

Columbia's board of trustees said it supports Shafik in a statement released after Johnson's remarks. "During the search process for this role, President Shafik told us that she

would always take a thoughtful approach to resolving conflict, balancing the disparate voices that make up a vibrant campus like Columbia's, while taking a firm stance against hatred, harassment and discrimination," the board said. "That's exactly what she's doing now."

Meanwhile, students at other schools, including Brown University, Emerson College, Harvard University, the University of Southern California and the University of Texas, are launching protests and encampments.

Administrators at Emerson, which has an urban campus in Boston abutting public property, said they were concerned that the protesters are risking legal consequences beyond Emerson's control when they don't abide by city and state laws.

"Of additional concern, Emerson has received credible reports that some protesters are engaging in targeted harassment and intimidation of Jewish supporters of Israel and students, staff, faculty, and neighbors seeking to pass through the alley," a statement from President Jay Bernhardt and other school officials said. "This type of behavior is unacceptable on our campus."

At Harvard, hundreds of protesters assembled Wednesday in Harvard Yard, the heart of the school's Cambridge, Mass., campus, according to the Harvard Crimson. They included organizers of the Palestine Solidarity Committee, which the university suspended



Texas state troopers in riot gear moved in to break up a pro-Palestinian protest at the University of Texas in Austin on Wednesday.

on Tuesday, and some protesters had tents, the paper said.

The university early in the week had restricted access to the yard to Harvard affiliates with ID cards. The school posted signs that structures including tents and tables were prohibited without prior permission.

At the University of Texas, in Austin, police clashed with protesters after the administration attempted to cancel a planned demonstration. Videos from students and local media showed state troopers in riot gear heading off marchers, clashing with them and appearing to arrest or detain several protesters.

Texas Gov. Greg Abbott said on X Wednesday that arrests were being made and would continue until the crowd disperses. "These protesters be-

long in jail," Abbott said. "Antisemitism will not be tolerated in Texas," he said.

A Texas Department of Public Safety spokesman said state troopers had arrested more than 20 people.

The Council on American-Islamic Relations chapter in Austin said the right to peacefully protest and express dissenting opinions are fundamental rights and urged police to exercise restraint. "The recent arrests of student activists advocating for a ceasefire in Gaza represent a troubling suppression of these rights," the group said in a statement.

Columbia President Shafik has faced growing discontent over her handling of the campus crisis. She said in a letter that she supported the protesters' free-speech rights, but the encampment raised safety

concerns.

Columbia said the university would consider alternative options to clear out protesters if they didn't leave by the initial midnight deadline. Columbia's Students for Justice in Palestine organization said the university threatened to call in the National Guard. Columbia said Wednesday that deploying the National Guard was "never on the table." The school last week called in the New York City Police Department to control protesters.

Pro-Palestinian protesters have called on the university to divest themselves from companies with business ties to Israel and for a cease-fire in Gaza.

More than 100 people were arrested at Columbia last Thursday, the day the demonstrations kicked off.

Daily life on campus has

largely come to a halt. Jewish students have said they don't feel safe on campus because of an uptick in antisemitism since the war began. Columbia said students could attend class online or in-person for the rest of the semester, indicating it doesn't see the protests ending soon.

Columbia said it has been in discussions for several days with the student protesters. The students have agreed to prohibit discriminatory language at their encampment and make sure nonstudent protesters leave, Columbia said.

—Jon Kamp, Elizabeth Findell and Melissa Korn contributed to this article.

◆ Israel gets closer to an offensive on Rafah..... A7
◆ Hamas releases video of wounded hostage..... A7

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U.S. NEWS

Justices Tussle Over Emergency Abortions

Case from Idaho weighs doctors' responsibility when patients are in crisis

By Jess Bravin

WASHINGTON—The Supreme Court struggled Wednesday with the consequences of its 2022 decision ending the nationwide right to abortion, in a case pitting the health of women suffering medical emergencies against an Idaho law that bans the procedure.

The state asked the justices to overrule lower court orders allowing doctors to perform emergency abortions when necessary to stabilize a patient.

The Biden administration, which sued Idaho, argued that under a federal law governing emergency care, doctors can provide abortions they judge medically necessary to treat a woman experiencing a serious health scare.

Idaho's abortion law is stricter, permitting the procedure only to save a woman's life, and on Wednesday the state's lawyer, Joshua Turner, told the court that it was the state's prerogative to define the scope of permissible medical treatments.

Liberal justices challenged that view.

Justice Ketanji Brown Jackson said federal law imposed several duties on emergency rooms beyond state law. "So what that means is that when a hospital wants to only provide stabilizing care in emergencies for people who can pay for it," federal law "says, no, I'm sorry, you have to stabilize anyone who's experiencing an emergency medical condition," she said.



Activists on both sides of the abortion issue rallied outside the Supreme Court on Wednesday.

Justice Sonia Sotomayor said that meant states couldn't deny patients care that the medical profession considers necessary. Idaho couldn't say, "Don't treat diabetics with insulin. Treat them only with pills," said Sotomayor, who is diabetic.

By the same token, abortion is a treatment for some serious conditions, even if forgoing the procedure won't cause the woman to die, she said.

Justice Neil Gorsuch, a member of the court's conservative wing, suggested that the Idaho law wasn't as rigid as it might appear and that doctors could perform emergency abortions on patients who

might be at future risk of dying but were yet to arrive at death's door.

As a condition of accepting Medicare funding, the federal Emergency Medical Treatment and Labor Act requires emergency rooms to treat people who show up in a medical crisis, including women in labor, to stabilize their condition. The administration argues that the federal law, known as Emtala, permits the procedure to preserve the patient's health, for instance, if needed to save the patient's reproductive organs.

Idaho argued that the administration's approach would "turn emergency rooms into abortion enclaves," a misappli-

cation of a 1986 law designed to prevent hospitals from dumping undesirable patients, such as those without insurance, onto other facilities.

Justice Samuel Alito questioned how broad the federal government believed the health exception should extend.

"Does the term 'health' mean just physical health or does it mean mental health?" Alito asked the administration's lawyer, Solicitor General Elizabeth Prelogar.

"Let me be very clear about our position," she said. A mental-health emergency "could never lead to pregnancy termination, because that is not the accepted standard of practice

to treat" such conditions, she said.

In a tense exchange, Alito, who wrote the 2022 opinion overruling *Roe v. Wade*, suggested that Emtala itself rejected abortion as medical treatment.

In its definition of medical emergencies, the statute includes those that place "the health of the woman's unborn child in serious jeopardy," Alito said.

"It seems that the plain meaning is that the hospital must try to eliminate any imminent threat to the child," he said. "Performing an abortion is antithetical to that duty."

"The statute did nothing to

displace the woman herself as an individual with an emergency medical condition," Prelogar replied.

Turner sought to assure the justices that in practice, little differed between the requirements of the state and federal laws.

Justice Amy Coney Barrett, whose vote may be pivotal in deciding the case, asked whether doctors could be prosecuted for performing an abortion if the state believed it wasn't necessary to save the woman's life.

Prosecutors could choose to do so, Turner said, and courts would decide whether the doctor acted in good faith or used the life-saving exception as a pretext to perform an abortion.

The Supreme Court has permitted Idaho to enforce its abortion ban while its appeal proceeds. Prelogar told the court that, as a result, several women with medical emergencies had been transported out of the state to hospitals permitted to treat their conditions.

"Doctors either have to delay treatment and allow her condition to materially deteriorate, or they're airlifting her out of the state so she can get the emergency care that she needs," Prelogar said.

More than a dozen states have imposed near-total bans on abortion since the Supreme Court overruled *Roe v. Wade* in its 2022 decision *Dobbs v. Jackson Women's Health Organization*.

Wednesday's case is one of two abortion matters on the high court's docket. The justices are also considering a lawsuit that seeks to roll back approval for the widely used abortion pill mifepristone. Decisions in both cases are expected by late June.

Arizona House Advances Repeal of 160-Year-Old Ban

By Eliza Collins and Christine Mai-Duc

PHOENIX—Arizona's State House voted to repeal a near-total abortion ban that has become a hot button political issue in the state and the nation.

The state Senate will vote on the measure next week, and several Republicans have signaled they will join with Democrats to support it, giving it a good chance of passage. Democratic Gov. Katie Hobbs has said she would sign a repeal.

In a 32-28 vote, the GOP-controlled Arizona House voted to repeal the 160-year-old law banning nearly all abortions that was reinstated earlier this month by the state supreme court. Three Republicans joined with all the Democrats in the House to pass the measure.

"I'm thrilled the House has finally decided to do the right thing and repeal the archaic 1864 near-total abortion ban," Hobbs wrote on X. "It's time for the Senate to follow suit and send the repeal to my desk. Immediately."

If the abortion ban were repealed, it would still go into effect in June at the earliest and remain in effect for several months, because bills in Arizona don't typically take effect until 90 days after the legislative session ends. Once that period ends, an earlier Arizona law allowing abortion through 15 weeks of pregnancy would go back into effect.

"I refuse to buy into the false notion pushed by the extremes on both sides of this issue that we cannot respect and protect women and defend new life at



Democratic Gov. Katie Hobbs of Arizona has said she would sign a repeal of the state's near-total abortion ban.

the same time," said Rep. Matt Gress, a Republican who led the repeal effort Wednesday and represents a competitive House district.

Rep. Alexander Kolodin, a Republican who voted against the

measure, said on the House floor, "At the end of the day, politics is important but it is not worth our souls."

The state Senate will take up the repeal on May 1, according to a spokeswoman for the Sen-

ate GOP majority.

The near-total ban has given Democrats momentum in a battleground state. Former President Donald Trump and Kari Lake, the expected GOP senate candidate, have called on the legislature to repeal it, despite touting their anti-abortion records in other circumstances.

Regardless of what ends up happening with the ban, Arizona voters are expected to consider a ballot measure in November that would expand access to abortion until fetal viability, or about halfway through a typical pregnancy. Democrats are hopeful that measure will help turn out voters for their candidates, as polling has shown a majority of Americans and Arizonans support abortion access.

In anticipation of Arizona's abortion ban going into effect,

California Gov. Gavin Newsom unveiled an unusual proposal Wednesday that would allow doctors from Arizona to provide abortion services to their patients in California.

The bill, which will likely pass California's overwhelmingly Democratic legislature, is the latest move in a political battle playing out between states over the abortion issue, which has taken center stage since the U.S. Supreme Court overturned *Roe v. Wade* in 2022. Newsom has been an outspoken opponent of moves by Republicans to limit abortions and even spent campaign funds on ads in GOP-controlled states criticizing them.

A spokesman for Newsom said the actions in Arizona's legislature don't change his plans to push the California bill.

High Court to Again Weigh Trump's Fate

By Jess Bravin

WASHINGTON—Creating a conservative supermajority on the Supreme Court was perhaps the crowning achievement of Donald Trump's presidency, with three appointees who delivered generational victories, including the elimination of abortion rights and the abolition of affirmative action.

But the court has been no balm when it comes to Trump's personal interests, leaving the former president fuming in several past cases after his appointees rejected his expansive claims of executive power or unfounded allegations of election irregularities.

Now more than ever, the court holds Trump's future—and perhaps his freedom—in its hands.

Thursday, the court will consider whether the former president must stand trial on federal charges of attempting to steal the 2020 election he lost to Joe Biden. How the court rules could affect several of the prosecutions Trump is facing. And with legal battles surrounding the 2024 election expected to be intense, the justices could find themselves with additional cases before year's end.

Few cases have held stakes so high for the court itself, with the justices at pains to show a polarized nation that it can resolve a dispute fairly both to Trump and the consti-

tutional system he allegedly sought to subvert.

"To a degree, the court is almost on trial itself," said Grier Stephenson, a government professor and Supreme Court scholar at Franklin & Marshall College. "They've got to be concerned about perceptions of the institution because ultimately that's all the court has: public confidence."

Thursday's case is the former president's last-ditch attempt to quash charges that his efforts to retain power after losing in 2020 violated several federal laws, including conspiring to violate the constitutional right to vote and have one's vote counted. In legal papers, Trump's lawyers put forward perhaps the most expansive vision of executive power ever argued before the high court, claiming that almost without exception former presidents cannot be prosecuted for crimes they committed while in office.

While denying that Trump committed any crimes, they argue that the Constitution contemplates that "some level of Presidential malfeasance" is tolerable so that the chief executive isn't deterred from bold action by fear of prosecution after the White House changes hands.

Special counsel Jack Smith, who has obtained an indictment of Trump in two cases, argues that the former president and his lawyers misunderstand the law—and U.S. history. Not even

President Richard Nixon, who asserted a robust vision of executive privilege, denied he could be prosecuted after leaving office, Smith argues.

"The Constitution does not give a President the power to conspire to defraud the United States in the certification of presidential-election results, obstruct proceedings for doing so, or deprive voters of the effect of their votes," Smith argued in court papers.

Perhaps no president has had his personal and political fates so closely intertwined with the Supreme Court as Donald Trump. And no group of Supreme Court justices has faced such scrutiny for the way it handles the legal perils enveloping a former president. The strength of America's institutions, under strain since Trump's rise over the past decade, may well be seen in the way the court navigates its Trump docket, and how the former president's movement reacts should decisions not go his way.

Because their conservative voting record resonates with the Republican base, Trump has touted his appointees in public appearances. But his displeasure with their approach to his personal cases at times seeps through.

Privately, Trump has gone further. In a conference call with his attorneys, Trump raged after the court dismissed a December 2020 lawsuit seeking to throw

out the electoral votes of four states that supported Biden—and thereby hand the election to Trump—according to a person familiar with the conversation.

Days later, addressing his followers at the Jan. 6, 2021, rally that preceded the Capitol riot, Trump lamented his appointees' failure to hand him a second term. "I picked three people. I fought like hell for them," he said. "It almost seems that they're all going out of their way to hurt all of us and to hurt our country."

Trump "clearly has the view that his appointees owe him loyalty," said Tom S. Clark, a political scientist and judicial scholar at Emory University. "It reflects the way he approached governing."

Trump has won some significant victories at the court. It expedited his appeal of a December Colorado Supreme Court decision finding Trump incited an insurrection on Jan. 6 and therefore was disqualified from the ballot. In March, all nine justices voted to restore Trump's eligibility, ruling that states lacked authority to enforce the disqualification provision.

Even if Trump ultimately loses the election-subversion case, the court already has boosted his legal strategy of delaying the trial, allowing him to campaign and perhaps recapture the White House before proceedings can begin.

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U.S. NEWS

Hospital-Care Prices Rise After Mergers

Insurers get charged more and workers bear the brunt of increases, study finds

By MELANIE EVANS

Prices for surgery, intensive care and emergency-room visits rise after hospital mergers. The increases come out of your pay.

Hospitals have struck deals in recent years to form local and regional health systems that use their reach to bargain for higher prices from insurers. Employers have often passed the higher rates onto employees.

Such price increases added \$204 million to national health spending, on average, in the first year after a merger of nearby hospitals, according to a study published Wednesday by American Economic Review:

Insights.

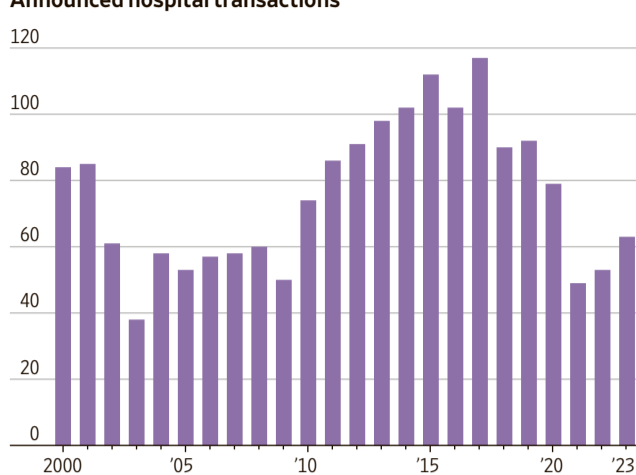
Workers cover much of the bill, said Zack Cooper, an associate professor of economics at Yale University who helped conduct the study. Employers cut into wages and trim jobs to offset rising insurance premiums, he said. "The harm from these mergers really falls squarely on Main Street," he said.

Premiums are rising at their fastest pace in more than a decade, driven up by persistently high inflation across the economy. Rising costs have fueled contentious negotiations that have led some hospitals and insurers to cancel contracts, leaving patients in the lurch.

Hospital mergers make the price pressures worse.

"When those hospitals have market power, they can use that to extract high prices from insurers and those costs are ultimately passed onto consumers," said Amanda Starc, an as-

Announced hospital transactions



Note: Includes announced acquisitions, mergers, membership substitutions, joint ventures, minority investments, joint operating agreements and leases.

Source: Kaufman Hall

sociate professor of strategy at Northwestern University, who wasn't involved in the new study.

Hospitals say mergers create efficiencies and combine re-

sources to make strategic investments and improve quality. Operating costs drop 4%-7% on average at acquired hospitals after a deal, research shows. Quality stays the same or de-

clines after mergers, studies have found.

The American Hospital Association's general counsel, Chad Golder, said the study was incomplete because it didn't include prices for some big insurers.

For the study, researchers analyzed claims from three of the nation's largest insurers: CVS Health's Aetna, UnitedHealth's UnitedHealthcare and Humana. They found that mergers raised prices by 1.6% over the two years afterward, on average, and by 5.2% where deals gave hospitals hefty market power under federal guidelines.

Hospital prices have been a longstanding target in Washington. The Trump administration issued rules to force hospitals and insurers to make prices public.

Federal officials have moved to stop recent proposed mergers, including a deal scuttled in December in the San Francisco

Bay Area. **John Muir Health** called off plans to buy a third local general hospital after the FTC sued to end the deal.

The study published Wednesday analyzed price changes before and after 322 mergers between 2010 and 2015. Researchers also compared prices during the same period at similar hospitals not involved in deals.

Researchers looked separately at prices for outpatient services owned by hospitals, such as imaging and ambulatory surgery centers. It is a large and growing share of hospital business, Cooper said.

In sparsely populated areas, outpatient prices climbed more after mergers. Where there are fewer people, the study found fewer outpatient surgery centers to compete for patients' business.

"The hospital's the only show in town in those areas," Cooper said.



Settlements Over Opioids Falling Short

By ARIAN CAMPO-FLORES AND JON KAMP

A detox center. Aid for an overflowing jail. An extra detective's salary. These are a few of the things people in Whitley County, Ky., would like to fund with their small share of billions of dollars in settlement money from companies accused of fueling the opioid crisis.

But county leaders are confronting a dispiriting reality: The funds cover a fraction of their wish list. Some of their projects likely aren't even eligible because of confusion over restrictions on how the money can be used. As a result, Whitley County's funds are sitting unspent.

"This community has been so damaged over the years, the money is not going to come close to completely healing all the problems that were created," said Pat White Jr., the county's judge-executive, a position akin to mayor.

Officials around Appalachia are reaching similarly underwhelmed assessments of the potential for settlement funds to help their constituents. Meanwhile, the opioid crisis—which started with pain pills and is now fueled by fentanyl—continues killing at a record pace.

National settlements with companies including **Johnson & Johnson**, **Teva** and **Cardinal Health** are slated to pay more than \$50 billion over many years. The money is divided among thousands of jurisdictions, and locals say the

portions trickling down to some of the hardest-hit communities—including poor, rural areas in the eastern U.S.—are a feeble match for the scale of the problem.

In 2017, when fatalities were significantly lower, costs nationwide topped \$1 trillion, according to a Centers for Disease Control and Prevention analysis. In Kentucky, the estimated cost from deaths and lives undermined by addiction that year exceeded \$24 billion. Per-capita costs there were among the nation's highest.

Kentucky is expected to receive about \$900 million in settlement funds, with half administered by the state and half going to local governments. State law specifies a long list of permissible expenditures, many aimed at treatment and recovery. Some areas are more restricted—such as law enforcement, which is eligible for funding aimed at education and emergency response, but not, say, narcotics investigations.

Floyd County, Ky., which has one of the nation's highest fatal-overdose rates, has received roughly \$1 million so far in settlement money—"a drop in the bucket" compared with what the opioid crisis has cost the community, said Robbie Williams, the judge-executive.

"We have so many unmet needs, we really don't know where to start," he said.

Some organizations want funding for mental-health services, but Williams worries giv-



Clockwise from top left: an aerial view of downtown Williamsburg, Ky.; Ashley Vanover, a patient at Horizon Health in Williamsburg; a group exercise session at Horizon Health.

ing to one group will raise expectations from others. He wants to devote funds to drug courts and inmate training programs at the jail, yet isn't sure such projects qualify for settlement money.

The county has allocated one-fifth of the funds to an opioid-awareness program. It isn't spending more until Williams and his colleagues figure out what expenditures are allowed.

Some counties are trying to extend the reach of their settlement funds by pooling them with neighbors for bigger re-

gional projects. Others are supplementing settlement money with other funding sources.

In Dickenson County, Va., officials are allocating \$250,000 of roughly \$330,000 in settlement funds received thus far for the rural area's first residential treatment facility. The project's price tag is \$7.7 million, so the remainder is coming from sources including a loan from a regional economic development authority.

Whitley County, with a fatal-overdose rate among Kentucky's highest, has no inpa-

tient recovery program, few outpatient ones and a smattering of sober-living homes.

Whitney Wynn, a director at the Horizon Health outpatient facility, wants to establish the area's first detox facility. Ideally, she said, such a center could send patients to a residential treatment site. But the settlement money wouldn't cover both projects.

"We're doing our best to fill the gap," Wynn said.

A wall in the lobby of Horizon's Williamsburg, Ky., location displays photographs of six

residents who have died of overdoses since January. "More than just a number," the caption reads.

Three were relatives of Ashley Vanover, 35 years old, a patient there who has battled opioid addiction for half her life. "The main problem here is, where can you get the help?" she said.

White, the judge-executive, said he and colleagues have discussed using a chunk of the \$867,000 in settlement funds the county has gotten so far to help establish the area's first residential treatment center. But at a recent training on the funds, White said, he heard the money couldn't be used for a facility that receives Medicaid money. County officials paused the plan, he said.

Other ideas have stalled, too. Whitley County Sheriff William Elliotte, whose 10-person force regularly handles drug-related calls, said he discussed with county leaders the possibility of hiring a new detective, but they concluded the proposal would run afoul of the law.

Jason Wilson, the county jailer, said his 184-bed detention center is usually overflowing with about 300 inmates, largely because of the drug crisis, but that his understanding is that settlement money can't be used to address the crunch.

Whatever the county ends up doing, he said, it won't compensate for the damage drugs have inflicted. "I don't think we'll ever fully recover."

McKinsey Faces DOJ Inquiry

Continued from Page One admitting wrongdoing. In 2023, it reached separate deals totaling \$347 million with Native American tribes, public school districts, insurance companies and municipal governments, also without admitting wrongdoing.

In the settlement with state attorneys general, McKinsey said it "chose to be part of the solution to a complex public health crisis" by contributing

to opioid-abatement efforts without admitting liability.

Purdue, Endo and Mallinckrodt filed for chapter 11 bankruptcy while facing mass lawsuits alleging they sold drugs through misleading marketing practices and fueled addiction. McKinsey helped Purdue, the closely held maker of the painkiller OxyContin, develop an initiative to boost drug sales and marketing, according to records released after Purdue went bankrupt in 2019.

McKinsey consultants advised the company on how to increase sales of its flagship drug, including suggesting that Purdue's sales team make more calls to healthcare providers who it knew wrote high volumes of OxyContin prescriptions and spend less time on

doctors who prescribed the opioid medication the least, the records showed.

In August 2013, consultants from the company sent a memo to Purdue executives with 20 recommendations they said would boost sales of OxyContin by more than \$100 million annually. McKinsey advised Purdue that there was "significant opportunity" to shift sales calls to the highest volume prescribers, who as a group wrote 25 times as many OxyContin prescriptions on average than their peers, according to the memo,

McKinsey advised Purdue on how to boost OxyContin sales.

included in unsealed court records. McKinsey previously said it stopped doing work on opioid-specific businesses in 2019 and that its work for Purdue was intended to support the legal use of opioids and patients with legitimate medical needs.

McKinsey also advised Purdue and Endo on how to target the Department of Veterans Affairs for sales of their products, according to documents made public through the company's settlements with state and local governments. This advisory

work occurred while McKinsey was simultaneously working as a consultant for the VA itself. McKinsey has said that it advised the VA on matters unrelated to opioid procurement.

Pharmaceutical companies began marketing opioids as a safe-to-use pain reliever in the 1990s, leading many doctors to prescribe the pills for all manner of injuries and ailments. The volume of pills from Purdue and other manufacturers that flooded the U.S. is believed to have contributed to the opioid epidemic.

The U.S. attorney's office in the Western District of Virginia successfully prosecuted Purdue and several of its executives in 2007, when the company pleaded guilty to a felony charge of misbranding OxyCon-

tin with the intent to defraud or mislead. Purdue separately pleaded guilty in 2020 to three federal felonies related to the marketing and distribution of OxyContin.

In 2021, Endo said it received a subpoena from the same U.S. attorney's office the previous year, seeking documents related to McKinsey. Endo reached a criminal resolution earlier this year in which it pleaded guilty to a one-count misdemeanor for introducing misbranded drugs into interstate commerce. In tandem with the criminal plea, Endo made a bankruptcy agreement to pay \$465 million to the government over 10 years to settle its monetary claims arising from criminal and civil settlements.

WORLD NEWS

New Aid Boosts Kyiv's Missile Capability

Bill signed by Biden will provide Ukraine more weapons with longer range

WASHINGTON—Ukraine used longer-range ATACMS missiles secretly provided by the U.S. against Russian forces east of Berdyansk, a strike that occurred less than 24 hours before President Biden signed a law Wednesday that includes money for more of those weapons, U.S. officials said.

By Michael R. Gordon,
Nancy A. Youssef
and Gordon Lubold

It was only the second time Ukraine had used the longer-range variant of ATACMS, a U.S. official said, a U.S.-provided capability that hadn't been previously disclosed. More ATACMS are expected to be sent to Ukraine now that Biden signed the foreign-aid law after months of political wrangling.

The Biden administration plans to send the first \$1 billion of aid to Ukraine this week, U.S. officials said. That aid package includes munitions for HIMARS rocket launchers, armored vehicles, artillery, Stinger anti-aircraft



Ukraine soldiers fired a howitzer at Russian forces near Avdiivka in Ukraine's Donetsk region.

missiles, air-defense missiles and tactical vehicles.

The Senate voted 79-18 Tuesday night to approve the \$95.3 billion foreign-aid bill, which funds weapons and other military aid to Ukraine, Israel and Taiwan. Of that, \$60.8 billion is for Ukraine, which will bring total U.S. committed support for Kyiv to about \$105

billion since Russia's full-scale invasion in 2022.

"Literally in a few hours we are sending equipment to Ukraine," Biden, a Democrat, said Wednesday shortly after signing the bill.

The Ukrainians first used the longer-range ATACMS on April 17 to strike an airfield at Dzhankoi in northern Crimea.

Ukraine's military said it destroyed or damaged an array of Russian air-defense systems, including several missile launchers.

The Biden administration had approved sending the missiles in February, two years into the war, and kept the decision a secret to allow Ukraine's military the advantage of sur-

prise, the U.S. official said.

The missiles, which have a range of more than 180 miles, expand Ukraine's ability to strike targets well beyond the front line while providing a morale boost as Ukrainian forces are losing ground to Russian troops while waiting for fresh U.S. military aid.

Ukraine already has long-range cruise missiles, which have been provided by Britain and France and are launched by planes.

But the ATACMS, which stands for Army Tactical Missile System, is a ground-based weapon that will expand Ukraine's striking power while providing its military with more flexibility.

The U.S. in October provided shorter-range models of the ATACMS that can reach targets about 100 miles away, while holding off on supplying the longer-range variants.

The U.S. decision to send the longer-range ATACMS followed an intense debate. U.S. lawmakers repeatedly pressed the White House to provide the weapons while Ukraine appealed for the systems and offered assurances they wouldn't be used to fire at targets in Russian territory.

