

DJIA 34663.72 ▲ 87.13 0.25% NASDAQ 13917.89 ▲ 1.1% STOXX 600 456.21 ▲ 0.3% 10-YR. TREAS. ▼ 8/32, yield 4.287% OIL \$87.29 ▼ \$0.22 GOLD \$1,923.30 ▲ \$4.90 EURO \$1.0750 YEN 146.59

What's News

Business & Finance

Health insurers are marking up the prices of drugs that have gone generic, often charging many multiples of what low-cost pharmacies charge for comparable medicines to treat cancer, multiple sclerosis and other diseases. A1

Qualcomm reached a three-year deal with Apple to supply the iPhone maker with 5G communications chips, the latest sign that Apple's effort to make them in-house has yet to bear fruit. B1

National Amusements, the family holding company of media heiress Shari Redstone, has reached a deal with creditors to restructure some of its debt. B1

The UAW is bending on its pay-increase demands, with recent proposals asking for a mid-30% raise, rather than the 40% increase the union initially targeted. A1, A4

Major U.S. stock indexes clawed back some losses from last week's trading, with the S&P 500, Nasdaq and Dow rising 0.7%, 1.1% and 0.3%, respectively. B11

Smucker is making a \$4.6 billion play for a bigger slice of the American snack business with an agreement to buy Hostess Brands. B3

Instacart and selling shareholders are aiming to sell 22 million shares at \$26 to \$28 apiece in the company's IPO, raising \$572 million to \$616 million, a filing showed. B2

RTX said it would cost up to \$7 billion to repair Pratt & Whitney engines and compensate airlines for fixes that will ground more than 600 Airbus jets for inspections in 2024. B3

World-Wide

Voters have a slightly rosier view of the economy now that inflation is easing, but few are giving Biden credit for the improvement, according to the latest Wall Street Journal poll and other surveys. A4

North Korea's Kim plans to meet Russia's Putin, state media from both countries reported, the first official confirmation of the summit between the two leaders. A6

Law-enforcement officials in Pennsylvania said they no longer have an established search perimeter to track down a convicted murderer who sneaked out of an earlier containment area. A3

The Biden administration issued a waiver for the transfer of \$6 billion in frozen Iranian money without running afoul of U.S. sanctions, a possible step toward the release of five Americans detained in Iran. A16

The FDA cleared updated Covid-19 shots, which should protect against the latest versions of the virus. A2

Senior officials in Libya said that as many as 2,000 people could be dead and thousands missing after a storm battered the country's east, causing flooding that swept entire neighborhoods out to sea. A7

Morocco's government faced criticism for being slow to accept international help in the aftermath of a 6.8 magnitude earthquake that has killed more than 2,850 people and left thousands homeless. A7

Colombia set a record in the estimated production of cocaine, the U.N. said, as Bogotá tries a less-punitive approach to fighting drugs. A16

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Nation Pays Tribute to the Victims of 9/11



SOLEMN: At the 9/11 Memorial in New York, Hagi Abucar honored his boss, Lindsay C. Herkness III, a Morgan Stanley executive killed 22 years ago in the World Trade Center. People gathered nationwide to remember those lost in the terror attack. A3

Unions Flex New Clout to Get Hefty Raises in Key Industries

By AUSTEN HUFFORD

Labor unions are exerting clout not seen in decades, winning big pay increases and better benefits in industries beset with worker shortages.

Airlines, package shippers and ports all struggled to hire as the economy emerged from the Covid-19 pandemic and then agreed to double-digit raises with their unions this summer.

Whether other employers without such hiring difficulties—including car manufactur-

ers facing a strike threat from the United Auto Workers—follow suit remains to be seen.

Pilots at American Airlines ratified a contract last month boosting wages by more than 40% over its four-year term.

West Coast dockworkers secured a 32% raise through 2028 this summer. United Parcel Service workers affiliated with the International Brotherhood of Teamsters struck a deal that will increase top hourly pay by 18% over the five years. The agreement will push the average full-time

driver to \$170,000 annually in pay and benefits, the UPS chief executive said.

In some cases, the unions' latest gains just catch up to pay increases that nonunion workers landed since the pandemic hit the U.S. economy in 2020.

Wages and benefits for nonunion workers were up 15.8% from the end of 2019 through June, compared with a 12.2% gain for unionized workers, according to the Labor Department. Union workers earn more on average but accounted for just about 10%

of the workforce in 2022, a record-low share.

The UAW made a recent proposal asking for a mid-30% raise over four years, rather than the 40% increase the union initially targeted. Aside from pay, the union has also called for a shortened 32-hour week, the re-establishment of medical benefits for retirees, and the return of cost-of-living adjustments.

In transportation, warehousing and utilities combined, the job-openings rate— Please turn to page A4

Rehab Sites Accused of Exploiting Native Americans

By DAN FROSCHE

PHOENIX—When Darrian Anagal heard about a house on the outskirts of this city where addicts like her could live and receive help getting sober at no cost, she decided to give it a try.

Days after the 29-year-old Navajo tribal member arrived, she noticed people smoking methamphetamine and drinking in their rooms, as well as selling drugs to housemates, she said. She moved to a second sober-living home, where the house's owner gave residents a gram of marijuana for every day they stayed.

The only requirements at either place, it seemed, was that Anagal provide her Medicaid number so the facilities could get reimbursed under a program that allowed providers in Arizona to bill significantly more for rehabilitation services for Native Americans than other people.

"They were more like drug houses," said Anagal, who relapsed at the homes, smoking meth and drinking whiskey. "When you have somebody knocking on your door asking if you want to get high, getting sober is not an option."

For months, state and federal law-enforcement officials have been investigating what they said is a Medicaid scam in which hundreds of fraudulent sober-living homes in the Phoenix area have recruited Native Americans from across the West. Working with rehab facilities, the businesses Please turn to page A5

INSIDE



BUSINESS & FINANCE Disney, Charter settle cable fight to restore channels including ESPN and ABC. B1

Boeing Eases Office Return For Senior Executives

CEO Calhoun travels on company jets from two homes, while CFO West has a workplace five minutes from his doorstep

By ANDREW TANGEL AND MARK MAREMONT

For Boeing's senior executives, returning to the office has been a smooth flight.

Chief Executive David Calhoun, who took over the company just before the pandemic, started working from home and then never made the move when Boeing shifted its headquarters from Chicago to Arlington, Va., last year.

Instead, Calhoun travels via private jet from two homes, one a sprawling waterfront

house at New Hampshire's Lake Sunapee, the other in a gated South Carolina resort community. Boeing's fleet of private jets have made more than 400 trips to or from airports near Calhoun's homes in the past three years, according to flight records reviewed by The Wall Street Journal.

Meanwhile, Chief Financial Officer Brian West, who joined Boeing in August 2021, hasn't relocated from his home in New Canaan, Conn. The company recently opened a Please turn to page A8

Parents Are Baffled By the Celebrities Their Kids Love

'Who is that? What is that?'

The entertainment gulf has never been wider

By SARAH E. NEEDLEMAN

Kialia Pinellas was mystified when her teenage daughter started acting like a giddy groupie while they were shopping at a mall outside Orlando, Fla.

"She was just going crazy," says Pinellas. "I have never seen her react that way."

It turned out her 14-year-old daughter Khaloni Crowell had recognized a clothing-store clerk as "Dhatboiitre," a young TikTok personality who posts prank, lip sync and comedy videos for his 1.1 million followers.

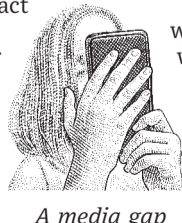
Pinellas, who is 42, isn't among them. Though a regular at the shop, she had no idea she had been buying

sports jerseys from a social-media star until then.

An entertainment gulf has long existed between adults and their children. Stars and shows that attract kids can repel parents. It happened with Mötley Crüe, "Beavis and Butt-Head," "South Park"—even Elvis.

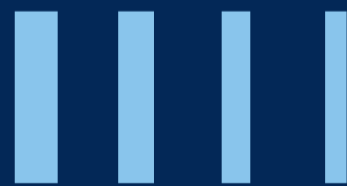
Today, though, the way we consume media has widened that chasm. Not long ago, a single TV blasted from the living room. Parents didn't always enjoy what their children watched, but at least they were exposed to it.

Generations now inhabit separate digital worlds, consuming separate servings of entertainment. Parents often still favor TV and movies while younger viewers skew Please turn to page A10



A media gap

DELL Technologies



4 out of 5 game-changing businesses agree.

82% of Fortune 100 companies trust Dell Technologies for their Edge solutions.

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Based on Dell Technologies analysis of US Fortune 500, July 2023.



U.S. NEWS

Flags, Flowers and Tears: America Remembers Those Lost on Sept. 11, 2001



Americans commemorated the nearly 3,000 people who were killed when terrorists flew hijacked planes into the World Trade Center, the Pentagon and a field near Shanksville, Pa. Mourners, above, stood solemnly at the 9/11 Memorial in lower Manhattan during a ceremony Monday. In Pennsylvania, far left, attendees listened to a roll call of the names of the victims. At the Pentagon in Arlington, Va., first responders saluted as the American flag was unfurled before a ceremony.

Watch a Video [QR code] Scan this code to watch a video on events marking the 22nd anniversary of the 9/11 attacks.

Police Defend Search for Escapee on Day 12

By JOSEPH DE AVILA Pennsylvania law-enforcement officials said they no longer have an established search perimeter to track down convicted murderer Danelo Cavalcante after the fugitive sneaked out of an earlier containment area. Lt. Col. George Bivens of the Pennsylvania State Police said Monday more police will be present in East Nantmeal Township, where Cavalcante abandoned a 2020 white Ford Transit van he stole Saturday, and in other areas of northern Chester County.

system, had many places where he could hide, officials said. "Longwood Gardens presented very unique challenges, and I believe he exploited one of those weaknesses," Bivens said at a news briefing. Anyone who helps Cavalcante, 34 years old, will be prosecuted, Bivens said. The fugitive attempted to contact two former colleagues over the weekend, Bivens said. Cavalcante escaped from Chester County Prison on Aug. 31 by stretching his body between two walls to climb to the prison roof, and then running across it to scale a fence and disappear into the surrounding area. The tower guard who was on duty at the time has been fired. After eluding authorities near Longwood Gardens, Cavalcante stole the van with keys inside the vehicle just outside of the established search area, police said. He left the van in a field in East Nantmeal

Township, about 30 miles north from the search perimeter, police said. Establishing a tight search perimeter is important because it allows law-enforcement officials to focus resources over smaller areas, said Gerald Clark Jr., a retired FBI special agent and former member of the agency's violent-crime fugitive task force in Ohio. Verified sightings on security cameras are also vital because they allow authorities to narrow down search areas, he said. Even with well-established search areas, "You aren't able to cover every square inch," Clark said. "Once he breached that initial perimeter, that becomes really challenging," said Kevin Connolly, who served for 20 years with the police department in Albany, N.Y., and represented the department on a regional fugitive task force with the U.S. Marshals Service.

"The longer he is out there, the harder it is to get him." Bivens said he believed Cavalcante was still in Chester County. Investigators are pooling sources of information to narrow a search area to capture him. There is now a \$25,000 reward for information leading to Cavalcante's arrest. "We conduct fugitive investigations every day across our commonwealth," Bivens said. "I am confident we will bring this one to a conclusion as well." Bivens said Cavalcante's attempts to contact two former colleagues he hadn't seen in years showed that he was growing more desperate for help. He went to their homes in East Pikeland Township and Phoenixville on Saturday night, police said. Camera footage from the home in East Pikeland Township shows Cavalcante had shaved his beard and was wearing a hoodie, police said.



- 1 Aug. 31: Danelo Cavalcante escapes Chester County Prison. He is later seen walking on Wawaset Rd.
2 Sept. 2: He is spotted on a residential surveillance camera south of the prison.
3 Sept. 4: A trail camera records him at Longwood Gardens, a botanical garden.
4 Sept. 9: He is seen on a camera in East Pikeland Township, where he went to see a former co-worker.
5 Sept. 9: He travels to the home of another former co-worker in Phoenixville.
6 Sept. 10: A dairy van stolen by Cavalcante is found in a field behind a barn in East Nantmeal Township.

Migrant Crisis Roils Brooklyn Neighborhood Ahead of Vote

By LIYAN QI BROOKLYN, N.Y.—The migrant crisis in New York City is pushing some Asian-Americans, part of a growing voting bloc, to reconsider their political allegiances. Asian-Americans in New York City have traditionally favored Democrats, but in recent years have shifted toward Republicans in local races, largely out of frustration with Democrats on issues such as education reform and curbing anti-Asian violence. More recently, immigration has proved to be another issue over which Asian-Americans are diverging from Democrats as migrants from Central America, South America and elsewhere continue to arrive in New York. More than 100,000 migrants have come to New York City since the spring of 2022, and the city has worked to find shelter for many of them. "It's the No. 1 thing that is front and center for voters as we're heading to poll sites,"

said Yiatin Chu, president of the Asian Wave Alliance, a nonpartisan political club in the city. Frustrations over the migrant issue were recently on display in Brooklyn's Sunset Park, a longtime gathering spot for neighborhood residents, many of whom are of Chinese origin. Some say the city's placement of an emergency shelter for migrants here early last month has changed the nature of the park. The shelter is one of the city's more than 200 emergency shelters for migrants. Half of a recreation center there, which used to be a gym and community space, housed about 100 single men from South America, Africa and China, according to migrants. On a recent day, police patrolled the nearly 25-acre park as buses of migrants from the southern border arrived at the recreational center. Nonprofit organizations set up tents and tables to help with food and necessities. At the entrance to the rec-

reation center, groups of migrants were playing chess or picking up donations. Some said they had started their asylum-seeking paperwork. Most of the migrants were from Latin America and Africa, though a handful were from China. Those interviewed said they were eager to work. Nearby, hundreds rallied against the decision to place a shelter at the center. Fanny Chen, who moved to Brooklyn from China more than 10 years ago, said that, for many locals, the recreation center was the only place where they socialized with others. Her dance group was able to use the gym. Chen, 45, said previously she wasn't registered to vote because issues such as education reform didn't affect her—but she was considering voting Republican this fall, when

a competitive City Council race is on the ballot. The November results in this south Brooklyn Asian-majority council district—created following the 2020 census—could offer clues about Asian-American voting preferences in 2024. A recent Siena College poll of registered New York voters showed frustration across the state about how Democrats are handling the migrant crisis, from the Biden administration to Gov. Kathy Hochul to Mayor Eric Adams. "It appears that the overwhelming majority of New Yorkers of every stripe think that the recent influx is a serious problem that the state needs to address," Siena poll spokesman Steve Greenberg said, describing recent poll results of registered voters in New York.

In New York, some Asian-Americans are reconsidering political ties.

Both candidates for City Council of the new district showed up at Sunset Park rallies. Ying Tan, the Republican candidate, said as a first-generation immigrant herself, she isn't against immigration per se, but that the border needs to be closed; resources are already strained to accommodate migrants who are here. Susan Zhuang, the Democratic candidate, also opposed using neighborhood spaces to "make up for federal failures," according to her tweet. Nearly 500 people signed a petition for Adams started by Zhuang to move the shelter out of the park. Amid bipartisan criticism, the Biden administration has introduced new policies this year that stiffen consequences for illegal border crossers while also offering more legal pathways for migrants. Asian-American voters remain a stable portion of the Democratic coalition nationally, some analysts have found. But Republicans have made gains recently in some places where Asian-

American voters are concentrated enough to have a meaningful impact on elections. For example, Wall Street Journal analysis finds that in California, former President Donald Trump in 2020 topped 30% support in some census tracts in San Jose and nearby Milpitas, a gain of about 10 percentage points over his 2016 showing in those areas. In those census tracts, Asian voters make up 70% or more of the population, census data show. The Journal analysis found a similar trend in some parts of New York City where Asian-American residents are heavily concentrated. At the park, some longtime migrants have welcomed the shelter arrivals. "No one should tell you otherwise that this place is not ready and happy to welcome immigrants," said Alexander Rappaport, director of Masbia, a nonprofit organization that set up soup kitchens outside shelters in the city. Locals had dropped off clothes, sneakers and backpacks.