Biden made the decision to send the ATACMS after the

Pentagon's concern about running down its supply of missiles was eased by progress in acquiring a newer system and Moscow turned to North Korea for ballistic missiles and stepped up its attacks on Ukraine's civilian infrastructure.

Among the other military equipment the U.S. will send Ukraine through the new foreign-aid bill are 155mm artillery shells, which its forces have said they desperately need, a congressional official said.

Monthly U.S. production is expected to hit 60,000 during the summer but would have topped out at 85,000 without more investment in production, Army officials said. The Army now will aim for an output of 100,000 next year.

In addition, the bill would fund sending Patriot interceptors to defend Kyiv from a surge of Russian strikes in recent weeks.

—James Marson
and Doug Cameron
contributed to this article.

Watch a Video



Scan this code for a video on outgunned Ukraine troops on the front line.

Israel Prepares Offensive To Seize Control of Rafah

Israel is moving ahead with plans for a military offensive to take Rafah, the last remaining Hamas stronghold in Gaza but has responded to U.S. and international pressure by

By Summer Said, Anat Peled and Chao Deng

scrapping plans for an all-out assault in favor of a more gradual approach that seeks to limit civilian casualties, according to Egyptian officials and former Israeli officials.

Israel plans to proceed in phases, evacuating neighborhoods in advance before moving on to new areas, these officials said. The operations also likely will be more targeted than previous Gaza attacks and involve coordination with Egyptian officials to secure the Egypt-Gaza border, according to Egyptian officials briefed on the plans.

The Israeli military declined to comment on its operational plans.

The more-gradual approach is emerging after weeks of pressure from the U.S. on Israel to avoid a full-scale assault in Rafah, where more than a million civilians are sheltering. The U.S. and many other countries have expressed worries that an assault could cause an unacceptable scale of

civilian casualties.

It isn't clear if the shift in Israel's plans for Rafah will address Washington's concerns. "We have not greenlighted a military operation. I want to be very clear on that point," Assistant Secretary of State for Near Eastern Affairs Barbara Leaf told reporters Wednesday. "In fact we've been quite clear publicly and privately that there's no question of a military operation—major or slightly less than major—being undertaken in circumstances in which you have over a million people crowded into a very small space in the vicinity of Rafah."

Israeli officials have pledged to try to minimize civilian casualties by moving Palestinians to humanitarian enclaves that have food, water, shelter and medical services. Israel is expected to direct people with fliers and phone calls on where to go, as it has in the past.

Jacob Nagel, a former Israeli national security adviser, said he believed the operation is likely to be different from Israeli ground assaults on northern Gaza and Khan Younis. He said Israel would target parts of the city independently, moving the population around accordingly.

Israel's military said Wednesday that it mobilized two re-

serve brigades for deployment to Gaza, and Israel and Egypt are building campsites to handle some of those likely to be displaced. The Israeli Defense Ministry has procured 40,000 tents, and Israel's war cabinet is expected to meet in the next two weeks to review plans for the Rafah evacuation, Israeli officials said.

The Egyptian Red Crescent, a member of the Geneva-based International Federation of Red Cross and Red Crescent Societies, has erected tents in the nearby Gaza city of Khan Younis, Egyptian officials said.

A senior Israeli delegation including internal security service head Ronen Bar and military chief of staff Gen. Herzi Halevi are meeting with the head of Egyptian intelligence in Cairo on coordinating the Rafah operation, said the officials.

A Rafah operation would escalate a nearly seven-month military campaign by Israel in Gaza that began after Hamas attacked Israel on Oct. 7.

Israel has pressed on with its Rafah plans, especially as negotiations for Hamas to release hostages appear to have fizzled out, raising public pressure on the government to act.

—Dov Lieber
and Jared Malsin
contributed to this article.



A Palestinian man inspects a house that was destroyed after an Israeli airstrike in Rafah.

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SENTIENTJET

Hamas Releases Video of Hostage

By ISABEL COLES

Hamas released a video of an American-Israeli hostage on Wednesday, increasing pressure on the Israeli government to strike a deal with the militant group and raising hope the 23-year-old is alive after six months in captivity despite grave injuries.

The Israeli government urged Israelis not to watch the video, which it described as "psychological terrorism." But in a rare move, Hersh Goldberg-Polin's family gave permission for the video to be published and used after it was released by Hamas, underscoring the plight of relatives who are pressing for a deal.

In the two-minute video, Goldberg-Polin speaks directly to Israeli Prime Minister Benjamin Netanyahu, urging the prime minister to bring him and the other hostages home. Goldberg-Polin appeared agitated as he accused the government of abandoning them. The video wasn't dated, but Goldberg-Polin said he had been held for nearly 200 days, suggesting it was filmed recently. He appeared with the stump of one arm, which was blown off when he was taken hostage by Hamas on Oct. 7 along with more than 240 others.

His mother, Rachel Gold-



Hersh Goldberg-Polin is seen in a video released by Hamas urging Israel to bring him and the other hostages home.

berg-Polin, has become one of the most prominent voices calling for the hostages' release in meetings with Pope Francis, President Biden and Elon Musk.

The video release comes amid weeks of deadlock in talks to free some of the remaining 129 hostages, with both Israel and Hamas refusing to back down on key demands.

Goldberg-Polin's parents appealed directly to Qatar, Egypt, the U.S. and Israel in response to their son's video. "Seize this moment and get a deal done to reunite us with our loved ones and end the suffering in this region," Jonathan Polin said in a video.

Little was known about

Goldberg-Polin since Israel tracked his cellphone to Gaza after he was taken hostage.

"Hersh's cry is the collective cry of all the hostages—their time is rapidly running out," said the Hostages and Missing Families Forum, which campaigns on behalf of the relatives.

Among the key obstacles to a deal are Hamas's demand that any temporary cease-fire become permanent and Israel's reluctance to allow the unrestricted return of displaced Palestinians to their homes in northern Gaza.

Among the 129 remaining hostages, at least 34 are dead according to Israeli government estimates.

FROM PAGE ONE

Red Flags Preceded China Bust

Continued from Page One
stable with more than 100 polo ponies. Quillen asked if Goldin's founder, a billionaire polo enthusiast who got rich selling computer monitors, had done a viability study for the project. She said she had no idea.

"Then I realized that the vision was that international executives would come to Tianjin and set up their corporate headquarters here because they like polo," Quillen said. "I was like, oh my God."

When Quillen returned to New York, he poured more money into his wagers against Chinese property stocks.

That was 2016, during the heady days when the Chinese property boom was just getting going. Even then, the truth was obvious to anyone who knew what to look for: The boom had turned into a bubble—and was likely to end very badly.

The bubble proceeded to get even worse, though, because no one wanted the music to stop. Chinese developers, home buyers, real-estate agents and even the Wall Street banks that helped underwrite the boom all ignored warning signs.

Developers found ways to obscure the amount of debt they were holding, with the help of bankers and lawyers. Buyers who suspected the property markets were overbuilt bought more anyway. Chinese and foreign investors seeking juicy returns flooded developers with funding.

The cheerleaders were operating on a seemingly bullet-proof assumption that China's government would never allow the market to crash. Chinese people had invested the majority of their wealth in housing. Letting the market tumble could wipe out much of the population's savings—and erode confidence in the Communist Party.

Now China is paying the price for failing to act earlier to rein it all in.

More than 50 Chinese developers have defaulted on their international debt. Around 500,000 people have lost their jobs, according to Keyan, a private think tank focused on Chinese property. Some 20 million housing units across China have been left unfinished, and an estimated \$440 billion is needed to complete them.

Prices for secondhand homes in major cities fell 5.9% in March. Local governments, deprived of income from selling land to developers, are struggling to service their debts. The overall economy is fragile, as real estate and related industries, which once accounted for around 25% of gross domestic product, become a bigger drag on growth.

In 2016, the same year Parker Quillen toured the polo grounds in Tianjin, a pair of Hong Kong-based accountants traveled to mainland China and hit the road in a rented Buick.

Gillem Tulloch and Nigel Stevenson and their firm, GMT Research, specialize in digging out what they call "financial anomalies" and "shenanigans," and they suspected a lot of that



story hit \$52 trillion, according to Goldman Sachs, twice the size of the U.S. residential market and bigger than the entire U.S. bond market. Chinese people had nearly 78% of their wealth tied up in residential property, compared with 35% in the U.S., according to a report by China Guangfa Bank and Southwestern University of Finance and Economics.

Skeptics like Quillen, the New York hedge-fund manager, and Tulloch and Stevenson, the Hong Kong accountants, were flummoxed.

Quillen had lost millions of dollars on the short positions he accumulated after his visit to the Tianjin development. Shorting China property stocks, he said, was like having a conversation with the devil in which the devil promised that a \$10 stock would go to zero within two years. "But what the devil didn't tell you," he said, "is that within those two years, the stock goes to 100 first, then goes to zero."



Polo fields at the Tianjin Goldin Metropolitan development, above, in 2016. Accountant Gillem Tulloch, left, visited troubled developments.

The structure enabled the parent companies to avoid disclosing on their own balance sheets the liabilities incurred by guaranteeing the subsidiary's debt. It wasn't illegal, lawyers and accountants said, because a balance sheet is supposed to provide only a snapshot of a company's financial health at a specific point in time.

Developers sometimes pledged the same collateral multiple times when borrowing money, according to developers and bankers familiar with the activity.

An executive at one hedge fund recalled seeing the same list of collateral—shares of developers' subsidiaries, receivables or company officials' private jets and mansions—on term sheets for a half-dozen private debt offerings. He bought the debt anyway, given the need for high returns.

"If a portfolio manager chooses not to overlook the collateral issue and refuses to buy those bonds, his performance will rank last, and he will get fired," he said.

Evergrande, having become China's biggest developer, set its sights on becoming one of the world's top 100 companies by 2020.

One executive at a Chinese rating agency said Evergrande asked him to award the company a sovereign credit rating, which would signal Evergrande was as safe as the Chinese government.

Three large Chinese domestic companies awarded it triple-A ratings, the highest possible. S&P Global gave Evergrande only a B-plus rating, junk-bond territory.

Chinese state media highlighted the discrepancy, with People's Daily writing that it was partly due to "a lack of understanding of [Chinese] companies." People's Daily blamed Western firms for "exaggerating the potential risks of the Chinese economy and companies," and said international firms could be helping short sellers.

After a brief pause during coronavirus lockdowns in early 2020, the market resumed its relentless climb.

The total value of Chinese homes and developers' inven-

in China's housing market.

Decades earlier, in the Mao Zedong era, the market was controlled by the state, and most people lived in homes provided by their Communist Party work units. In the 1990s, authorities started liberalizing the market, and private developers sprang up everywhere, erecting row after row of housing towers in one of the biggest investment booms in history.

By the time Tulloch and Stevenson began their trip, many government officials and economists were warning of a bubble. But whenever the market showed signs of faltering, the government would step in. Beijing rolled out new policies to stimulate buying, lowered interest rates and lifted home purchase limits. Confidence was restored, and sales took off again.

Skeptics' tour

Tulloch and Stevenson were suspicious. As they drove across the country, they were amazed by the number of empty buildings and busted projects.

They zeroed in on the projects of China Evergrande Group, the country's largest developer by sales. After visiting 40 Evergrande projects in 16 cities, they concluding that many of them were "dead assets," earning little or no income. Those included sparsely occupied hotels, shops that hadn't ever been occupied and entire developments far from major population centers.

At one project, in a port city a few hours from the North Korean border, six residential

towers were abandoned, with no workmen, residents or marketing staff. Yet according to Tulloch and Stevenson, Evergrande still treated the project on its books as a performing asset, without writing down its value.

Tulloch and Stevenson paid special attention to Evergrande's parking garages. Many were nearly empty. By their reckoning, Evergrande had built some 400,000 parking spaces it was struggling to rent or sell, yet in audited statements it continued to value the spaces at \$7.5 billion, or nearly \$20,000 per space.

"The company is insolvent by our reckoning, and its equity worth nothing," they wrote to clients later that year, in a report titled "Auditors Asleep." The report concluded Evergrande could stay afloat only by borrowing more.

Evergrande has defended its accounting and business practices, saying its financial results were audited.

Tulloch and Stevenson said that many of their clients agreed with their analysis, but they don't think many of them acted on it.

They were right not to. China's property market was on the eve of a rebound, thanks to the government's property-market rescue plan rolled out a year earlier. The next year, 2017, home sales rose 11%, and Evergrande's Hong Kong-listed shares

surged 458%.

To many Chinese people, real estate seems like a smarter and safer investment than stocks. Many bought multiple units and left them empty, satisfied just to see their values increase.

Developers needed a lot of capital, which meant fees for financiers willing to raise it. From 2017 to 2021, Chinese real-estate developers raised \$258 billion by selling dollar-denominated bonds, according to data provider Dealogic. Banks, including Wall Street heavyweights such as Goldman Sachs and Morgan Stanley, collected \$1.72 billion for underwriting these deals.

Chinese banks and international institutions such as Fidelity, Invesco, BlackRock and Pimco invested in Chinese property bonds. Demand for the bonds, which yielded double-digit returns, far exceeded supply, so investors appeared willing to tolerate dubious deal structures.

One popular tactic, which bankers and investors nicknamed "hole-digging," involved using shell subsidiaries to borrow money, guaranteed by the parent development companies. The guarantee was valid all year long—except, according to documents reviewed by The Wall Street Journal, for June 30 and Dec. 31, the cutoff days most Chinese property companies use to base their financial results on.

The truth was obvious to anyone who knew what to look for.

More Dogs Come to the Courthouse

Continued from Page One
O'Neill-Stephens, founder of the nonprofit Courthouse Dogs Foundation.

Courthouse dogs such as Comet, typically working with prosecutors or victim advocates, often are used to comfort witnesses testifying in court or people, particularly alleged crime victims, during law-enforcement interviews.

"You get someone who doesn't want to talk, is street hardened and wants no part of being in the building," says Brian Bendish, a prosecutor in Westchester County, N.Y., as Lewis, the 6-year-old Labrador retriever he lives and works with, looks on with puppy-dog eyes. "Then Lewis comes in and you can feel the change in their cooperation."

But some defense attorneys

are arguing that courtrooms have gone to the dogs.

"A dog signals to a jury that an alleged victim is sympathetic, needy or vulnerable," says lawyer Jan Trasen, of Washington Appellate Project, a public-defender organization. "The accused person doesn't get to sit there with props."

"I love dogs," adds Trasen, whose own mutt, Bear, was trained at a juvenile-detention center. "I just don't think they belong in courtrooms."

How do pooches get summoned for courthouse duty? Experts look for dogs—typically black labs, golden retrievers or a cross—that are emotionally stable and social, even with people they don't know, says Flora Baird of Canine Companions, a nonprofit that breeds, trains and places service dogs, in addition to those in the justice system.

Trained to follow more than 40 commands and not bark on the job, these canines are paired with handlers who work in criminal justice and manage a dog as part of their role.

For Jason Kramer, a prosecutor in Denver, the process was akin to doggy speed dating. His first match, a labrador-golden retriever named Rita, was a bust. "She had me wrapped around her paw, and I wasn't going to be a very good handler," says Kramer. His current partner is Rita's brother Rylan, who is more receptive to his commands.

Some regions are more court-dog friendly than others, says O'Neill-Stephens, of the Courthouse Dogs Foundation. "Out West it's much more acceptable," she says. "Along the East Coast, they see it as undignified."

Nine states have laws explicitly allowing specially trained dogs in courtrooms. In others, including Maine and New York, efforts to pass similar legislation have thus far



Juno, a courthouse dog in New York.

failed. "Some of my colleagues are concerned about fairness," says state Sen. Pam Helming, a Republican who sponsors New York's bill. Helming had visited Juno, a courthouse dog in Ontario County, which is in her upstate district. "This isn't scientific, but when Juno gave me some kisses, my

blood pressure probably dropped a little bit," she says.

Kids are among the dogs' biggest fans.

Victim advocate Shannon McFate, of the Denver district attorney's office, asks children their favorite color before choosing neckwear for her office's dog, Bodhi, from his 50-piece bow tie collection. Fawn Borden, in Arkansas, taught a dog named Roxy how to play Uno with those who come in for interviews.

Adults, too, appreciate a four-legged friend, although handlers learn to ask before bringing the canine variety. Once, Borden, who works with victims, took a dog along to an interview, but found the pup wasn't welcome. "The woman showed up with a bunny, who was her emotional support animal," she says.

Dog rules vary. In Arkansas, the law requires dogs to remain out of jurors' sight. The stakes are high: If the canine pops out its head from the witness box, a judge could declare a mistrial, Borden says.

"We tell our clients, 'Wear slip-on shoes, and you can use

your foot to pet the dog," she says.

In some other states, judges instruct jurors not to let the dog's presence impact their deliberations.

Objections by defense lawyers have led to a body of appellate law around the country, giving new meaning to the saying "a dog of a case." Courts have largely ruled in favor of canines. When Pennsylvania's highest court ruled in 2021 that trial judges have the discretion to allow witnesses to testify with dogs, the court noted one judge had taken several precautionary steps to prepare for the possibility that excited tail-wagging by a dog named Melody would make noise in the witness box.

Dog handlers face unique challenges. Kramer, the prosecutor in Denver, runs 15 minutes late because Rylan's fans, from security guards to coffee vendors, stop him in the hallway. McFate, of the Denver district attorney's office, is constantly battling Bodhi's blond fur. "I feel like if I don't have a roller with me it's a fireable offense," she says.

Peaking out

By late 2020, it was becoming harder to ignore the warning signs.

Prices in Tianjin were comparable with the most expensive parts of London. Millions of units across China sat empty.

Quillen figured the writing was truly on the wall now. President Xi Jinping kept declaring that "homes are for living in, not for speculation," and reports surfaced that regulators were planning to tighten credit. Quillen made new short bets.

On the first day of 2021, regulators imposed a policy known as the "three red lines," which restricted new borrowing by overleveraged developers. Banks started demanding early loan repayments. Investors stopped buying developers' stocks.

In August 2021, Evergrande stopped construction at hundreds of projects. It sought government help later that year, but didn't get a bailout.

Chinese home buyers, spooked by the possibility that developers might run out of money and leave their homes unfinished, stopped buying. At China's biggest 100 developers, sales nosedived.

Developers fell into liquidity crises like dominoes. In March, the Chinese securities regulator said that Evergrande overstated its sales in 2019 and 2020 by a total of \$78.4 billion, making it one of the largest ever alleged financial frauds.

Goldin Financial, the company that developed the Tianjin project Quillen visited, is bankrupt. An office tower there, designed to look like a walking stick, has become a favorite of international urban explorers who stage stunts there and post videos to YouTube. The polo center's horses, wines and furniture were listed on an auction website in 2021.

Quillen, now chief investment officer at Contrarian Alpha Management, won't say how much he eventually made on his bets against Chinese developers. He said anyone shorting the stock after the 2017 spike who didn't get squeezed out when the stock rose would have notched a 100% return.

He said he felt vindicated, but regretted his bet wasn't bigger.

—Cao Li

contributed to this article.

‘Senior’ Jobs That Require No Experience

Many early-career positions now come with inflated titles, granting rookies veteran status



ON THE CLOCK
CALLUM BORCHERS

The job titles imply a wealth of real-world expertise: senior client associate at JPMorgan Advisors, senior analyst at Johnson & Johnson, senior associate application engineer at Discover Financial.

In reality these recently advertised roles are among a slew of jobs that sound high level yet require a year or less of work experience, according to their postings. I searched for entry-level openings on Indeed’s job board this week with “senior” as the keyword and got more than 8,000 results.

In some cases, you could go straight from being a senior in college to a senior employee.

Title inflation is a well-worn corporate practice in the middle and upper ranks, where chiefs proliferate far outside the C-suite and almost as many vice presidents exist as Mets fans at Citi Field this season. Then there are “The Office” types like Dwight Schrute—the regional assistant deputy managers of such-and-such who wield many adjectives and little power.

Throwing fancy titles at long-tenured employees is understandable, but do we really need to grant rookies veteran status?

Often, the reason for title inflation is as simple as appealing to people’s egos.

“If everyone at your firm starts as a senior person, that can help you hire for a position more quickly,” says Nick Bunker, Indeed’s director of North American economic research.

Beyond making new hires feel important right away, impressive-looking titles can give employees confidence that they’ll be well-positioned for future career moves, he adds.

If you want to offend people in a hurry, though, ask whether their job titles are legit. One young professional after another indignantly told me that every precocious line on their résumés is well-deserved.

The justification

Managers justify swollen titles by noting that novice employees sometimes perform tasks that would have been considered advanced a short time ago, since technology can automate a lot of grunt work. Pay-transparency laws mean companies have to rationalize pay gaps among employees in other ways. Grander titles are one strategy.

The Federal Trade Commission’s decision this week to invalidate most noncompete agreements gives businesses another potential motive to hand out lofty titles. Senior executives, defined by the FTC as staff in “policymaking positions” earning more than \$151,164 a year, can still be restricted from jumping to a rival if they’ve signed noncompetes before the FTC ban is supposed to go into effect in about four months.

The FTC’s definition of “senior” is broad enough that companies could potentially make a swath of



▲ Daniel Keum says businesses may inflate titles to give workers a sense of career progression.

employees eligible for noncompetes by dishing out dubious promotions in the coming months, says Andrew Botti, a lawyer who has represented businesses that want to preserve noncompetes. A court, though, might see through the ploy if those agreements were later challenged, he adds.

Companies are tempted to inflate titles to imbue workers with a sense of career progression, says Daniel Keum, an associate profes-



sor of management at Columbia Business School. Some advances are so incremental that they don’t come with raises, otherwise known as “dry” promotions.

As a consultant at McKinsey & Co. in the late aughts, Keum recalls being promoted one year out of college to junior engagement manager, a new label at the time.

“From the outside, it looks like a silly, made-up title,” he says. “But imagine you’re inside the organization and you see that, within your cohort, someone was named junior engagement manager and others were not.”

Businesses should think carefully before pumping helium into job titles, says Paul Wolfe, a fractional chief people officer at Glaad, the LGBTQ nonprofit, who previously held top HR posts at Condé Nast, Match and Indeed. One way to make clients

► Paul Wolfe advises companies to be careful pumping up titles.

feel like they’re getting top-notch service is to assign them senior employees or, at least, people carrying the imprimatur of seniority.

“If I’m meeting with a senior so-and-so, I’m expecting somebody with gravitas and experience—somebody different than a 24-year-old,” Wolfe says.

Bigger title, better résumé?

High-up titles have come to the lower-skill jobs, too.

Cashiers are retail associates; janitors are called facilities technicians. At Lululemon, the people who stock shelves and ring up customers are called “educators” because they inform shoppers of product features. If people without degrees or students working part time get snazzy titles like these, the argument goes, then it’s reasonable for early-career professionals to expect upgraded monikers of their own.

On the job site Monster.com last year, 56% fewer positions were marked entry-level than in 2021, the company reports. Openings labeled senior- or executive-level were up 200%.

There are probably multiple explanations, says Monster career expert Vicki Salemi. Businesses improved their intern-to-full-time-hire pipelines coming out of the pandemic, reducing the need to post entry-level roles on job boards.

Salemi adds that job seekers can negotiate titles in the same way they haggle over salaries. Companies keeping a tight lid on payroll might be more willing to fatten your title than your check.

Some talent-acquisition teams are getting wise to the title-inflation game, says Claire Thomas-meyer, a recruiter at the civil engineering firm Kimley-Horn. She focuses on early-career hires and hardly looks at the titles on the résumés she receives.

“Saying you’re a senior X, Y or Z doesn’t mean the same thing from this company to that company, so to me it’s a moot point,” she says. “I’m going to instead just focus on what you have done.”

American Rejiggers Its Reward Program

By JACOB PASSY

American Airlines will soon reward travelers for booking trips only when they do so through American itself or its preferred channels.

Starting in July, travelers will only receive Loyalty Points and AAdvantage miles for airfare if they book directly with American or one of its partners, or with a preferred travel agency. Otherwise, travelers won’t receive points or miles for their flights. Other methods of earning rewards with American, such as spending on co-branded credit cards, won’t be affected by this change.

Whether a travel agency, including corporate travel managers and online travel booking sites, is preferred or not depends on whether they have adopted modern booking technology, American says. The new policy was originally supposed to go into effect in May, but was delayed to give agencies more time to implement the new technology.

American’s latest move is part of a broader reset of the way airlines hand out miles and points. In the past few years, several airlines have incentivized travelers to use co-branded credit cards to earn more rewards points while also encouraging people to plan trips within airline booking ecosystems.

American’s approach shows that

the airline is focused on converting new customers—especially those booking its cheapest, basic economy fares—into loyal ones who sign up for a co-branded credit card and engage with it in many ways, analysts say. It also reflects the way reward programs have crept into every aspect of consumers’ lives, from where they buy their coffee to who they trust to invest their money.

“We are competing with every reward program that’s out there—it’s not just airlines,” says Scott Chandler, American’s senior vice president of revenue management and loyalty.

Status check

American Airlines has lately been a first mover when it comes to rethinking how travelers can earn and use their rewards with the carrier.

In 2021, American announced an overhaul that upended how people could earn status in its AAdvantage loyalty program. Gone were complicated metrics based on how far or how often people flew. Instead, status was tied to a single metric: what American calls “loyalty points.” Those points could be earned by traveling with the airline, or by spending on American-branded credit cards or shopping through an American-sponsored online portal.

“All of a sudden you could earn status by just shopping online or in-



teracting with their partners,” says Adam Morvitz, founder and CEO of point.me, a points and miles search aggregator and booking service.

Other airlines have followed. Delta Air Lines last fall announced changes designed to reward people who spend more with the airline or on its credit cards, rather than those who flew most often.

Rachel Silver, a 37-year-old small-business owner and mother of two who lives in Miami Beach, Fla., travels about once a month. She still manages to maintain AAdvantage’s second-highest tier of status, Platinum Pro. She makes diligent use of an American-branded credit card and uses American’s shopping portal.

“I’m not a weekly business traveler,” Silver says. “And even still I am able to have a pretty nice status level on American.”

The miles she has accrued have

▲ American’s approach shows it is focused on converting new customers into loyal ones.

enabled the family to visit destinations such as Los Angeles, London and Japan, she says.

Dynamic points pricing

In another shift to its program, last year American introduced fully dynamic award flight pricing, replacing the traditional miles charts that dictated the cost of reward travel. That change led to traveler concerns that American would devalue its rewards, asking customers to fork over more miles to book a vacation.

A recent analysis suggests the opposite. The lowest-priced reward flight with American on average was 25% cheaper in 2024 compared with five years earlier, according to airline-consulting firm IdeaWorks. Comparatively, the price of a re-

wards flight, in miles or points, across all of the carriers studied rose 28% on average since 2019. The IdeaWorks analysis was based on 600 flight inquiries conducted in March for travel between June and October.

In setting its pricing, Chandler says American has changed its mindset as to whether it’s better if a customer books a flight with miles rather than cash. “When people use their miles, they are actually happier,” Chandler says.

Less-traveled routes

Savvy American fliers say that redemption rates are particularly solid if you’re willing to go to less-traveled places.

William Neely, a 36-year-old software engineer from Boston, regularly flies to Wichita, Kan., to visit friends from college and check in on a house he owns there.

A last-minute flight can cost upward of \$700, Neely says, but he regularly finds deals for award flights costing only around 13,000 miles through AAdvantage. That can equate to more than 5 cents a mile. On average, airline points and miles are generally valued between 1 cent and 2 cents.

“There’s no other carrier out there that uses their mileage program to prioritize the underutilized routes,” Neely says.

PERSONAL JOURNAL.

How to Navigate a Potential TikTok Ban

The app isn't going away soon and people can still use it as they normally would, but there are some steps to take now

BY ANN-MARIE ALCÁNTARA
AND JOANNA STERN

Here we go again: Another potential TikTok ban is in the works, for the 647th time. Except now it looks a lot more serious for the Chinese-controlled social-video app and its 170 million U.S. users.

President Biden signed a bill into law Wednesday that will force a sale or ban of TikTok.