U.S. NEWS

Rosier Economic View Fails to Boost Biden

By TARINI PARTI AND DAVID HARRISON

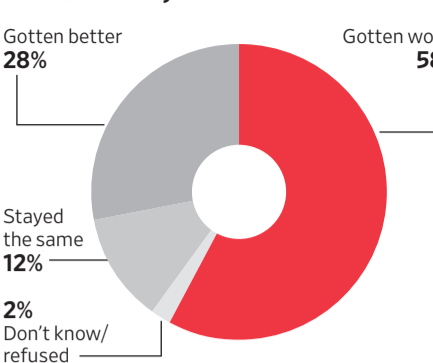
Voters have a slightly rosier view of the economy now that inflation is easing. Few are giving President Biden credit for the improvement. That is the takeaway from the latest Wall Street Journal poll and other surveys that show Americans' outlook has brightened in recent months.

Yet most voters still don't like how the president has managed the economy, surveys show. It is a dilemma for Biden given that weaker inflation and a strong labor market typically help incumbents when they seek a second term. Two-thirds of voters who usually side with Democrats say the economy is in excellent or good condition, up 9 percentage points from December, the latest Journal poll found.

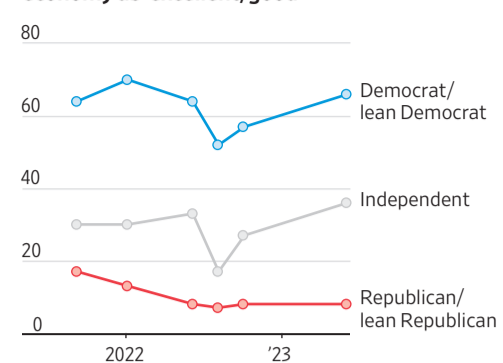
Donella Cooper, 49 years old, an independent voter who lives in Lincoln, Neb., and works in IT, said she has seen slight improvements in the economy, but she doesn't think it is because of Biden, whom she supported in 2020. She is undecided on whether she will back Biden again. "I feel like the administration could turn things around for the working people," she said. "I would give credit where it's due." Inflation has slowed sharply after peaking at 9.1% in June 2022, a 40-year high. Prices were up 3.2% in July from the previous year, according to the Labor Department.

year-old Democrat from Largo, Fla., said Biden isn't getting the credit he deserves because prices are still high. "We do have higher prices from inflation, but look at the number of jobs we have created," he said. The retired engineer, who plans to vote for Biden, said he has been getting unsolicited job offers to work on infrastructure projects. Some voters blame Biden's pandemic spending programs for last year's run-up in consumer prices, said Gad Levanon, chief economist at the Burning Glass Institute. Early in his presidency Biden muscled a \$1.9 trillion stimulus package through Congress that many economists say helped overheat the economy and sent inflation rising. The administration says the spending was necessary, but Treasury Secretary Janet Yellen, in an interview with CNN last year, conceded that she had misread how rapidly prices would rise.

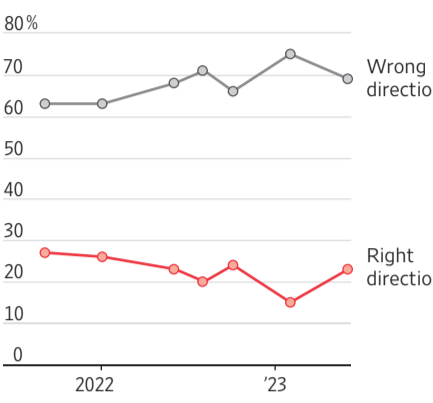
Over the past two years, would you say the U.S. economy has...



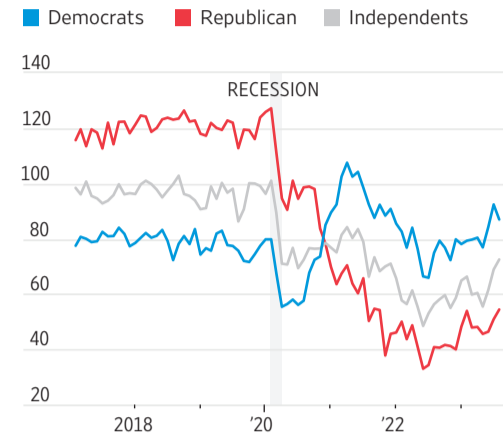
Voters who would rate the strength of the U.S. economy as 'excellent/good'



Would you say that things in the country are going in the right direction or headed in the wrong direction?



Consumer-sentiment index, by party affiliation



*of 1,500 registered voters; margin of error +/-2.5 pct. pts. *of 648 Republican/lean Republican, 635 Democrat/lean Democrat and 17 Independent registered voters; margin of error: +/-3.8 pct. pts. Sources: Wall Street Journal telephone and text-to-web survey conducted Aug. 24-30 (economy, direction); University of Michigan (sentiment)

den's economic policies were having an impact. "Bidenomics is working: Unemployment is near historic lows, inflation has fallen about two-thirds, wages are rising and job satisfaction is at a record high," he said. Fabrizio said that despite the marginal improvement in the polling numbers, they are overall still negative for Biden. "They can go out and talk about this stuff all they want, these voters aren't hearing it, or they're not believing it," he

said. "They are certainly not buying it." More Americans rated economic conditions excellent or good in Gallup surveys over the summer. A monthly measure of consumer sentiment published by the University of Michigan, which had been rising gradually since bottoming out in June 2022, shows perceptions about the economy have been improving among Democrats, Republicans and independents.

"No one can ignore the fact that inflation has eased," said Joanne Hsu, director of the Michigan surveys. The WSJ poll also found a partisan divide in rating the importance of the economy as a voting issue. Among Republicans, it was the top issue, with 36% citing the economy and an additional 10% citing inflation. By contrast, 12% of Democrats named the economy and 3% pointed to inflation as most important.

Bipartisan Support Isn't Enough to Change Tax Law

By RICHARD RUBIN

WASHINGTON—Republicans and Democrats agree that Congress should reverse a piece of the 2017 tax law that sticks research-intensive start-ups and military contractors with enormous tax bills. But don't expect them to fix it quickly. After all, they tried and failed to do the same thing last year. The 2017 law required busi-

nesses to spread tax deductions for research costs over five or 15 years, rather than taking them immediately. Efforts to undo the change remain at a near-standstill. Stephen Furst, CEO of Smart Material Solutions, which makes products with renewable-energy and military uses, said the law turned a planned \$90,000 loss into a \$1 million profit for tax purposes and a much bigger tax

bill than expected. He is going to have the company spend down its cash buffer to cover shareholders' tax bills, then take a loan to make ends meet. "It's a little deflating, honestly," he said. Republicans changed the rules for deducting research costs when they wrote the 2017 tax law as a way to help pay for tax-rate cuts. The change made the tax law's math work: It meant the government would

bring in more revenue in the first decade after enactment, the period that matters in Congress when determining how much a bill costs. The research provision kicked in for tax year 2022. Some business owners already have started paying higher bills. Large companies such as Boeing and Cisco Systems have asked Congress to restore the prior law. Some have

said the change is significantly affecting cash flow. It is particularly onerous for small companies, including those funded by government grants, which can't easily borrow to pay their tax bills. Lawmakers wanted to reverse the research change last year. But Democrats, who controlled the House and Senate, wanted to expand the child tax credit at the same time. A deal couldn't be reached.

This year, the House Ways and Means Committee, controlled by Republicans, included the research-tax change in a three-bill package it approved. That legislation hasn't reached the House floor because of opposition from Republicans from New York, New Jersey and California. They are pushing for the tax bill also to raise or repeal the \$10,000 cap on the state and local tax deduction created in the 2017 law.

Unions Flex Clout to Get Big Raises

Continued from Page One a reflection of labor demand—exceeded the average for private-sector employers in July. The group employs pilots, dockworkers and truckers.

For manufacturers of long-lasting durable goods, including autos, the rate is below average and falling this year. "Why are the pilots doing well? Why are the Teamsters doing well? Both had a lot of bargaining leverage," said Harry Katz, a professor who studies collective bargaining at Cornell University, referring to the limited numbers of workers relative to demand in those fields.

Hiring of transportation and warehousing workers surged in recent years when the pandemic accelerated consumers' shift to online purchases, resulting in often daily visits from truck drivers, including those at UPS. Employment in these industries is up 16% since the end of 2019, versus 3% overall.

Meanwhile, total U.S. manufacturing employment is up less than 2% since the end of 2019 and down a third from its late 1970s peak, reflecting increased automation and foreign competition. The airline industry still grapples with worker shortages. Travel initially stalled during the pandemic, causing pilots to retire and training programs to halt. Then eager travelers emerged from lockdowns and hiring new pilots took time because it takes years of training to fly an airliner.

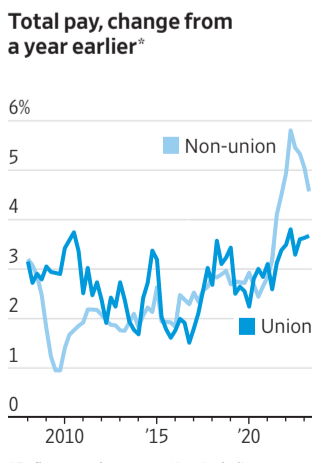
"Because of supply and demand of pilots, they had no choice" but to agree to large pay increases, Dennis Tajer, a pilot at American Airlines and a spokesman for the Allied Pilots Association, said of com-



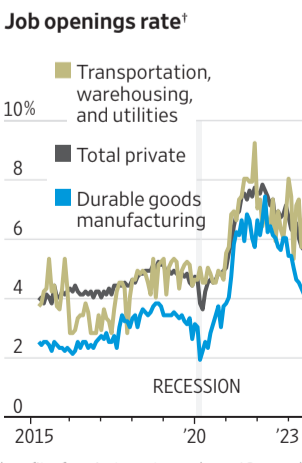
UPS workers in Brooklyn, N.Y., took part in a practice picket line in July, not long before the union and the company reached a deal.

pany management. UAW members employed by Ford Motor, General Motors and Stellantis authorized their leaders to call a strike after an existing contract expires Thursday. Those three companies produce about half of the vehicles made in the U.S., according to the Federal Reserve Bank of Chicago.

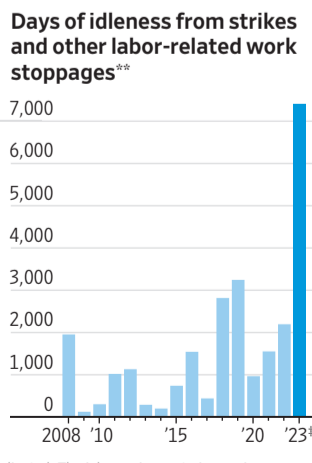
Still, the immediate disruption to consumers from a UAW strike would likely be more limited than a major airline shutting down or closed ports blocking goods from entering the U.S. Shoppers would still be able to buy new vehicles already on dealer lots and those made by manufacturers such as Toyota Motor and Tesla that don't have unionized U.S. factory workers. UAW members previously gave concessions when the industry was weaker, including when GM and Chrysler, a predecessor to Stellantis, filed for



**Reflects total compensation, including wages and benefits, for private-sector workers divided by the sum of employment and openings. Source: Labor Department



*Seasonally adjusted. The job openings rate is openings **Only includes stoppages with 1,000 or more workers. *2023 data is through August.



bankruptcy in 2009. The top hourly wage for UAW production workers didn't increase between 2006 and 2015, the Chicago Fed said. The latest talks come as automakers shift toward making more electric vehicles, which

put jobs at traditional engine and transmission plants at risk. Two notable unions in an industry without as severe labor shortages have been unable to extract large pay gains so far this year. Hollywood writers have been

striking since this spring and were joined in July by actors. These union members could have less leverage than pilots and truckers because they work in entertainment industries where job seekers are plentiful.

UAW Eases Demands On Wage Increases

By NORA ECKERT

The United Auto Workers union is bending on its pay-increase demands, with recent proposals asking for a mid-30% raise, rather than the 40% increase the union initially targeted.

The union is negotiating new four-year labor contracts with Ford Motor, General Motors and Jeep maker Stellantis. The current contracts expire at 11:59 p.m. ET Thursday, and the UAW has said workers could strike all three companies if tentative agreements aren't reached by then.

Union negotiators recently offered proposals that include a mid-30% wage increase, and the sides have exchanged multiple offers in recent days, according to people familiar with the talks. The specifics of the latest proposals couldn't be learned.

It is the first visible sign of progress on the wage issue since the sides began talks in earnest in July. UAW President Shawn Fain has slammed previous company proposals as either inadequate or insulting.

"Things are moving but they're moving very slow, and we've got a long way to go," Fain said Sunday night. Wages have emerged as a sticking point in the talks. In the past two weeks, companies have countered earlier union proposals with offers of pay increases ranging from 9% to 14.5% over the life of the four-year contract, with some companies adding in bonuses and inflation-protection payments. "We are on a good path and remain committed to reaching a tentative agreement without a work stoppage," a Stellantis executive said Monday.

U.S. NEWS

Rehab Sites Accused of Bill Fraud

Continued from Page One charged the state millions of dollars for addiction services they didn't provide, according to authorities.

Several thousand Native Americans, some from as far away as Montana, might have been lured to the Arizona homes, according to officials. Instead of getting help, some reported rampant drug use and drinking in the homes and little in the way of rehab.

Others told authorities that they were barred from contacting friends or relatives, some of whom had no idea where they were. Several tribal members told The Wall Street Journal they were offered payment by the operators of the homes to recruit other Native Americans.

According to Arizona Attorney General Kris Mayes, the amount of Medicaid reimbursement money the state paid out to facilities under the billing code used for substance-abuse treatment jumped from \$53 million in fiscal year 2019 to \$668 million in fiscal year 2022. While those totals include payments to legitimate operators, Mayes said it was the extreme growth that signaled to authorities something was amiss.

"This is one of the biggest government scandals in the history of the state of Arizona," Mayes, a Democrat, said in a written statement to the Journal.

About 250 rehab providers in Arizona have been suspended from the state's Medicaid program this year while investigators assess whether they defrauded the government. The list includes at least one of the places where Anagal sought treatment.

The attorney general's office has indicted 45 people over the alleged scam since 2021. In recent weeks, the office arrested a man on suspi-



Clockwise from left: Native American advocate Jeri Long spoke recently with a person who said he had been staying at a fraudulent rehabilitation facility in Arizona; Reva Stewart posed at her Native American arts-and-crafts store in Phoenix, where signs for missing tribal members who may have been exploited are posted.

cion of trying to shop people he claimed were Native Americans to Phoenix rehab facilities for a fee. The Federal Bureau of Investigation, the U.S. Attorney's Office in Arizona and federal health and human-

services investigators are all probing the situation as well. Sober homes are supposed to offer a drug- and alcohol-free place to live for people struggling with addiction while they get treatment,

work jobs or both. Individuals typically pay a weekly fee to stay at the homes, while healthcare plans reimburse rehab clinics that provide services.

Arizona has a special Med-

icaid option for its 455,000 people who claim Native American ancestry, one of the largest populations in the U.S., called the American Indian Health Program. The program directly reimburses clinics for whatever services they claim to provide to tribal members, rather than through the managed-care model required for other Medicaid participants.

People only needed to attest to being a tribal member to qualify for the program, regardless of whether they live in Arizona.

Until recently, the Indian health program's reimbursement rate for drug and alcohol treatment was 59% of what providers billed, with no restrictions on how much they could charge.

Seeking to exploit that loophole and prey on a Native American population that suffers from high rates of addiction, scammers set up fake sober houses across Phoenix over the past few years, authorities said. They then recruited Native Americans from across the West, drawing them to homes such as the ones where Anagal stayed with the promise of transportation, free rent and help drying out.

Authorities said the owners of the homes used rehab facilities they either ran themselves or collaborated with to bill the state's Medicaid operator for fraudulent services.

In one case, Arizona was billed for alcohol-rehab treatment for a 4-year-old. Another provider billed the state more than \$1 million for alleged services for a woman and her two children in one year.