Does that mean RIP forever, TikTok? No—or not yet, anyway.

ByteDance, the company's Chinese owner, will have up to a year to sell the app. If it can't—or won't—then TikTok will be banned in the U.S.

"This unconstitutional law is a TikTok ban, and we will challenge it in court," TikTok said Wednesday, adding that it believes it will prevail and the law is on its side.

U.S. lawmakers, who passed the bill Saturday in the House and late Tuesday in the Senate, say they're worried about how TikTok could affect national security. That includes the potential for China to collect intelligence on U.S. users or spread Beijing's favored messages to users regarding sensitive topics such as the Israel-Hamas war.

TikTok has repeatedly said that it has never shared U.S. user data with the Chinese government and that it would refuse any such requests.

The company reiterated Wednesday that it has invested billions of dollars to keep U.S. data safe and its platform "free from outside influence and manipulation."

TikTok isn't going anywhere and people can still use it as they normally would, Chief Executive Shou Zi Chew said in a TikTok.

Some TikTokers, meanwhile, have been posting videos on tech workarounds and posing the hundred-billion-dollar question: "Where is everyone going once the TikTok party is over?"

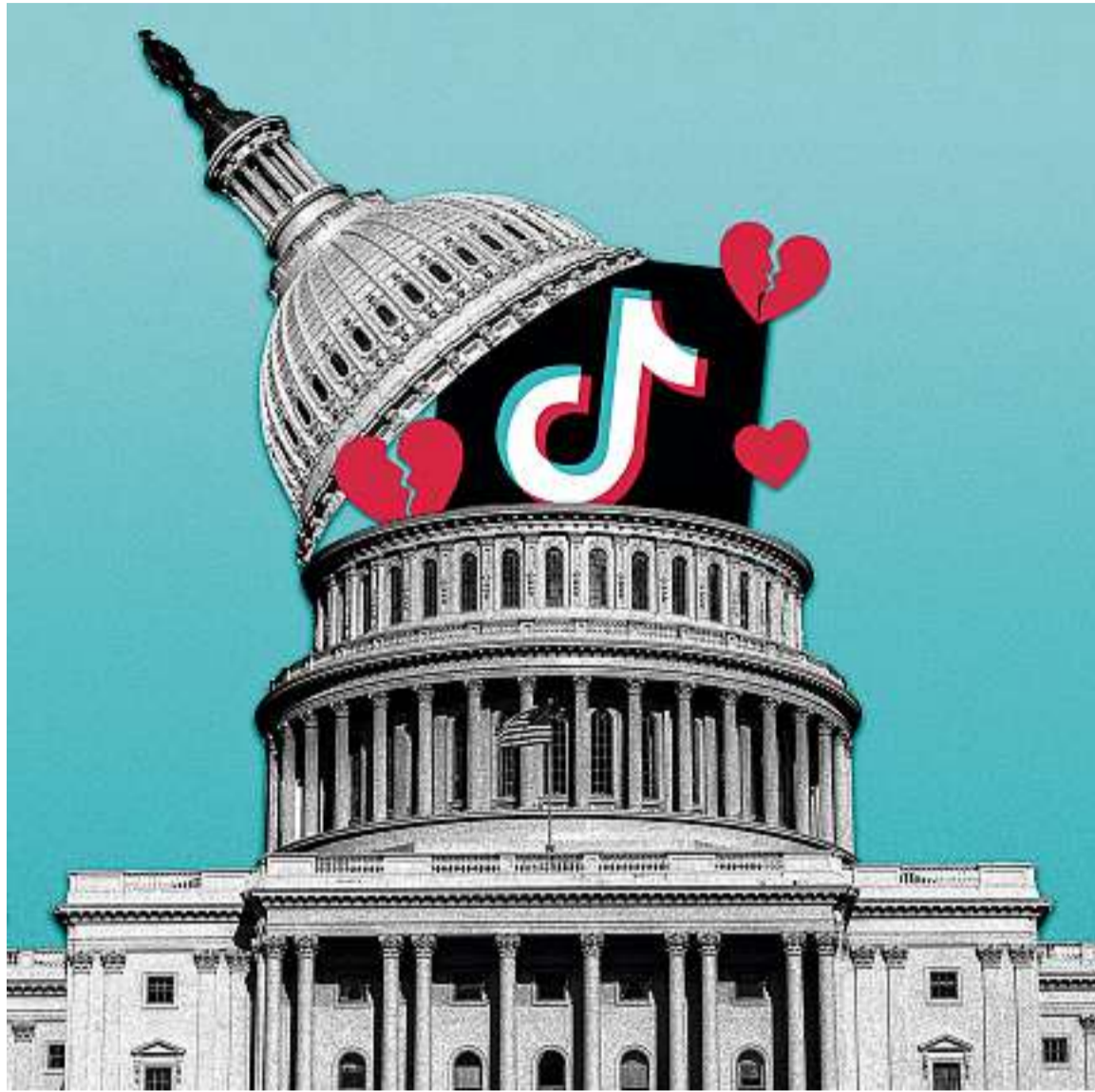
TikTok users don't need to pack up their things and flee the app. But it isn't a bad idea to have a go-bag ready. Even if the app itself eventually goes away, the short, vertical videos it popularized won't. You'll just watch them as Reels on Instagram or Shorts on YouTube instead.

Here are some of the biggest questions about what may—or may not—happen to the app.

What does the bill actually say?

ByteDance has nine months to find a buyer, though the president could grant it a three-month extension.

Should ByteDance not find a buyer, it will be "unlawful for an



entity to distribute, maintain or update" the app, per the text of the bill. Translation: You wouldn't be able to download or update TikTok from app stores, including the Apple App Store for iPhones and the Google Play Store for Android phones.

A ban on a popular foreign app in the U.S. is new territory, but Apple and Google are familiar with the process in other countries. Last week, China ordered Apple to

remove Signal, Telegram and Meta Platforms' WhatsApp from the App Store in the country.

So, I could keep TikTok on my phone?

Yes, if the ban were to go into effect—again, likely no sooner than sometime in 2025—you could keep TikTok on your phone. Without regular refreshes, the app would stop updating, leaving you and your data vulnerable to bugs, leaks

and other security issues. The app would stop working at some point.

It's also likely that TikTok would comply with the ban and disable access to its service in the U.S., says Alp Toker, director of NetBlocks, a firm that tracks internet connectivity and censorship.

If TikTok didn't comply, it might fall to individual internet service providers—your cellular carriers and your home broadband company—to decide whether to filter and restrict TikTok's domains. Asking ISPs to step in could be the most challenging part of the ban, says Toker, and trigger a debate about free speech. (TikTok has also made this argument when defending its position.)

It "doesn't look good when the U.S. presents itself as an opponent to internet filtering globally," he adds.

A national ban would be easier to enforce than the piecemeal bans in places like Montana and with government employees. Federal and state employees have gotten around the ban by using TikTok on nonwork phones. And Montana's TikTok ban hasn't gone

◀ **TikTok is one of the most popular social-media apps in the U.S., but Congress views it as a national-security threat.**



It's Not a Sneaker. It's Not a Loafer. It's Dubbed A 'Snoafer.'



ON TREND
JACOB GALLAGHER

It's the footwear equivalent of a pork. And no one knows what to make of it.

New Balance's latest frankenshoe, the 1906L, is trapped between a sneaker and a loafer. It has grayed-out mesh paneling and a stabilizing sole—trademarks of the centurion sneaker company's running shoes. But it lacks laces or even eyelets. The sneaker's bulky silhouette has been shaved down into a purist loafer.

Like the liger, the Cronut and the chortle before it, this shoe is a confounding hybrid. Though it won't be released until August, it has already been memed into oblivion. "I can't wait to mow my lawn in these bad boys," read one Instagram comment. "Church at 9 and dunking on the kids in the gym at 11," read another.

Even what to call this identity-crisis-stricken creation is up for debate. I said "snoafer," others

"sneaker." In an interview, Charlotte Lee, the New Balance footwear designer behind the 1906L, referred to it simply as a loafer. (The name comes from the longstanding New Balance running shoe design, with an L tacked on for loafer.)

It's now common for footwear giants to contort core styles into something new. In recent years, Nike, Adidas and New Balance have sliced the back heel off certain shoes to turn them into slip-on mules. But those were meant to be casual. The snoafer has greater ambitions.

Rather than march toward the couch, the snoafer takes an express elevator to the executive suite. It is a sneaker that dares to be worn with a suit. Lani Perry, New Balance's senior product manager, who oversaw the 1906L's Frankensteinian birth, said she hopes to see wedding pics featuring snoafer-wearing grooms.

Lee, the designer behind the shoe, said that the 1906L referenced trends swirling around the sneaker world, including techy running shoes and a pandemic-sparked obsession with comfort. "It feels like we are a brand which can blend between many lines," said Lee. She came up with the idea in June 2022, taking inspiration from New Balance's history of making by-the-book brogues and boat shoes from around the '80s and '90s—a largely forgotten chapter in the brand's history that Lee unearthed in the archive.

Notably, the snoafer manages to plow new ground on the stagnating dad-shoe trend. For about a decade, young men well shy of fatherhood have co-opted doughy, mesh-heavy



The snoafer notably plows new ground on the stagnating dad-shoe trend.

trainers worn by middle-aged suburbanites everywhere. The 1906L ditches the youthful language of a sneaker, and instead blends with the silhouette of a country club loafer. Like a genetically modified tomato, it is the dad shoe perfected.

"It's the best of all worlds where you want a hint of something that feels classier than a sneaker, a bit dressier than a mule," said Jian DeLeon, men's fashion director at

Nordstrom, who first spotted the style during its debut on the runway at the Junya Watanabe fashion show in Paris in January.

Prior attempts to fuse formal shoes with sneakers have produced mixed results. Cole Haan's

leather-uppered and sneaker-soled LunarGrands from the early 2010s remain a cubicle staple, and variations on the shoe have been worn by politicians including Senate Mi-

into effect; a federal judge ruled in November that it "likely violates the First Amendment."

Would I need a VPN? What is a VPN anyway?

VPNs, aka virtual private networks, are meant to make your web browsing and other activities more private and obscure your location.

After you download a VPN on your phone or PC, it creates a private channel over the open web and encrypts your data into an incoherent string of code. Your data gets routed through the VPN provider's servers, making it seem like you're based in, say, Canada when you're actually sitting in Brooklyn. And it hides your activity from your internet service provider and others.

At least that's how it's supposed to work. Some VPN providers can share your data with other companies. And it can become an even bigger headache for the U.S. government as Americans' data gets piped through servers located in other countries, Toker says.

VPNs likely wouldn't solve the issue of app degradation over time. And the VPN route may not work at all if TikTok is compelled to disable U.S.-registered accounts even when accessed from other countries, Toker says.

What should I do now?

Keep using TikTok as you normally would and keep the app current. Should a ban really happen, you would have the latest version of the app on your phone (though that's not a forever fix).

It's also not a bad idea to download your data under the Account section in Settings. It will include your username, profile photo as well as your video and comment history, and any shopping activity.

Don't forget to download any videos you've posted, even those in your drafts. For videos you've published, tap the three dots in the bottom right corner and hit the "Save video" option. If you have a video in drafts, open it up and navigate to the save option near the other edit settings on the right.

What about other apps?

Even if TikTok disappeared tomorrow, short-form video isn't going anywhere. YouTube reported in September that YouTube Shorts, the vertical-video section of its app, has more than 70 billion daily views. People reshare Reels—Meta's TikTok competitor—3.5 billion times a day, Chief Executive Mark Zuckerberg said in February.

TikTok undoubtedly remains popular, but its growth has begun to stagnate. In the U.S., so many people are quitting the app that the total number of U.S. users has stalled, The Wall Street Journal reported last month. In the past, TikTok consistently added more users than it lost.

No matter what happens with TikTok, we'll see you all back on Facebook. Just kidding.

◀ New Balance's latest frankenshoe is a hybrid between a sneaker and a loafer.

nority Leader Mitch McConnell (R, Ky.) and House Minority Leader Hakeem Jeffries (D, N.Y.). They may have bipartisan appeal, but Cole Haan's concoctions have faced derision from fashion critics.

Loro Piana's \$1,095 Open Walks—a suede loafer upper on a rubber sole—were for a time the unofficial shoes of the Davos-to-Sun Valley circuit. Other stabs, such as a 2019 steam-punky loafer/sneaker design Reebok made in collaboration with London fashion label Cottweiler, tried and failed to gain the snoafer a foothold.

Shoes like the LunarGrand always seemed to be shy about their sneakery side. Their whole intent was that you could wear them to the office and *maybe* fool your boss into thinking they were just a pair of Allen Edmonds. But the 1906L could never be mistaken for anything other than the bizarre mull it is. It wears its sneaker and loafer DNA in equal, ostentatious measure, resulting in one strange, yet compelling, shoe.

"It works because it knows it's goofy, and it knows it's unserious," said Brendan Dunne, the head of sneakers at Complex magazine. He said he's never owned a pair of loafers but plans to get the 1906Ls. "If you wear them, you're not trying to be that serious," he said.

The new Balance team welcomes the jokes. "We can poke fun of ourselves," Perry said. Lee, for her part, called the memes the "ultimate compliment."



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and durability. For this simple seal bore witness to the epic journey each has undergone in our workshops, from initial sketch to final tests before shipping. Of all the components which compose our watches, this seal is not the hardest to manufacture but it is wholly our own and its value is immense. Because it carries the promise of our unwavering commitment.

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ARTS IN REVIEW

By PETER PLAGENS

Toledo, Ohio

It's almost not fair. Marisol (1930-2016) was beautiful, exotic and talented, and almost instantly famous—both as a Pop artist and something different from a Pop artist. She was Pop Art's most prominent sculptor after Claes Oldenburg (with the three-dimensional forays of the painter/printmaker Roy Lichtenstein a close third), and her sculpture refers to—indeed critiques—life lived in the atmospheric pressures of advertising, conformity and a plethora of material goods.

Marisol was born Maria Sol Escobar in Paris, the child of wealthy Venezuelan parents. She spent a good deal of her childhood going back and forth between the U.S. and Caracas, and once told an art critic that her family traveled “not because of business but out of boredom.” It's not known whether ennui was the cause of her mother's suicide when Marisol was only 11 years old, but the daughter—who was shipped off to boarding school—ceased speaking except when necessary until her late 20s. She came to New York in 1950 and took classes at the Art Students League and the Brooklyn Museum, as well as with Hans Hofmann, the German-American Abstract Expressionist who was as famous for his teaching as for his painting. In 1954, Marisol began making sculpture.

Marisol (who worked alone, without assistants) quickly arrived at a way of combining a Pop sensibility with academic skills and disciplined craft. She started by drawing and painting realistic portrait faces on wooden blocks, and gradually expanded into adding objects from real life. Albeit mostly cheery—or mock-cheery—the amalgam had a comes-to-life-at-night quality that could be appreciated by both art-world insiders and the general public. Who wouldn't like such a comically dignified sculpture as “Women & Dog” (1963-64), with three stiffly dressed-up adults, a child, and a small (yes, taxidermied) dog?

This eponymous retrospective at the Toledo Museum of Art contains about 250 works including, besides sculpture, sketches, studies, self-portraits, personal photographs and source documentation. (The show was curated by Cathleen Chaffee at the Buffalo AKG Art Museum, where it will travel this summer.) Cleverness abounds—from a great big “Baby Boy” (1962-63), who looks quite like Picasso wearing a pair of his ever-present shorts, to the frequent appearance of the artist herself, in the form of cast faces. Wit sometimes yields



ART REVIEW

Sardonic Society Sculptures

Marisol incorporated the pressures of conformity and material culture into eye-catching works



Marisol retouching a work in 1963, left; ‘The Party’ (1965-66), by the artist, who was born in Paris to Venezuelan parents, above.

in a red bikini—lie on the floor in front of a large wooden rectangle painted bright blue, which shifts between being sky or the receding sea (Marisol knew her Cubism). A yellow hat on the bather in the foreground completes the play of primary colors (Marisol knew her color theory). The work is simultaneously a sly social comment and a formalist take on the interaction of physical space and color.

“The Party” (1965-66), however, is the veritable star of the show. A gathering of 15 life-size figures (14 female partygoers and one server) stand—facing forward like an opera chorus—in front of three background panels of finished wood and mirrors. They're dressed in Marisol's trademark mixture of real and painted replicas of clothes and satirized accessories such as a big bow tie, a tall ornate crown, and small television sets for eyeglasses. The whole sculpture is cheerful (if a bit stiff) at first, but it slowly turns spooky. Regarding “The Party,” Marisol herself said: “I

never wanted to be a part of society. I have always had a horror of the schematic, of conventional behavior. All my life I have wanted to be distinct, not to be like anyone else. I feel uncomfortable with the established codes of conduct.” Her sophisticated violation of codes—social and aesthetic—is the heart of her art.

The installation of what might be called Marisol's textbook works in the large main gallery is superb, with a slightly elevated island providing both a walkabout viewing experience as one circumnavigates it and safety for the works. But for all the visual bang of the massed sculpture in the large room, there is a slight diminishment in it, too. Marisol is an artist who is probably better seen in smaller doses, where her mixture of technique, humor, social insight and sculptural subtleties can be appreciated without, as it were, other visual conversations overheard from the sides. Some of her two-dimensional work—such as an untitled 1972 watercolor with Art Deco-ish flames and a garish mouth—can appear almost adolescent. The galleries with later work—such as some combination human-and-fish figures inspired by Marisol's later interest in scuba div-

ing—are interesting, but only that.

Marisol is understandably categorized as a Pop artist because of her deadpan duplication of the tropes of life in a highly commercial society. She doesn't, however, recycle advertising and the artifacts of popular culture in the manner of Lichtenstein or Andy Warhol. Nor does she make giant duplicates in the manner of Oldenburg, or present herself and her art as an out-front feminist. “Women in this emergence of second-wave feminism,” says Toledo curator Jessica S. Hong in the exhibition catalog, “critiqued Marisol's apparent embrace of the popular press and lending her artwork as promotional backdrop for fashion shoots.” Ms. Hong refers to the art historian Cécile Whiting's observation that “Marisol's unapologetic femininity [was] a factor that ultimately led to the declining interest in her work in the 1970s.” With this exhibition, that decline has obviously—and officially—been reversed.

Marisol: A Retrospective
Toledo Museum of Art,
through June 2

Mr. Plagens is an artist and writer in Connecticut.

CULTURAL COMMENTARY

Duke Ellington's Singular Swing

By JOHN EDWARD HASSE

Duke Ellington encompassed multitudes. He lived 75 years and directed his jazz orchestra for 50. His compositions number 1,700. More than 800 musicians recorded with him. He led his ensemble through 10,000 recordings, an estimated 20,000 performances and 10 million miles of travels across 65 countries.

But his legacy goes far beyond numbers. In American music, I argue, Ellington ranks as the greatest all-around figure: composer, arranger-orchestrator, bandleader-conductor, piano accompanist, soloist and musical thinker. He composed broadly—three-minute songs and instrumentals such as “Mood Indigo,” multi-movement suites like “Such Sweet Thunder,” scores for such motion pictures as “Anatomy of a Murder” and ballets as “The River,” and concerts of sacred music. He was a restless innovator who kept evolving, much as did Pablo Picasso, Frank Lloyd Wright and Miles Davis.

Ellington dedicated his career to commanding racial respect. Supporting social justice and civil rights, he advanced esteem for African-Americans through his elegant deportment and sophisticated music, and with such pieces as his “Black

Beauty,” “Symphony in Black” and “Black, Brown and Beige.”

Ellington was born in Washington on April 29, 1899, and in 1924 he began recording his own compositions. In the '20s, popular music primarily emphasized songs, leaving room for stars who made hits. Late in that decade, Louis Armstrong musically stamped each tune he touched as his own, putting emphasis on the solo performer. But few

members of the public could name a musician working within a band. Ellington thought up and implemented a more complex, revolutionary musical model.

Within that collective, he strove to maximize the individuality of all his players to create a dazzling, original idiom. Unlike other composers, he didn't write for first trumpet or second trumpet, but rather for the bandmembers playing those instruments. Like a magisterial painter, he alchemized his one-of-a-kind pigments—the signature styles of his performers—into a wondrous aggregate greater than the sum of its parts.

In 1961, Ellington said, “My biggest kick in music—playing or writing—is when I have a problem. Without a problem to solve, how much interest do you take in anything?”

He was in fact a ceaseless obstacle jumper. He spoke of his players,



“We have deep consideration for the limitations of everyone; it's an interesting problem to handle.” Ellington solved the challenge of shortcomings by listening closely to all his musicians and then composing to highlight their strengths.

While clarinetist Benny Goodman kept his big-band players for an average of three years, Ellington managed to retain his performers for an average of 15, some for two or three times longer. He did so by writing pieces that featured individual musicians, such as trumpeter Cootie Williams in “Concerto for Cootie.” Unlike Goodman, who was wont to monopolize solo space, Ellington generously gave it away to his bandmembers, throwing the spotlight on them rather than on himself.

How did Ellington keep his music fresh? By jotting down musical notations nearly every day of his adult life, producing a stream of new

pieces year after year. He left behind roughly 100,000 pages of music manuscripts, nearly all preserved at the Smithsonian's National Museum of American History.

He maintained his orchestra for half a century to introduce and proffer his work: Each night was like a rehearsal or laboratory for the next piece he was composing. Some of his musicians were expensive, but Ellington knew that without hearing his creations nightly, his ability to compose would suffer greatly.

Across the U.S. and Europe, Ellington's 125th birthday is being celebrated throughout the year. In Washington, the John F. Kennedy Center is leading the way, offering 21 different programs. Pianist Jason Moran, the Center's artistic director

for jazz, said in an email, “Ellington's work stands as a towering tree that provides us fruit and shelter.”

Meanwhile, creating new audiences for Ellington's music has been a driving mission of Jazz at Lincoln Center, which since 1996 has run the annual Essentially Ellington High School Jazz Band Contest and distributed 300,000 Ellington music “charts” for free to 40,000 high-school bands in 57 countries, involving nearly one million students. It's an unprecedented success story.

Ellington's legacy reaches well beyond his corpus of consummate music: He became a cultural hero, inspired thousands of performers, arrangers and composers, and brought joy to millions of listeners.

In later years, Ellington used the expression “beyond category” as the highest possible praise for someone, such as Ella Fitzgerald, unique in her brilliance. Because of the unmatched sound of his orchestra, the extraordinary range of his creations and the astonishing artistic heights to which his music soared, no one deserved his accolade more than he did himself.

Mr. Hasse is curator emeritus of American music at the Smithsonian's National Museum of American History and author of “Beyond Category: The Life and Genius of Duke Ellington” (Da Capo). He often speaks on Ellington in lectures and panel discussions.

SPORTS

The Changing Shape of Quarterbacks

Caleb Williams, Jayden Daniels and other passers are expected to dominate the top of this year's NFL draft. Their generation brings an entirely different skill-set than their predecessors.

By Andrew Beaton and Rosie Ettenheim

It's hardly a secret whose name NFL commissioner Roger Goodell will call first when he takes the stage at this year's draft. Quarterback Caleb Williams has been a dream prospect for years, and it's all but certain the Chicago Bears will make him the No. 1 overall pick.

In college at Oklahoma and Southern California, Williams showcased a skill set that NFL teams salivate over these days. He has the arm strength to threaten any part of the field. He can turn helter-skelter plays into big gains with throws on the run. He even has the speed to escape defenders and break off big plays by himself.

But what makes Williams so coveted are the same traits that would have made previous generations of executives doubt him. What's changed in recent years is that the NFL has radically shifted its priorities at the game's most important position.

The days of coaches fantasizing about towering statues who launched missiles from inside the pocket are long gone. Modern quarterbacks are now faster, smaller, and lighter than their predecessors, defying decades of popular wisdom.

The versatile passers expected to go early in this draft, which begins Thursday, are clear proof. Williams is the consensus top player despite standing shorter than 6-foot-1. Jayden Daniels, the reigning Heisman Trophy winner, ran for nearly 100 yards a game last season at LSU. Michigan's J.J. McCarthy and North Carolina's Drake Maye also keep defenses honest with their feet.

Quarterbacks who stand behind their offensive linemen and operate inside a space smaller than a phone booth, meanwhile, are going the way of the leather helmet.

"An athletic quarterback is valued higher relative to previous seasons than a quarterback that's simply tall and can look over the line," says Tom Bliss, a data scientist for the NFL.

It's a far cry from just over a decade ago when the Baltimore Ravens made Joe Flacco the NFL's highest-paid quarterback. In a league that had been domi-

6'6"



Joe Flacco
6 feet 6 inches
236 pounds

Cam Newton
6 feet 5 inches
248 pounds

Patrick Mahomes
6 feet 2 inches
225 pounds

Lamar Jackson
6 feet 2 inches
216 pounds

Kyler Murray
5 feet 10 inches
207 pounds

Bryce Young
5 feet 10 inches
204 pounds

nated by the likes of Tom Brady and Peyton Manning, Flacco was straight from central casting: a 6-foot-6 pocket passer.

By then, preconceived notions about how quarterbacks should be built—and how they should play—were already starting to evolve.

Even when bigger quarterbacks still ruled the NFL, evidence was piling up that it was a mistake to overlook their smaller counterparts. Drew Brees became one of the greatest of all time despite standing under 6 feet. Russell Wilson, 5-foot-11, then took the league by storm from 2012. Both had been enormously undervalued: neither was selected in the first round.

But it wasn't just that quarterbacks were shrinking. They were also speeding up.

Football has long had running quarterbacks—Fran Tarkenton mastered scrambling back in the 1960s. The difference now is that those players are no longer the exception. Quarterbacks in 2023 accounted for 16.1% of the league's rushing yards, up from just 11.8% a decade earlier, according to Stats.

These shifts are reflected in the battery of measurements that prospects undergo before the draft. Among quarterbacks in 2023, weighted by playing time, the average 40-yard dash time was 4.71 sec-

onds—or .14 seconds faster than it was in 2011, according to research by Bliss. Over the same period, the average height, 6-foot-2, dropped by an inch while weight fell by nearly 8 pounds to 219.

"It used to be the era of the huge quarterback," said NFL Network draft analyst Daniel Jeremiah. "It's constantly changing."

It has changed to the point where now it's normal for teams to plan their future around someone who not long ago would have been a complete outlier. When the Carolina Panthers took Bryce Young out of Alabama last year, he became the third of the past five quarterbacks drafted No. 1 who stood under 6 feet tall.

Where this year's class deviates most from the traditional mold is its athleticism and how it plays. Williams has an uncanny

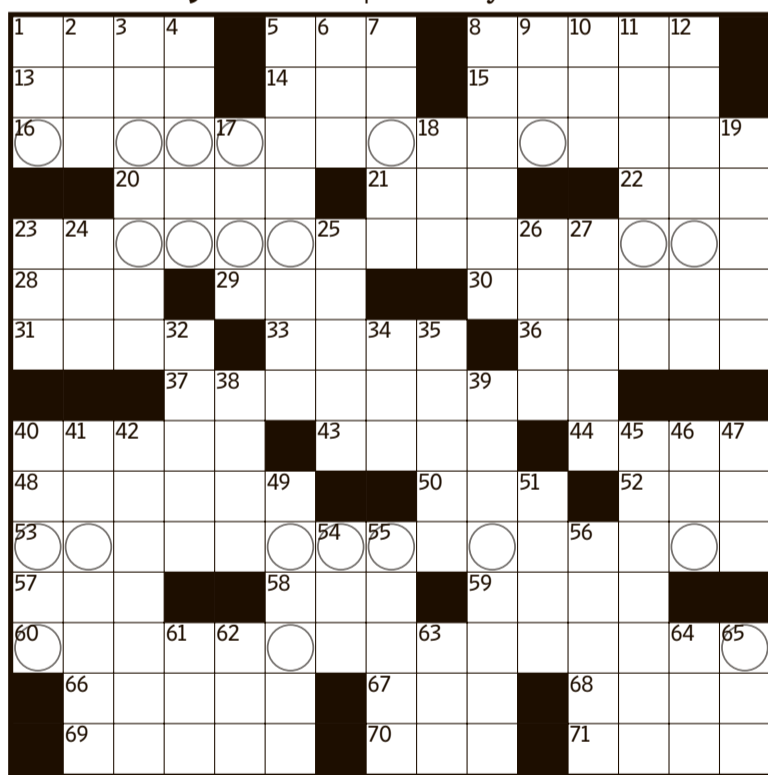
ability to zip balls from multiple arm angles and stances. The old-school wisdom would have been that a player like him could only succeed if he revamped his game to live off on-balance throws from inside the pocket. Instead, this is now a league dominated by Mahomes, who rose to superstardom making unorthodox, improvised plays.