Navajo leaders launched an effort last spring to help locate and move affected tribal members to legitimate facilities, sending health workers and tribal police to Phoenix to assist.

Michelle Brandser, a mental-health administrator for the tribe's health department, interviewed dozens of people

who said they were exploited by sober homes. Over half reported being allowed to drink in the facilities where they were living, she said, and in some cases said they were provided alcohol by employees. Others said they were paid a stipend to stay at the homes, while turning over their personal identification documents so they couldn't leave.

Some facilities involved in billing Arizona for fraudulent services have spun off different operations, causing challenges for regulators.

Heidi Capriotti, a spokeswoman for the state Medicaid operator, said the agency had implemented several measures to prevent fraud, including capping reimbursement for outpatient rehab services at \$157.86 a day per patient and requiring providers to submit more documentation.

On a recent August night in Phoenix, Reva Stewart handed out water and food to homeless Native Americans congregating at a gasoline station, and inquired whether they had spent

time in any sober homes. Stewart, who helps run a local Native American arts-and-crafts store and located a missing cousin in a troubled sober home, has launched an effort to find fellow tribal members who also might have been exploited.

"Our most vulnerable relatives have suffered more trauma because of this scheme," Stewart said.

An elderly Native American woman who was addicted to fentanyl told Stewart that the sober home she had lived in would bring residents to a rehab clinic where people openly used drugs outside before heading in for treatment.

The woman said the owners of the home paid her \$100 a day to recruit more people to live there. They had one requirement.

"Only Natives," she said.

In one case, Arizona was billed for alcohol rehab for a 4-year-old.

Reliance on Super PAC Tests DeSantis's 2024 Bid

By ALEX LEARY

Ron DeSantis was in Iowa over the weekend, traveling in a red, white and blue bus with a banner urging voters to "join team DeSantis for president."

It was a classic look—except the bus wasn't paid for by the DeSantis campaign, and the events, including a stop at a football game that GOP rival Donald Trump also attended, weren't organized by his staff. The Florida governor was a "special guest" of an organization that has played an unusually large role in his White House bid.

DeSantis decided from the start to outsource much of the traditional campaign operation to Never Back Down, a group that technically can't coordinate with the campaign but has run the lion's share of the governor's advertising and ground operation. As DeSantis has struggled, that arrangement has sparked tension over strategic differences and communication barriers.

Never Back Down just retreated from an ambitious nearly national campaign effort to focus on Iowa and other early nominating states, and it has launched a \$25 million advertising blitz for the fall. Chief strategist Jeff Roe says most voters are only now starting to pay attention.

"It's all engaging now. And now is the time when you make the move and take the steps needed to win the campaign," Roe said. During a recent gathering with donors, who heard an urgent pitch for \$50 million, Roe said DeSantis had 60 days to overtake front-runner Trump.

As a super PAC, Never Back Down can accept unlimited amounts of money from donors, unlike a campaign that faces individual donor limits. Election law prohibits direct planning between super PACs and campaigns, so candidates look for workarounds.

DeSantis's team contends Trump's swelling polling advantage, driven by the four indictments he faces, will come

down and that his legal problems will take a toll.

The Trump campaign jumped on Roe's 60-day timeline, calling it a "kiss of death countdown."

Following a resounding reelection victory in November 2022, DeSantis was the top opponent of Trump, but the governor struggled to establish a clear message and strategy and his polling slumped.

Relying on a super PAC isn't new, but DeSantis has taken the practice beyond precedent. He transferred more than \$80 million from a state committee to Never Back Down, a move that is the subject of federal election law complaint.

DeSantis has had to lean on the PAC in part because his own campaign has suffered from overspending on staff, leading to layoffs. That means he has had less control over the strategy and messaging, though DeSantis had hoped to keep the reins over much of the advertising, according to people familiar with the strategy. Under federal law, campaigns get better TV rates than super PACs.

Some DeSantis allies have privately complained that there hasn't been a more focused effort to sell voters on the governor's biography or to respond to attacks from Trump and his super PAC, MAGA Inc. That group has spent \$22 million, including on ads hammering DeSantis on his past support for making changes to Social Security and Medicare and mocking his personal style.

Dave Carney, a Republican strategist who has worked on presidential campaigns, said the DeSantis operation has had too many distractions over leaks and fundraising boasts. "Michael Bloomberg had \$1 billion," he said of the businessman's short-lived 2020 campaign. "How many

delegates did he get?"

Because the DeSantis campaign and Never Back Down can't directly coordinate, signals are sent in other ways that can backfire. A memo posted on the website of Roe's Axiom Strategies before the first GOP debate last month generated unwanted headlines, as it called for DeSantis to defend Trump, who skipped the event, in the face of expected attacks and to show emotion as he talked about his wife and children.

Critics said it gave the impression DeSantis is overly coached. DeSantis said on Fox News that he hadn't read the memo and that his workmanlike debate performance didn't follow the script.

"There are still things that can only be ironed out in a meeting," said Tim Miller, a top aide to Jeb Bush's 2016 campaign, which also had a well-funded super PAC. "If you can't do that, it's going to limit your ability to maneuver and it's going to create resentment."

A DeSantis spokesman, Andrew Romeo, said, "We are thrilled with the work Never Back Down has done to create a historic multistate field program that no other campaign will come close to matching."

Never Back Down reported more than \$96 million in cash, a whopping sum, on hand at the end of June.

The PAC has been pulling field staff from North Carolina, Texas, California and Nevada that had been part of a focus on a protracted primary fight. If Trump isn't wounded in Iowa or New Hampshire, the race might be over. Roe argues the former president is weaker than he seems in those states and it presents a "very tempting opportunity" to go all in. Never Back Down invested heavily in a field operation in those early states.

DeSantis's own campaign has suffered from overspending on staff.

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WORLD NEWS

Kim Rolls Toward Russia to Meet Putin

North Korean leader, traveling by train, makes first trip abroad since 2019

By TIMOTHY W. MARTIN AND DASL YOON

SEOUL—North Korean leader Kim Jong Un traveled to Russia in the preferred manner of Pyongyang's ruling family: cloaked in secrecy, self-protection and style. Kim, the third-generation dictator, plans to meet Russian President Vladimir Putin, state media from both countries reported on Monday—the first official confirmation of the summit between the two leaders. The trip marks the North Korean dictator's first international trip in more than four years. Kim departed Pyongyang on Sunday afternoon local time and took his personal, bulletproof train, North Korea's state media reported on Tuesday. Photos showed Kim, who was accompanied by senior party, government and military officials, waving to North Koreans from the train door. The report didn't mention if Kim

had arrived yet in Russia. U.S. officials had said they expected Kim to soon meet with Putin, where the two could advance talks about a sale of Pyongyang's munitions to help Moscow replenish its supplies for its war in Ukraine. Putin on Monday and Tuesday was scheduled to travel to Vladivostok, about 750 miles from Pyongyang, to take part in the Eastern Economic Forum, Russia's state-run TASS news agency reported Kremlin spokesman Dmitry Peskov as saying. Kim and Putin met in Vladivostok in 2019, their only in-person exchange to date. Peskov told a Russian media outlet there were no plans for talks between Putin and Kim at the economic forum. Vladivostok, on Russia's east coast, is close enough for Kim to reach by train in a day. Traveling by rail not only gives the North Korean dictator increased security but also some global spotlight, with his trip itself drawing international attention, said Kim Young-soo, head of the North Korea Research Institute in Seoul. "The train ride allows Kim to appear as a mysterious but important figure who meets world



Kim Jong Un on Sunday waved from a private train as he departed Pyongyang to visit Russia.

leaders in locations that are convenient for him," he said. Kim was using his go-to mode of transport for foreign trips, an armed fortress on wheels that is believed to contain a karaoke room, satellite communication and an emergency-medical facility. His personal car—in the past a Mercedes-Benz limousine—is

towed along as part of the caravan. So, too, is a helicopter brought along just in case Kim needs a swift exit, according to South Korean media reports based on declassified information and former North Korean officials. The train is painted olive green with white roofing, and the windows are darkened.

Strips of yellow steel plating—meant to fortify against bomb attacks—wrap around the train's body. Kim is known to travel with more than 20 carriages, with security traveling in front and in back. A Pyongyang-Vladivostok flight is one of the few routes offered by North Korea's state-run Air Koryo airline. But in

April 2019, Kim opted for a roughly 20-hour train journey. Kim used a chartered Air China plane when he traveled to Singapore in 2018 to meet with then-President Donald Trump. North Korea's own fleet of planes aren't considered reliable enough for longer distances. But Kim did take his personal jet for a pair of visits to China the same year. North Korea's railways—the country's main form of transport—are plagued by electricity shortages and outdated tracks. The fastest North Korea train, to Beijing from Pyongyang, travels at about 28 miles an hour, while ordinary trains travel at just 9 miles an hour because of infrastructure issues, said Ahn Byung-min, a South Korean researcher who traveled to North Korea several times for railway research. "The railway tracks are barely able to withstand Kim's heavy bulletproof train and we haven't seen any signs of improvements in recent years for safety and speed," said Ahn, who last inspected North Korea's railways in 2018. —Matthew Luxmoore and Alastair Gale contributed to this article.



A member of the Achilles Company, far left, trains for a kamikaze drone flight, while other Ukrainian servicemen, at left, also learn to operate them. Above, workers inside a drone facility in Dnipro, Ukraine.

Three Roadblocks Keep Ukraine Mired in War

By MARCUS WALKER

Ukraine faces a threefold problem after 18 months of full-scale war with Russia. Ukraine's army is inching forward on the battlefield but is short of firepower, including air power, and well-trained manpower to eject Russia's occupying army from its east and south. The West is sticking to its incremental approach to arming Kyiv, and would like it to negotiate a cease-fire eventually. But even if Russian President Vladimir Putin were open to a deal, he has a long record of renegeing. The current military and political deadlock looks set to continue until one of those three elements changes. Ukrainians fear the deadlock plays into Russia's hands, especially if political fatigue emerges in the West. "The situation is not sustainable," said Pavlo Klimkin, a former Ukrainian foreign minister. Ukrainian troops have breached Russia's first line of heavy fortifications near Robotyne in the country's southeast, but they are still 55 miles from the sea, the goal of their summer counteroffensive. The four-month-old counteroffensive has so far disappointed Ukrainian and West-

ern hopes for a major breakthrough. But a significant territorial gain is still possible if Russia's stretched defenses on the southern front reach a breaking point before winter or exhaustion forces a halt to Ukraine's push. The course of the war has defied the predictions of generals, intelligence services and military pundits, from the failure of Russia's initial attack on Kyiv to Ukraine's surprise victories in the Kharkiv and Kherson regions last year. Ukrainian troops struggling slowly forwards in Zaporizhzhia and Donetsk have been blunt about the difficulties throughout this summer, however. Dense minefields, a lack of air power and air defenses, shortcomings in new units' training, and more-competent Russian performance in defense have led to heavy casualties for every mile gained. Ukrainian forces have reduced their losses of troops and armored vehicles by adapting their tactics. But their new, cautious approach also gives Russia's army more time to reset its lines after retreats and makes it harder for Ukraine to build momentum, according to a new study of the counteroffensive by the Royal United Services Institute, a London defense think tank. Ukraine has the manpower and the collective determination to continue fighting for a

Kyiv's Drone Army Drops Bigger Foes

By STEPHEN KALIN

KUPYANSK, Ukraine—Four aerial drones the size of dinner plates swooped almost simultaneously and slammed into a giant Russian mortar system, each detonating its load of about 1½ pounds of explosives in quick succession. The August attack on Ukraine's eastern front by a specialized drone team called the Achilles Company was one of the first times they performed a maneuver that is at the cutting edge of modern, affordable warfare: the swarm. Four pilots wearing goggles that relayed footage from the drones directed the attack from about 7 miles away, piloting the craft from hand-held control-

lers. The impact of the drones, each costing a few hundred dollars, set alight and destroyed the Russian mortar, called Tulpan, or Tulip, which is mounted on a tracked vehicle weighing some 30 metric tons. The Achilles Company, part of a specialized unit in the 92nd Mechanized Brigade, is one of the newest elements in what Ukraine's government calls its Army of Drones—an effort to promote the use and innovation of remotely piloted aerial craft. The Ukraine conflict has been an incubator for deploying uncrewed aircraft in conventional combat. At first, soldiers and civilian volunteers adapted drones meant for photographing weddings to

spot enemy movements and target or intercept them with artillery. Aerial-drone reconnaissance teams with off-the-shelf models were quickly deployed across the military. Then the Ukrainians started 3D-printing claws to drop explosives straight from the drones and piecing together their own drones from scratch. This spring, they added FPV racing drones, or first-person-view drones, to their arsenal and within months experimented with using them at the same time to take out bigger targets. So-called swarms can overwhelm air defenses or help penetrate armor by bombarding vulnerable sections. Russia has started to catch

up, expanding its use of drones for reconnaissance and bombardment. And the Pentagon is paying close attention. In August, it announced a program named Replicator to amass a huge number of the sort of expendable drones that have boosted Ukraine's success on the battlefield. Ukrainian soldiers work hand in hand with engineers to hone their tactics and modify drones to complete more ambitious missions or avoid new Russian countermeasures like jamming. At the forefront of these efforts is the Army of Drones, an initiative launched last summer by President Volodymyr Zelensky, who pledged to raise \$100 million from donors to buy drones for the military and keeps adding new objectives. Mykhailo Fedorov, the 32-year-old minister of digital transformation overseeing the effort, works with senior military leaders to fill gaps and infuse a private-sector mentality. "The ultimate goal is that we will have a new type of army," said Georgi Tskhakaia, an adviser to Fedorov. "Like there is the air force and there are artillery forces, there will be drone forces. A different army within the army." This summer, Ukraine trained 10,000 new drone pilots, mainly for conducting reconnaissance and artillery targeting, and is preparing another 10,000 operators. In January, Gen. Valeriy Zaluzhnyi, Ukraine's top military commander, ordered the formation of aerial strike-drone units like Achilles Company. The Army of Drones strike units have destroyed hundreds of Russian tanks, artillery pieces, air-defense units and armored vehicles, inflicting extensive damage for a fraction of the cost. The ambition now is to place them inside every army brigade. "It's a never-ending process," said Tskhakaia. "It's always in R&D."

Kyiv's new, cautious approach makes it harder to build momentum.

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WORLD NEWS

Thousands in Libya Are Feared Dead In Storm Flooding

Senior officials in Libya say that as many as 2,000 people could be dead and thousands of others missing after a storm battered the country's east, causing flooding that swept entire neighborhoods out to sea.

By **Jared Malsin,**
Benoit Faucon
and **Summer Said**

Ossama Hamad, the prime minister of the eastern Libyan government, said as many as 2,000 people are feared dead as a result of the storm.

The interior minister in the eastern government, Essam Abu Zariba, said as many as 5,000 people could be missing. "I call on all local and international organizations to help us," he said.

Footage on social media showed people stranded on the roofs of their vehicles as the storm, named Daniel, hit the cities of Benghazi, Susa, Bayda, al-Marj and Derna. Images on Libyan television showed collapsed buildings, cars piled on top of another, and rivers of water gushing through Derna.

"Early reports indicate that dozens of villages and towns have been severely affected by the storm, with widespread flooding, damage to infrastructure and loss of life," said Georgette Gagnon, the United Nations resident coordinator in Libya.

The destruction resulting from the storm is an immense challenge for Libya, a country that is split between two rival governments and that has endured a series of political crises and wars since the 2011

revolution that ousted Moammar Gadhafi.

Much of the destruction centered on Derna, a coastal city that was once controlled by Islamic State extremists and is now controlled by Khalifa Haftar, a Russian-backed militia leader whose forces dominate eastern Libya. A rival government recognized by the U.N. and most world governments controls the capital Tripoli.

The absence of a single unified government in Libya is likely to hinder any response to the catastrophe, experts said.

"This catastrophe highlights the problems of Libya's current political system,

where elites vie for power and form rival governments, who are wholly uninterested in actually governing," said Tarek Megrisi, a senior fellow at the European Council on Foreign Relations

who studies Libya.