Then there's Daniels, who is projected to go second to the Washington Commanders or third to the New England Patriots. Daniels's speed has earned him comparisons to Lamar Jackson, who in 2019 broke the single-season record for rushing yards by a quarterback.

And he shows just how much things have changed: when Jackson was drafted in 2018, his name wasn't called until the final pick of the first round.

4.71
The average 40-yard dash time, in seconds, for NFL quarterbacks in 2023

The WSJ Daily Crossword | Edited by Mike Shenk



- 26 Concert highlight
- 27 One's group of friends, casually
- 32 Garlicky sauce
- 34 Veiled oath?
- 35 Sax type
- 38 The Big Easy
- 39 Ring masters?
- 40 Twits
- 41 "Seriously, bro?!"
- 42 100 meters squared
- 45 Decathlon event
- 46 Round table title
- 47 Forerunner of 63-Down
- 49 You may feel like hitting them sometimes
- 51 Kilt sporter, maybe
- 54 East Germany, initially
- 55 Thomas in the Basketball Hall of Fame
- 56 Shed things
- 61 Smoked deli order
- 62 Tigers of the SEC
- 63 Successor of 47-Down
- 64 Pub grub chaser
- 65 "Ooh, tasty!"

WHOLLY MOLEY! | By Jamey Smith

- Across**
- 1 Driver in movies
- 5 Trash
- 8 Wolf (down)
- 13 Its first episode was "The Making of a Natural History Film"
- 14 Tree in the olive family
- 15 Beach bag item
- 16 Adore
- 20 Queen Elsa's sister
- 21 Anvil setting
- 22 AL West team, on scoreboards
- 23 Individual shareholders
- 28 Earlier
- 29 Unit with short and long versions
- 30 Military mission
- 31 Spanish-speaking explorer
- 33 Look good on
- 36 Isn't upright
- 37 Betrayal of trust, hinted at by the circled letters, which form an apt John le Carré title
- 40 Irritated response?
- 43 Muscle quality
- 44 Petro-Canada alternative
- 48 Memory triggers, at times
- 50 Punch lines?
- 52 Part of HRH
- 53 Party leaders?
- 57 Fangorn Forest denizen
- 58 "___bodkins!" (old oath)
- 59 Sacking haul
- 60 No big sacrifice
- 66 Originated
- 67 Demeanor
- 68 Real doozy
- 69 Focal point
- 70 Selects from a menu
- 71 Pipe part
- Down**
- 1 Tunneling worker
- 2 "I'm such an idiot!"
- 3 Banking pro?
- 4 Spiritual nourishment
- 5 Result of a crash, perhaps
- 6 "More or less"
- 7 Watered silk feature
- 8 Components of some chains
- 9 Here-there connector
- 10 Leather piercer
- 11 Sister brand of Jujyfruits
- 12 Burn rubber
- 17 Join together
- 18 Audio file extension
- 19 Joins together
- 23 Impressive, in dated slang
- 24 Psyche division
- 25 Muktuk eater

Previous Puzzle's Solution

M	A	V	I	S	M	E	S	L	A	M	B		
A	R	I	S	E	O	A	H	U	E	V	I	L	
M	O	R	A	L	M	O	R	E	L	M	E	L	T
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D	O	R	A	G	A	D	E	E	L	S	E		
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How Football—and Instagram—Built the NBA's Next Superstar

By Robert O'Connell

HOW DO YOU BUILD the NBA's next great scorer?

You start with a football prodigy. You stir in some Instagram highlights. You send him to rescue a historically cursed franchise. And then you're staring at the Minnesota Timberwolves' Anthony Edwards.

Edwards—a 22-year-old Atlanta native with broad shoulders and rocket-boosted sneakers—has emerged as this season's breakout star. He led the Timberwolves to their most wins since the 2003-04 season. Two decades after their only playoff series victory, Minnesota now leads the Phoenix Suns two games to none, and has fans envisioning an NBA Finals run.

"Get him the ball," is how Minnesota coach Chris Finch described his strategy after Edwards poured in 33 points in the Wolves' series-opening win.

Edwards has seemed bound for greatness in the NBA ever since Minnesota selected him with the first overall pick in the 2020 draft, and his statistics have ticked upward in each of his four pro seasons. Where many of today's superstars focused on basketball from

their earliest days, Edwards started his athletic life with a football in one hand and a smartphone in another.

When he was just a grade-schooler, Edwards was already something of a celebrity in the football-crazed Atlanta area. "People who didn't even have kids used to come to his games to watch him play," his brother, Antoine Edwards, said. As a more-than-pint-sized running back, Anthony looked the part of a future star in the Southeastern Conference, spinning past defenders or simply getting them in his sights and battering through them.

"He would just run people over," Antoine said, laughing. "He was a man among boys, basically."

Anthony came to basketball later, but it quickly became clear that his abilities transferred between sports. He had the muscle and quickness to get by almost any defender, and an astonishing vertical leap that he couldn't put to much use on the gridiron. After an accident at a football practice briefly injured his leg, Edwards saw that one sport held a safer and more lucrative future than the other.

With his attention on basketball full-time, Edwards

soon became one of the most sought-after high-school basketball recruits in the country—even if he didn't have much patience for actually watching entire basketball games.

"I wanted him to sit down and watch a full game," said Tysor Anderson, Edwards's coach at Holy Spirit Preparatory School. "He was like, 'No, I'll just look at the highlights on Instagram.'"

Anderson couldn't argue with the results. He realized that Edwards could flip through his feed, see a sequence from Kyrie Irving or Kevin Durant—now the Wolves' opponent with the Suns—and replicate it in his own game.

Edwards is uniquely suited to mimicking stars of all sorts. After his lone season at the University of Georgia, Edwards did a workout with P3 Labs, a sports science company that gathers biomechanical data. Most NBA draft prospects are near the top of the charts in quick, evasive maneuvers or brawny, straight-line ones. Edwards, though, was off the charts in both.

"It's very rare for somebody to check all those boxes," said P3's Eric Leidersdorf.



Timberwolves guard Anthony Edwards has emerged as this season's breakout star.

OPINION

The Counter-Revolt Begins



WONDERLAND
By Daniel Henninger

Before this column ends, we'll get to the unmistakable fact that anti-Israel, often antisemitic, protests are proliferating at what we amusingly choose to call our most "selective" universities—Columbia, Yale, New York University, Stanford, Berkeley. For the moment, add these North Face tent protests on \$75,000-a-year campus quads to the sense among the American public that their country is running off the rails.

A list of the phenomena laying us low includes: wokeness, DEI (diversity, equity and inclusion), defund the police (a depressing subset of wokeness), conspiracy theories, head-in-the-sand isolationism and a self-centered political polarization typified—from left to right—by Reps. Alexandria Ocasio-Cortez, Ilhan Omar, Cori Bush, Marjorie Taylor Greene, Matt Gaetz and Lauren Boebert.

Ironically this time of year is associated with hope, amid spring and college graduations—except at the University of Southern California, which, fearing trouble, canceled its commencement speakers and told honorary-degree recipients not to show up.

Setting silenced USC aside, a hopeful note one hears at college commencements is that the American system is self-correcting, that despite recurrent stress, it always rights itself. Opinion polls

suggest few believe this anymore but—happy spring—it looks as if we may be on the brink of a real counter-revolt against the craziness.

Last week in the hopelessly gridlocked House, Republican Speaker Mike Johnson, facing threats to his job from the chaos caucus, cast his lot with the enough-is-enough caucus. The House passed bills to sustain allies in Ukraine, Israel and Taiwan. Congress isn't dead—yet.

Blue states and cities that looked willing to collapse rather than defend their citizens have begun to push back against progressives' pro-criminal and antipolice movements.

At the urging of Gov. Kathy Hochul, New York's just-passed state budget includes measures to crack down on shoplifting. Assaulting a retail worker will be a felony. Larceny charges can be based on the total goods stolen from different stores. Progressives in the state's Legislature opposed the measures. Philadelphia Mayor Chelle Parker, elected in January on restoring law and order (yes, it can be a Democratic issue), last week announced a plan to support policing in the most crime- and drug-plagued neighborhoods.

March seemed to be a tipping point. The hyperprogressive Council of the District of Columbia, in a city that had become an embarrassing car-jacking hellhole, passed an array of anticrime measures. Oregon's Legislature voted to reverse the state's catastrophic three-year experiment with drug decriminalization. San Francisco voters approved two measures pro-

posed by, of all people, Mayor London Breed, to ease restrictions on policing and require drug screening for welfare recipients. The results in Los Angeles County's primary for district attorney strongly suggest progressive George Gascón will be voted out in November.

In all these places, the reversals by elected officials are driven by the prospect of voters' turning them out of office. That is the U.S. political system trying to right itself.

Columbia, Yale and NYU camp out while the rest of the U.S. flees from wokeness.

In California, a safety coalition has collected about 900,000 signatures to reverse parts of Proposition 47, the state's now-notorious 2014 decision to reduce some theft felonies to misdemeanors. This week, the U.S. Supreme Court's conservative majority appeared sympathetic to overturning a Ninth Circuit decision that bars cities and towns from enforcing vagrancy laws. Though the case emerged from Grants Pass, Ore., which is trying to ban homeless encampments, about three dozen elected officials and organizations in California filed briefs arguing that the Ninth Circuit's ruling made cleaning up the streets almost impossible.

News stories since the start of the year have noted that many private companies are rethinking policies on

DEI, partly under legal pressure, such as the Supreme Court's decision last year to strike down the use of race in college admissions.

Some in the corporate DEI movement thought they were immune to restraints. No longer. Companies are rediscovering that the constituency most needing inclusion is their customers. The loudest shot across the bow came last week, when Google fired 28 employees after some staged sit-in protests at its New York and California offices over a contract with Israel's government. Google's firing statement describes "completely unacceptable behavior." No one saw that coming.

All this adds up to a nascent counter-revolt against America's lurch toward self-destruction. The exception is elite U.S. universities. Their leadership has seen itself as answerable to no one and politically immune.

Robert Kraft, a Columbia grad and owner of the New England Patriots, said this week he will no longer give the school money "until corrective action is taken."

If big donors ever regain control of these so-called selective schools, a suggestion: Firing the president won't close the barn door. Instead, fire the admissions office. What a tragedy to think how many serious high-school students were rejected by Columbia, Yale and NYU, edged out by nonuseful idiots whose chosen major is the political structure of re-education camps.

Someone has to be a lagging indicator, and these schools are it.

Write henninger@wsj.com.

BOOKSHELF | By James Romm

Imperial Miscellany

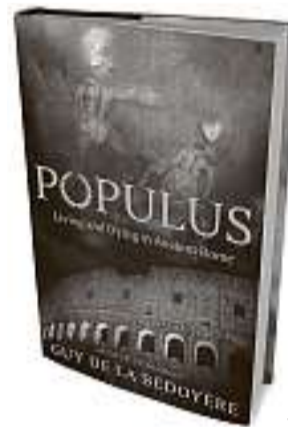
Populus

By Guy de la Bédoyère
Chicago, 496 pages, \$30

Is there any dish more Roman than "Trojan pig"? It consists of a whole roast pig, its body cavity stuffed with smaller roasts just as the Trojan horse was filled with men. With its suggestion of superabundance, and its ironic use of classical myth, the Trojan pig seems emblematic of the high Roman Empire, a time when the foods of three continents burgeoned on rich men's tables and, among the literate, the snarky poems of satirists like Juvenal and Martial were all the rage.

For modern readers, those poems are a treasure trove of factoids like the Trojan pig. In spoofing the pretensions of their peers, the satirists observed the world around them in keen detail, recording (and often exaggerating) its bizarre affectations. "It's difficult *not* to write satire," said Juvenal of the times in which he lived, the late first and early second centuries. He found huge amusement, and much to disdain, in the quirks and foibles of life on the River Tiber.

Juvenal is singled out for special mention by the British author and broadcaster Guy de la Bédoyère in the introduction to "Populus," his diverting survey of the ancient Roman social and physical landscape. "He and others like him," writes Mr. de la Bédoyère of Juvenal, "have played such an



important role in handing down everyday vignettes of life in the Rome of his time, providing us with the words and colour to populate the empty ruins." "Populus" draws on such archives of the quotidian to make ancient Rome seem both wonderfully weird and convincingly real.

And not only Rome but also its harbor town, Ostia, and the two Italian cities destroyed by volcanic eruption, Pompeii and Herculaneum. Trained as an archaeologist, Mr. de la Bédoyère makes use of those sites, more

thoroughly excavated than elsewhere, to fill out the picture he gleans from written sources. An avid numismatist, he takes special interest in evidence from coins, especially in his discussion of Roman counterfeiting. Who knew that fake denarii could be created by molding thin sheets of silver to take the impression from the faces of actual coins and then soldering them together over a core of base metal?

"Populus" abounds in such peeks beneath the surface of "official" Rome. Consider the *puncti*, or "puncturers," water suppliers who set up illicit diversions from Rome's water pipes to serve paying customers, or aqueduct workers who skimmed off water for sale as today's black marketeers might skim off fuel oil. During the first century, such depredations slowed "the supply to public fountains and facilities to almost nil," writes Mr. de la Bédoyère.

Beyond his interest in ruins and coins, Mr. de la Bédoyère has a knack for finding interesting people—not the great figures of history but common folk, even slaves. Aulus Umbricius Scaurus was once a slave, then a freedman, who ran a Pompeii business producing *garum*, a sauce made from fermented fish. The wide distribution of pottery fragments from jars that once held his sauce, some of them marked *optimum* ("best"), attests to his success. His house, discovered in western Pompeii, was adorned with mosaics depicting similar jars bearing similar slogans. This proud entrepreneur clearly wanted visitors to notice his products.

Another "Populus" figure who rose from humble roots was Lucius Aurelius Apolaustus Memphius, renamed as an adult to honor the two co-emperors of his day (Lucius Verus and Marcus Aurelius) and to advertise the pleasure he gave with his dance performances. (Apoloustus comes from a Greek word for enjoyment.) A Syrian and a slave by birth, he caught the eye of Emperor Verus and was brought to Rome, set free and granted citizenship. He won acclaim for "his exposition in dance of Pythagoras' philosophy of the transmigration of souls," surely something not to be missed. Mr. de la Bédoyère tells us, without explanation, that this stellar performer was killed by Emperor Commodus after the dancer's patron, Verus, was gone from the scene.

A survey of the social and physical landscape of ancient Rome highlights common folk over the great figures of history.

"Populus" takes special interest in commoners, but no Roman miscellany would be complete without a few imperial escapades. Caligula is here seen providing his favorite horse, Incitatus, with its own house and a staff of slaves—but not, apparently, the office of consul: The book specifies that, contrary to popular belief, the mad monarch said only that he planned to put his horse in that high post. Claudius, to our astonishment, goes on a whale hunt when an orca, attracted by a spilled shipload of hides, gets trapped in the harbor of Ostia. He succeeds in having the animal speared to death, but the spume from the dying whale's blowhole sinks one of the emperor's boats—a seeming impossibility, yet Pliny the Elder, the naturalist who records it, claims to have been an eyewitness.

Like Mr. de la Bédoyère's earlier "Gladius: The World of the Roman Soldier" (2020), "Populus" organizes its topics thematically rather than chronologically. In chapters that deal with family life, slavery, medicine, sex and the like, items of interest are spread out before us in no particular sequence, selected from various segments of Rome's millennium-long timeline. This ahistorical treatment works well enough but occasionally causes distortions. In his opening chapter, "Cityscape," which deals with the physical layout of Rome, one finds no mention of the great fire of A.D. 64 and the intense building program that followed.

A nonlinear, cabinet-of-curiosities approach has grown increasingly widespread of late in books on the ancient world. (A long-running series published by Oxford uses the phrase in its titles: "A Cabinet of Greek Curiosities," etc.) Such collections are easy to dip into but don't lend themselves to immersive reading in the way that connected narratives do. They can feel more like snacking than eating a solid meal, though of course some meals can be so heavy as to rival the Trojan pig.

If "Populus" works best as a smorgasbord, it is an appealing one indeed. With his wide array of sources, his eye for compelling details and his engaging prose style, Mr. de la Bédoyère keeps the reader eager for more—and wondering what strange facet of Roman life will be served up next.

Mr. Romm is a professor at Bard. His most recent book is "Demetrius: Sacker of Cities."

Sanity Prevails, and So Does Mike Johnson

By Karl Rove

As performance art, Rep. Thomas Massie's exchange Saturday with Fox News anchor Neil Cavuto was a tour de force. The Kentucky Republican demanded that Speaker Mike Johnson resign and sharply criticized his leadership. But there was no substance to his complaints.

Mr. Massie accused the speaker of betraying Republicans three times. The first instance, he said, was securing the passage of the omnibus budget bill in March that funded the government, already about halfway through its fiscal year. The second was reauthorizing U.S. intelligence agencies to intercept foreign communications from suspected terrorists. The third was allowing military aid for Ukraine, Israel and Taiwan to pass the House.

Who put Mr. Massie in charge of deciding who betrayed whom on these issues?

Congressional Republicans were narrowly divided on the omnibus bill: In the House and Senate combined, 126 Republicans supported it while 134 opposed it. The bill passed with overwhelming support from Democrats, who swallowed spending cuts to avoid a shutdown. Would Mr. Massie expel the nearly half of congressional Republicans who didn't join him in voting to close down Washington?

Congressional Republicans also supported reauthorizing the Foreign Intelligence Sur-

veillance Act's Section 702, with 156 GOP senators and representatives in favor and only 104 against. That provision allows the government to listen to the communications of suspected foreign terrorists outside the U.S. Mr. Massie opposed this vital antiterrorist tool.

Mr. Massie was also out of step with the Republican majorities that backed the foreign military assistance packages this month. A total of 132 House and Senate Republicans supported military aid to Ukraine; 127 opposed it. A substantial majority of Republicans senators and representatives—224—backed military supplies for Israel and humanitarian aid for Gaza; only 36 didn't. Security assistance for Taiwan was supported by 209 House and Senate Republicans and opposed by 49. The neoisolationist Mr. Massie voted against aiding all three U.S. allies.

Mr. Massie's most ironic criticism of the speaker was his claim that Mr. Johnson is "not effective at raising money to keep our majority." That's coming from someone who last cycle raised less than half of the \$275,000 he'd been asked to raise for the National Republican Congressional Committee. By comparison, 161 House Republicans fulfilled their assessments, many raising much more money than requested. Mr. Massie was one of only 48 who came up short.

It's surprising that Mr. Massie raised anything, since

he has likened assessments to "extortion" and called the dues system "corrupt." He once flaunted that he hadn't donated to the NRCC for five years. Now he has the audacity to criticize Mr. Johnson, who raised \$10.6 million for the GOP campaign in the fourth quarter of 2023 and recently announced that he raised over \$20 million in this year's first quarter.

Democrats decline to join the GOP chaos caucus, allowing the speaker to survive.

Mr. Massie even had the chutzpah to insist the speaker "give us a few weeks advance notice" before resigning so House Republicans "can keep going about our business of investigations and hearings" while they "pick a speaker in our conference instead of letting that play out on the floor."

Mr. Massie's efforts to intimidate Mr. Johnson into leaving echo those of Rep. Marjorie Taylor Greene (R., Ga.), peddler of countless conspiracy theories and leader of the expel-the-speaker effort. Ms. Greene recently said on Fox News that Mr. Johnson "needs to do the right thing, to resign and allow us to move forward in a controlled process. If he doesn't do so, he will be vacated."

Nonsense. Ms. Greene and Mr. Massie don't have the votes to remove Mr. Johnson; they'll get there only if he throws in the towel. They can't replicate last October's ouster, when eight Republicans combined with 208 Democrats to sack then-Speaker Kevin McCarthy. Democrats must understand that removing Mr. McCarthy made Congress—including their party—look out of control and incompetent. They won't get suckered into joining the GOP chaos caucus in removing the speaker this time, especially given Mr. Johnson's skill in navigating Washington.

Although Washington remains chaotic, the recent successes there are worth celebrating. Essential military aid is on its way to allies who are under attack; their victories are crucial to America's prosperity and security. A new national figure has emerged: the soft-spoken speaker, who is showing leadership and restoring confidence in Republican principles. And the GOP's collection of lightweights and populist cranks are revealing themselves as increasingly impotent. These small-time performers have only themselves to blame for the failure of their latest goofy scheme. The speaker is safe for now.

Mr. Rove helped organize the political-action committee *American Crossroads* and is author of "The Triumph of William McKinley" (Simon & Schuster, 2015).

Some Anti-Israel Protesters Are Paid

By Ira Stoll

Since at least the Vietnam War, exasperated observers of student protests have rolled their eyes and thought: *Get a job*. In some cases today, activism is a job. Two of America's largest philanthropic foundations are behind a group that has paid some of the anti-Israel activists for the kind of antics disrupting campuses across the country.

Consider Malak Afaneh, a law student at the University of California, Berkeley, and Craig Birkhead-Morton, a senior at Yale. Ms. Afaneh went viral this month for disrupting a dinner at Dean Erwin Chemerinsky's home. This week the Yale Daily News reported that Mr. Birkhead-Morton had been arrested for trespassing—and then re-

emerged to address an anti-Israel crowd blocking an intersection in New Haven.

Ms. Afaneh and Mr. Birkhead-Morton have both been "youth fellows" of the U.S. Campaign for Palestinian Rights, whose website identifies them by their first

Rockefeller and Soros grants are subsidizing those who disrupt college campuses.

names. As of April 4, the campaign was soliciting applications for a new cohort, whose "campus-based fellows" would receive stipends of \$2,880 to \$3,360 for three-month terms of roughly eight hours of work

a week. That "work" could include aiding campaigns that "demand federal or state politicians cut US military, financial, or diplomatic ties with Israel."

The corporate entity behind these fellowships is Education for Just Peace in the Middle East. Where does it get its funding?

George and Alexander Soros's Open Society Foundation has put \$700,000 into Education for Just Peace in the Middle East since 2018, most recently with a two-year grant in 2022, according to the Open Society Foundation's website. The Rockefeller Brothers Fund has given Education for Just Peace in the Middle East \$515,000 since 2019, most recently with a three-year grant for \$225,000 awarded in August 2023.

While some policymakers have wondered whether activists receive money from overseas, it turns out that there's a clear paper trail of funding at home. That ought to have policy implications. In considering whether to discipline students for rule violations, university administrators might more harshly punish activism done, at least in part, for pay.

Do the Rockefeller and Soros families want their money to be used to advocate for Hamas's war aims? They should consider that themselves. Meanwhile, Congress and the Internal Revenue Service might want to examine whether the grants fit the charitable purposes defined in the tax code.

Mr. Stoll writes at TheEditors.com.

OPINION

REVIEW & OUTLOOK

On Presidential Immunity (Trump Included)

The most distressing fact of U.S. politics since Donald Trump arrived on the scene is the accelerating decline of political and legal norms. It isn't all Mr. Trump's fault. His opponents have, in their obsession to take him down, also stretched the law and degraded American institutions. (See FBI, Russia collusion narrative.) That's where the courts are essential, and Thursday's oral argument at the Supreme Court on presidential immunity from prosecution is a case in point.

We say immunity for Presidents because the future of the office is as much at stake as Mr. Trump's political fate. In *Trump v. U.S.*, the former President is claiming he has absolute immunity from criminal prosecution. Special counsel Jack Smith says Mr. Trump has no more immunity than any average citizen.

* * *

The burden on the Justices will be finding a balance that recognizes the unique duties of the Presidency while also holding Presidents accountable for genuine law-breaking. A President needs to be free to make controversial decisions without having to worry that he'll be prosecuted for them after he leaves office. But he shouldn't be free to commit crimes that are unrelated to the office.

The Trump case will set a new precedent because no former President has ever been prosecuted. Gerald Ford pardoned Richard Nixon—bravely and at great political cost—before Nixon could be prosecuted for obstruction of justice. But as it happens, a precedent exists from that era that is highly relevant to the Trump case.

In *Nixon v. Fitzgerald* (1982), the Supreme Court ruled that a President has "absolute immunity" from civil lawsuits for acts within the "outer perimeter" of his presidential duties. Mr. Smith's charges are criminal, so one question for the High Court will be whether the Nixon precedent also applies to criminal prosecution.

It's hard to believe it wouldn't, since the threat of prison could influence a President far more than a civil lawsuit. Yet the trial judge in the Jan. 6 case and the D.C. Circuit Court of Appeals blew through this precedent as if it didn't exist. The three-judge circuit panel also wrote its opinion as if Mr. Trump is sui generis—a unique threat to democracy—and thus no other former President would ever be charged with a crime.

But as David Rivkin and Elizabeth Foley argue nearby, this ignores the reality of our current politics. Four Democratic prosecutors

The Supreme Court must consider the Presidency, not merely the fate of one former President.

have decided to charge Mr. Trump (three on criminal charges). In doing so they have unleashed partisan furies that future prosecutors will exploit. If Democrats think President Biden won't at least be investigated for crimes by GOP prosecutors after he leaves office, they aren't paying attention.

If the Court rules that *Nixon v. Fitzgerald* applies, the next question concerns whether the acts Mr. Trump is charged with fall within that "outer perimeter" of his duties. This is in part a factual question about Mr. Trump's actions and motivations.

In the Jan. 6 case, Mr. Smith has cited numerous Trump actions to justify his four charges. One of them is lobbying Vice President Mike Pence to block Congress's certification of Electoral College votes. That was wrong about what Mr. Pence could do under the Constitution, but Presidents talk to their Veeps all the time and Mr. Pence was free to say no. The same goes for Mr. Trump's calls asking state election officials to look for electoral fraud. Mr. Trump argues that he was merely trying to ensure the election was honestly conducted, which he says was part of his duty as President.

The Supreme Court could decide this question in the current proceeding, though it doesn't have to. As the three liberal Justices wrote recently in their unhappy concurrence in *Trump v. Anderson*, the Court shouldn't address more questions than it must be to decide a case. On that logic, the Justices could (and probably should) remand the "outer perimeter" question to the trial court for fact-finding and judgment. Some of Mr. Trump's actions might then qualify for immunity while others might not.

* * *

Such a remand would infuriate Democrats and the media who want Mr. Smith's trial to begin soon and convict him before the election. Sending the case back to the trial court could delay the trial past the election. But this is one of the risks of using lawfare to defeat a political opponent.

The job of the Supreme Court isn't to follow the election calendar. Its duty is to consider the facts and law in the context of America's constitutional order. It needs to think of the Presidency, and the separation of powers, as much as it does this former President.

The current Court has been acting as if it is up to this job, no matter how unpopular a decision might be politically. What matters is buttressing our institutions against today's gale force partisan winds.

The Politics of Ukraine Are Changing

President Biden on Wednesday signed into law more U.S. support for Ukraine, Israel and Taiwan, and the Senate's 79-18 vote on Tuesday was more than a formality. A majority of Republicans voted for the bill, a welcome sign that the political winds are shifting.

Some 48 Democrats and 31 Republicans supported the measure, which would shore up U.S. ammunition stocks, reinforce air defenses for Israel, and arm Taiwan and Ukraine. The bill commanded support from nine more Republicans than voted for an earlier version, which passed in February with 70 votes after the bipartisan border deal collapsed.

Those who flipped to yes include: Tom Cotton of Arkansas, Katie Britt of Alabama, Markwayne Mullin of Oklahoma and Pete Ricketts of Nebraska. These Senators deserve credit for grasping the stakes of the moment. Abandoning Ukraine to Vladimir Putin's ravages would be a strategic self-defeat, and would do nothing to break the impasse on the border.