Libya's eastern-based parliament declared three days of mourning. Abdul Hamid al-Dbeibeh, prime minister of the internationally recognized interim government in Tripoli, in western Libya, also declared three days of mourning in all the affected cities, calling them "disaster areas."

Hamad, of the eastern Libyan government, told al-Masara television that 2,000 were feared dead in Derna, and thousands of others are reported missing. He said the floods swept away entire neighborhoods in Derna, which has been declared a disaster zone.

"Entire neighborhoods of the city of Derna, containing thousands of citizens, have disappeared into the sea," he said.



A woman on Monday looked through rubble in her village of Douzrou, Morocco, which was devastated by Friday's earthquake.

Earthquake-Hit Moroccans Grow Desperate as Aid Faces Hurdles

AMIZMIZ, Morocco—Pressure mounted on the Moroccan government to rescue survivors of a powerful earthquake still trapped beneath rubble and provide food, water and shelter

By **Chao Deng,**
Summer Said,
Benoit Faucon
and **Jared Malsin**

for thousands of others, as it faces criticism for being slow to accept international help.

A 6.8-magnitude earthquake struck Morocco late Friday, killing more than 2,850 people and leaving thousands homeless. Many residents in the remote villages of the Atlas Mountains hit hardest by the temblor said they were digging through destroyed houses with their bare hands to find survivors as time runs out to rescue them alive.

Residents of the earthquake zone and humanitarian groups complained that aid has been slow to arrive in the stricken area. Questions are also swirl-

ing over why the government hasn't immediately accepted more offers of help from foreign governments and independent aid groups.

In the villages of the Imi N'Tala area deep in the mountains, residents were mostly subsiding off biscuits and bread on Monday brought by volunteers driving one hour up a narrow, winding road. The earthquake had destroyed a natural spring the community depended on, so authorities were trying to truck water up.

"Please help us," said Fatima Oubihi, a 40-year-old mother who had been living outside with her two girls for three nights and taking shade under pine trees. "We need blankets and have only plastic. We are angry not for ourselves but for our children."

Dozens of countries and foreign-aid groups said they were offering manpower, equipment and other assistance to Morocco, but the kingdom's government has so

far only accepted rescue workers from the U.K., the United Arab Emirates, Spain and Qatar, a spokesperson for the Interior Ministry said.

Time is running out to allow new emergency teams in the country, said Arnaud Fraisse, the founder of Rescuers Without Borders, a French humanitarian group. "The chances of finding survivors at this stage are very minimal," said Fraisse, who noted he has yet to receive a Moroccan response after offering his help on Saturday.

Moroccan authorities have said aid from other countries wasn't needed, and over the weekend said uncoordinated efforts could backfire.

They have said delays were being caused by blocked roads and that officials were doing all they could to reach remote areas. More than 60 countries offered to help, the Defense Ministry said.

Secretary of State Antony Blinken said the U.S. government reached out immediately

to Morocco to offer help. "We're waiting to hear from the Moroccan government how we can be of most assistance," Blinken told ABC News on Sunday.

At one mountainside in Imi N'Tala that had collapsed during the quake, international rescue workers from Spain, the U.K. and Qatar were still trying to search for people alive in the rubble, while local authorities policed the road. The crew pulled up a total of 100 dead and 50 injured people, of the roughly 200 people living on the hillside.

By Monday afternoon, the imam of the local mosque was still trapped but alive and the team was waiting for the arrival of oxygen before pulling him out.

Watch a Video

Scan the code for a video on the race to find quake survivors in Morocco.

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photo by Roger Winstead

Boeing's Return to Office Plan

Continued from Page One
small office about five minutes from his house.

When a reporter entered the New Canaan office through a propped-open door for an unannounced visit on a midsummer Monday morning, Boeing's second-highest-ranking executive was wearing a polo shirt, shorts and slip-on shoes. West showed a spartan office that he uses, but otherwise declined to comment.

Boeing, like companies all over the U.S., is trying to navigate a complicated postpandemic workplace environment. Although some positions require full-time attendance, the company is allowing hybrid work for many jobs. About 30% of recent Boeing job postings were for hybrid or remote positions.

Visiting alpacas

Managers eager to get employees back to the Arlington office over the past two years have turned to happy hours, guest speakers and even visiting alpacas, say people who have worked there. Calhoun and West are seldom spotted in the building, they say.

"What's he doing? Is he like at Lake Sunapee or something in New Hampshire?" CNBC host Jim Cramer said on TV about Calhoun in 2021, as the company dealt with mounting factory problems with its 787 Dreamliner, a wide-body jet. "I mean, what is he doing?" After the Cramer episode, some Boeing employees in Arlington made light of the CEO's absence, with about a half dozen of them displaying wooden "Lake Sunapee" signs in their offices, according to people familiar with the matter. There were also Lake Sunapee souvenir mugs, including one that read: "Love Lake Life."

A Boeing spokesman said Calhoun visited the Dreamliner factory during its problems. He said top executives, while they enjoy more perquisites than lower-ranking personnel, are using the same flexibility afforded to many other white-collar employees. Relocating C-suite executives and their families to Arlington would be costly, he said, and their jobs require them to travel frequently anyway.

"Rather than this ivory tower corporate headquarters approach, there's another approach, which is: Encourage leaders to travel, get out there and engage the best they can and not worry about sitting tied to a desk at a traditional corporate HQ," the Boeing spokesman said.

Required flights

Calhoun is required by Boeing's board to fly on company-supplied private jets for all business and personal trips for security reasons.

Boeing said its New Canaan office, which opened this spring, was necessary to recruit the company's new treasurer, David Whitehouse. (Property records show Whitehouse lives about 30 minutes away.) The New Canaan space saved relocation expenses for moving Whitehouse, who oversees treasury staff mostly based in Chicago, the company said. Boeing also said the office would afford easy access to investment bankers and ratings firms in New York City.

Boeing's space leased for



Boeing's headquarters in Arlington, Va., above, and, below, the building where Boeing leases office space near the New Canaan, Conn., home of Chief Financial Officer Brian West.



more than \$100,000 a year, according to CoStar, an outside real-estate data firm.

It's unusual but not unheard of for a CEO to live and work remotely far from the home office. Still, Peter Cappelli, a management professor at the University of Pennsylvania's Wharton School and author of a recent book about remote work, "The Future of the Office," said it's out of step with the general messaging from corporate America that encourages employees to return to the office.

"If you want people to come back and you're not doing it, that really undermines the message," Cappelli said.

The outlier

Boeing appears to be an outlier among its peers. At rival Airbus, CEO Guillaume Faury regularly works from the European plane maker's headquarters in Toulouse, France, when he isn't traveling for work, a spokesman said.

Small-plane and helicopter maker Textron requires all its white-collar employees to be at the office full-time, and CEO Scott Donnelly works from the company's Providence, R.I., headquarters, a spokesman said.

Lockheed Martin said CEO Jim Taiclet spends about half his time working from the company's headquarters in Bethesda, Md., and has a nearby residence but uses company aircraft to travel to another home.

Calhoun, a former General Electric executive and long-time Boeing director, became Boeing's CEO in early 2020. The board appointed him to succeed Dennis Muilenburg and help the company navigate the fallout from two crashes of its 737 MAX in 2018 and 2019, which took 346 lives. Shortly after he became CEO, Calhoun bought a condo in Chicago near the company's then-headquarters.

Calhoun and West have focused on improving Boeing's

operations and returning the company to financial strength. They have moved to cut costs, including by trimming payrolls and office space. Boeing's stock has lost about 35% of its value since Calhoun took over as CEO, but the company last year generated free cash flow, a closely watched earnings metric, for the first time since 2018. It has resumed delivering its MAX and Dreamliner jets and increased production after working through engineering and regulatory snags.

"There has been undeniable progress over the last three years," the Boeing spokesman said. The company's second-quarter earnings, a \$149 million loss due largely to defense-unit charges, beat analyst expectations and the stock jumped 9%.

Calhoun began running the company from home when the Covid-19 pandemic forced much of the country to avoid the workplace. Even after the pandemic, Calhoun has said he wouldn't be traveling much to visit his staff. "Video meetings are amazingly effective for the personal efficiency of a CEO," he told the writers of the 2021 book "Leading at a Distance."

Speaking after a June 2022 press event in Arlington at which Boeing formally introduced its new global head office, Calhoun described remote work as part of his job. "Remember now what headquarters is—it's me, CFO," he said, referring to himself and West.

"Seventy percent of my day, no matter where I am, is virtual anyway, because I run a large distributed company," he said.

The morning of that event, one of Boeing's corporate jets took off from a small airport near Calhoun's New Hampshire home, landing 68 minutes

later at Dulles International Airport near the company's headquarters. After the announcement, the jet flew from Dulles to Seattle—Boeing's commercial hub—then back to New Hampshire the following day, flight records show.

Without access to passenger manifests, the Journal couldn't determine who was on board any particular Boeing private-jet flight.

The flight patterns suggest Calhoun travels directly from his New Hampshire or South Carolina homes to the Arlington headquarters an average of once or twice a month. He doesn't have a residence in the Washington, D.C., area, the Boeing spokesman said.

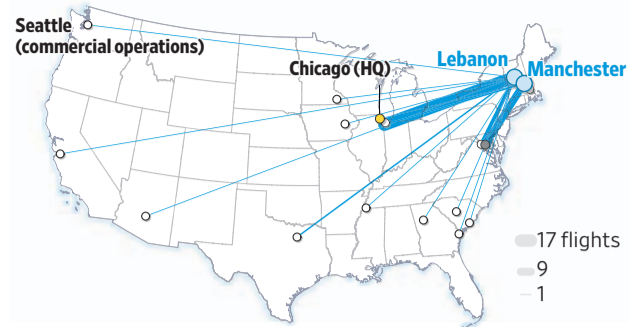
Some flight records coincide with Calhoun's known whereabouts. One of the company's Bombardier Challenger 650s flew from the Hilton Head, S.C., airport to Dulles on Jan. 31, 2022 before setting off for a Monterey, Calif. airfield close to an AT&T Pebble Beach Pro-Am golf event. Calhoun was scheduled to play alongside former Secretary of State Condoleezza Rice and two professional golfers. A tournament spokesman confirmed that Calhoun did play.

The Canadian-made jet stayed near Pebble Beach for a week before flying to Seattle, Nashville and then to Lebanon, N.H., near Calhoun's lake home.

Calhoun was at the Arlington headquarters on Tuesday, May 9, this year to announce a major deal with European discount airline Ryanair to buy up to 300 of its 737 MAX jets. Flight records show a Boeing-owned Challenger flying the prior day to Dulles from the Savannah/Hilton Head airport, then taking off for Lebanon, N.H., shortly after the Ryanair announcement.

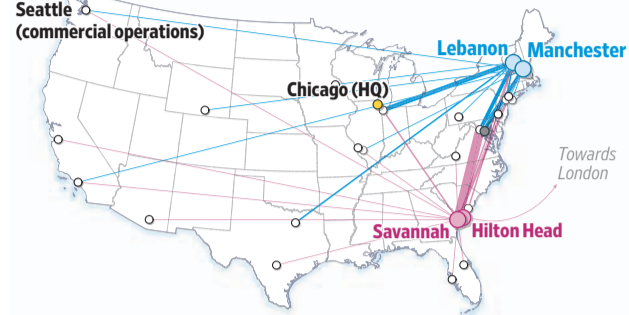
January 13, 2020

David Calhoun becomes CEO and Boeing's private jet fleet begins flying from airports near his New Hampshire home.



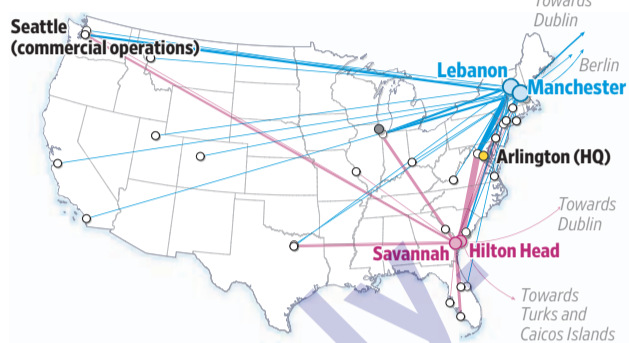
May 26, 2021

Calhoun buys a home in Bluffton, S.C. Flights begin from the nearby Savannah and Hilton Head airports in early 2021.



May 5, 2022

Boeing announces plans to relocate its HQ to Arlington, Va. Flights continue from airports near Calhoun's homes.



Source: Commercial flight-tracking data. Camille Bressange/THE WALL STREET JOURNAL

Calhoun's hands-off approach to management has at times made him seem less visible than some prior Boeing leaders, who spent more time at headquarters and held more frequent meetings, current and former executives say.

The Boeing spokesman said Calhoun holds meetings for all employees, all vice presidents and his senior executive council each quarter. The senior-executive meetings are held at various locations, where the leaders spend time with employees at their worksites. "Dave Calhoun is very engaged with our global workforce and outside stakeholders," the spokesman said.

One of the largest groups at Boeing's Arlington site is its government-relations staff, many of whom are back at the office most of the time when not meeting officials, people familiar with the matter said.

Boeing defense executives based in Arlington primarily work from the office when they're not traveling, the company spokesman said.

Factory machinists

In the Seattle area, unionized Boeing technicians who work with factory machinists are generally required to show up to work full-time, while engineers tend to have more flexibility with office attendance, union officials said.

Although the union applauds Boeing's flexible approach overall, some employees occasionally bristle at being required to do certain tasks in person when the work could be done remotely, said Rich Plunkett, a union official for the Society of Professional Engineering Employees in Aerospace.

"People are pissed they're being told to get their butts to the office," he said.

The company plans to shrink its presence at the former Chicago headquarters, where it occupies 11 floors in the 36-story skyscraper, the Boeing spokesman said.

Two senior Boeing executives live in the Orlando area. One, communications chief Brian Besanceney, hired in 2022, has his official office in Arlington and has worked from home when he's not traveling, the spokesman said. The other, human-resources chief Michael D'Ambrose, joined Boeing in mid-2020 and hasn't relocated to Arlington.

Boeing said D'Ambrose's primary worksite is at a company facility near Orlando, which it recently outfitted for him at minimal cost—around \$1,300 for new keys, webcams and a printer.

Tax implications

Having a primary work location at a satellite office close to home could save executives money on their personal taxes, according to tax specialists. That's because private jet flights taken for commuting purposes—for example, from an executive's home to headquarters—generally are a taxable perquisite, while flights between two company offices may not be.

Boeing's unit that manages executive flight operations closely tracks whether flights on company aircraft are for personal or business trips, say people familiar with Boeing's internal practices. The company, including its board of directors, monitors personal aircraft usage, which is a perk disclosed to investors.

The Boeing spokesman declined to address executives' personal taxes but said office locations weren't chosen for tax reasons. He said the company has a rigorous process to ensure personal aircraft use complies with laws and regulations.

\$22.5 million in pay

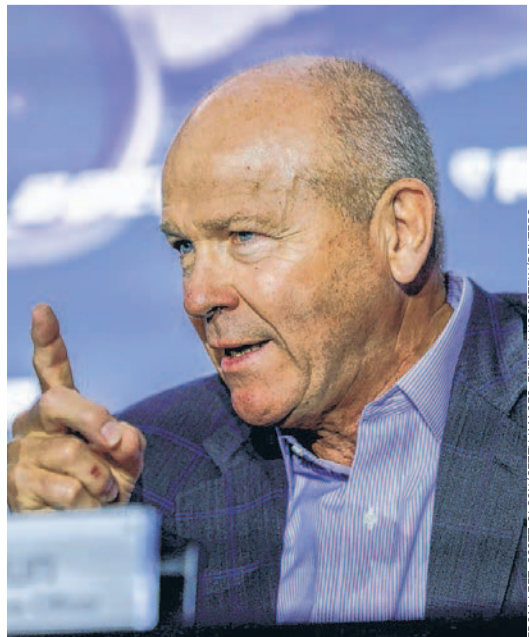
Calhoun's reported \$22.5 million in compensation in 2022 included \$238,782 for personal use of company aircraft, according to company filings. The prior year his disclosed personal aircraft usage totaled \$83,563, plus \$50,026 in relocation costs that included aircraft expenses. The Boeing spokesman said Calhoun's travel increased as the pandemic faded.

The Boeing spokesman said Calhoun has sought to reduce executives' use of company aircraft.

West, the chief financial officer, joined the company in August 2021. The Boeing spokesman said West, D'Ambrose and Besanceney also take commercial flights.

Inside the New Canaan office, a model jetliner sat on a coffee table in a reception area. Outside there was no Boeing sign advertising the tenant, which shares the building with the local school district's new offices.

A mailbox label inside a vestibule read "TBC," internal code for The Boeing Company.



A 2020 photo of Boeing's then-headquarters in Chicago, left, and the company's Chief Executive Officer, David Calhoun, right.

PERSONAL JOURNAL.

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THE WALL STREET JOURNAL.

Tuesday, September 12, 2023 | A9



FAMILY & TECH
JULIE JARGON

Parent, project manager... what's the difference? Back-to-school season means spending weekday afternoons frantically checking and updating multiple calendars, wondering when kids are done with class or practice, figuring out who is going to pick them up. And when everyone is finally home, somebody has the nerve to ask, "What's for dinner?"

There is new technology to minimize the chaos. Basic online calendars from Google, Apple and others are essential. But new services combine those calendars with other software to keep schedules and carpooling in the same space as grocery lists, meal planning and to-do lists. Home voice assistants and even ChatGPT can also be used to minimize family-organizing headaches. These tools can help you stay organized—and sane—as your kids' schedules once again take over your life.

Maple
This family-management app is a one-stop shop for all of your household needs, including a basic calendar. The app, available free, also has a meal-prep folder and grocery list. You can create folders to keep track of car and home maintenance, pet records and kids' chores.

Maple's best feature: It lets you assign or take ownership of household tasks. The app displays a photo of the person responsible for each chore or to-do item, so no more arguing about who was supposed to buy plane tickets or sign up the kids for piano lessons.

For \$7.99 a month, you can get an ad-free version—otherwise you see banner ads about once every two days. More important, when you pay, you can sync your Google and Apple calendars. Next month, Maple's developer, Grow Maple, plans to add an expense-tracker spreadsheet to the premium version.

Good for: Families with multiple caregivers, such as grandparents and babysitters, because everyone can take on to-do's and track whereabouts.

Cozi
This family organization app is similar to Maple. It includes a shareable calendar, to-do lists and shopping lists. Its unique features include appointment reminders and premade checklists for occasions such as birthday parties and trips. There is a focus on meal planning: You can browse recipes curated by Cozi, import recipes you find online and transfer recipe



Tech Tools Keep You Up to Date

One-stop shops for digital calendars, to-do's and shopping lists will help families stay organized



▲ The Skylight digital calendar makes it easy for family members to view their schedules.



▲ With Amazon's Alexa assistant, you can use your voice to add to the family calendar on the Echo Show 15.

ingredients to your grocery list. The key features are free, but a \$39-a-year premium version called Cozi Gold is ad-free and includes a birthday tracker and a way to notify people via text when calendar changes are made.

Good for: Very busy or large families who need extra help with meal planning and remembering appointments.

Skylight
This touch-screen device with an integrated calendar has gained a cultlike following. It can sync with

Google, Apple, Outlook, Yahoo and even Cozi calendars.

Each calendar—a 10-inch \$160 model and a 15-inch \$300 one—can be mounted to a wall or placed on a stand. Families can keep track of chores, save meal plans and create lists right on the device. If you add events to your existing calendars, they show up on your Skylight calendar. If you add events to the Skylight calendar they will show up on your Google calendar but, for now, they won't show up on other providers' calendars.

An annual \$39 subscription adds two nice-to-have features: You can forward emails or PDFs from your child's school and Skylight will extract events to add to your calendars. And you can turn your calendar into a picture frame with unlimited cloud storage. (Skylight separately sells a digital photo frame without the calendar function.)
Good for: Families with older children who want to check their own schedules, manage their own calendar entries and track their chores.

Other tools
► **Echo Show 15:** Amazon's \$280 15-inch Echo Show contains the same shared calendar that works across Echo Show devices, but the larger screen makes it easier to see the events. Google, Apple, Outlook and Microsoft Office 365 calendars all sync.

With Alexa, you can use your voice to add calendar entries, add items to the shopping list and assign reminders to people. ("Alexa, remind Craig to take out the trash at 6 p.m. every Wednesday.") Alexa Skills such as Allrecipes, Recipe Speak and Betty Crocker can help with meal prep—with some even guiding you through recipes while you cook.

► **AI Chatbots:** With Open AI's ChatGPT, parents can create calendar templates to track kids' activities and appointments. Parents can also ask ChatGPT to create a meal plan for the week, along with a shopping list, based on the number of people in the family and any dietary restrictions.

I tested this out and within seconds I had an impressive list of healthy meals, recipes and shopping lists. On Bard, Google's conversational AI, and on Microsoft's Bing, I got similar results.

When life gets busy, why not outsource the management to tech?

MY RIDE | BY A.J. BAIME

His Ferrari Is Built For Family Life

Camilo Alfaro, 50, the founder and CEO of Autoproyecto, a media company that offers Spanish-language car-buying guidance and car reviews, who lives in Houston, on his 2014 Ferrari FF, as told to A.J. Baime.

I have a 2003 Ferrari 360, a 2007 Porsche 911 and a newer Honda minivan. The Ferrari has only two seats. The Porsche's back seats are tiny. My wife and I have kids, and the minivan is not what you want

to be driving to Cars & Coffee. So approximately two years ago, I started looking for a "family Ferrari."

The Ferrari FF is a hard car to find. Being a Ferrari, not a lot were made. The FF doesn't stand for "family Ferrari." It means Ferrari Four—for four seats and four-wheel drive. [When launched at the Geneva Auto Show in 2011, the FF became the first-ever production four-wheel drive Ferrari.]

The FF has a cult following, but it did not start out that way. When it first came out, the automotive press trashed it. "This thing looks horrible!" "Who is going to buy that?" [The FF was called a Ferrari station wagon.] But over time, car enthusiasts realized that, if you want a real sports car that has four seats and four-wheel drive, it's slim pickings. And when you look at Ferrari forums online, you realize that a lot of people are buying these cars so they can put kid seats in the back. I looked all over the country and, after



nine months of searching, I found this one in Silicon Valley.

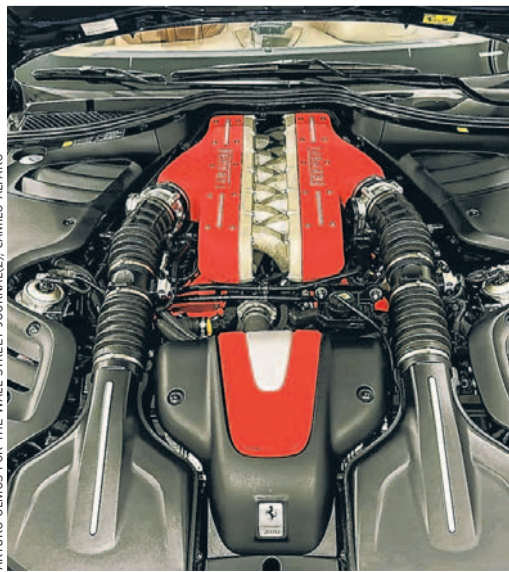
My work is all about helping passionate people find the right car for them, and it was fun to get to go through that process myself. When you start up the FF, it's an animal. It has a roughly 650-horsepower, 6.262-liter V-12 engine. It's loud. It's glorious. It wakes up the neighbors. It has a top speed of 208 mph.

At the same time, there is so much you can do with it. I use it as a daily driver. I take the kids to school. I go grocery shopping, and there is plenty of room in the back for the groceries. I take the kids to soccer practice. I don't drive 200

Camilo Alfaro found his 2014 Ferrari FF in Silicon Valley after nine months of searching.

mph with the kids in the car, but I can still rev the V-12 and feel its raw power.

Here in Texas, we can have adverse weather. In winter, we can get freezing temperatures. In spring, it rains tremendously. In summer it can get over 100 degrees. The FF is comfortable and safe in all of that weather. Every Sunday, we wash the car together. The kids love it. It really is a family Ferrari. But it is also addictive to drive.



ARTURO OLMO FOR THE WALL STREET JOURNAL (2); CAMILO ALFARO

PERSONAL JOURNAL.

Teens Get Head Start on Saving For Retirement with Roth IRAs

Earnings from summer jobs can be invested for decades of tax-free growth—'It's a no-brainer'

By ASHLEA EBELING

Chelsea Shaver started saving for retirement in eighth grade.

A certified beekeeper, she tended four hives along with her mom in their backyard in Charlotte, N.C. She processed the honey, filled and labeled jars, and made local deliveries by bicycle. Rather than spend the nearly \$5,000 she netted, Chelsea, now 14 years old, used the money to fund a Roth IRA, where it can grow tax-free over her lifetime and beyond.

While many Americans haven't saved for retirement at all, some are getting a really early start, with the help of parents and grandparents and financial advisers. Chelsea's mother, Jo Shaver, and her financial planner, Leah Maybry, are behind the kid Roth IRA idea. Her brothers have Roth IRAs, too, funded with earnings from more traditional teenage jobs in retail and as a camp counselor.

"It grows forever tax-free. It's a no-brainer," said Maybry.

Among the options for those who are younger, a Roth IRA makes sense because of the tax advantages. Once a child earns income, they are eligible to open up an individual retirement account. By making it a Roth IRA, children can get decades of tax-free compounding, giving them the potential to build a meaningful nest egg with little money down.

A traditional pretax IRA, which offers an upfront tax break, is of little or no value to a teenager. A Roth IRA makes sense when your present earnings are likely lower than what you will earn in retirement. Unlike a traditional IRA, contributions to a Roth are made after taxes. Teens are ideal candidates, since most pay very low or no taxes.

Roth IRAs for teens are gaining in popularity. The average age of those with custodial Roth IRAs, where an adult sets up the account with the child as beneficiary, is 13.7 years, Fidelity Investments said. The number of these accounts in June grew 28% year-over-year.

How to open a Roth IRA

If you're under 18, you need an adult to act as custodian and control the account. There is some paperwork to transfer it to your name later, typically when you reach 18 or 21, depending on your state.

John Becker, of St. James, Minn., helped his youngest daughter, Ellie, open a custodial Roth IRA at Vanguard with summer job earnings working at a local marina on the dock crew before college. He decided not to help fund it but to provide investment advice, recommending she stick to index funds for the long term. (She has a Robinhood account for short-term savings and learning the markets.)

Now she is a junior in college



Now he's 26, married, a dad, and a third-year law student. His Roth IRA is worth about \$35,000.

Put the children on the payroll

Sean Caldwell, a financial planner in Clearwater, Fla., opened up Roth IRAs for all four of his children when they were in elementary school. They worked for him, doing office tasks, such as shredding papers and mailing marketing materials.

When they got older and got other part-time jobs, he started making a parental match so they would have spending money but still put as much as possible in the Roth accounts.

His 16-year-old son, Jacob, works part time at a Publix supermarket and expects to contribute close to the maximum for 2023.

Parents or teens may be wary of tying up their funds for decades, but Roth IRAs do come with an escape hatch: You can access contributions at any time without penalty. Another rule lets you withdraw up to \$10,000 of earnings tax and penalty-free for a first-time home purchase.

Money in a student's Roth IRA typically won't affect their college aid eligibility as long as they don't make any withdrawals, said financial aid expert Mark Kantrowitz.

Ask for a match

A Roth IRA can be a teaching moment for those who can afford to give money to their children or grandchildren. Matching contributions, as Caldwell does, can motivate children to earn and save more.

When their oldest grandson, Andrew Glass, first had earned income working for Panera Bread at age 16, Paul and Karen Wolgemuth of Elizabethtown, Pa. made a proposition. They would contribute 85% of his earnings to a Roth as long as he was in school, if he contributed 15% of his earnings to the Roth, 10% to charity, and read Bill Bernstein's book "If You Can: How Millennials Can Get Rich Slowly" each year. (The premise of the book is to save 15% of your salary and invest it in index funds for 30 or 40 years.)

Those types of conversations make the kid Roth IRA powerful, said James Luther, a senior wealth adviser at Schwab. "It's a great way to pass on investment knowledge and a little wealth as well," Luther said. Some families make the match for the full 100%, or split it 50-50.

The Wolgemuths and Glass have kept up the deal for the most part. Glass said he hasn't reread the book. He's now a senior at Cornell, considering law school, so the Wolgemuths might be doing three more years of matching.

"Hopefully we've encouraged good lifetime savings habits," Paul Wolgemuth said.



Ellie Becker's construction management summer job is funding her contributions for 2023.

and using money earned at a construction management summer job to make Roth IRA contributions for 2023. "This is money she's not saving to buy a new car or fund a vacation. This is long haul. You have to have that mentality," Becker said.

Earnings from part-time work, summer jobs, paid internships, self-employment, even a parent's business can all count as income for purposes of how much you can contribute to a Roth IRA. Allowances



Chelsea Shaver started saving in eighth grade, using the money she earned from beekeeping to open a Roth IRA.



Sean Caldwell opened a Roth IRA for 16-year-old Jacob, who works part time at Publix.

and birthday gifts don't count. The maximum contribution for 2023 is the amount of your earned income up to \$6,500. You have to have earned income in the year for which the contribution is made, and income limits apply.

uted to the federal retirement savings plan to get the government match for the four years he served. He also opened a Roth IRA at E*Trade so he would have more investment choices. "I wanted to prepare for the future," he said.

Parents and Kids Face Media Gap

Continued from Page One toward social media and the "content creators that keep it all moving," said a Deloitte report.

The divide now seems bigger than ever because most every family member has their own smartphone, tablet or laptop to stare at, says Jenna Drenten, a marketing professor at Loyola University Quinlan School of Business in Chicago.

Scores of online personalities enjoy star status among children, yet most parents have no idea who they are, why they are famous or even how to watch them.

Parents often monitor screen time, but can't hover nonstop—particularly over teens. Youngsters also learn about online celebrities through friends, leaving puzzled parents trying to catch up via other adults.

"What do I need to know about the YouTube Beluga?" a question asked recently on a popular parenting forum.

"I just looked it up. It is a cat?" said one reply.

In the Chicago area, Emily Ryan's oldest son, Bear, started constantly talking about "Unspeakable."

"Who is that? What is that?" Ryan, who is 40, recalls asking. Unspeakable is a YouTuber with

more than 16 million subscribers; he often wears a baseball cap backward and does oddball moves such as filling a school bus with slime.

Ryan preferred shows such as "Full House" and "Family Matters" while growing up. Like many of parenting peers, she has tried, and struggled, to relate to the odd assortment of celebrities captivating her children.

Earlier this year, Ryan spent close to \$30 on tickets for Bear, now 8, and two siblings to watch an online broadcast of a live event Unspeakable was hosting. They made popcorn and tuned in from their living room. The children were rapt, while mom was befuddled.

The YouTuber "literally just stood on a stage and talked," and hardly did any pranks, she says. "I'm not even sure what the purpose of the event was."

Raymond Nichols, 41, of Rochester, N.H., can barely keep track of the stars his girls follow. Lately, he says, it is "some guy who makes videos of himself playing with puppies."

The girls also enjoy LankyBox, a YouTube duo who shout and play piercing sound effects. "I can't stand it," says Nichols. "It is obnoxious."

His two oldest daughters, ages seven and five, have even started talking like LankyBox and calling their father "bruh."

Nichols nudged his girls to try one of his childhood shows, "Barney & Friends," but says, "they just watched the first half and were done with it."

Orlando, Fla.-area resident Adam Rosenberg barely watches YouTube



The YouTuber known as Unspeakable is famous with children. Parents? Not so much.

and wouldn't know about MrBeast, arguably the biggest name in social media, if not for his 10-year-old son Nate.

MrBeast's stunts include spending 50 hours buried alive in a coffin and directing a train into a pit. Rosenberg, 42, thinks the influencer is immature and a poor role model.

"He's really cool," says Nate. "I'd rather meet him than anyone else." At Universal Studios in Florida, young fans swamped videogame influencer Nick Armstrong.