That reality was lost on Florida Republican Marco Rubio, who opposed the bill for failing to include border provisions that he knows lack the votes to pass. A rump of other Republicans voted against the measure even though Donald

Trump wasn't whipping against it. The former President appears to have concluded rightly that a Ukraine with more negotiating leverage is in his political interest.

A few Republicans believe America should withdraw from the world, but most Senators who voted no are trying to match GOP grassroots frustration with Mr. Biden. Yet the world is unraveling across multiple continents, and if America is attacked or forced into a fight, the GOP isolationists will live in infamy.

Mr. Biden's duty now is to show he has a plan to improve the battlefield picture in Ukraine. The Administration on Wednesday rolled out a new aid package that includes air defense missiles and artillery, both of which Ukraine desperately needs. The Administration is also leaking that it quietly transferred Ukraine some long-range missiles. But is Mr. Biden willing to provide the numbers needed to break Russian supply lines?

"This bill is not some kind of exhibit of Joe Biden's foreign policy triumph," Republican Dan Sullivan said on the Senate floor this week, but "a needed correction of Joe Biden's foreign policy failure." He's right, and Republicans can now tell voters they have voted to toughen up Mr. Biden's weak strategy in Ukraine.

New York Prunes Its Illegal Weed Crop

Boosters of legal marijuana promised a utopia like something from the sunniest dreams of the 1960s: responsible use, oodles of tax revenue, and upstanding entrepreneurs instead of lawbreaking dealers. But in New York less than two years later, a thicket of illegal stores is crowding out licensees in a genuine fiasco.

Now that the unregulated weed problem has grown too big for the state to ignore, Gov. Kathy Hochul has struck a deal with legislators to try to prune it. The \$237 billion budget bill that passed Saturday grants local authorities the power to shut down unlicensed marijuana vendors. It also lets the state cancel tobacco, liquor or lottery licenses of stores caught selling weed illegally, while raising the fine for landlords that lease to illicit sellers.

These changes are welcome, but it could take years to get a handle on the illegal stores that have sprung up after the state permitted the legal weed trade. New York City counts as many as 2,000 unlicensed vendors selling in the open, most of which have launched since the state legalized commercial marijuana in 2022. The city has only about 85 legal sellers, and they're struggling to compete.

The result is risky selling and little public benefit. A sampling of products from 20 unli-

censed shops in 2022 found that 40% contained dangerous bacteria or other contaminants, and many were either much more or much less intoxicating than advertised. Some shops sell to minors, as the NYPD has confirmed in multiple stings. At the same time, the state has fallen short of its revenue targets since only a sliver of the trade yields any sales tax.

New York botched its rollout of cannabis by throttling legal applicants while coddling criminals. Licenses have come slowly because Albany granted them on the basis of diversity, equity and inclusion. For the first nine months, the state issued them only to "justice involved" individuals, i.e., people with a past marijuana conviction or a relative with one.

Regulators broadened the circle recently but still give preference to favored groups, like women and ethnic minorities. The argument was that because legitimate vendors soon would take over the market, there was no need for enforcement against illicit shops. At least Albany has belatedly recognized that mistake. New Yorkers may applaud the first steps toward cleaning up the illegal-weed debacle, but they should also remember how progressive dreaming let it grow out of hand.

LETTERS TO THE EDITOR

Doctors Give Better Care Than Bureaucrats Do

"The future of American medicine when government rations care," ("Medicare's Bureaucracy vs. Doctors," Review & Outlook, April 19) isn't much different from how large medical organizations already operate. They nickel and dime their budgets in a shortsighted effort to maximize revenue.

Everything a physician does now must be a billable, revenue-enhancing procedure. Everything that plausibly can be done by lower-cost "providers" is shifted downstream or eliminated. The glue that holds the system together—physicians talking to each other, writing comprehensive evaluations and progress notes and dictating letters to other physicians—is now a distant memory.

From 1995-2010, a large physician-led multispecialty group (220

physicians) in Madison, Wis., recruited a team of psychiatrists to implement the principle that "high-quality mental-health care is cost-effective mental-health care." One example of putting the principle into action is psychiatrists being encouraged to provide both psychotherapy and medication management for their patients. This resulted in a 30% reduction in treatment cost per patient, primarily because psychiatrists prescribe fewer psychiatric medications, the largest mental-health expense, with this approach.

Physician leadership in medicine results in better care and improved health, at a lower cost, versus administrators and bureaucrats who know little about the human mind and body.

DOUGLAS A. KRAMER, M.D.
Middleton, Wis.

The General Anesthesia of American Taxation

Jason De Sena Trennert is right that the withholding tax is a stealthy mechanism used to lessen the pain associated with paying our income taxes ("Milton Friedman's Worst Mistake," op-ed, April 15). The withholding tax acts like general anesthesia during surgery. It has three effects: an anesthetic effect, an analgesic effect and an amnesic effect. Put simply, it reduces awareness, mitigates pain and helps you forget. Like surgeons, our tax-collectors might not be able to fulfill their duties without these same effects from the withholding tax.

Mr. Trennert points out that Milton Friedman played a role in bringing the withholding tax into existence. It certainly wasn't the economist's finest hour. But he was an employee of the U.S. Treasury at the time. More ominous is the role of private-sector actors in bringing the withholding into being.

In her excellent book "The Greedy Hand," Amity Shlaes outlines the efforts of Beardsley Ruml, the treasurer of R.H. Macy's (as well as chairman of the New York Federal Reserve Board). Ruml realized that customers didn't like big bills. They preferred making smaller payments over time, even if it meant having to pay interest. He took the idea to the U.S. Treasury—another unholy alliance between the private and public sectors.

The withholding tax is only one thing that makes U.S. taxpayers more docile (the analgesic effect). Paid preparation of taxes goes a long way in masking the gargantuan complexity, and inefficiency, of the tax code to the average citizen (the anesthetic effect). And of course, April 15 is nearly as far from Election Day as possible (the amnesic effect). Don't

expect any of these things to change. If the U.S. government won't eliminate withholding, perhaps U.S. companies can take a step in that direction. A daring company could temporarily cease withholding income taxes for, say, three or six months; and then withhold at a rate for the following months that meets the employee's targeted annual withholding amount. That would be both shocking and informative to the employee taxpayer.

SAL GRECO, C.F.A.
Greenland, N.H.

Mr. Trennert's lament applies with equal vigor to state and local governments, which also require employers to withhold taxes from their employees. But there's more.

Take Illinois. In 1953 the Illinois General Assembly created the Illinois State Toll Highway Commission to borrow money to build highways. The tolls were intended to pay off those bonds, and the roads were then to become freeways, maintained by the gas tax. The public was repeatedly assured that the tolls—then 25 cents—were temporary. But state politicians realized that with the toll roads went jobs, contracts and clout, so the Toll Highway Commission became permanent in 1968. The original tollway bonds were fully paid off in the early 1980s, but the tolls continued. The tollway budget is now \$1.4 billion, with more than 1,400 employees.

To Mr. Trennert's point, the toll payments—now as high as \$7.20—are done quietly and effortlessly through electronic transponders, which are automatically replenished with your credit card.

NATHAN LICHTENSTEIN
Chicago

Biden Hurts Native Groups With Alaska Limits

As a young geologist in 1979, I explored Red Dog, then an undrilled outcropping of zinc and lead mineralization in the western Brooks Range of Alaska. At the Ambler District 150 miles to the southeast, large deposits rich in copper, zinc and cobalt had already been discovered and drilled. Today, Red Dog is the world's largest zinc mine and a powerful economic driver for Alaska and Native groups. Meanwhile, little has changed in the Ambler District, a legacy President Biden appears intent to continue by canceling plans to build an access road ("Biden Piles Sanctions on Alaska," Review & Outlook, April 20). Red Dog is scheduled to close in

2031 when its reserves are depleted. This reflects a larger trend, as Alaska's Native groups face a fiscal cliff from declining oil, gas and mineral production revenue. The Ambler District would be an important contributor to their economic prosperity.

Candidate Biden told us he would make critical metals a priority for his green initiative. Not to worry, he said, raw materials would be sourced from mines overseas and used to create high-paying, value-added manufacturing jobs in the U.S. This assumes the foreign countries producing these metals play along, a prospect that seems increasingly unlikely.

China controls the global supply chains of cobalt, rare earths, germanium and gallium. Chile recently announced plans to nationalize its lithium industry. Indonesia has curbed unrefined nickel and copper exports to control their supply chains.

BILL MATLACK
Blaine, Wash.

The American Military Is Better Off Without the Draft

Regarding Maj. Gen. Walter Stewart Jr.'s letter condemning the creation of the volunteer military (April 22): I served on active duty for more than 30 years, from the end of the Vietnam War to the beginning of the war on terrorism. Although I wasn't sent to Vietnam, I led draftees and observed the myriad dysfunction that many of them brought into the ranks. Drug use and race problems were pervasive. Discipline was a constant challenge.

Later, I deployed to the Panama invasion and the Gulf War, and the contrast between the quality and performance of the troops I witnessed in the early 1970s and that of those in the late '80s and early '90s couldn't have been more stark. Milton Friedman and the Gates Commission were correct, and anyone who reads the official U.S. Army account of the Gulf War will likely come to the same conclusion. We should never return to the draft unless there is a need for mass mobilization.

COL. DAVID L. PATTON, USA (RET.)
Lexington, Ky.

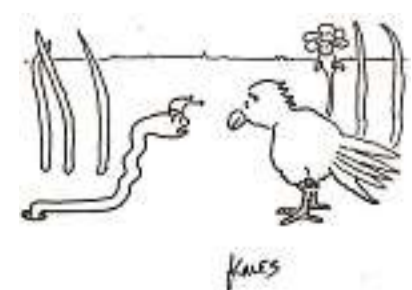
Letters intended for publication should be emailed to wsj.letters@wsj.com. Please include your city, state and telephone number. All letters are subject to editing, and unpublished letters cannot be acknowledged.

CORRECTION

The Philadelphia Federal Reserve Bank reported that late last year the percentages of credit-card accounts that were 30, 60 and 90 days delinquent were at their highest levels since the bank started collecting these data in 2012. This was misstated in the April 22 Inside View column. "Do Interest Rates Matter Anymore?"

Pepper ... And Salt

THE WALL STREET JOURNAL



"Eat me and who's left to address the hazards of soil erosion?"

OPINION

What's at Stake in the Trump Immunity Case

By David B. Rivkin Jr.
And Elizabeth Price Foley

The Supreme Court hears oral arguments Thursday in *Trump v. U.S.*, in which Donald Trump argues that the Constitution precludes his prosecution for his role in the Jan. 6, 2021, riot. Mr. Trump's detractors insist that recognizing presidential immunity would put him above the law. They're wrong. Immunity for official actions is a necessary part of the constitutional structure, and criminal prosecution isn't the only way to hold a president accountable for unlawful official acts.

Because no previous president ever faced criminal charges, the question before the justices is novel. But the high court has addressed the unique constitutionally driven relationship between the presidency

the provisions."

More fundamentally, in *Nixon v. Fitzgerald* (1982), the court held that separation of powers demands absolute immunity from civil lawsuits for acts falling within the "outer perimeter" of the president's official responsibilities. Absolute immunity is necessary because the president "occupies a unique position in the constitutional scheme," and the specter of litigation "could distract a President from his public duties." That applies with even greater force to the threat of criminal prosecution.

Special counsel Jack Smith argues that "no President need be chilled in fulfilling his responsibilities" because there are "strong institutional checks to ensure evenhanded and impartial enforcement of the law," including grand jury indictment, due process and the government's burden of proving guilt beyond a reasonable doubt. But even if the prospect of conviction is remote, the threat of prosecution impairs the presidency.

Further, the most important institutional check, the norm against politicized prosecutions, has so broken down that not only Mr. Smith but district attorneys in New York and Atlanta have rushed to bring Mr. Trump to court. Imagine how other presidents might have fared if they had to worry about prosecution for official acts:

- Abraham Lincoln suspended habeas corpus without congressional authorization. In *Ex Parte Merryman* (1861), Chief Justice Roger Taney, acting as a circuit judge, held that the power to suspend habeas lies solely with Congress. Lincoln ignored Taney's ruling and continued his suspension of habeas until the end of the Civil War. No one suggested that Lincoln be prosecuted for false imprisonment, false arrest or kidnapping.



Donald Trump and special counsel Jack Smith.



bate Clause extends absolute immunity to members of Congress and their aides for official actions. This is to protect a member of "a co-equal branch of the government" from "executive and judicial oversight that realistically threatens to control his conduct as a legislator."

Like prosecutors, judges and congressmen, a president threatened with prosecutions for official acts couldn't exercise his duties with full vigor. Unlike those other officials, the president is the singular head of a branch of government, making his ability to exercise his powers all the more essential.

That leaves the question of whether the actions for which Mr. Trump was charged were official or, as Mr. Smith asserts, private. In *McDonnell v. U.S.* (2016) the court held that an "official act" is an action on any matter that is "pending . . . before a public official," and includes the president's "using his official position to exert pressure on another official, knowing or intending that such advice will form the basis for an 'official act' of another official."

Mr. Trump acknowledges that "no court has yet addressed the application of immunity to the alleged facts of the case." The justices should draw a line and extend absolute criminal immunity to actions within the outer perimeter of the president's duties. Then it would be for the lower courts to decide on which side of the line these actions fall.

Mr. Rivkin served at the Justice Department and the White House Counsel's Office during the Reagan and George H.W. Bush Administrations. Ms. Foley is a professor of constitutional law at Florida International University College of Law. Both practice appellate and constitutional law in Washington.

Under Jack Smith's theory, Lincoln, Truman, Clinton and Biden could all have ended up in the dock.

and the courts. In *Kendall v. U.S. ex rel. Stokes* (1838), it declared: "The executive power is vested in a President; and as far as his powers are derived from the constitution, he is beyond the reach of any other department, except in the mode prescribed by the constitution through the impeaching power."

Franklin v. Massachusetts (1992) dealt with the question of when statutes enacted by Congress apply to the president. The ruling noted that "the President is not explicitly excluded" from the Administrative Procedure Act, "but he is not explicitly included, either." Under such circumstances, "out of respect for the separation of powers and the unique constitutional position of the President . . . textual silence is not enough to subject the President to

- Harry S. Truman seized domestic steel plants during the Korean War, violating statutes that authorized the president to seize private property only in narrow circumstances. The Supreme Court declared his actions unconstitutional in *Youngstown Sheet & Tube Co. v. Sawyer* (1952). But no federal prosecutors suggested they could prosecute him for "conspiracy against rights," or "conspiracy to commit an offense against the United States," the charges Mr. Smith has brought against Mr. Trump.

- Bill Clinton, George W. Bush, Barack Obama and Joe Biden all unilaterally ordered military actions as commander in chief. Critics accused them of usurping Congress's power to declare war, but nobody seriously suggested that they be prosecuted for murder, torture, war crimes or misappropriation of government resources.

The president isn't the only official to enjoy immunity for official acts. In *Yaselli v. Goff* (1927), the Supreme Court affirmed a lower court's conclusion that federal prosecutors have absolute immunity from civil liability because the "public interest requires that per-

sons occupying such important positions . . . should speak and act freely and fearlessly in the discharge of their important official functions." In *Kalina v. Fletcher* (1997), the justices held that even under Section 1983—a civil-rights law authorizing lawsuits against state officials who violate federal constitutional rights—prosecutors enjoy absolute immunity for acts undertaken in their "role as an advocate." This is because that role is unique to prosecutors, and the public's interest "in protecting the proper functioning of the office, rather than the interest in protecting its occupant, . . . is of primary importance."

The court reached the same conclusion about judges in *Pierson v. Ray* (1967), which held that Section 1983 didn't abrogate judges' absolute immunity for "acts committed within their judicial jurisdiction," because such immunity is "for the benefit of the public, whose interest it is that the judges should be at liberty to exercise their functions with independence and without fear of consequences."

In *Gravel v. U.S.* (1972), the justices held that the Speech and De-

Now It's Up to Europe to Take the Lead in Ukraine

By John R. Deni
And Lisa A. Aronsson

Ukrainians are breathing a sigh of relief. Within days, desperately needed ammunition and military equipment should begin flowing to Kyiv's beleaguered forces. But even the \$60 billion approved by Congress won't be enough to enable a Ukrainian victory.

If Ukraine loses, the West will be faced with a much more dangerous Russia and a highly unstable security environment, one that could demand far more in Western blood and treasure. With Washington's latest tranche of funding, Ukraine should survive through 2024. But while Europeans have done a lot, they need to pick up the slack and do more for Ukraine militarily.

Unfortunately, it has become conventional wisdom that Europe is incapable of doing more. Last fall the head of the North Atlantic Treaty Organization's Military Committee, Adm. Rob Bauer of the Netherlands, said the "bottom of the barrel is now visible." Increasingly desperate, the Czech Republic

launched a plan to bulk-order ammunition from outside Europe, and NATO Secretary General Jens Stoltenberg proposed an ill-defined \$100 billion, five-year fund for Ukraine.

Meanwhile, lack of a common threat assessment means European judgments on how deeply to dig into national stockpiles vary widely. More broadly, a quarter-century downturn in European defense spending has resulted in a smaller military industrial sector, reduced production lines, lost skilled labor, and dependency on foreign sales. Most allies in Europe lack the ability to sign the long-term contracts that would provide industry with stable funding, and few allies have the regulatory or legal authority to direct industry's priorities. At the same time, allies are struggling to fulfill NATO's recently approved operations plans as well as their own national defense requirements.

Nevertheless, with U.S. support, Europe can overcome these hurdles. Leaders on both sides of the Atlantic should consider five steps. First, the U.S. should continue to coordinate assistance but turn

leadership over to NATO. Turning this responsibility over to America's European allies would formalize the process and reduce reliance on the U.S. defense secretary to lead and coordinate.

Second, the U.S. should continue to provide logistics, intelligence, surveillance, and air and missile defense. Over time, especially if the U.S. is drawn into a conflict with

Continental security can no longer be outsourced to the U.S., which may soon have other wars to fight.

China or Iran, Europeans will need to develop these capabilities. But the U.S. can continue to provide them in the short run so the Europeans can focus on building combat capabilities at scale and ramping up production of ammunition and military equipment for Ukraine.

Third, European allies should legalize government direction of defense production priorities in cer-

tain circumstances. Most allied defense contractors follow a first-in-first-out process of fulfilling procurement orders. This means that the equipment or ammunition orders intended for Ukraine must wait if earlier orders for, say, Egypt or Australia are incomplete. Some European allies are able to redirect things during a conflict, but if Europeans wait for a full-blown war between Russia and NATO before doing this, it will be too late.

Fourth, the allies should facilitate decadelong procurement contracts with long-term funding streams. Without this, defense contractors fear that increased productive capacity could simply be mothballed by a new government. European Union and NATO common budgets could provide a kind of collateral for long-term contracts. With additional European defense industrial production lines, the West can both provide Ukraine what it needs and fulfill NATO capability and capacity requirements.

Finally, Washington should build up its permanent military presence in Europe. U.S. troops are a physical manifestation of America's collec-

tive defense commitment to its allies. Among other benefits, this presence provides European allies the confidence to dig deeper into their military stockpiles to aid Ukraine, including by donating some of the 100 Patriot batteries identified by Ukrainian authorities as remaining in allied inventories.

If the West is facing a protracted strategic competition with Russia and China, Europe must play a stronger role in strengthening Ukraine, defeating Russia and deterring Vladimir Putin from further aggression. The scale of the challenge facing the West is too great for Europeans to outsource to Washington. But Washington can help Europe reach its full defense potential.

Mr. Deni is a research professor at the U.S. Army War College's Strategic Studies Institute and a nonresident associate fellow at the NATO Defense College. Ms. Aronsson is a research fellow at the National Defense University's Institute for National Strategic Studies. Both are nonresident senior fellows at the Atlantic Council.

The Media Say Crime Is Going Down. Don't Believe It

By John R. Lott Jr.

Americans think crime is on the rise, but the media keep telling them they're wrong. A Gallup survey last year found that 92% of Republicans and 58% of Democrats thought crime was increasing. A February Rasmussen Reports survey found that 61% of likely voters say violent crime in the U.S. is getting worse, while only 13% think it's getting better. Journalists purport to refute this by citing official crime statistics showing a downward trend.

Americans aren't mistaken. News reports fail to take into account that many victims aren't reporting

crimes to the police, especially since the pandemic.

The U.S. has two measures of crime. The Federal Bureau of Investigation's Uniform Crime Reporting program counts the number of crimes reported to police every year. The Bureau of Justice Statistics, in its National Crime Victimization Survey, asks some 240,000 people a year whether they have been victims of a crime. The two measures have diverged since 2020: The FBI has been reporting less crime, while more people say they have been victims.

The divergence is due to several reasons. In 2022, 31% of police departments nationwide, including

Los Angeles and New York, didn't report crime data to the FBI. In addition, in cities from Baltimore to Nashville, Tenn., the FBI is undercounting crimes those jurisdictions reported.

Another reason crimes reported to the police are falling is that arrest rates are plummeting. If victims don't believe criminals will be caught and punished, they won't bother reporting them. According to the FBI, if you take the five years preceding Covid-19 (2015-19) and compare them with 2022, the percentage of violent crimes in all cities resulting in an arrest fell from 44% to 35%. Among cities with more than one million people (where violent crime disproportionately occurs), arrest rates over the same period plunged from 44% to 20%.

Arrests for property crimes dived even more sharply. FBI data show that in 2022, 12% of reported property crimes in all cities resulted in an arrest. In cities of more than one million people, only 4.5% of reported property crimes in 2022 resulted in an arrest.

Based on the National Crime Victimization Survey, only 42% of violent crimes, such as robberies or aggravated assaults, and 32% of property crimes, such as burglary or arson, were reported in 2022. While the Justice Department doesn't track the number of prosecutions, the percentage of arrests that resulted in a prosecution ap-

pears to have fallen that year as well.

In large cities, the arrest rate in 2022 compared with the 2015-19 average fell 38% for murders, 50% for rapes, 55% for aggravated assault and 58% for robberies.

While the rate of reported violent crime fell 2.1% between 2021 and 2022, the National Crime Victimization Survey shows that total violent crime—reported and nonreported—rose from 16.5 incidents to 23.5 per 1,000 people. Nonreported violent crime in 2022 exceeded the 2015-19 average by more than 17%.

The decline in reported crimes is a function of less reporting, not less crime.

Data reflect the scant consequences criminals face. During 2022 in cities with more than a million people, only 8.4% of all violent crimes (reported and unreported) and 1.4% of all property crimes resulted in an arrest. Not all those arrests resulted in charges.

Initial estimates cited by some news organizations show murder rates dropping 13% between 2022 and 2023. Murders usually are reported, so they don't have the same reporting flaws as other violent crimes. Yet last year's projected murder rate was still 5.51 per 100,000 people, or 7% above its 2019 level.

Law enforcement has collapsed in the U.S., particularly in big cities. With many Americans no longer confident that the legal system will protect them, some 22 million now have concealed handgun permits. Twenty-nine states have adopted constitutional-carry laws that allow citizens to carry a firearm without a permit. A Crime Prevention Research Center survey last year found that 15.6% of general-election voters carry concealed handguns all or most of the time. That's three times the level found in a 2017 Pew Research Center survey.

A recent Rasmussen Reports survey found that not everyone sees violent crime on the rise. Less than half of likely voters who earn more than \$200,000 a year think it is getting worse. Yet a majority of all other income groups disagree. People of both sexes and every race also think crime is getting worse.

It isn't surprising that affluent people can insulate themselves from spikes in crime—but that doesn't mean it isn't happening. Americans aren't simply imagining that our streets have become more dangerous.

Mr. Lott is president of the Crime Prevention Research Center. He served as senior adviser for research and statistics in the Office of Justice Programs and the Office of Legal Policy at the Justice Department.

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WORLD NEWS

EU Probes China on Trade Before Xi Visit

Investigations focus on sale of security equipment and public procurement

By KIM MACKRAEL
AND DREW HINSHAW

BRUSSELS—The European Union is ramping up economic pressure on Beijing with two new investigations into allegations of unfair Chinese business practices, days ahead of Chinese President Xi Jinping's planned visits to Paris and Budapest.

The European Commission, the bloc's executive body, is voicing growing concern over Chinese subsidies and other economic policies that it says harm European businesses. The bloc in recent months has used a new legal tool to probe Chinese companies' bids for public tenders in Europe, and last year launched an antitrust investigation into electric-vehicle imports from China.

This week, the commission said it would investigate China's domestic procurement practices for medical devices, which the EU said unfairly favor Chinese companies over European and other foreign rivals. If the EU probe supports those allegations, the bloc could change its own procurement rules to limit Chinese companies' ability to compete in Europe or bar them from some bids.

The probe is the EU's first under its new International Procurement Instrument, which came into force in 2022 and aims to address what officials see as unfair procurement rules in other countries. The bloc said it could suspend the investigation if China changes its procurement practices or commits to doing so.

Chinese Foreign Ministry spokesman Wang Wenbin said the EU's recent actions "send out a signal of protectionism" that is aimed at Chinese companies and harms the bloc's image. "The EU says it is the most open market in the world, but as the world can see, the EU is clearly inching toward protectionism," he said.

China's exports of medical devices to Europe more than doubled between 2015 and 2023, the commission said. It said the EU's markets are generally open, while China's procurement rules give an advantage to domestic companies that produce medical devices as part of a "Buy China" policy.

The bloc also separately raided the Dutch and Polish offices of Chinese security equipment company Nuctech over allegations that it may have received foreign subsidies that could give it an unfair advantage over European competitors. Nuctech has been a target of criticism from the U.S. and some EU governments, as well as rival companies.

Nuctech confirmed the raids.



European Commission President Ursula von der Leyen speaks at the European Parliament.

It said it is cooperating with the commission and is committed to defending its reputation.

Such raids are considered to be preliminary steps that may result in an in-depth investigation under the EU's foreign subsidies regulation. The regulation, which took effect last year, allows European officials to bar companies from making certain acquisitions or winning large public contracts if they previously benefited from subsidies that EU officials view as distortive.

The China Chamber of Commerce to the EU accused the

bloc of using the regulation to suppress Chinese companies that are operating lawfully in Europe. "The EU's actions send a detrimental message not only to Chinese enterprises but to all non-EU companies conducting business in the bloc," the group said.

Nuctech produces X-ray scanners ranging from conveyor-belt-style airport machines to large archlike structures that countries can plant on their borders to easily check the contents of passing trucks and passenger cars.

Finland bought one such

large-scale scanner for its border with Russia. After the U.K. left the European Union, Ireland secured another for its land crossing with Northern Ireland.

Under President Trump, the White House National Security Council began pushing allies to stop securing their borders using equipment from a company embedded in China's Communist Party-run system.

Originally an offshoot of prestigious engineering school Tsinghua University, Nuctech was for much of the 2000s run by the son of then-party chief Hu Jintao. In 2019, a unit of

China National Nuclear Corporation, a state-run builder and operator of nuclear power plants, became the controlling shareholder of Nuctech's parent.

Officials at Nuctech's foreign rivals have said they suspect the company has violated their intellectual-property rights, an allegation Nuctech denies.

Allied governments, however, often failed to find any alternative bidder that could meet Nuctech's prices. The company credited its low prices to its research partnership with Tsinghua University, which allowed the company to save on research and development spending.

As of 2020, Nuctech amassed a 90% share of Europe's sea-cargo screening equipment market and held up to 50% of the market for airport-passenger baggage and cargo screening, according to the State Department. Nuctech said it had about 70% of the cargo-scanning business and about 10% of the airport market.

The commission increasingly has talked about China as a rival, with top officials saying they want to address economic and security risks without decoupling from Beijing. But members are divided about how forcefully the EU should respond to trade tensions with China. France has pushed for stronger measures to shield the bloc from lower-priced Chinese imports, while Germany has taken a more cautious approach.