"The parents or older folks are like, what's going on over here?" says Armstrong, 22. "The children explain it to them."

Social-media personalities appeal to children because they are usually unscripted and look like regular people. In Grand Junction, Colo., four-year-old Oliver Schneikart, co-owner of Greg's World, a YouTube channel featuring a family with a boy around Oliver's age shopping, dining out and traveling.

"What he wants to watch is real people living their life," says his mother, Karalee Schneikart.

Oliver prefers that over the best Disney has to offer, she says, while she finds the interest kind of weird.

"What is so exciting about watching someone pick out a toy?" she says.

Some parents are trying to re-create the family TV night. Trying to "detox" her sons from their iPads this summer, Avital Rubin of Staten Island, N.Y., turned the TV to "America's Funniest Home Videos"—which made its debut in 1989.

The video format clicked with her boys, ages 13 and 11.

Is the show, they have asked her, an old version of YouTube? When she said no, it is a compilation of home videos submitted by viewers, they asked if they were looking at memes. Rubin wasn't sure how to respond but is glad they are enjoying it.

"This is giving them that same dopamine rush as YouTube," she says. "It feels great in the sense that we're sitting down as a family and laughing at the same thing."

Cecelia Pedroza, from Austin, Texas, says her son Anthony, 11, adores Logdziper, who makes videos about the videogame "Minecraft." Why her son likes these videos, Pedroza has no idea—she doesn't see the attraction.

Pedroza, 40, tried getting them into Star Wars, which she loved at their age, and even bought them action figures from the franchise.

"They didn't want the toys," she says, "so I kept them for myself."

CLOCKWISE FROM TOP: PHOTO ILLUSTRATION DASY KOPRIC(WJS); ISTOCK(CZ); JO SHAVER, SEAN CALDWELL, ELLIE BECKER UNSPEAKABLE'S STUDIOS

ARTS IN REVIEW

MUSIC REVIEW | MARK RICHARDSON

Pop's Princess Rocks Out

Olivia Rodrigo's brash new album proves her place in pop music's upper echelon

Since Olivia Rodrigo's 2021 album, "Sour," was such a historic success—all 11 of its songs charted in the top 30 and its debut single, "Drivers License," set single-day streaming records and spent eight weeks at No. 1—there was no question about anticipation for its follow-up. But while one usually approaches a sophomore album by a young pop singer with trepidation, wondering if it can match its predecessor, in this case there was little reason for concern. The fundamentals of "Sour" were so solid, it seemed obvious that Ms. Rodrigo would build on them.

The singer, now age 20, wrote her debut album with her producer, Dan Nigro, who also played most of the instruments on the record. It was packed with highly personal pop that drew on the singer's teenage experiences, and was heavy on ballads about heartbreak in the vein of her hero and primary influence, Taylor Swift. The fact that Ms. Rodrigo and Mr. Nigro created the record, rather than the large team of songwriters and producers a major label typically assembles to launch a new talent, kept variables and uncertainty to a minimum. When an album constructed by two people without meddling is a monster hit the way "Sour" was, the smart record executive is going to get out of the way.

That's exactly what happened with "Guts" (Geffen), Ms. Rodrigo's just-released second album. Once again, she wrote its songs with Mr. Nigro, and once again, he plays most of the instruments. And it's a stronger record than its predecessor, with more varied songwriting and a welcome injection of humor and levity. The best moments on "Sour" came when

Ms. Rodrigo rocked out, and she wisely expands on that tendency here. From the opening "All-American Bitch"—a title that scans as a nod to Lana Del Rey but is actually lifted from a phrase in a Joan Diodion piece—Ms. Rodrigo indulges her fondness for massive guitar-powered choruses redolent of Paramore that are delivered with both verve and self-deprecation.

The following "Bad Idea Right?" brings to mind Wet Leg in how it translates '90s alt-rock's quiet/loud structure into an ultra-catchy pop context, but Ms. Rodrigo's vocal phrasing is on another level. She seems to draw from her acting background—she starred in the Disney+ show "High School Musical: The Musical: The Series"—when rendering a narrative, moving easily from wounded sadness to sarcastic kiss-offs when the lyrics call for it. This theatricality is most clear on advance single "Vampire," which was released in June and topped the Hot 100. It's rock-infused pop with the grand emotional projection of a Broadway number, and it brings to mind the epic and funny psychodramas writer-producer Jim Steinman created for Meat Loaf and Bonnie Tyler.

The ballads here are fewer in number than on "Sour" and hence land with more force, but their emotional resonance will probably depend heavily on how easily the listener can access the type of youthful sadness that sometimes



Ms. Rodrigo, above, has just released her sophomore LP, 'Guts'



borders on self-pity. The fourth track, "Lacy," a tale of envy powered by a fingerpicked acoustic guitar, is an example of the form done well. Ms. Rodrigo's vocals are layered into an appealing and sophisticated harmony, and the musical interest is strong enough to offset the occasionally clunky lyric ("skin like puff pastry"

hating him at the same time—"Wanna kiss his face" in one line is followed by "With an uppercut" in the next.

Lyrical details like these are crucial to Ms. Rodrigo's music, and the album is filled with quotable asides. She has a discernible persona and the songs feel like a direct expression of her worldview, which is another quality that sets her music apart from corporate teen-pop of the past. For most of the recording industry's history, the nascent career of a young woman who already had a certain amount of fame as an actress would be carefully managed in every respect—think Britney Spears or Miley Cyrus. Ms. Rodrigo and her musical partner are doing it on their own, and, as "Guts" affirms, at a high level of quality. The shock of the new may be gone by this point, but Ms. Rodrigo easily justifies her position among pop's elite talents.

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

ARTS CALENDAR

HAPPENINGS FOR THE WEEK OF SEPTEMBER 12

By WSJ Arts in Review Staff

Film "A Haunting in Venice" (Sept. 15)

Spooky season is officially upon us, or at least the latest Agatha Christie adaptation from Kenneth Branagh would suggest it is. Based on her 1969 "Hallowe'en Party," the film follows a retired Hercule Poirot as he tries to solve a murder at a seance. Mr. Branagh plays the detective alongside a cast that includes Camille Cottin, Jamie Dornan, Tina Fey, Jude Hill and Michelle Yeoh.



▲ Tina Fey, Michelle Yeoh and Kenneth Branagh

"Dumb Money" (Sept. 15)

Craig Gillespie ("I, Tonya") directs this film, based on Ben Mezrich's book "The Antisocial Network," about the GameStop short squeeze of 2021, when amateur traders banded together to bet against powerful hedge funds. Paul Dano, Pete Davidson, Vincent D'Onofrio, America Ferrera, Nick Offerman and Seth Rogen are among the cast.

TV "The Other Black Girl" (Hulu, Sept. 13)

Nella, an editorial assistant played by Sinclair Daniel, is the only black woman at her publishing house and she's excited when another black woman, played by Ashleigh Murray, joins the company. But as the two grow closer, ominous things begin

to happen. Nella finds herself increasingly ostracized at work, and she stumbles upon dark secrets about the publisher. Hunter Parrish, Bellamy Young and Eric McCormack also star in the show, based on Zakiya Dalila Harris's bestselling 2021 novel.

Theater "Infinite Life" (Linda Gross Theater, New York, opens Sept. 12)

Pulitzer-winner Annie Baker's new play at Atlantic Theater Company, directed by Obie-winner James Macdonald, sees a quintet of women in California relaxing

outside and pondering life, aging and desire.

Music Willie Nelson, "Bluegrass" (Sept. 15)

The country legend is back with his 74th(!) solo studio record, but his first full-length bluegrass release, on which he revisits his catalog and adds some extra twang to hits like "Good Hearted Woman" and "On the Road Again."

Opera "Madama Butterfly" (Boston Lyric Opera, Sept. 14-24)

Puccini's classic gets a new production that moves the complicated love story to the U.S. in the 1940s, exploring the experience of Japanese-Americans during a pivotal moment in the nation's history.

Exhibitions "Food & Fashion" (The Museum at FIT, New York, Sept. 13-Nov. 26)

Handbags that look like a burger and fries. An elegant gown that seems like it was made with a Hershey's wrapper. A hat adorned with ears of corn. These are just a few of the charming objects in this show that features over 80 garments and accessories from names like Chanel, Moschino and Stella McCartney.

Art "A Long Arc: Photography and the American South Since 1850" (High Museum of Art, Atlanta, Sept. 15-Jan. 14, 2024)

The first major survey of Southern photography in a quarter-century, this show includes work dating from the antebellum period to the present, exploring how the medium documented and defined the region's history.

Berlin Art Week (Various Locations, Sept. 13-17)

Over 100 partners come together to throw open their doors for this annual celebration of contemporary art in Germany's capital. This edition features gallery and museum shows and openings, concerts, guided tours, performances, lectures and more.

Last Call "Doris Salcedo" (Fondation Beyeler, Riehen, Switzerland, closes Sept. 17)

The first retrospective in Switzerland of the Colombian-born artist collects some 100 works that embody her focus on empathy, grief and remembrance. Often highlighting international conflicts and tragedies, Ms. Salcedo uses a wide range of materials—from stone and wood to furniture and hair—in her evocative pieces.

For additional Arts Calendar listings visit wsj.com. Write to brian.kelly@wsj.com.

The WSJ Daily Crossword | Edited by Mike Shenk

13x13 crossword grid with clues on the right. Clues include: 28 Place to be pampered, 30 Mischievous sort, 33 Lennon's love, 34 Fiends in fairy tales, 36 Rooting section?, 37 ___ sapiens, 38 Cream or eggshell, say, 39 Prop for Mr. Peanut, 40 Cry of insight, 41 Chew the fat, 44 Ruler of the Egyptian afterlife, 45 Brit. flyboys, 47 Be boastful, 48 Add, 49 Ritzy residence, 50 More precious, 52 "Criminal" singer Apple, 53 Customary, 56 Electrical network, 57 Life force, in feng shui, 58 Possessed, 59 Dressing component, 61 Not to mention, 62 Earthbound bird.

DRESSING ON THE SIDE | By Mike Shenk

Word puzzle grid with clues: Across 29 Crisp cracker, 31 Catching some z's, 32 Myopic Mr. of cartoons, 35 "Orinoco Flow" singer, 36 They can be seen rolling in the aisles, 41 Blooper, e.g., 42 Rabbi's reading, 43 Try to achieve, 46 Passed, 51 Loses it, 54 Romantic gift, 55 Platter players of the past, 56 "I must!", 57 Sunday singers, 60 Coats, say, or literally what the circles contain. Down 9 Sports team employees, 10 Anthology editor, e.g., 11 Publibation, 12 Cabin component, perhaps, 13 Significant age, 18 Sunrise site, 22 Secretive govt. org., 24 Lose it, 25 The real deal, 26 Euro division, 27 Steinway's 88. Previous Puzzle's Solution: CROP, FELLA, GMC, HAVE, ALLOUT, EAU, EDEN, COCOCHANEL, AIR, FRUITY, VEST, DODO, BIRD, MIRTH, LEONID, HEYSIRI, EDGE, SHOES, COT, GOGO, BOOTS, ATM, PINOT, AINT, SHEBANG, FENDER, SEGEL, JOJO, SIWA, APRS, GREWON, OWS, YOYODIETER, UTAH, EPA, OFFEND, VIVE, DEN, STIRS, ACED.

► Solve this puzzle online and discuss it at WSJ.com/Puzzles.

SPORTS

BY ANDREW BEATON

The Numbers Behind an Ugly Start

It was a brutal week for quarterbacks and offenses across the National Football League

Right before the first Sunday of the NFL season, Cincinnati Bengals quarterback Joe Burrow signed a historic contract that made him the highest-paid player in the sport's history. Then he took the field and had the worst game of his career.

Burrow's poor performance in Cincinnati's 24-3 loss to the Cleveland Browns was out of character for him. But it wasn't an anomaly on the opening weekend. It was a brutal start for offenses across the league.

For fans who reminisce about the days when defenses ruled the league, it was a banner start to the 2023 season. For quarterbacks, it was less enjoyable: many were shockingly inefficient and spent an usual amount of time getting dragged to the ground. There was also a litany of special teams mistakes that made it seem like teams have an unusual amount of rust they still have to kick off.

It didn't just look ugly—it's backed up by data. Through Sunday night's games, quarterbacks averaged 6.3 yards per attempt, a sizable dip from 7.0 last season. Overall, teams averaged 20.6 points, far below last year's mark of 21.9 a game. Passing touchdowns were down while sacks and fumbles were up, helping drive a start that lacked the widespread scoring explosions that have become so commonplace in recent years.

Burrow's troubles on a rainy day in Cleveland were the most stunning turn. The quarterback, who just inked a deal that pays him \$55 million annually, appeared to struggle in the conditions as several throws appeared to slip or wobble out of his hands. By the end of the game, the inefficiency of one of the game's best quarterbacks was staggering: He completed 14-of-31 passes for a paltry 82 yards.

"When it's raining like that, it's something you've got to handle," said Burrow, who was also nursing a calf injury ahead of the season. "We didn't handle it today."

Burrow wasn't the only passer throttled by an opposing defense. He wasn't even the only quarterback who completed less than half of his passes. The Tennessee Titans' Ryan Tannehill threw three interceptions while going 16-for-34 in his team's 16-15 loss to the New Orleans Saints. Tennessee didn't



Top, DaRon Bland of the Cowboys intercepts a pass against the Giants in a 40-0 win. Bottom, Myles Garrett sacks Joe Burrow.



score a touchdown all game.

Going into Monday night's game, teams averaged just 196.4 passing yards in the first week. The last time that number was below 200 over a full season was over three decades ago, in 1992.

It's too early to say whether this points toward a season-long trend or if it was a one-week blip—the Bengals-Browns game wasn't the only one in which teams had to slog through wet weather. But Sunday also showed

pass rushes, but quarterbacks picking grass out of their helmets was one of the most common sights on Sunday. Entering Monday night, quarterbacks have been sacked on 7.1% of their dropbacks versus last year's rate of 6.7%. Net yards per pass attempt, which also accounts for yards lost on sacks, were down to 5.4 from 6.1 last year.

The most glaring exception on Sunday was the return of Miami Dolphins quarterback Tua Tagovailoa, who was back making big plays after suffering a series of scary head injuries last season. In a thriller against the Los Angeles Chargers, Tagovailoa threw for 466 yards in a 36-34 win. That marked the fourth most yards ever in an opening-weekend game.

Still, the poor execution bled into Sunday night's action, when the New York Giants quickly went down 16-0 against the Dallas Cowboys without surrendering an offensive touchdown. First, the Giants had a field goal blocked and returned 58 yards for a score. Then, on a play that was technically ruled an interception, a ball thrown by quarterback Daniel Jones popped out of running back Saquon Barkley's hands and straight to a defender, who returned it for a score. (For good measure, the Cowboys proceeded to miss the extra point.)

There wasn't a phase of the game that the Giants could get right. Their kicker, Graham Gano, missed two first-half field goal attempts after missing three all of last season. The Giants are among the main teams hoping this beginning was merely an aberration—they ultimately got blown out 40-0 by their division rivals.

JASON GAY

Novak Djokovic, Tennis's Heavyweight Champion of the World



Behold the allegedly aging Novak Djokovic, a U.S. Open champion again, creeping past what's supposed to be his tennis-playing

prime—whatever prime means in Djokovic's outrageous, unprecedented career.

Evidence of his mortality exists, I swear. Djokovic is fast—but he's not the fastest player in tennis. He's powerful, but even he would tell you he's never been the game's most powerful. Djokovic is still capable of hitting eye-popping shots, but today there are flashier phenoms supplying wilder highlights.

Djokovic even gets tired. This I've seen with my own eyes—one of sports's greatest endurance athletes, an extraterrestrial who once galloped through five-hour tennis epics, slumping over his racket as if he's climbed eight flights with groceries. He did it a couple of times in Sunday's final versus Daniil Medvedev, and you almost felt bad for the guy. He may be human after all.