WORLD WATCH



HELPING HANDS: A man lifted a child clear of floodwaters in Nairobi, Kenya, on Wednesday after a night of heavy rainfall and a breach in the banks of the Gitathuru River, a tributary of the main waterway that flows through the city.

INDIA
Rivals Accuse Modi Of Hate Speech

India's main opposition party accused Prime Minister Narendra Modi of using hate speech after he called Muslims "infiltrators"—some of his most incendiary rhetoric about the minority faith, days after the country began its weekslong general election.

The remarks at a campaign rally Sunday drew criticism that Modi was peddling anti-Muslim tropes. The Congress party filed a complaint Monday with the Election Commission of India, alleging he broke rules that bar candidates from engaging in any activity that aggravates reli-

gious tensions. Critics of the prime minister—an avowed Hindu nationalist—say India's tradition of diversity and secularism has come under attack since his Bharatiya Janata Party won power a decade ago.

At a rally in Rajasthan, Modi said that when the Congress party was in government, "they said Muslims have the first right over the country's resources." If it returns to power, the party "will gather all your wealth and distribute it among those who have more children," he said. "They will distribute it among infiltrators," he continued, saying, "Do you think your hard-earned money should be given to infiltrators?"

—Associated Press

POLAND
Official Describes Use of Spyware

Poland's prosecutor general told the parliament that powerful Pegasus spyware was used against hundreds of people during the former government in Poland, among them elected officials.

Adam Bodnar told lawmakers that he found the scale of the surveillance "shocking and depressing."

"It is sad for me that even in this room I am speaking to people who were victims of this system," Bodnar told the Sejm, the lower house of parliament.

Bodnar, who is also the justice minister, didn't specify

who exactly was subject to surveillance by the spyware. His office said the information was confidential.

Bodnar was presenting information that the prosecutor general's office sent last week to the Sejm and Senate. The data showed that Pegasus was used in the cases of 578 people from 2017 to 2022, and that it was used by three separate government agencies.

Jaroslaw Kaczyński, the head of Law and Justice, the former ruling party, said last month during testimony to an investigative commission that the "use of Pegasus was in accordance with the law," and that in 99% of the cases it was used against criminals.

—Associated Press

King's Horses Run Amok in London

By MAX COLCHESTER

LONDON—Several of the king's horses and a few of his men sparked chaos on this capital's streets Wednesday when members of the Household Cavalry lost their mounts, allowing the animals to gallop through rush-hour traffic, careering into cabs and double-decker buses while being pursued by police over several miles.

The upset started earlier in the morning with prepara-

tions for Trooping the Colour, an annual military parade to mark King Charles III's official birthday in June. The Household Cavalry Mounted Regiment, an elite military unit whose

well-drilled horses take part in numerous regal events including coronations, set out of its Hyde Park barracks for what is called "watering order" where horses trot through London to exercise.

Then, according to an army spokesman, things went wrong. A crashing noise caused by building materials falling off a building into the street startled five of the horses. Four riders were thrown off their mounts. And at about 8.40 a.m. the horses were off.

The news that equine members of the Household Cavalry—which styles itself as the "trusted guardians of the monarch"—had gone rogue lit up social media. The BBC fired up a live blog. Bewildered onlookers

sent in regular updates on the horses' progress during a ride that stretched from near Buckingham Palace to Limehouse, miles away in east London.

One horse collided with a sightseeing bus. Another was reported to have smashed into a Mercedes van. A white horse covered in blood was filmed galloping in the city's West End, another was spotted at Victoria Station. E-bikes were knocked over in Belgrave Square. Cyclists on their way to work were filmed looking on in

horror as horses charged by.

About an hour after the stampede began, the horses were rounded up. Two of the five horses suffered injuries that are being assessed, said the army. Three riders suffered injuries but none was life threatening. Paramedics said four people were taken to a hospital.

The ceremony of Trooping the Colour is believed to have been first performed during the reign of King Charles II, who was monarch from 1660 to 1685. The current king's actual birthday is Nov. 14. But a big parade to mark the British monarch's official birthday is always held in summer, largely because the weather is nicer.

Preparations for Charles's birthday bash go wrong, wreaking havoc.

Watch a Video



Scan this code for a video on the military horses that ran loose in London.

Russian Military Official Is Held on Bribery Charges

By MATTHEW LUXMOORE

A Russian deputy defense minister responsible for the armed forces' most ambitious construction projects was arrested on bribery charges, in the highest-profile corruption scandal Russia has seen in years and at a time when the war in Ukraine is at a critical juncture.

Timur Ivanov, a stalwart ally of Defense Minister Sergei Shoigu, was placed in Moscow's notorious Lefortovo jail Wednesday, facing up to 15 years in prison for allegedly receiving payoffs while processing defense contracts, according to the country's Investigative Committee. At least one other alleged accomplice of Ivanov's also was detained. Kremlin spokesman Dmitry

Peskov said Shoigu was told in advance that authorities were going to arrest Ivanov, who served under him for years.

Ivanov was responsible for the construction and maintenance of military infrastructure across Russia, and arranged the billeting of troops at army bases in Russia and in occupied Ukraine. He has been sanctioned by the U.S. and European Union since 2022.

Ivanov couldn't be reached to comment.

On Tuesday, as Shoigu gave a televised briefing to Russia's military leadership and praised the operation he is leading in Ukraine, Ivanov was shown dressed in his military uniform sitting near his boss as screens played footage of Russian weapons in action.

Less than 24 hours later, he

appeared in the same uniform in a clip posted online by the Moscow court circuit. This time, he stood in the defendant's cage of a Moscow court, where a judge jailed him until June 24 pending trial.

Ivanov was long the target of investigations by independent Russian journalists and exposés by critics of President Vladimir Putin's government. According to a probe by the Dossier Center, which is financed by exiled Putin critic Mikhail Khodorkovsky, Ivanov profited from contracts to rebuild Mariupol in eastern Ukraine, which Russia captured in 2022.

Ivanov's arrest comes three months after Putin in February ordered Russia's Federal Security Service to step up efforts at tackling graft in state defense

procurement. It also comes ahead of an expected cabinet reshuffle following Putin's inauguration for a fifth presidential term next month, one of the rare occasions when Russian officials switch roles or step down from long-held duties.

Analysts say the unwritten agreement that underpins Putin's rule, which tolerates corruption to the extent that it doesn't destabilize the system, keeps officials on their toes, because they rarely get prior warning that they are in danger of going too far.

"You are usually allowed to be corrupt, but you never understand the circumstances in which that corruption can become a liability," said Sam Greene, a Russia expert at the Center for European Policy Analysis.



Timur Ivanov appeared in a Moscow court on Wednesday.

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Thursday, April 25, 2024 | B1

S&P 5071.63 ▲ 0.02% S&P FIN ▼ 0.13% S&P IT ▲ 0.03% DJ TRANS ▼ 2.32% WSJ \$IDX ▲ 0.12% 2-YR. TREAS. yield 4.933% NIKKEI (Midday) 37818.11 ▼ 1.67% See more at WSJ.com/Markets

Boeing Burns Cash, Cuts MAX Output

Door-panel fallout spurs \$4 billion in outlays as well as a factory slowdown

By Sharon Terlep

Boeing burned through nearly \$4 billion in the most recent quarter as fallout from the Alaska Airlines midair accident exacted a financial toll.

The jet maker reported a \$355 million loss as revenue fell 8% from a year ago in quarterly results that were slightly better than expected. Under pressure from airlines and regulators to clean up its operations, Boeing slowed its factories and stopped providing most financial targets.

"Near term, yes, we are in a tough moment," outgoing Chief Executive Dave Calhoun said in a message to employees. "Lower deliveries can be difficult for our customers and for our financials. But safety and quality must and will come above all else."

Boeing is building fewer of its 737 MAX jets as the company weeds out quality problems at the Renton, Wash., factory that makes the planes. The company faces added inspections and heightened regulatory scrutiny after the Jan. 5 near tragedy. It delivered 83 commercial airplanes in the March quarter, a 36% drop from a year ago.

The production slowdown of the bestselling planes means the company's operations are burning cash. Boeing warned investors last month that it would take a hit of between \$4 billion and \$4.5 bil-

lion for the year's first quarter, larger than it previously forecast. The company ended March with \$7.5 billion of cash and investments, less than half what it had at the start of the year.

Moody's Investors Service on Wednesday downgraded its rating on Boeing's unsecured debt by one notch to Baa3, the lowest investment-grade level. Moody's expects that cash-flow pressures will persist through 2026 and Boeing will have to issue new debt, including if it reaches a deal to acquire Spirit AeroSystems. Boeing executives said Wednesday that they are monitoring liquidity levels and can access additional funds if needed.

Meanwhile, Boeing faces a separate problem with its 787 Dreamliner. A shortage of some key parts means the company can't increase production of the wide-body jets as quickly as it had hoped.

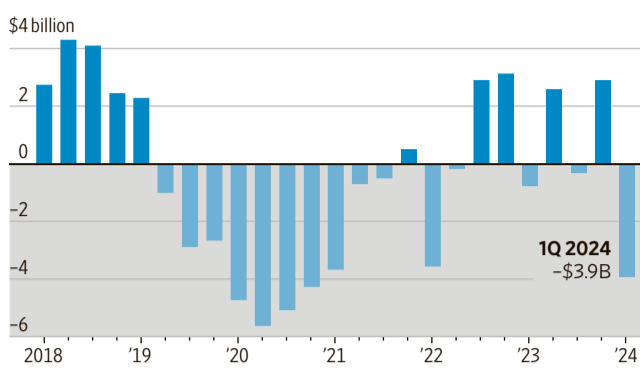
For the March quarter, Boeing reported an adjusted loss of \$1.13 a share on revenue of \$16.6 billion. On that basis, analysts predicted an adjusted loss of \$1.63 per share on revenue of \$16.2 billion.

Shares of Boeing fell 2.9% to \$164.33 on Wednesday. The shares slumped more than 35% so far this year.

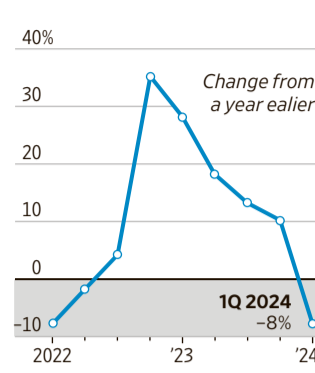
Calhoun said he is confident Boeing can increase 737 production to levels that will enable the company to hit its annual free-cash-flow target of \$10 billion by 2026. That would require churning out 50 737 jets a month, more than double the company's current delivery level. "That's the bet

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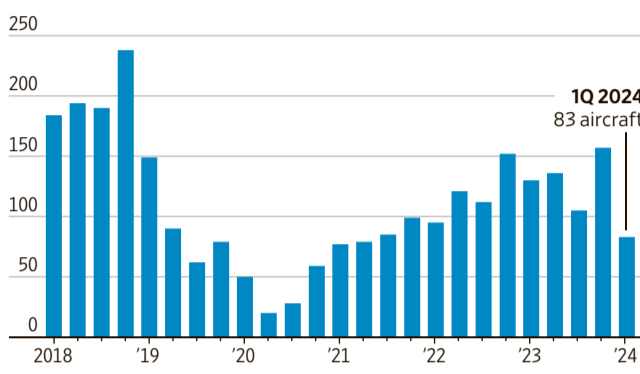
Boeing's free cash flow



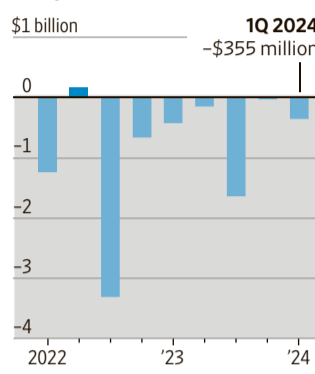
Revenue, quarterly



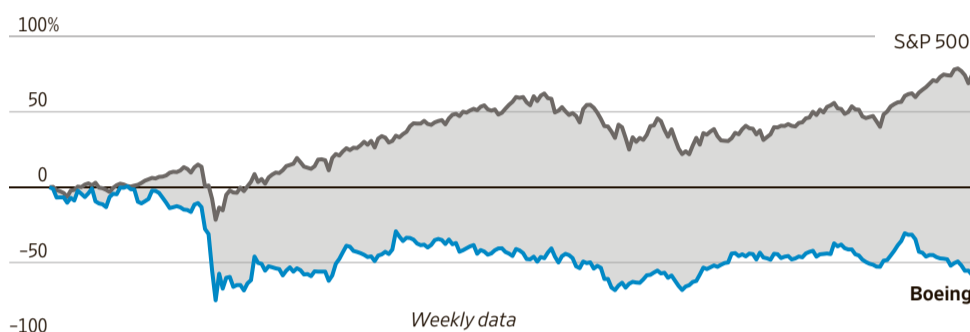
Commercial airplane deliveries



Net profit/loss



Share and index performance, past five years



Sources: the company (free cash flow, deliveries); S&P Capital IQ (revenue, net profit); FactSet (performance)



Boeing planes in various stages of maintenance near the Renton, Wash., factory.

Meta's Ad Business Lifts Sales, But AI Costs Rise

By Salvador Rodriguez

Meta Platforms on Wednesday reported record first-quarter revenue as the company's advertising business grew at a rapid clip even as investors soured on forecasts of rising costs related to artificial intelligence.

In aftermarket trading, Meta shares fell 16% after the Facebook parent said it would increase its spending levels for the year by as much as \$10 billion to support infrastructure investments to support its AI investments.

The stock-price decline came despite an increase in sales to \$36.5 billion, up 27% from a year prior, a record for the January-to-March period, exceeding analysts' expectations. The revenue growth was up slightly compared to a quarter prior, when Meta reported annual revenue growth of 25%.

The company hopes to build the world's leading AI service in terms of quality and usage, and Meta will continue to expand its investments in AI meaningfully before those ef-

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Shortage Of Parts Impedes Building Data Sites

By Tom Dotan and Asa Fitch

The frenzy to build data centers to serve the exploding demand for artificial intelligence is causing a shortage of the parts, property and power that the sprawling warehouses of supercomputers require.

The lead time to get custom cooling systems is five times longer than a few years ago, data-center executives say. Delivery times for backup generators have gone from as little as a month to as long as two years.

A dearth of inexpensive real estate with easy access to sufficient power and data connectivity has builders scouring the globe and getting creative. New data centers are planned next to a volcano in El Salvador and inside shipping con-

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Main Street Bank Model Is Being Squeezed

By Gina Heeb

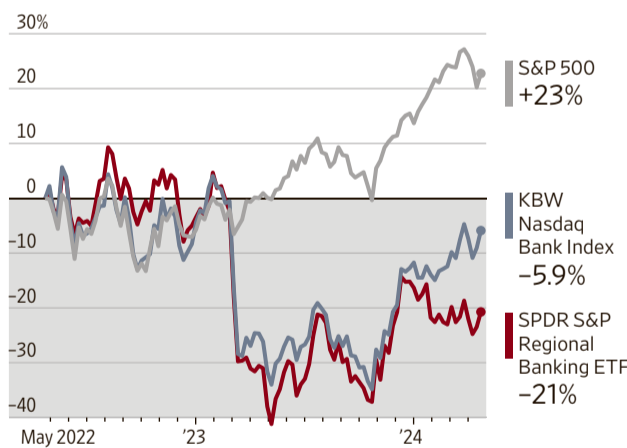
Higher-for-longer interest rates are continuing to weigh on Main Street banks.

Regional banks posted steep profit declines in the first quarter and predicted more pain ahead. The results underscore the uneven toll that two years of higher interest rates have taken on regional banks, which tend to have plain-vanilla businesses taking in deposits and making loans. That model has become less profitable because of the pressure to pay up on deposits.

Profit fell by more than one-

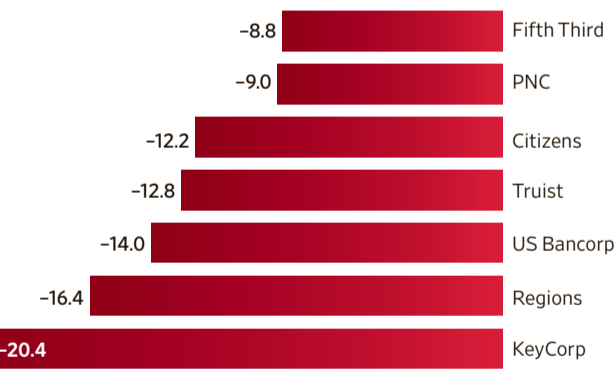
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Index and ETF performance over the past two years



Sources: FactSet (performance); the companies (net interest income)

First-quarter net interest income, change from a year earlier



Amazon to Allow DIY Option on Platform

By Belle Lin

Amazon.com will let companies use their own generative artificial-intelligence models inside its AI app development platform, part of a package of moves the cloud-computing giant is launching to keep up with its rivals in AI.

Amazon Web Services said "tens of thousands" of businesses are using Bedrock, its AI app development platform. Giving companies the ability to add DIY models to Bedrock makes it easier for enterprise developers and data scientists to work together, said Swami Sivasubramanian, vice president of AI and data at AWS.

The Seattle-based company also released two new AI models on Tuesday: its Titan image-generator model, which can create images from text, and its Titan text-embeddings V2 model, which is designed for things like Q&A chatbots and making personalized recommendations.

As companies test and use

generative AI for various tasks, many are building their own AI by customizing a vendor's model, or tailoring an open-source model with their own data.

Generative AI is expected to drive global IT spending to \$5.06 trillion this year, an 8% increase from 2023, according to Gartner.

This adds to the urgency among cloud providers, software and device makers to offer AI-based products and services to enterprise clients.

Amazon has fallen behind tech rivals in the AI race, though it has been trying to boost its standing with new offerings at AWS and its retail operations, The Wall Street Journal previously reported. AWS doesn't have a defining AI partnership such as Microsoft's with OpenAI, or Copilot, Microsoft's generative AI assistant for its business software. In November AWS introduced Amazon Q, an AI chatbot for companies and developers, and

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INSIDE



TECHNOLOGY
The electric-vehicle price war is heating up in China. **B4**



HEARD ON THE STREET
Some help is coming for Hong Kong's tepid stock market. **B12**

U.K. Green-Energy Firm Taps Niche in U.S. Offshore Wind

By Yusuf Khan

British renewable energy supplier Octopus Energy is eyeing a new and relatively untapped slice of the U.S. offshore wind market, with the company set to invest in a California-based startup focused on floating wind turbines.

Octopus will be investing between \$10 million and \$30 million in Ocergy, a producer of offshore wind-turbine foundations, as it aims to scale up renewable-power generation in the U.S.

Roughly 80% of the world's offshore wind resources are located in waters too deep for regular offshore wind turbines, according to the Global Wind Energy Council, a forum representing the wind sector. By investing in floating offshore wind, more renewable-power generation can be harnessed, Octopus says, as the turbines are able to operate in deeper waters where there is more wind. "Floating offshore wind technology accesses these



Ocergy produces offshore wind-turbine foundations.

strong winds and unlocks the possibility of building more much-needed clean power," said Zoisa North-Bond, chief executive officer of Octopus Energy Generation, a subsidiary of Octopus Energy that invests in green power.

Octopus's investment in Ocergy is part of its plan to invest \$20 billion in offshore wind by 2030. Octopus is one of

Europe's fastest-growing energy providers, banking on consumer demand for green power. In particular, the company has helped build out renewable power generation in places like the U.K. and electric vehicle charging across Europe.

In 2020, the company entered the U.S. market after it acquired Houston- and Silicon

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AI Firms Hungry for Data Hubs

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tainers parked in West Texas and Africa. Earlier this year, data-center operator **Hydra Host** found itself in a bind, searching for 15 megawatts of power needed to operate a planned facility with 10,000 AI chips. The company went from Phoenix to Houston to Kansas City, Mo., to New York to North Carolina to find the right space. It is still on the hunt. The locations that had the power didn't have the right cooling systems required to keep the servers operational. New cooling systems would take six to eight months to arrive, thanks to a supply crunch. Meanwhile, buildings that had the cooling didn't have the transformers required to receive the additional power—those would take up to a year to arrive.

"With what we're seeing, the fervor to build is probably the greatest since the first dot-com wave," said Hydra Host Chief Executive Aaron Ginn. He said the search for the right parts and space has taken months longer than expected. The demand for computational power to create AI systems has surged since late 2022, when **OpenAI's** ChatGPT started showing the technology's potential. Demand for computer servers equipped with new generations of AI chips—the most popular of which are graphics processing units, or GPUs, from **Nvidia**—is overwhelming existing data centers.

"You had this tsunami, and there's going to be a shortage of data-center inventory," said

Raul Martynek, chief executive of data-center company **Data-Bank**.

Creating and deploying complex AI systems requires unprecedented numbers of chips. Analysts estimate that training the version of **ChatGPT** that came out in 2022 required more than 10,000 of **Nvidia's** GPUs, while more-recent updates have required significantly more—putting further strain on data centers. Large tech companies have struggled to get their hands on supplies. The amount of data-center space in the U.S. grew 26% last year, according to real-estate firm **CBRE**, and a record amount was under construction. The price of available space is rising while vacancy rates are negligible—a sign that supply isn't keeping up with demand.

Bill Vass, vice president of engineering at **Amazon Web Services**, said a new data center pops up somewhere in the world every three days. It generally takes a year and a half or two years to put up a large new data facility, said Jon Lin, the general manager of data-center services at **Equinix**, one of the world's biggest data-center operators. It is difficult for the industry to suddenly scale up when demand skyrockets because of the extensive planning and supply-chain management required, he said. "These are not easy problems where you can pivot on a dime and triple capacity very quickly," said Lin.

Cloud giants like **Amazon Web Services**, **Microsoft** and **Alphabet's** Google are investing billions of dollars in new data centers. Google's capital expenditures—almost half of which was on its data infrastructure—jumped 45% from a year earlier to \$11 billion in the three months through December.



The amount of data-center space in the U.S. grew 26% last year, and a record amount was under construction.

BUSINESS & FINANCE



Critics have scrutinized Maher's political views and seized on past comments she made.

NPR Chief Defends Coverage, Accuses Critics of 'Bad Faith'

Katherine Maher says a controversy over news coverage was a distraction

By ALEXANDRA BRUELL

When Katherine Maher joined National Public Radio as its new CEO in March, she came ready to field internal scrutiny and concerns about coverage.

What she hadn't bargained for, two weeks into the job, was public criticism of NPR from a longtime editor. The controversy has triggered tumult inside NPR's newsroom and thrust Maher into the spotlight.

Critics have scrutinized her political views and seized on past comments she made on everything from the First Amendment to misinformation to the idea that written history is tilted toward the worldview of white men.

"All of this frankly is a bit of a distraction relative to the

transformation our organization needs to undergo in order to best serve our mandate," Maher said in an interview.

In an essay earlier this month on the news site the Free Press, NPR editor Uri Berliner said the public radio network had lost its way by letting liberal bias skew its coverage. Berliner was suspended last week and subsequently resigned.

Maher said NPR should be open to criticism, but defended the news organization against the charges Berliner laid out.

"We have robust conversations across the organization, including in response to the article," she said.

Berliner took aim at a strategy that predates Maher. It tracked whether NPR stories drew on a diverse range of sources and added more affinity groups for staffers based on identity markers such as race and gender. Maher said her predecessor's initiatives were "necessary but not sufficient" to accomplish the goal of reaching more listeners.

What is needed is a more comprehensive business strategy, she said. "How do we actually go out and grow audiences, how do we use data in order to inform our decisions, how do we understand what's working?" she said. Part of it will be changing the tone of its broadcasts. "We want to be able to speak to folks as though they were our neighbors and speak to folks as though they were our friends," she said.

Days after Maher sent a note to staff addressing Berliner's essay, NPR employees wrote to her urging stronger support for employees and asking her to call out factual inaccuracies in the piece.

In a written response, Maher thanked staffers for their input, saying it would take time to consider specific courses of action, and acknowledging what she said were "unwarranted, unacceptable, directed personal attacks at many of our colleagues."

In a statement, Berliner said, that if NPR wants to foster a broad range of views,

"suspending and then rebuking a staffer is not the best way to go about it."

Maher became part of the story when critics including writer Christopher Rufo—of the Manhattan Institute, a conservative think tank—resurfaced her past posts on X that indicate liberal leanings and progressive views. Rufo and others also circulated a video clip from a 2021 interview in which Maher describes the First Amendment as the top challenge in the fight against disinformation. Maher was referring to the difficulties of regulating social-media platforms.

She said she has a "robust belief in the First Amendment," and her comments were taken out of context. She was referring to the "landscape of constitutional protections and why that limits options of policymakers taking on certain issues," she said. "It is by no means a personal perspective; it's a very bad faith distortion of a nuanced perspective on a policy landscape issue."

Boeing Burns Cash, Cuts Output

Continued from page B1

we're making and I'm confident we can get there," he said in a Wednesday call with analysts.

The results came a month after Boeing said Calhoun will exit at the end of the year as

part of a shake-up. The head of Boeing's commercial-aircraft business, Stanley Deal, stepped down and its board chair, Larry Kellner, won't stand for re-election.

Calhoun said Boeing is seeing results from efforts to improve quality. The biggest improvement came from Boeing's move to require defect-free fuselages, he said. The company has said faulty parts from jet-fuselage supplier **Spirit AeroSystems** are a major factor in its own quality issues. "When we get a clean one, it whistles through the factory," he said.

On Tuesday, Spirit said Boeing would make \$425 million in advance payments to cover costs tied to Boeing's quality-improvement efforts.

Spirit's factory in Wichita, Kan., made the fuselage involved in the Alaska Airlines door-plug blowout in January. Spirit now must make its own quality improvements, while dealing with inventory buildup as well as a mandate from Boeing that fuselages must be defect-free before being shipped to Renton.

Boeing is in the midst of negotiations with Spirit about

acquiring the company. The talks have dragged out amid negotiations with rival Airbus about control of Spirit factories that produce parts for Airbus jets, according to people familiar with the matter.

Major aspects of the deal still need to be hammered out, Boeing finance chief Brian West said Wednesday. The companies remain in talks over price, terms and offloading factories. "We believe in the strategic logic of the deal, but we will take the time to get this right," he said in a call with analysts.

Main Street Banks Are Squeezed

Continued from page B1

fifth from a year earlier at **U.S. Bancorp**, **Truist Financial** and **M&T Bank**, and by around one-third or more at **Citizens Financial Group**, **KeyCorp** and **Huntington Bancshares**. At **Comerica**, profit declined by more than half.

At the biggest banks in the first quarter, rate pressure began to emerge, but profits were down much less overall. One bright spot for some regional banks was a rebound in fee businesses such as wealth management, treasury management and investment banking. Noninterest income rose 8% at **U.S. Bancorp**, 7% at **Citizens** and 6% at **KeyCorp**.

"The more diversified the revenue this quarter, the better the results," said RBC analyst Gerard Cassidy.

The Federal Reserve recently signaled that stubborn inflation may force it to keep rates at their current high levels for longer than expected, a particular problem for banks without much diversity and scale. In the first quarter, most of the larger regional banks forecast that net interest income, the difference between what they earn on loans and pay out on deposits, would fall for the full year.

Banks are still under scrutiny from regulators, customers and investors after three high-profile failures a year ago. Many have been in pullback mode in anticipation of potentially stricter capital rules. Some regional and community banks also hold high concentrations of commercial real estate, a sector where a decline in valuations has threatened to stick lenders with losses.

Banks in recent quarters have piled away reserves for losses in commercial real-estate books, especially for loans on offices that have emptied since the pandemic. Regulators and analysts have said those issues would play out over a number of quarters, without risks to the broader financial system.

"I'm sure there will be more surprises," U.S. Bancorp Chief Financial Officer John Stern said, referring to commercial real estate across the industry. "There may be one-off banks here and there, but there won't be a sector-wide thing."

Commercial real estate losses in the fourth quarter at **New York Community Bancorp** had sparked a moment of panic earlier this year. But those losses were tied to a uniquely large portfolio of loans for rent-stabilized New York apartments.

At **PNC Financial Services**, net charge-offs in commercial real estate rose to more than \$50 million in the first quarter from around \$10 million a year earlier. The bank expects more stress in that space, especially for office loans.

JOURNALISTS DON'T 'JUST WRITE STORIES.'

THEY RECORD HISTORY.

Learn more about the impact your journalism career can have on the world. Wall Street Journal reporter Erin Ailworth and others share career advice at dowjonesnewsfund.org/careers.

BUSINESS NEWS

Prada Revenue Rises Despite Sector Woes

By ANDREA FIGUERAS

Prada reported an increase in revenue for the first three months of the year, despite what it called a challenging market environment as the luxury sector grapples with slowdown in sales growth.

The Italian luxury-fashion giant booked net revenue of €1.19 billion, equivalent to \$1.27 billion, for the first quarter, up 11% in reported terms compared with a year earlier.

The result compares with analysts' forecasts of €1.16 billion, according to a Visible Alpha poll.

The company's namesake brand posted a positive performance, while Miu Miu continued on its growth trajectory, Prada said.

At constant exchange rates, revenue grew 16% at a time when the luxury sector faces a normalization of sales growth due to inflation and high interest rates that have squeezed consumer spending.

"While the industry is experiencing new dynamics, we retain our ambition to deliver solid, sustainable and above market growth," Chief Executive Andrea Guerra said.

The sector was expected to have a sluggish start to the year.

However, the earnings season is showing polarization trends, with companies that

attract wealthier consumers faring best.

LVMH Moët Hennessy Louis Vuitton—considered a bellwether for the sector—posted a decline in quarterly sales in reported terms, but some analysts said the result was reassuring in the context of a general slowdown.

Brunello Cucinelli reported an increase in first-quarter revenue with positive results in all regions, benefiting from a high-end clientele.

Gucci owner **Kering**, which has a less-wealthy customer base, said it anticipates sharply lower operating profit in the first half after first-quarter sales slumped.

"Prada Group had a positive start to the year," Guerra said. Retail sales, which account for the lion's share of the company's revenue, grew across all regions, particularly in Japan, driven by local consumption and by tourists.

In Asia Pacific, the company recorded a 16% rise in retail sales at constant currency against a challenging comparison base, since in the year-earlier period it benefited from the easing of Covid-19 restrictions.

The company's performance in the region contrasts with that of its peers. Most luxury names are grappling with a slower-than-expected recovery in China—one of the industry's largest markets.



Volvo continues to expect full-year sales-volume growth of at least 15% with cash flow improving in the coming quarters.

Volvo Car Posts Jump in Sales, Still Expects Robust Demand

By DOMINIC CHOPPING

Volvo Car expects demand for its cars to remain robust and still sees retail sales growth increasing this year, despite earnings that missed forecasts.

The Swedish auto maker saw retail sales rise 12% in the first quarter, after booking a monthly sales record in March thanks to strength in Europe and the U.S. But revenue and earnings were weighed by lower income from contract manufacturing work while it sold more smaller, lower-priced cars and car prices in general normalized after supply constraints caused prices to spike last year.

Foreign exchange rates worked as a headwind in the quarter, it added.

Retail sales of the company's electric vehicles increased 11% on the year and their profitability continued to rise. The gross margin of its battery-powered vehicles rose

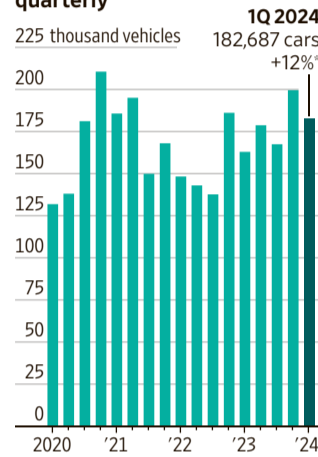
to 16% from 7% in the same quarter last year as raw material costs fell further and the company launched EX30, a small electric SUV. This compares with the margin of Volvo's nonbattery electric vehicles at 25%.

Volvo has high hopes for the EX30, which Chief Executive Jim Rowan said was the third-fastest selling EV globally at the end of the quarter, behind only two Tesla models. Production of the EX30 is currently in China but will soon also start ramping up in Europe and the car should be available in around 90 countries by year-end.

After the end of the quarter, Volvo began distributing 62.7% of its **Polestar** stake to its shareholders. It said this year that it would pare down the stake in the EV maker it founded with its Chinese owner **Geely** to 18% and stop providing further funding.

Analysts have long highlighted how Volvo's stake in

Volvo Cars' retail sales, quarterly



Source: the company

Polestar has been a drag on its resources, with the company struggling with losses amid the slow consumer uptake of electric vehicles and the increasingly competitive market.

Losses at Polestar hurt Volvo's profitability in the quarter, but its stake in the

company has now fallen to 18% from 48%.

The company reported a net profit attributable to shareholders of 3.34 billion Swedish kronor, equivalent to \$308.9 million, compared with 3.61 billion kronor a year earlier, as revenue fell 1.9% to 93.88 billion kronor.

Analysts polled by FactSet expected net profit at 4.22 billion kronor on revenue of 99.95 billion kronor.

Volvo continues to expect full-year sales-volume growth of at least 15% with cash flow improving in the coming quarters, allowing it to become cash neutral for the full year.

"At the same time, we are mindful that the external environment continues to be challenging," Rowan said. "I believe our mixed product portfolio of both fully electric cars and world class plug-in and mild hybrids, along with our increased focus on cost actions, will help us navigate these headwinds."



Pradasphere II exhibition in Shanghai, China, last December.

Humana Pulls Its Guidance For 2025

By ANNA WILDE MATHEWS

Humana shares fell roughly 4% Wednesday, even though the insurer beat Wall Street expectations in its first-quarter results and stuck to its 2024 guidance.

The company yanked its guidance for 2025, leaving investors worried about the impact of lower-than-expected federal rates for its core Medicare Advantage business.

Humana sought to ease concerns about medical costs on a call with analysts Wednesday, saying they weren't running ahead of its projections. Its medical-loss ratio, a closely watched measure of medical expenses, roughly matched analysts' expectations.

For the fourth quarter, Humana had posted a loss and warned of higher-than-expected medical costs impacting its results into 2024 and beyond.

Humana suggested that the Medicare business would do well over the longer term, but warned of challenges and years of recovery before margins could stabilize at around 3% or higher. The company said it would update its 2025 outlook after it files its Medicare bids for next year.

Humana's first-quarter earnings come on the heels of results from competitors **UnitedHealth** and **Elevance** that had offered some relief for skittish managed-care investors worried about rising medical costs, regulatory pressure on the Medicare business and the impact of a cyberattack on UnitedHealth's claims processor Change Healthcare.

For the first quarter, Humana's adjusted earnings per share of \$7.23 beat the FactSet consensus of \$6.12. Net income declined to \$1.01 billion, or \$6.11 a share, from \$1.61 billion, or \$9.87 a share, a year earlier.

Blackstone to Buy Tropical Smoothie

By MIRIAM GOTTFRIED

Blackstone said Wednesday it is buying restaurant franchiser Tropical Smoothie Cafe.

The firm is paying nearly \$2 billion, including debt, for the company, which is owned by private-equity firm Levine Capital Partners, according to people familiar with the matter.

Based in Atlanta, Tropical Smoothie Cafe has over 1,400 locations in 44 states across the U.S. selling smoothies and other food items such as acai and yogurt bowls.

Blackstone has a long history of investing in franchise businesses, which can benefit from the growth of a brand without requiring significant

capital investment on the part of the franchiser.

The firm's 2007 bet on Hilton Hotels, another franchiser, earned it \$14 billion, making it the most-profitable private-equity investment in real estate ever. Blackstone also owns cleaning- and emergency-restoration services franchiser Servpro and announced an investment in coffee franchiser 7Brew earlier this year.

The deal is another example of Blackstone starting to put money to work again in private equity after mostly sitting out 2023, along with the rest of the industry. High interest rates cut into portfolio valuations and made it more expensive for firms to borrow.

The firm is paying nearly \$2 billion including debt for the chain.

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TECHNOLOGY

China's EV Price War Is Heating Up

Price cuts this month amounted to some of the largest yet in China's auto market

By JIAHUI HUANG AND SHERRY QIN

With a historic round of price cuts this month, **Tesla, Li Auto** and a host of others have extended China's monthslong electric-vehicle price war into a new quarter. Some say the fight is just getting started.

EV makers in the world's biggest market for electric and hybrid vehicles have been cutting prices en masse since last year, when slowing sales and rising competition from upstarts forced a rethink of the playing field. This month, prices were cut or incentives offered on more than 40 EV models, amounting to some of the largest reductions in the Chinese auto market's history.

CCB International analyst Qu Ke said he expects growing and intensified competition into the third quarter, given the current oversupply and soft consumer sentiment in China. Nomura analyst Joel Ying said the current level of competition could last for two to three years before the market enters a new, stabilized stage, potentially trimming the



Visitors to the XPeng Motors booth at the Auto Shanghai show in April 2023.

field to a handful of survivors.

Drivers in the short term include a new batch of models launching this week at the Beijing Auto Show and coming government subsidies for trade-ins that have companies competing to capture an expected uptick in demand. Tesla's fresh announcement that it plans to roll out cheaper models early next year could add to the pressure.

One likely outcome of prices in free fall is that the popularity of alternative-energy vehicles will continue to rise, cementing their place atop

China's auto market. In the first two weeks of April, retail sales of EVs and plug-in hybrids overtook those of traditional vehicles for the first time, according to China Passenger Car Association data. The International Energy Agency this week estimated that 60% of EVs sold in China are already cheaper than combustion-engine cars. Elsewhere, it expects price parity only by about 2030.

Another outcome is that the smallest players are at greater risk of going under. Lower prices will likely drive some in-

dustry consolidation, said Vincent Sun, a Morningstar equity analyst, citing recent exits of weaker players.

Qu of CCB said he expects more startup original equipment manufacturers to go bankrupt in the next two to four years.

Margins are also likely to suffer, although on that front the more established players have more room to give. Only three EV makers in China were profitable in 2023: Tesla, **BYD** and Li Auto. The latter two had enviable gross profit margins of 20% and 22.2%, respec-

tively, while Tesla's global gross profit margin was 18.2%.

Others, including **NIO** and **XPeng**, have growing sales but are spending billions of dollars to catch up to rivals.

"Under such circumstances, some loss-making players are likely to stay burning cash, so financing capability is important to just stay in the game," Sun said. "It's hard to say when the price war will end but we do expect it will last throughout this year."

XPeng and NIO still have ample liquidity to support their ambitions and potentially withstand withering prices. XPeng said it had the equivalent of \$2.92 billion in cash and cash equivalents as of 2023, up 45% from a year earlier, while NIO's rose 66% to the equivalent of \$4.55 billion.

EV makers will have some natural room for price cuts in an environment of declining input costs, such as lower lithium battery prices, and on greater efficiencies, coming via economies of scale and trimmed operating costs, analysts said.

"For those hot names in the market, I think no matter what, they will find a way out," Ying of Nomura said. But for companies that are small, unlisted and with limited shipments, "they will face more challenges ahead."

Amazon Upgrades AI Platform

Continued from page B1 it offers the Titan models, but they aren't as well known as Google's Gemini chatbot and models.

Like its rivals, AWS offers companies using its platform a sort of one-stop shop for AI, cloud-computing, and data and software services. The company has focused on helping developers build generative AI applications—a harder task than building software apps—and giving customers the choice between many models, Sivasubramanian said.

So far, AWS has positioned itself as a neutral provider of AI technology, making a wide variety of AI models—from its own to proprietary models from **Anthropic** and open-source models like **Meta Platforms'** new Llama 3—available through Bedrock.

Its model evaluation tool, made fully available on Tuesday, will cut down the time businesses would have spent testing and analyzing different models, Sivasubramanian said.

Microsoft and Google also let customers use AI models from other companies, and open-source models from Meta and Mistral AI.

Advertising Drives Sales At Meta

Continued from page B1 efforts begin contributing revenue, said Chief Executive Mark Zuckerberg. He added that this is the same playbook the company has employed with past features and products, such as News Feed, Stories and Reels.

"Once our new AI services reach scale, we have a strong track record of monetizing

them effectively," said Zuckerberg, adding that Meta could generate revenue through ads in AI interactions, charging people to use its larger AI models and by simply improving app engagement and the quality of ads.

Meta's performance has been fueled by breakthroughs in artificial-intelligence technology that boosted its ad-targeting capabilities. Those advancements in AI have helped Meta overcome challenges posed by privacy changes implemented by Apple that erased \$10 billion of revenue for the social-media company in 2022.

In April, Meta released its

latest large language model, Llama 3, and announced that it would begin featuring the technology more prominently in apps including Instagram and WhatsApp. Llama 3 is capable of instantly generating images and providing users with article summaries.

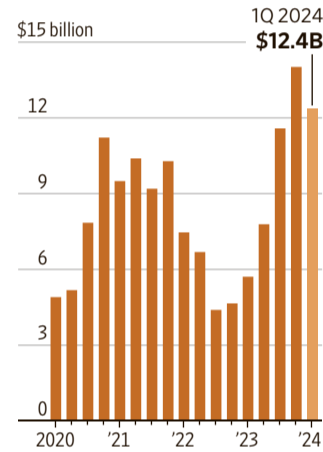
After the company moved to reduce costs significantly in what Chief Executive Mark Zuckerberg called a "year of efficiency" in 2023, investors grew concerned about the risks of Meta's heavy investments in AI, said Paul Marino, chief revenue officer of GraniteShares, an issuer of exchange-traded funds focused on Meta and other widely traded tech stocks.

The release of Llama 3 has put the company in a strong position, but shareholders want to see higher revenue if the company increases expenses, he said.

The release of Llama 3 comes as Silicon Valley's AI race continues to heat up as Google, OpenAI and startups such as Anthropic and Mistral compete to deliver popular AI products and chatbots.

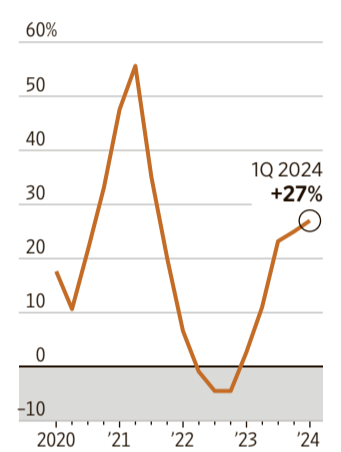
Shareholders are enthusiastic about the potential of AI but are also scrutinizing how much companies are spending to build out AI models and applications as well as the strategy for making money on the new technology.

Meta Platforms quarterly net income

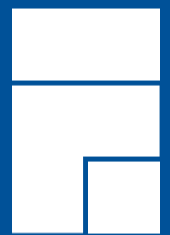


Sources: S&P Capital IQ; the company

Quarterly revenue, change from a year earlier



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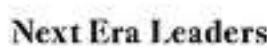
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BIGGEST 1,000 STOCKS

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:
F-New 52-week high; F-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 the previous day and changes in the official closing prices from 4 p.m. ET the previous day.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-tables for Wednesday, April 24, 2024 and sub-sections A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-sections R, S, T, U, V, W, X, Y, Z.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-sections M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-sections A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-sections D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-sections O, P, Q, R, S, T, U, V, W, X, Y, Z.

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NOTICE OF PUBLIC SALE - Property to be Sold
Public Sale No. 1: Tuesday, April 30, 2024, 10:00 a.m. EDT
Lot # CUSIP Issue Asset Type Shares/Par Amount Registration Type
1 US5866383006 AXIEM INC INC INC Equity 75,462.00 Physical
2 US7437109005 PROTOCOL COMMUNICATIONS INC NPV Equity 18,643.520 Physical
3 US7437109005 PROTOCOL COMMUNICATIONS INC NPV Equity 18,643.520 Physical
4 US7437109005 PROTOCOL COMMUNICATIONS INC NPV Equity 18,643.520 Physical

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PLEASE TAKE NOTICE, that in accordance with applicable provisions of the Uniform Commercial Code as enacted in New York, Fortress Credit CO LLC, a Delaware limited liability company, the agent under certain loan agreement(s) ("Secured Party") will offer at public auction all member and other equity interests in and to 100% of the limited liability company interests in East 51st ST Development Company LLC (the "Pledged Securities"), which entity, directly or indirectly, owns, leases and/or operates the real property located at 5 East 51st Street, New York, New York. The public auction will be held in person and virtually via Zoom Remote Meeting on June 3, 2024 at 1:30 p.m. (EST). Secured Party reserves the right to cancel the sale in its entirety, or to adjourn the sale to a future date. The Pledged Securities have not been and will not be registered under the Securities Act of 1933 (the "Act") and are being offered for sale in a transaction exempt from the requirements of the Act. All potential bidders will be required to comply with all federal and state securities laws in effect in respect of the submission of bids and actual purchases of the Pledged Securities. The Secured Party reserves the right to require bidders to represent that the Pledged Securities are being purchased with investment intent and not with a view toward resale or distribution and will not be resold except pursuant to a valid registration statement under the Act or pursuant to an applicable exemption. Additional representations may be required to comply with transfer requirements and state securities laws that may apply. The Pledged Securities will be sold "as-is, where-is", with no express or implied warranties or representations of any kind made by Secured Party and without any recourse whatsoever to Secured Party. Interested parties must execute a standard confidentiality and non-disclosure agreement (the "Confidentiality Agreement"). To review and execute the Confidentiality Agreement, please visit our website at https://marketplace.com/listing/63487/uc-disposition-sale-pledge-of-equity-interest-indirect-interest-in-mixed-use-development-new-york. For questions and inquiries, please contact Brock Cannon of Newmark Group, Inc. at brock.cannon@nrmk.com or Jasmine Khaneja of Milbank LLP at jkhanaja@milbank.com. Interested parties who do not comply with the foregoing and any other requirements of the applicable terms of sale prior to the deadlines set forth therein will not be permitted to enter a bid.

IPO Scorecard
Performance of IPOs, most-recent listed first

Table with columns: Company, SYMBOL, Wed's IPO date/Offer price, Wed's close(\$), % Chg From Offer 1st-day, Company, SYMBOL, Wed's IPO date/Offer price, Wed's close(\$), % Chg From Offer 1st-day. Includes companies like Neo-Concept International, YY Growth Holding, Tungray Technologies, etc.

New Highs and Lows
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.

Table with columns: Stock, 52-Wk High/Low, % Chg, Stock, 52-Wk High/Low, % Chg, Stock, 52-Wk High/Low, % Chg. Includes companies like APXI, AVEE, BIL, DIA, etc.

Highly-Traded Portfolios
Largest 100 exchange-traded funds. Preliminary close data as of 4:30 p.m. ET

Table with columns: ETF, Symbol, Closing Price, % Chg YTD, ETF, Symbol, Closing Price, % Chg YTD. Includes funds like CommSvsSPDR, InvescoQQQ, iSharesCoreDiv, etc.

Borrowing Benchmarks
wsj.com/market-data/bonds/benchmarks

Table with columns: Inflation, International rates, U.S. consumer price index, Policy Rates, Overnight repurchase, U.S. government rates, Federal funds, Treasury bill auction. Includes data for March index, level, Feb. 24, 23, etc.

Low Priced Stocks

Table with columns: Stock, 52-Wk High/Low, % Chg, Stock, 52-Wk High/Low, % Chg, Stock, 52-Wk High/Low, % Chg. Includes companies like DTCC, WATCO, WSO, etc.

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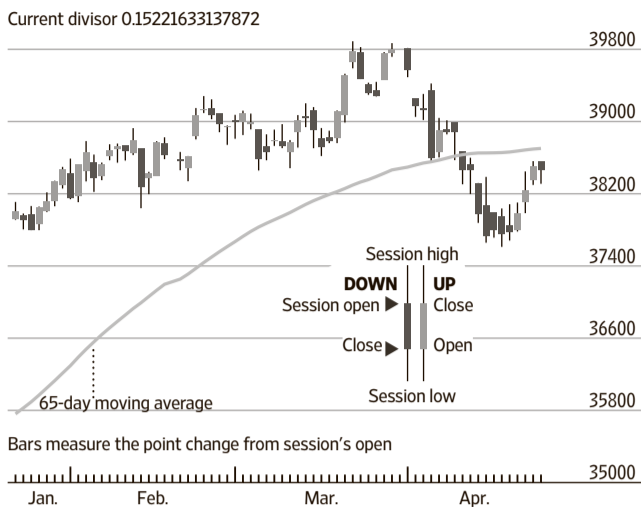
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

38460.92 ▼42.77, or 0.11%
 High, low, open and close for each trading day of the past three months.

Last Year ago
 Trailing P/E ratio 26.71 22.29
 P/E estimate * 18.22 17.97
 Dividend yield 2.18 2.11
 All-time high 39807.37, 03/28/24



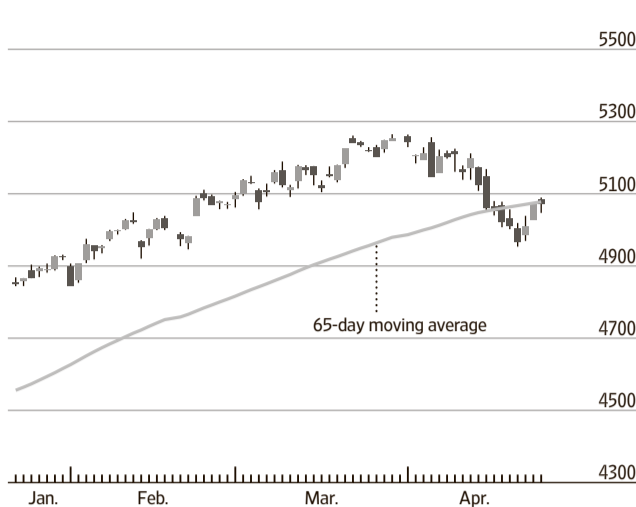
Current divisor 0.15221633137872

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. †Based on Nasdaq-100 Index

S&P 500 Index

5071.63 ▲1.08, or 0.02%
 High, low, open and close for each trading day of the past three months.

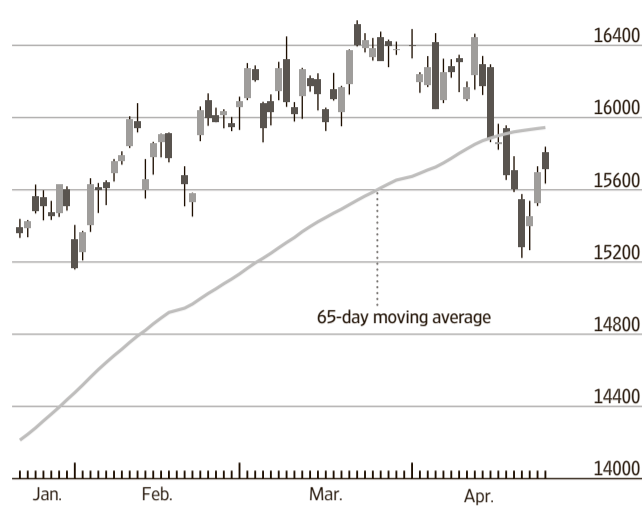
Last Year ago
 Trailing P/E ratio * 24.36 18.62
 P/E estimate * 20.65 18.92
 Dividend yield * 1.40 1.67
 All-time high 5254.35, 03/28/24



Nasdaq Composite Index

15712.75 ▲16.11, or 0.10%
 High, low, open and close for each trading day of the past three months.

Last Year ago
 Trailing P/E ratio * 29.72 26.75
 P/E estimate * 26.22 26.12
 Dividend yield * 0.89 0.86
 All-time high: 16442.20, 04/11/24



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	Low	% chg	52-Week High	52-Week Low	% chg	YTD	3-yr. ann.
Dow Jones													
Industrial Average	38552.79	38310.55	38460.92	-42.77	-0.11	39807.37	32417.59	15.5	2.0	4.2			
Transportation Avg	15345.25	14928.49	15077.80	-358.61	-2.32	16695.32	13444.01	12.2	-5.2	-0.1			
Utility Average	894.86	873.41	892.75	6.79	0.77	966.64	783.08	-6.5	1.3	-0.9			
Total Stock Market	50643.30	50197.31	50449.25	-3.05	-0.01	52402.86	40414.80	24.8	5.6	4.9			
Barron's 400	1126.47	1115.31	1121.92	0.97	0.09	1166.53	881.58	25.5	4.6	3.6			
Nasdaq Stock Market													
Nasdaq Composite	15839.00	15634.44	15712.75	16.11	0.10	16442.20	11854.35	32.5	4.7	3.9			
Nasdaq-100	17653.66	17435.33	17526.80	55.33	0.32	18339.44	12806.48	36.9	4.2	7.9			
S&P													
500 Index	5089.48	5047.02	5071.63	1.08	0.02	5254.35	4055.99	25.0	6.3	6.7			
MidCap 400	2912.42	2881.11	2900.88	1.46	0.05	3046.36	2326.82	19.4	4.3	1.8			
SmallCap 600	1288.98	1276.30	1284.75	-3.41	-0.26	1344.66	1068.80	14.7	-2.5	-1.6			
Other Indexes													
Russell 2000	2006.13	1983.62	1995.43	-7.22	-0.36	2124.55	1636.94	15.3	-1.6	-4.2			
NYSE Composite	17792.76	17666.13	17758.08	-34.68	-0.19	18312.67	14675.78	16.6	5.4	3.1			
Value Line	587.13	582.27	585.62	-0.37	-0.06	615.81	498.09	9.0	-1.4	-4.1			
NYSE Arca Biotech	5025.19	4973.89	4988.38	-1.41	-0.03	5511.46	4544.40	-3.6	-7.9	-4.0			
NYSE Arca Pharma	990.45	978.62	982.24	-8.20	-0.83	1029.37	837.32	12.4	7.9	11.2			
KBW Bank	103.70	102.33	103.56	0.40	0.39	104.85	71.71	31.3	7.9	-5.6			
PHLX ^S Gold/Silver	133.17	131.79	133.05	0.19	0.15	141.11	102.94	-0.0	5.9	-3.6			
PHLX ^S Oil Service	89.26	87.67	88.51	-0.21	-0.24	98.76	69.29	14.4	5.5	20.9			
PHLX ^S Semiconductor	4616.89	4490.53	4526.20	47.40	1.06	5165.83	2922.99	54.8	8.4	12.3			
Cboe Volatility	16.38	15.58	15.97	0.28	1.78	21.71	12.07	-15.2	28.3	-2.7			

^SNasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
iShares MBS ETF	MBB	14,024.5	89.88	0.06	0.06	89.88	89.82
SPDR Shrt Term Treas	SPTS	12,965.5	28.75	0.01	0.03	28.75	28.74
Meta Platforms	META	10,938.9	414.92	-78.58	-19.92	497.30	320.50
ProSh UltraPro Shrt QQQ	SQQQ	10,294.0	12.25	0.44	3.68	12.27	11.77
Ford Motor	F	7,734.9	13.36	0.41	3.17	13.62	12.80
Intel	INTC	5,645.4	34.51	0.01	0.03	34.70	34.31
SPDR S&P 500 ETF Trust	SPY	5,609.1	501.80	-3.61	-0.71	505.78	501.60
Lucid Group	LCID	5,469.2	2.54	-0.01	-0.39	2.60	2.52

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Acron Therapeutics	ACRV	140.3	10.99	1.49	15.68	13.80	9.50
MicroSect FANG+ -3X Invr	FNGD	148.3	43.99	3.46	8.54	44.34	40.13
Teradyne	TER	196.6	107.99	7.29	7.24	112.49	97.00
Verona Pharma ADR	VRNA	74.9	16.14	0.90	5.91	16.25	15.24
Celestica	CLS	75.7	46.55	2.45	5.56	47.25	41.95

...And losers

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
GrShr 2x Long META Dly	FBL	1,440.0	18.20	-8.57	-32.01	27.60	16.51
Meta Platforms	META	10,938.9	414.92	-78.58	-19.92	497.30	320.50
AddeX Max META Option Incm	FBY	50.2	18.51	-2.99	-13.91	21.89	17.48
Vista Energy ADR	VIST	79.6	39.00	-4.39	-10.12	43.95	35.61
IBM	IBM	1,107.7	168.00	-16.10	-8.75	184.65	166.51