I'm not convinced, however. Djokovic remains, at age 36, an absurdly complete, near-impossible-to-beat tennis wizard—likely the most complete, near-impossible-to-beat tennis wizard there's ever been, modern or otherwise. His mental toughness is legendary. His game still lacks a clear weakness. Parts of his playing style (his forehand, his ability to shorten points at net) actually seem to be getting better.

As the era of the "Big Three" closes and tennis up-and-comers smell blood, Djokovic's the tough old grizzly bear, pawing hungrily around the forest. Respect him from a distance. Meet him at your peril.

Djokovic proved it again Sunday, with a convincing 6-3, 7-6 (5), 6-3, win over his friend Medvedev. I could try to sell you that this

match felt closer than that score, that Medvedev played brilliantly at times, but whatever, nobody's going to remember the fine print. Medvedev knows the accounting that matters: Djokovic won, again.

His crazy numbers keep rising. Djokovic now has won 24 major singles titles, the most-ever by a men's player, two more than the injured Rafael Nadal, four more than the retired Roger Federer, and he's tied with the women's all-timer, Margaret Court.

This U.S. Open title, his first since 2018, gives the Serbian right-

It felt like the Summer of Alcaraz. It finishes as another Season of Novak.

hander three of this year's four major titles, his only miss coming in a narrow epic at Wimbledon against the 20-year-old sensation Carlos Alcaraz.

What a shift in the mood. Until a few days ago, it felt like the Summer of Alcaraz. It finishes as another Season of Novak.

Medvedev did his best. He'd spoiled the hyped prospect of an Alcaraz-Djokovic final with a masterful unlocking of Alcaraz in the semis, frustrating the Spanish phenom like few opponents have. A tumbleweed of unorthodox strokes who swings like he's got bats in the attic, Medvedev stunned Djokovic in the 2021 final when Djokovic had a calendar Grand Slam on the line. He may be a sharper player now—but the 27-year-old from Russia didn't stand a chance Sunday, especially after Djokovic took a tiebreaker to win a second set that lasted 1 hour, 44 minutes.

That's right. An hour and 44-minute set. If they'd gone the distance, Djokovic and Medvedev might have played until mid-October.

Instead, it went three. It felt over early in the third, when Medvedev tumbled to the hard court and theatrically laid on his back, staring skyward, while Djokovic wandered over to check on him. Both men played the moment for laughs, but it looked a little like a tennis parody of Neil Leifer's indelible photo of Ali standing over Liston.

TKO Novak. Again. The kids can't believe they still have to deal with the champ. Can't Djokovic do the customary thing and retire to a life of fatherhood, TV analysis, golf tournaments and reality show appearances?

"What are you doing here?" Medvedev teased Djokovic at the post match trophy ceremony. "Come on."

How long can Djokovic go? It's uncharted territory now. He's now the oldest winner of the U.S. Open, the World No. 1, all but certain to be the top seed next January in Australia, a major he has won 10 times. Djokovic joked (at least I think he joked) late Sunday that he'll leave in "23, 24 years," but his coach Goran Ivanisevic says Djokovic has designs on playing the 2028 Summer Olympics in Los Angeles—a target that would keep him in the game a half decade longer and into his 40s.

Thirty majors? It seems possible at this rate. Novak thinks he'd be at least 25 or 26 if not for the rules against unvaccinated visitors that controversially kept Djokovic out of Australia and New York in 2022. (Speaking of which, seeing Djokovic commemorated at the Open by pharmaceutical sponsor Moderna's "Moderna shot of the day" felt straight out of "Saturday Night Live.")



Novak Djokovic, top, checks on Daniil Medvedev during the U.S. Open final.

At an age and level of achievement when motivation wanes, Djokovic's motivated. He's lost rivals, but added new ones. In Alcaraz—and let's add Medvedev, too—Djokovic has a pair of friendly nemeses to push his limits. Right now those three play like they're on a separate spaceship from the rest of the men's field, but hopefully others will level up. Nadal is planning to return from injury in 2024. Who wouldn't want to see a little more Rafa-Nole?

Djokovic surely would. There's a streak of gratitude running through him now—maybe it's the Big Three's finish and the fading of the Roger/Rafa shadow; maybe it's the Covid contentiousness; maybe it's the joy he feels being able to

triumph in front of his growing children, now ages 6 and 9. Djokovic can't resist the heel role on occasion—witness his mockery of Ben Shelton's phone call celebration in the semis, poke the bear, get the claw—but he seems more comfortable with who he is, and less burdened by trying to win over the crowd.

Fans are and facts are facts. Medvedev and Alcaraz were kiddos when Djokovic won his first major in 2008, and here Djokovic is, a decade and a half later, with the sport in his thrall. He may not be the fastest or most powerful, but the heart is what matters now. Novak Djokovic's still the grizzly in the forest—for now, and quite possibly, forever.

FROM TOP: ADAM HUNGER/ASSOCIATED PRESS; SCOTT GALVIN/USA TODAY SPORTS

OPINION

Trump's Trade War Was a Loser

By Phil Gramm And Donald J. Boudreaux

Donald Trump boasts that his protectionist policies were "historically successful," which suggests that he thinks he's exempt from the old dictum that we are entitled to our own opinions but not our own facts.

Tariffs destroyed jobs in Michigan, Pennsylvania and Wisconsin and made all Americans worse off.

Trump's tariffs were in effect—the growth rate fell to 2.3%. That decline was in line with Congressional Budget Office and Federal Reserve estimates of the potential negative effects of Mr. Trump's protectionist policies.

Mr. Trump's trade war began in July 2018, when he imposed tariffs on steel and aluminum. While these tariffs raised the prices of those metals, the numbers of additional jobs created in steel and aluminum production were a trifling 1,000 and 1,300, respectively.

For every American employed making steel or aluminum in 2018, 36 were employed by firms that used steel or aluminum as inputs. By raising the prices of these metals, Mr. Trump's tariffs destroyed far more manufacturing jobs than they created.

The higher cost for steel and aluminum and Chinese component parts produced by Mr. Trump's tariffs, combined with foreign retaliation, reduced the demand for American exports. As a result, the annual rate of growth in manufacturing output fell, turning negative in the fourth quarter of 2018.

Protectionism even hurt manufacturing in the states it was supposed to help. According to the Bureau of Labor Statistics, manufacturing employment in Michigan, Pennsylvania and Wisconsin, which increased in 2017 and 2018, started to fall in 2019 as the trade war intensified.

Protectionist policies also failed to deliver promised reductions in the trade deficit. When the tariffs went into effect, goods that the U.S. imported became more expensive and Americans instead bought domestic substitutes, which the U.S. produced less efficiently than the



President Trump at a steel plant in 2018.

principally from Britain, and labor from all over the world came together in America and gave birth to the most prosperous nation in history. Today our per capita gross domestic product is 51% higher than the U.K.'s.

The U.S. ran trade surpluses in 102 of the 120 months of the 1930s, when the Smoot-Hawley tariff dictated trade policy. The result of that protectionist regime was a collapse in the world's trading system, which was a major cause of the Great Depression.

Trade wars, like all wars, empower government as plowshares are beaten into swords. The first casualty of a trade war is economic freedom; the second is prosperity.

Mr. Gramm, a former chairman of the Senate Banking Committee, is a nonresident senior fellow at the American Enterprise Institute. Mr. Boudreaux is a professor of economics at George Mason University. Mike Solon contributed to this article.

world market. By reducing demand for foreign goods, tariffs and quotas reduced the supply of U.S. dollars in the world currency market, raised the value of the dollar, and made American exports less attractive. The result was lower employment in the industries where the U.S. was most efficient and most competitive.

Fortunately, and contrary to Mr. Trump's insistence, trade deficits aren't signs of the "hemorrhaging of America's lifeblood." Trade deficits, under international accounting rules, simply mean foreigners are investing

more in the U.S. than Americans are investing abroad. Japan, Germany, Canada and the U.K. provided over half of all foreign investment coming into the U.S. last year. Foreigners invest in America because of their confidence in the U.S. economy and the returns that they can earn by investing in our future.

History supplies ample proof that trade deficits don't harm the economy. From the settlement of Jamestown in 1607 until World War I, the U.S. ran chronic trade deficits. Foreign capital,

Trump vs. Biden: The Nightmare Can Only Get Worse

FREE EXPRESSION By Gerard Baker

It still seems faintly incredible that the next presidential election could be a rematch of the last one.

For one thing, it happens so rarely in modern American politics. Only once since women gained the right to vote have the same two candidates contested consecutive elections—Dwight D. Eisenhower and Adlai Stevenson in 1952 and 1956.

But of all the pairs of candidates in the past century you would have bet against repeating their rivalry four years later, our current twosome would probably have topped your list.

1956 Stevenson carried seven states, two fewer than in 1952, and trailed Eisenhower in the popular vote by 15 points.

But here we are, the primaries a few months away, the general election in just over a year, and the indications are that Mr. Biden is set to break his own record as the oldest candidate ever to lead a major party's ticket, and Donald Trump, now under four indictments for 91 criminal counts, is likely to be the first American since Nixon to win a major party's presidential nomination for a third time.

What makes the rematch especially improbable is how widely unpopular the two men are. In late 1955 Eisenhower had an approval rating of 78%, according to Gallup. I can't find a similar number for Mr. Stevenson—who is supposed to have quipped, when told by a supporter that every thinking man in America was voting for him, "That won't be enough. I need a majority." But even if his approval was low, it is unlikely to have been this low.

Last week's Wall Street Journal poll found the same proportion of

voters—39%—with a favorable opinion of Mr. Biden and of Mr. Trump. Whatever else this may be, it isn't a rematch by popular acclamation. As sequels go, this is more "Jaws: The Revenge" than "The Godfather Part II."

Yet things are likely to get even worse. We can reasonably guess what

The president will be almost 82 by Election Day, and his predecessor may stand convicted of crimes.

will happen to Mr. Trump's standing with all but his most ardent supporters in the next year. The endless court appearances, the breathless daily coverage of every piece of evidence, of every hostile witness, maybe even a conviction or two, is unlikely to elevate him in the eyes of independent voters.

But there are several good reasons to think that things could get noticeably harder for Mr. Biden's standing too.

First, his Hunter problems are metastasizing, despite the best efforts of some in federal law enforcement to minimize them. The more we learn about the son's lucrative business dealings, the harder it gets to believe that the father had no material connection with them.

Second, like the rest of us, Mr. Biden isn't getting any younger. Unlike most of the rest of us, he doesn't think his advancing age is an impediment to doing his job. Voters disagree. That Journal poll found that 73% of voters think him too old to run for president; 60% say he isn't mentally capable.

Third, immigration. When Democratic mayors are ululating about how their cities will be "destroyed" by overwhelming pressure from illegal migrants, a Democratic president can no longer ignore the problem. We may be one ugly incident away from immigration becoming more toxic than any other issue to Mr. Biden's chances.

Fourth, Ukraine. While I continue to believe Kyiv's cause is just, the chances of this ending in an acceptable victory are falling by the week. With Republicans increasingly skeptical about more assistance, the pressure for results on the ground will grow.

Finally, the economy. There is an excess of happy talk to the effect that we've had a "soft landing," with inflation falling and unemployment remaining low. But the effects of the Federal Reserve's interest rate tightening over the past 18 months haven't fully passed through yet; the rest of the world is weakening.

The prospect of another Biden-Trump match-up has always represented a clash between the highly implausible and the deeply improbable. One of them still has to give.

Government Policies, Not Low Rates, Are Driving Inflation

By David Malpass

The Federal Reserve's monetary policy is broken. Normalization of interest rates has been needed for years to allow markets, not regulators, to allocate capital. But with interest rates at 5.5% and the dollar strong, the inflation battle must shift to the problem of government spending and regulation.

America's two immediate inflation risks are rising fuel prices and wage costs, both of which are attributable to government. Constrictive regulations on natural gas, nuclear energy, pipelines and electrical grid maintenance have limited energy supplies unnecessarily.

organizers added labor costs without increasing productivity or helping workers.

Neither problem will be helped by another rate hike. Energy production is capital-intensive and sensitive to interest rates, while Washington's inflationary spending is indifferent to rising rates, given the government's unlimited borrowing power.

Far from easing economic distress, the Fed's plan to raise interest rates if inflation persists would hurt the economy as a whole. Headlines applaud the economy's resilience, but at 2.1% growth it's weak by historical standards and projected to stay that way. Gross domestic product is being propped up by record government spending that counts toward GDP now but provides little support for future growth and adds to the national debt.

This augurs years of slow, government-dominated growth. We need much faster growth to break out of our economic funk, lift median income, meet the geopolitical and technology challenge from China, pay for defense and debt service, lower the national debt, and take good care of an aging society.

But the central bank has become part of the growth problem—in part because of policy changes after the 2008-09 financial crisis. Today's Fed is silent on, or even enables, inflationary fiscal policies. After 2008 the central bank began paying interest on trillions of dollars borrowed from banks and money-market funds—it will pay more than \$23 billion in September alone.

regulatory control over bank lending, pushing banks away from the short-term working capital lending needed for robust growth.

In essence, the central bank is picking winners and losers. The New York Federal Reserve Bank's April Open Market Operations report describes a plan to buy trillions more in govern-

The Fed's bond purchases make matters worse by enabling Washington's fiscal irresponsibility.

ment bonds, further entwining fiscal and monetary policy, concentrating capital, and channeling it to one of the biggest winners—government.

Present policy envisions high short-term interest rates, permanent central-bank ownership of bonds, and silence on the dollar and fiscal policy. We need the opposite. Rather than setting rates even higher—or, worse,

changing the inflation target from 2% to 3%—the Fed should create a path to rate cuts through policies that provide price stability and faster supply growth. This would curb inflation through an economic expansion rather than a contraction.

There are three key steps. First, organize a U.S. government commitment to a strong and stable dollar. There was an explicit Group of 20 consensus on currency stability from 2017-20 that the U.S. could easily renew. A robust policy-based defense of the dollar is critical to growth, price stability, and competition with China.

Second, allow dynamic business investment. This is vital to stopping the shift in global power toward Russia and China. The Fed is the world's biggest bank regulator and user of short-term liquidity to hold bonds. Shrinking its balance sheet and improving capital-adequacy regulation would dramatically improve the economy's supply side.

Third, help improve fiscal policies. The central bank has influence as one of the government's largest fiscal partners. It can't stay silent on government spending, the latest failure to rewrite the debt ceiling, or the Fitch downgrade. As it holds its tongue, the Fed's dual mandates for price stability and full employment are slipping away.

Because businesses work with an eye to the future, the Fed could elicit immediate improvement in growth and inflation expectations if it clearly communicates new policies that would lead to rate cuts, a stable dollar and smaller central bank bond holdings. If the Fed really wants to fight inflation and break out of the 2% growth funk, that's the way to do it.

Mr. Malpass served as president of the World Bank, 2019-23, and undersecretary of the U.S. Treasury, 2017-19.

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Notable & Quotable: Gun Ban

Kevin Deese reporting for the Washington Examiner, Sept. 11:

Bernalillo County Sheriff John Alen denounced Gov. Michelle Lujan Grisham's (D-NM) decision last week that would impose penalties on anyone lawfully carrying a firearm in the state's most populous county in response to what she called an epidemic of gun violence. "The temporary ban challenges the foundations of our Constitution, but most importantly, it is unconstitutional. My oath was to protect the Constitution, and that is

what I will do," Alen said.

The sheriff provided other reasons for not upholding the governor's executive order, including a personal story. . . .

"Last week, I'm sitting here as the sitting sheriff, I get a phone call that my brother also was a victim of gun violence last week that many of you do not know," Alen said. "He and my nephew were sitting in their car when they were shot at, and their vehicle was impacted by numerous rounds. How can I, as a sheriff, tell him to put his firearms away and not be able to protect himself?"