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	923,177,459	12,595,818
Adv. volume*	454,986,704	6,630,160
Decl. volume*	457,680,658	5,283,172
Issues traded	2,890	297
Advancers	1,186	129
Declines	1,596	156
Unchanged	108	12
New highs	58	3
New lows	30	7
Closing Arms [†]	0.82	0.77
Block trades [†]	4,015	147
	Nasdaq	NYSE Arca
Total volume*	4,735,872,262	287,652,026
Adv. volume*	2,360,401,186	134,446,053
Decl. volume*	2,303,398,835	143,817,195
Issues traded	4,358	1,895
Advancers	1,873	826
Declines	2,291	1,031
Unchanged	194	38
New highs	61	10
New lows	121	6
Closing Arms [†]	0.80	1.05
Block trades [†]	29,608	1,012

*Primary market NYSE/NYSE Amer./NYSE Arca only. †(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	MSCI ACWI	759.46	1.31	0.17	4.5
	MSCI ACWI ex-USA	321.96	1.42	0.44	1.7
	MSCI World	3323.29	0.75	0.02	4.9
	MSCI Emerging Markets	1034.69	15.35	1.51	1.1
Americas	MSCI AC Americas	1916.35	-0.68	-0.04	5.7
Canada	S&P/TSX Comp	21873.72	-138.00	-0.63	4.4
Latin Amer.	MSCI EM Latin America	2420.93	-18.15	-0.74	-9.1
Brazil	Bovespa	12740.69	-407.38	-0.33	-7.0
Chile	S&P IPSA	3503.99	-57.45	-1.61	1.1
Mexico	S&P/BMV IPC	56463.99	-169.76	-0.30	-1.6
EMEA	STOXX Europe 600	505.61	-2.18	-0.43	5.6
Eurozone	Euro STOXX	512.37	-1.40	-0.27	4.1
Belgium	Bel-20	3883.83	-6.88	-0.18	8.7
Denmark	OMX Copenhagen 20	2636.87	-37.25	-1.39	15.5
France	CAC 40	8091.86	-13.92	-0.17	7.3
Germany	DAX	18088.70	-48.95	-0.27	8.0
Israel	Tel Aviv	1937.95	4.03	0.21	3.9
Italy	FTSE MIB	34271.12	-92.63	-0.27	12.9
Netherlands	AEX	874.02	-0.77	-0.09	11.1
Norway	Oslo Bors All-Share	1575.30	13.50	0.86	3.7
South Africa	FTSE/JSE All-Share	74513.93	503.10	0.68	-3.1
Spain	IBEX 35	11027.80	-47.60	-0.43	9.2
Sweden	OMX Stockholm	949.57	-4.12	-0.43	5.2
Switzerland	Swiss Market	11370.74	-98.41	-0.86	2.1
Turkey	BIST 100	9722.09	77.07	0.80	30.1
U.K.	FTSE 100	8040.38	-4.43	-0.06	4.0
U.K.	FTSE 250	19719.37	-80.35	-0.41	0.2
Asia-Pacific	MSCI AC Asia Pacific	173.35	2.97	1.74	2.3
Australia	S&P/ASX 200	7683.00	-0.51	-0.01	1.2
China	Shanghai Composite	3044.82	22.84	0.76	2.3
Hong Kong	Hang Seng	17201.27	372.34	2.21	0.9
India	S&P BSE Sensex	73852.94	114.49	0.16	2.2
Japan	NIKKEI 225	38460.08	907.92	2.42	14.9
Singapore	Straits Times	3293.13	20.40	0.62	1.6
South Korea	KOSPI	2675.75	52.73	2.01	0.8
Taiwan	TAIEX	20131.74	532.46	2.72	12.3
Thailand	SET	1361.10	3.64	0.27	-3.9

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	52-Week High	52-Week Low	% chg
Amesite	AMST	3.35	1.35	67.50	5.77	1.72	-13.0
MMTec	MTC	3.60	1.36	60.71	4.86	0.36	334.7
Skillssoft	SKIL	8.60	2.89	50.61	36.48	5.09	-65.9
Mullen Automotive	MULN	3.77	1.04	38.10	2250.00	2.36	-99.8
B. Riley Financial	RILY	29.75	8.03	36.97	60.72	14.46	1.2
Ribbon Communications	RBBN	3.25	0.68	26.46	3.65	1.78	41.3
GrShr 2x Long TSLA Dly	TSLS	10.04	1.93	23.80	33.78	7.45	...
T-Rex 2x Lg Tesla Dly	TSLS	9.11	1.75	23.78	27.97	6.76	...
Direction TSLA Bull 2X	TSLL	6.66	1.27	23.56	21.10	4.94	-17.4
Cazoo Group	CZOO	11.10	2.08	23.06	207.00	2.11	-94.1
Wilhelmina International	WHLM	6.25	1.17	23.03	7.62	3.28	62.3
Prairie Operating	PROP	14.33	2.51				

BIGGEST 1,000 STOCKS

Continued From Page B6

Table of 1,000 largest stocks with columns for Stock, Sym, Close, Net Chg, and multiple columns for other stock data.

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Table of bond benchmarks with columns for Total return close, YTD total return (%), Index, Yield (%), and various bond categories like Broad Market, U.S. Corporate, etc.

* Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds. Sources: ICE Data Services; Bloomberg Fixed Income Indices; J.P. Morgan

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Table of global government bonds with columns for Country, Coupon (%), Maturity, Yield (%), Spread Under/Over U.S. Treasuries, and various bond categories.

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Table of corporate debt with columns for Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread, and various bond categories.

...And spreads that widened the most

Table of corporate debt with columns for Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread, and various bond categories.

High-yield issues with the biggest price increases...

Table of corporate debt with columns for Issuer, Symbol, Coupon (%), Yield (%), Maturity, Bond Price as % of face value, and various bond categories.

...And with the biggest price decreases

Table of corporate debt with columns for Issuer, Symbol, Coupon (%), Yield (%), Maturity, Bond Price as % of face value, and various bond categories.

* Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt; changes in spread shown is for Z-spread. Note: Data are for the most active issue of bonds with maturities of two years or more. Source: MarketAxess

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended April 19. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import and demand data are available monthly only.

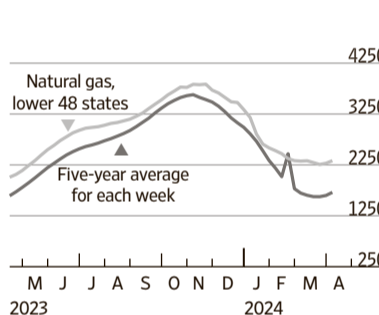
Table of macro and market economics with columns for Inventories, Imports, and various commodity categories like Crude oil, Gasoline, etc.

Weekly Demand, 000s barrels per day

Table of weekly demand with columns for product, Current, Expected change, Previous week, Year ago, 4-week avg, 5-year avg.

Natural gas storage

Billions of cubic feet; weekly totals



Cash Prices | wsj.com/market-data/commodities

Wednesday, April 24, 2024

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table of cash prices for Energy, Food, Metals, and Fats and Oils with columns for Commodity, Price, and various categories.

INTESA SANPAOLO

SHAREHOLDERS' RESOLUTIONS DISTRIBUTION OF DIVIDENDS AND RESERVES

The Shareholders of the Bank, at their meeting held in Turin on 24 April 2024, approved the Parent Company's 2023 financial statements, as well as the proposal of allocation of net income for the year and distribution to shareholders of a remaining amount for 2023 equal to 0.1520 euro gross per ordinary share, composed of:

- 0.1298 euro gross per ordinary share as dividend on net income for the year

- 0.0222 euro gross per ordinary share from the Share Premium Reserve.

Share Premium Reserve distribution will be subject to the same tax regime applied to dividend distribution.

The aforementioned unit amounts will be payable as of 22 May 2024 to the shares outstanding on 21 May 2024, with presentation of coupon no. 50 on 20 May 2024.

Payments will be made by all the intermediaries taking part in the centralised administration system of financial instruments (Monte Titoli S.p.A.).

The minutes of the Shareholders' Meeting will be made available to the public within the term provided, in accordance with the regulations in force, at the Company's Registered Office, on the authorised storage system (emarketstorage.com) and on the website group.intesasanaoalo.com ("Governance"/"Shareholders' Meeting").

Intesa Sanpaolo S.p.A. Registered Office: Piazza S. Carlo, 156 10121 Torino Italy Secondary Registered Office: Via Monte di Pietà, 8 20121 Milano Italy Share Capital Euro 10,368,870,930.08 Torino Company Registrar and Fiscal Code No. 00799960158 "Intesa Sanpaolo" VAT Group representative Vat Code No. 1199150015 (IT1199150015) Member in the National Register of Banks No. 5361 A1 Code 3069.2 Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund and Parent Company of the banking group "Intesa Sanpaolo" included in the National Register of Banking Groups.

MARKETS

UBS Raps Plans to Raise Its Cushion For Losses

By MARGOT PATRICK

UBS Chairman Colm Kelleher criticized Switzerland's plans to increase the bank's loss buffers, saying "additional capital is the wrong remedy" to prevent another bank collapse.

Kelleher appealed to Swiss officials to take a measured view as the new rules are firmed up, and warned that the country shouldn't harm one of its biggest companies and give competitors elsewhere a regulatory edge.

Kelleher made the comments at UBS's annual meeting, held in Basel. UBS took over its hobbled rival Credit Suisse last year in a government-engineered rescue.

Two weeks ago, Switzerland's federal council proposed new rules and powers that would include UBS having to enlarge capital buffers relating to its overseas subsidiaries.

UBS's headline capital buffer was \$78.5 billion at the end of 2023. The federal council said that figure already stood to rise by 10% by 2030 if the bank's size stayed the same.

UBS Chief Executive Sergio Ermotti on Wednesday said authorities haven't accounted for other factors that will cause UBS to have to hold more capital, including some special concessions at Credit Suisse that expire over time.

Tesla's Rally Drives Nasdaq Higher

Stocks rebound in recent days after notching their worst week in over a year

By GUNJAN BANERJI

Tesla shares rocketed higher, helping send the tech-heavy Nasdaq Composite to a third consecutive session of gains.

The Nasdaq rose 0.1%. The S&P 500 added less than 0.1%. The Dow Jones Industrial Average shed 0.1%.

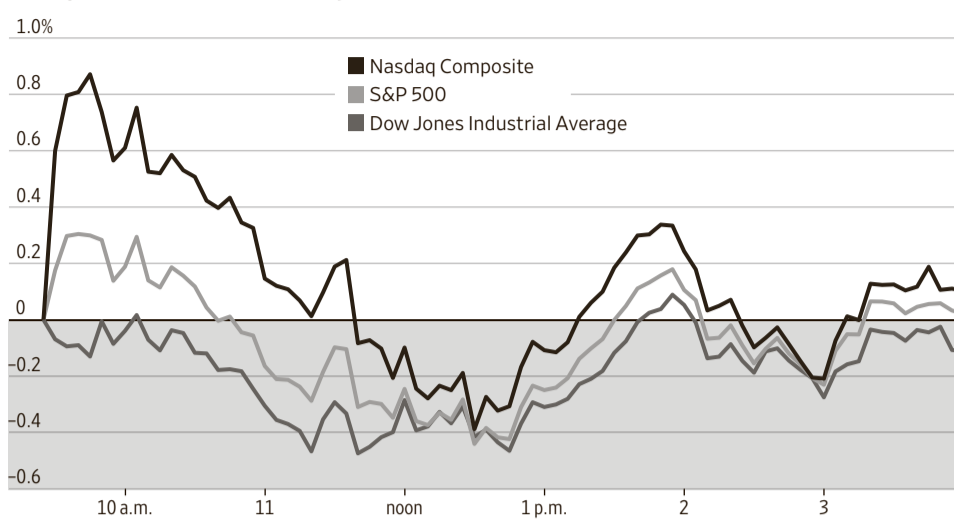
U.S. stocks have rebounded in recent sessions after notching their worst week in more than a year.

WEDNESDAY'S MARKETS

A stretch of earnings from companies like Visa and Texas Instruments has helped push stocks higher, though some of the excitement that permeated the market earlier in the week fizzled Wednesday.

"The earnings backdrop has been very consistent with that

Index performance on Wednesday



Source: FactSet

broader story of growth remaining reasonably strong," said Bill Merz, head of capital markets research at U.S. Bank Wealth Management.

Under the surface, there were some much larger moves in trading Wednesday. Tesla reported a disappointing quarter late Tuesday, but investors clung to Elon Musk's comments on making less-expensive electric cars, sending the shares up 12%.

ments shares jumped 5.6%, giving a boost to some semiconductor stocks, too.

Many investors were closely watching a record \$70 billion auction of five-year notes in afternoon trading. Demand ended up in line with other recent sales, pulling yields from their highs earlier in the session.

Investors have been tracking a series of jumbo-size auctions, worried the deluge of new sup-

ply will rattle other parts of the market. Later this week is a sale of seven-year notes, along with about an additional \$386 billion of bonds in May.

Some investors said the volatility in bond yields has been driving turbulence in stocks, with stocks giving up some of their early gains in midday trading. The yield on the 10-year Treasury note rose to 4.652% from 4.597% the prior session. Yields rise as bond

prices fall. Overseas, the Stoxx Europe 600 fell 0.4%. At midday Thursday, Japan's Nikkei 225 was down 1.7%, but Hong Kong's Hang Seng Index was up 0.9%. S&P 500 futures were down 0.6%.

AUCTION RESULTS

Here are the results of Wednesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

17-WEEK BILLS

Table with 2 columns: Bid type and Amount. Includes Applications, Accepted bids, noncompetitively, foreign noncompetitively, Auction price (rate), Coupon equivalent, Bids at clearing yield accepted, and Cusip number.

FIVE-YEAR NOTES

Table with 2 columns: Bid type and Amount. Includes Applications, Accepted bids, noncompetitively, foreign noncompetitively, Auction price (rate), Interest rate, Bids at clearing yield accepted, and Cusip number.

TWO-YEAR FRNS

Table with 2 columns: Bid type and Amount. Includes Applications, Accepted bids, noncompetitively, Spread, Bids at clearing yield accepted, and Cusip number.

China Approves Self-Driving Startup's U.S. IPO



Pony.ai plans to issue up to 98.2 million shares in its U.S. listing.

By SHERRY QIN

China's securities regulator gave self-driving startup Pony.ai the nod to list in the U.S., in a sign that Beijing's grip on companies seeking to raise capital overseas may be easing.

Pony.ai plans to issue up to 98.2 million ordinary shares on Nasdaq or the New York Stock Exchange, the China Securities Regulatory Commission said on its website late Tuesday.

Founded in 2016 in Silicon Valley, and with a main hub in Fremont, Calif., the auto-driving startup has launched ro-

botaxi services in Chinese cities including Beijing, Shanghai, Shenzhen and Guangzhou. Last August, it said it would team with Toyota, which has invested hundreds of millions of dollars in Pony.ai since 2019, to mass produce robotaxis in China.

The listing approval comes days after the CSRC said it plans to support overseas listings by the country's tech companies to aid their financing. It said it would also support leading Chinese companies seeking to list in Hong Kong.

That marks a change in tenor from recent years in

which several Chinese companies delisted from U.S. stock exchanges amid rising U.S.-China tensions, and as Beijing tightened rules for overseas listings after Luckin Coffee's financial fraud in 2020 and ride-hailing giant Didi's push for a New York initial public offering despite cybersecurity risks flagged by domestic regulators.

China's securities watchdog enacted new rules on overseas IPOs a year ago that require companies to comply with national-security measures and pre-file with domestic authorities before listing abroad.

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The Wall Street Journal CMO Network connects the decision-makers behind the world's most influential brands to discuss what — and who — is driving today's trends and chart the path forward.



Jim Mollica

Chief Marketing Officer Bose

What does authentic marketing look like for you?

Authentic marketing revolves around the fundamental principle of aligning actions with words. It's not just about proclaiming a brand's identity. It's about living it. This is only possible when you fully understand a brand's purpose and mission, and make sure that everything you do connects back to it.

An example of how we've put this into action over the last couple of years is through our partnerships. We work with musicians, athletes, organizations, publishers and more, and we only align ourselves with those who are as passionate about music as we are.

actively seek out innovators and genuine creators who have a deep passion for music, such as artists like Steve Lacy, Charlie Puth, Little Simz, Anne-Marie, Laufey, D4VD, Blue DeTiger and Sofia Valdes, and world-class athletes like Anthony Edwards, Justin Jefferson, Coco Gauff and Jack Greelish.

What are you most proud of in your current role?

The team at Bose is world-class and has incredible expertise. Some people have been here for a very long time and have unbelievable legacy and heritage; others have just joined the company and bring unparalleled skills and fresh ways of thinking. I'm proud to work with such creative people who are all industry experts and bring the brand to life.

I'm also proud to represent such an esteemed, remarkable brand and helping to do my part to put Bose back on top — in its rightful place — as the leader in high-quality audio and the brand people go to when they

want great sound. There is a certain virtue to doing one thing extremely well. In Bose's case, that one thing is sound, and our commitment has spanned decades. Being able to share our story and reinforce our leadership in engineering and delivering audio experiences for listeners around the globe is something we pride ourselves on.

Finally, if I had to pick a project I'm extremely proud of from the last year, it would be our "Turn the Dial" initiative. Less than 3% of music has been produced by women in the last decade, and with Turn the Dial, we are bringing awareness to the issue, addressing the barriers that cause this deficit, and helping to seek new opportunities for women and nonbinary music producers. Our goal is to increase that number, because to realize the full power of sound, the people making music need to be as diverse as the people listening to it.

Membership is by invitation: CMONetwork@wsj.com

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Elon Musk Needs Cheaper Teslas

Automaker's plan for a more affordable model that might revive growth has been accelerated at the expense of ambition

Tesla on Tuesday announced something totally unexpected from a company run by Elon Musk: a compromise.

The surprise passage of its highly anticipated first-quarter results came in the outlook statement.

"We have updated our future vehicle line-up to accelerate the launch of new models ahead of our previously communicated start of production in the second half of 2025."

This is exactly what investors wanted to hear after a wave of doubt about the company's commitment to producing a new mass-market car. The shares climbed 12% to end Wednesday trading at \$162.13.

But there was a twist: The company went on to explain that these new models will combine elements of both its current production platform and its "next generation" one under development. That means cost savings will be lower than previously expected, but so will capital spending as existing production capacity can be adapted to the new products. Tesla won't be opening new factories dedicated to a cut-price vehicle any time soon.

In other words, Tesla is trading radicalism for speed of delivery and capital efficiency, at least in the medium term. It is a sensible decision from a company that has historically preferred to take the heroic road. Institutional investors will likely love it; the Tesla fan base perhaps less so.

Terrible first-quarter results explain why Tesla is reaching for a new approach. With electric-vehicle sales under pressure, the company burned through \$2.5 billion



Teslas lined up in a parking lot at the company's Fremont, Calif., factory last September.

of cash—far more than analysts had expected—by combining the lowest quarterly operating cash flow since early 2020 with record capital spending. Carmakers unravel very quickly and expensively when sales fall, and Tesla is no different.

The company is expecting a better second quarter as production and logistics problems that previously held back deliveries, such as an arson attack on its Berlin factory, unwind. But flagging demand for electric vehicles is also part of the mix, and the reported numbers don't distinguish between temporary and more lasting effects. As revenues fell 13% year over year in the first quarter,

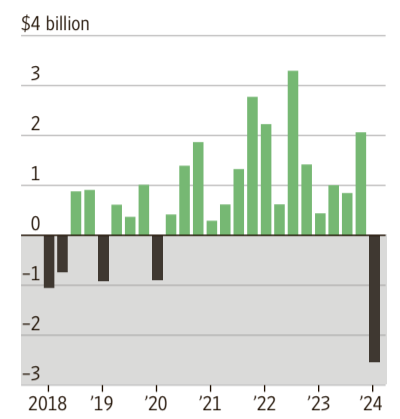
inventories rose 10% to around \$16 billion. These may be parts and unsold Teslas stuck in transit—the scenario emphasized by management on a call with investors—or they may be cars sitting on lots waiting for buyers.

The new plan has a shot at reviving sales growth next year: Musk said the new models would come "early 2025 if not late this year." Beyond that, though, he gave few details, pointedly declining to answer analysts' questions on the topic during the call. That leaves the door open for speculation on all sides, with bulls claiming that the affordable Tesla project is being brought forward and bears emphasizing the compromises.

The other wrinkle in the new plan is that Musk still seems much more interested in cracking the code to self-driving vehicles than in making a cheaper electric car. "If somebody doesn't believe Tesla is going to solve autonomy, I think they should not be an investor in the company," Musk said when asked by Morgan Stanley analyst Adam Jonas about Chinese competition to produce a low-cost EV.

Musk is right that Tesla's valuation doesn't add up without driverless cars, regardless of its growth in deliveries. So it was disappointing that the company gave investors no new ways to track its progress or gain confidence in its technology beyond well-worn as-

Tesla's free cash flows, quarterly



Source: the company

sertions that it has the right approach. Tesla is taking a riskier road to autonomy than the likes of Mercedes-Benz and Alphabet, rejecting expensive lidar sensors and leaning into artificial intelligence. The approach should win on unit cost, but only if it actually delivers technologically. Meanwhile, Tesla's spending on Nvidia's AI-training chips and data centers is exacerbating its financial strain.

The company is holding an event to unveil a "robotaxi" on Aug. 8, but its self-driving technology requires constant supervision, suggesting delivery of truly driverless Teslas is still years away. Concrete details of its approach and performance benchmarks could help build investor confidence in what is usually seen as a moonshot, though.

Musk only has eyes for robots and AI, but selling cars is the cash machine capable of funding higher-tech dreams. His first priority must be to fix it.

—Stephen Wilmot

Help Is Coming For Hong Kong's Tepid Stock Market

Hong Kong's stock market used to be the world's top equity fundraising venue. Not anymore: In the No. 1 spot as recently as 2019, it didn't even break the top five in 2023, according to Dealogic.

But the market is up 6% this week, its best performance this year, in the wake of proposed regulatory changes. In particular, comments from China's security regulator suggesting that more big Chinese companies may be greenlighted to list in Hong Kong.

That would be welcome news—but it is probably not enough to save the patient. A durable recovery for Hong Kong's embattled banking sector still awaits a sea change in investors' attitude toward Chinese stocks more broadly.

Last week, Chinese securities regulators announced five measures specifically to support Hong Kong's financial markets. Some, such as expanding the universe of instruments that mainland Chinese investors can buy through a trading link with Hong Kong called Stock Connect, would boost inflows from the north, even if they

aren't enough to lift the whole market.

What is particularly music to the ears of the city's suffering bankers, however, is that China will support more "leading companies" to go public in Hong Kong. It is unclear what concrete steps Beijing will take to make this happen—and some of the largest Chinese companies are already listed in Hong Kong. But the market cheered the news anyway: This week's rally brought the benchmark Hang Seng Index to its highest level this year.

That help is very much needed. Initial public offerings in the city have fallen to levels not seen for more than a decade—less than \$1 billion so far in 2024—placing it eighth among global exchanges according to Dealogic. That compares with \$52 billion for the whole of 2020.

Hong Kong Exchanges and Clearing, the operator of the city's stock exchange, on Wednesday reported a 13% year-over-year drop in net profit for the March quarter. Apart from a dearth of new list-



China's securities regulator has suggested more big Chinese companies might be cleared to list in Hong Kong.

ings, trading volume also has been lackluster. Average daily turnover on the stock exchange last quarter fell 22% from a year earlier.

Some other recent regulatory tweaks also could help. China has stepped up scrutiny of IPOs in its domestic stock markets since last year. Shanghai and Shenzhen have been strong competitors to Hong Kong for new listings in recent years. But more companies may reconsider Hong Kong as it becomes harder to go public in mainland China.

Still, weak sentiment toward any stocks related to China is still

the key reason companies haven't been going public. The Hang Seng is trading at 8.8 times forward earnings, compared with its 10-year average of 12.4 times, according to FactSet. That makes Hong Kong a tough sell for companies looking to raise capital. Chinese e-commerce giant **Alibaba**, for example, has abandoned its plan to list its cloud and logistics units, partly due to the market environment.

And some companies that did manage to list in Hong Kong recently have been doing poorly. Bubble tea maker **Sichuan Baicha**

Baidao—the biggest IPO there in 2024—has already lost one-third of its value since it went public on Tuesday.

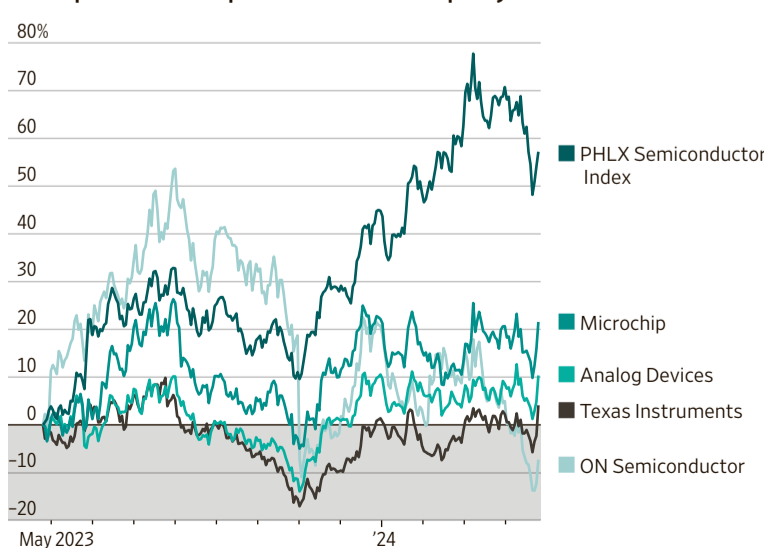
A slowing Chinese economy, intensifying geopolitical tensions and China's crackdown on industries like technology and real estate have all contributed to the current malaise in Chinese stocks and in Hong Kong.

Smoothing the path for key Chinese firms to list there will help. But tinkering with regulatory rules won't be nearly enough to revive Hong Kong's markets on its own.

—Jacky Wong

Texas Instruments Starts the Long Road Back

Share-price and index performance over the past year



Source: FactSet

Texas Instruments isn't yet showing light at the end of the tunnel. The mere possibility of light ahead seems enough for the chip maker's beleaguered investors.

Revenue for the company commonly known as TI slid more than 16% on the year to \$3.66 billion last quarter. It was the chip maker's sixth consecutive period of such declines, and the company projected another 16% drop in the second quarter.

However, the midpoint of that forecast range of \$3.65 billion to \$3.95 was actually better than Wall Street's consensus projection—marking the first time TI's revenue guidance didn't miss that target in six quarters, according to data from FactSet.

TI's stock price thus jumped nearly 6% Wednesday. And be-

cause the company is considered a bellwether for others in the analog semiconductor space, its outlook brightened several other beaten down chip stocks.

ON Semiconductor, **Microchip** and **Analog Devices** all rose more than 3%, after significantly lagging behind the PHLX Semiconductor Index for the last year. "All Aboard for a Broadening Out of the Cyclical Recovery" was the headline of UBS chip analyst Tim Arcuri's report Wednesday morning.

But TI still faces a long road back to growth—and the profit margins to which its investors are accustomed. The company has been using the downturn to invest in more manufacturing capacity, which has driven its capital spending to record highs and caused free cash flow to go nega-

tive last quarter—for only the second time in two decades.

It has also been piling up inventory, since analog chips have a much longer shelf life than other types of processors. Total inventory topped \$4 billion for the first time—double what the company typically held in the prepandemic years.

Expectations may still be too optimistic in the near term. Analysts expect annual growth to return in the fourth quarter. But the consensus projection of \$4.15 billion also implies a 1% gain from the third quarter—an unusual seasonal gain in a period where TI typically sees a drop in sales. Stacy Rasgon of Bernstein said that projection for a "very substantial snapback" in sales creates risk of future disappointments.

—Dan Gallagher