WORLD NEWS

Colombian Cocaine Production Surges

By JUAN FORERO

BOGOTÁ, Colombia—Colombia has set a record in the estimated production of cocaine, the United Nations said Monday, as President Gustavo Petro's government tries a less punitive approach to fighting drugs. The amount of cocaine manufactured in Colombia—the world's largest producer—rose to 1,738 tons in 2022, compared with 1,400 tons the year before, a 24% increase, with the drug shipped to the U.S. and increasingly to Europe and other continents, said officials presenting the U.N. Office on Drugs and Crime's annual report on Colombia's cocaine trade. Some 22 million people worldwide consume the drug. The amount of land used to grow coca expanded 13% from

504,000 acres in 2021 to 568,000 acres last year. Though a record, Colombian and U.N. officials noted that the rise in plantings appeared to have slowed in 2022. In the U.N.'s previous report, the plantings increased 43% from 2020 to 2021. The size of Colombia's coca fields and the production of cocaine has been rising fast since 2013, when the government of then-President Juan Manuel Santos began a process that by 2015 phased out a U.S.-sponsored program to spray coca fields from crop dusters with the herbicide glyphosate. In peace talks with the FARC rebel group at the time, the government agreed to urge farmers to eradicate coca and cultivate legal crops with state aid. The leftist government of Petro, who took office 13

months ago, has characterized the war on drugs as a failure and veered away from a hard-line approach to dealing with coca farmers. For Colombia to reduce cocaine production to 900 tons by 2026, Justice Minister Néstor Iván Osuna said Bogotá would hold negotiations with armed groups, build roads and provide social services. The state also offered assistance for the so-called cocaleros, or farmers, to produce legal crops. "We're in a strategic moment to act with a new drug policy," Osuna said. Officials at the U.S. Embassy in Bogotá and at the White House Office of National Drug Control Policy, the agency that helps shape the U.S. approach to fighting drugs, didn't respond to re-

quests for comment. The U.N. report is the first issued since the Biden administration confirmed in July that it was suspending its annual survey of coca here, halting what had been an important tool for counternarcotics. The U.S. would rely in part on monitoring by the U.N., which bases its findings on satellite data and on-the-ground field work across the country. Leonardo Correa, the U.N. official who oversees the monitoring of coca here, said that while the rhythm of growth in coca has slowed, he is concerned about the sharp rise in the estimated production of the drug in 2022. There is additional cause for concern, he said, because of the increasing importance to traffickers of 15 so-called

"productive enclaves," which make up only 14% of all the land dedicated to coca, but produce 44% of all the coca in Colombia. In those regions, powerful gangs are focused on the production of high-quality cocaine and the entire economy is linked with the cocaine trade. Those regions are particularly lawless and tied to transnational drug routes. The U.N. report also showed that coca growing has increased in national parks and in regions set aside for indigenous and Afro-Colombian groups, with 49% of all the land cultivated with coca growing in those specially designated swaths. That presents a special challenge to the government because officials can't urge cocaleros in national parks to switch to legal crops.

U.S. Move Paves Way For Iran Prisoner Swap

By WILLIAM MAULDIN

WASHINGTON—The Biden administration issued a waiver for international banks to transfer \$6 billion in frozen Iranian money from South Korea to Qatar without running afoul of U.S. sanctions, a possible step toward the release of five American citizens detained in Iran. Secretary of State Antony Blinken notified lawmakers of the waiver of certain Iran sanctions, according to a letter to Congress dated Monday. The release of funds is seen as paving the way for Iran to potentially free five Americans and the U.S. to free as many Iranians.

"To facilitate their release, the United States has committed to release five Iranian nationals currently detained in the United States and to permit the transfer of approximately \$6 billion in Iranian funds held in restricted accounts in the ROK (Republic of Korea) to restricted accounts in Qatar, where the funds will be available only for humanitarian trade," Blinken's letter to lawmakers says. Iran's representative to the United Nations didn't respond to a request for comment. Republican lawmakers criticized the deal.

"The Americans held by Iran are innocent hostages who must be released immediately and unconditionally," House Foreign Affairs Committee Chairman Michael McCaul (R., Texas) said. "However, I remain deeply concerned that the administration's decision to waive sanctions to facilitate the transfer of \$6 billion in funds for Iran, the world's top state sponsor of terrorism, creates a direct incentive for America's adversaries to conduct future hostage-taking."

A State Department spokesman said Washington will have oversight on when and how the funds are used. "It is longstanding U.S. policy to ensure our sanctions do not prevent food, medicine, and other humanitarian goods and services from flowing to ordinary people, no matter how objectionable their government," the spokesman said.

"Secretary Blinken undertook a procedural step in an ongoing process to ensure Iranian funds can move from one restricted account to another and remain restricted to humanitarian trade," said Adrienne Watson, spokeswoman for the National Security Council. "As we have said from the outset, what is being pursued here is an arrangement wherein we secure the release of five wrongfully held Americans." A deal to swap prisoners could be announced as early as next week.

—Vivian Salama contributed to this article.

India Building Spree Tries to Counter Beijing

By JASON DOUGLAS AND VIBHUTI AGARWAL

MUMBAI—The financial capital of India has become a colossal construction site. The barriers that try to keep daily life on track in the metropolis on the country's west coast proclaim: "Mumbai is upgrading."

A new road being built along the Arabian Sea is aimed at easing congestion in a city where three-lane roads are frequently occupied by five lanes of traffic. A rapid-transit metro system is being extended to ease pressure on suburban trains. A rail-freight corridor stretching to New Delhi is expected to cut the time it takes to ship goods along the 870 miles to 14 hours—from 14 days.

The construction in Mumbai reflects a national push in India to transform a country where economic growth has long been snarled by crumbling and inefficient infrastructure. In recent years, the government has spent heavily on the problem, an effort that has accelerated as Western governments and multinationals have grown uneasy over relying on China for manufactured goods.

The enormous outlays are helping to power India's economy, with the International Monetary Fund saying capital spending and productivity growth will be the biggest drivers of India's expansion. Foreign investment, from companies including Apple and Taiwanese electronics giant Foxconn, has more than doubled in the past 10 years, to about \$50 billion in 2022.

Economists say India is a long way from having the kind of infrastructure it needs to foster a higher-income economy. A deadly train crash in June highlighted the need for further improvements in maintenance and safety. India especially lags behind China, which has spent decades investing enormous sums in infrastructure that undergirds its status as the world's factory floor.

"Is India's infrastructure tangibly better? The answer is yes. Is it good enough for the kind of aspirations India has? Then the answer is no," said



A coastal-road construction site in Mumbai. Hundreds of miles of new roads are being added every month in India.

Arup Raha, head of Asia economics at Oxford Economics. India has budgeted more than 10 trillion rupees, about \$120 billion, for capital expenditure in the year ending March 2024, India's Finance Ministry said. That is 37% higher than the previous fiscal year, and more than twice the amount spent in 2019. New Delhi has published a pipeline of infrastructure projects covering the years 2019 through 2025, totaling just shy of \$2 trillion. Most of the funding is expected to come from central and state governments, though New Delhi is hoping the private sector will finance about 22% of that, according to Invest India, the country's investment-promotion agency. Sectors include roads, rail, urban development and housing, energy and irrigation. The scale of construction in recent years has been staggering. India had about 90,000 miles of national highways at the close of the fiscal year in March, according to the Min-

istry of Road Transport and Highways, nearly double the more than 49,000 miles it had a decade earlier. Hundreds of miles of new roads are being added every month. India now has more miles of electrified railway than the U.K. or France, said the Organization for Economic Cooperation and Development. Mega-projects in the works include new or refurbished ports. Bridges and tunnels are connecting remote provinces, and solar-energy parks are powering homes and factories. Mass-transit systems are popping up in dozens of cities. New railway lines are linking major cities with high-speed trains. The improvements in infrastructure aren't confined to smoother roads, said Zarir N. Langrana, executive director of Tata Chemicals, a global chemicals business and unit of India's giant Tata Group conglomerate. They include better facilities for storage, as well as digital infrastructure that allows trucks to speed

through checkpoints at state lines, where previously they would have faced paperwork checks and cargo inspections. Though he said India's smaller ports need improvement, the overall result is an economy better equipped to handle growing volumes of international trade. Mumbai, home to 21 million people where skyscrapers tower over slums, is built on top of seven islands. Much of its infrastructure dates from colonial times, when British rulers laid roads and railways running north to south to reach the harbor but next to nothing connecting the city's east and west—a legacy that makes navigating Mumbai difficult even today. Projects stalled during a period when the state government was hostile to the ruling Bharatiya Janata Party of Prime Minister Narendra Modi. The freight corridor was first proposed a decade ago and construction has been beset by delays. The final section

completing the route between Delhi and the port at Mumbai is scheduled to open in March. The first stretch of the new road hugging the coastline is set to open in early 2024. Planners hope it will ease congestion and speed travel from the suburbs to the commercial district. A new metro line is slated to open in December. In terms of quality infrastructure, "Mumbai will soon be able to match foreign cities," said Deepak Thackley, who runs a shop selling sweet delicacies next to a famous temple on a busy thoroughfare. Already, his business is benefiting from improvements, he said. Bordering his shop is a new road lane with better drainage that prevents flooding, making it easier for devotees to visit the temple. A two-hour rail commute from home has been cut in half by the nearby metro station. "Now I can reach home early after work and spend more time with my family. It's a nice feeling," Thackley said.

TURKEY American Explorer Freed From Cave

Mark Dickey, an experienced caver who was trapped in one of Turkey's deepest caves, was successfully rescued after a complex international mission. The American made it to the surface of Turkey's Morca cave system early Tuesday local time, more than a week after he developed life-threatening bleeding and vomiting. A team of rescuers navigated the tight, slippery and steep cave system to bring Dickey to safety, using small explosives to expand narrow passageways and installing new ropes before the ascent began. They completed the rescue while carrying Dickey on a stretcher for much of the dayslong journey. Dickey was trapped some 3,400 feet below the surface of the cave system located in a remote part of the Taurus Mountains. Doctors spent days assisting Dickey before allowing rescue crews to begin to bring him to the surface, said the European Cave Rescue Association and the Speleological Federation of Turkey. —Jennifer Calfas

ISRAEL Judicial Overhaul Heads to Top Court

Israel's Supreme Court is set to begin hearing petitions on Tuesday to strike down a law that limits its own powers, setting up a showdown with Prime Minister Benjamin Netanyahu over his divisive judicial overhaul. The law, which was passed in July and is akin to a constitutional amendment, takes away the court's powers to strike down government decisions it deems to be unreasonable. It is the first part of an effort by Netanyahu's coalition to limit the powers of the court and give more control to the governing coalition. The law is an amendment to what in Israel is called a basic law, which has a special, quasi-constitutional status. Striking down the legislation would be akin to the court's striking down a constitutional amendment, legal scholars say. The hearing is expected to get at the core of the question of who has the final say over laws that have this kind of constitutional authority—the court or the legislature. —Dov Lieber and Anat Peled

UNITED KINGDOM Researcher in Parliament Arrested

A British parliamentary researcher was arrested on suspicion of spying for China, a scandal that comes just as Britain was looking to reset its relations with Beijing following years of friction. London's Metropolitan Police confirmed that two men were arrested in March for allegedly breaking the Official Secrets Act. The men, who are in their 20s and 30s, were released on bail until early October. At least one of the men was a parliamentary researcher, according to a person familiar with the matter. The U.K.'s Times newspaper, which reported the arrests over the weekend, said the man was a researcher at an influential parliamentary-policy group on China co-founded by the current security minister. In a statement released by his lawyer Monday, the man denied he was a spy and said he was "completely innocent." The arrest marks another setback for U.K.-China relations, which have been in a deep freeze for years. —Max Colchester

WORLD WATCH



Mark Dickey was carried out of the Morca cave system in Turkey's Taurus Mountains early Tuesday. The American, an experienced caver, developed bleeding and vomiting while 3,400 feet below the surface, leading to a complex international mission to rescue him.

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Tuesday, September 12, 2023 | B1

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Disney, Charter Settle Cable Fight

Deal ends blackout of TV channels after standoff over access to streaming service

By Joe Flint

Disney and Charter Communications have reached an agreement that will restore popular channels, including ESPN and ABC, to the cable operator's nearly 15 million subscribers, ending a blackout that lasted for more than a week. The agreement comes just hours before ESPN's coverage

of the first "Monday Night Football" game of the season—a highly anticipated matchup between the New York Jets and Buffalo Bills.

It also marks a seminal moment in the oft-fraught relationship between pay-TV providers and entertainment companies, which have been at loggerheads in recent years as the continued rise of streaming upended their respective businesses.

Under the terms of the deal announced Monday, Charter has agreed to pay Disney higher rates to carry its TV channels, in return for being able to pro-

vide the Disney+ and ESPN+ streaming services to its Spectrum pay-TV subscribers, which was a point of contention during the standoff.

Specifically, the ad-supported version of Disney+ will be included in Spectrum's TV Select video packages, which are among the cable operator's most popular. The ad-supported ESPN+ will be available to Charter customers who subscribe to a tier that includes other sports channels such as regional sports networks.

In addition, when Disney releases its much-anticipated direct-to-consumer version of its

ESPN cable channel—which is separate from ESPN+—Charter pay-TV customers will be able to get it as well.

"This deal sets the framework for what should be developed throughout the entire industry," said Charter Chief Executive Chris Winfrey in an interview. Winfrey added that Disney's willingness to meet Charter halfway gives the entertainment giant an opportunity to "transform the video business model."

Disney executives acknowledged that the agreement with Charter represented some concessions but said they felt the

new price terms the company got for its TV channels—as well as the boost the deal is likely to give its streaming services' reach and advertising revenue—will make it worthwhile.

"We are prepared to make trade-offs to focus on those priorities," said Dana Walden, co-chairman of Disney Entertainment, in an interview.

As part of the agreement, some Disney TV channels previously carried by Charter have been dropped, including Freeform, Disney XD and FX, the companies said.

The fight between Disney and Charter represented some concessions but said they felt the

Qualcomm To Supply iPhone's 5G Chips

By Asa Fitch and Aaron Tilley

Qualcomm reached a three-year deal with Apple to supply the iPhone maker with 5G communications chips, the latest sign that Apple's effort to make them in-house has yet to bear fruit.

The deal suggests that Apple's long-running effort to develop its own modems isn't making its way into the company's flagship phones soon.

Apple bought Intel's smartphone-modem business in 2019 for \$1 billion, bringing on some 2,200 staff members and a portfolio of patents. Intel also had struggled to develop 5G modems and had been losing around \$1 billion a year on the operation.

Qualcomm said Monday it would supply Apple with the modem chips for smartphone launches in 2024, 2025 and 2026, in a deal with terms similar to a previous arrangement between the companies.

Qualcomm shares rose 3.9% to \$110.28 Monday. Before Monday, the company's stock had fallen 20% in the past year amid dropping demand for smartphones.

Qualcomm didn't say how much its newest deal with Apple was worth. Apple shares rose 0.7% to \$179.36.

Past supply deals have been lucrative for Qualcomm and expensive for Apple. Sales of modems to Apple were about \$7.26 billion in Qualcomm's last fiscal year, or about 16% of its overall revenue, according to a UBS estimate from last month.

Apple has a history of developing its own technology and reducing its reliance on outside chip vendors. In 2010, it launched its first processing chip for its iPad and iPhone products. Over the years, these internally built mobile chips have helped Apple gain an edge over its Android phone rivals in performance and battery life. Android phones mostly rely on the same third-party chip vendors such as Qualcomm and Taiwan-based MediaTek.

In 2020, Apple began producing its own laptop processors, pushing out longtime Mac chip partner Intel. The processing-speed boost and

Walmart Goes All In on Africa After Setbacks

By Alexandra Wexler

JOHANNESBURG—Walmart's investment in Africa tanked. It is responding by doubling down.

More than a decade ago, Walmart spent \$2.4 billion to buy a controlling stake in South African retailer Massmart, which also had operations in a dozen other sub-Saharan countries. At the time, executives in Bentonville, Ark., hailed the acquisition as Walmart's entry into the world's youngest continent and one of its fastest-growing consumer markets, which was booming amid record commodity prices.

But Walmart hasn't been able to cash in. First the 2014 commodities crash, then the pandemic and now the fallout from the war in Ukraine—including high inflation and plunging local currencies—have stopped African consumers from spending big. Massmart closed its stores in Nigeria, Ghana, Tanzania and Uganda last year and shuttered an underperforming electronics chain in March 2020.

After years of lackluster sales, in mid-2022, Massmart's shares had plummeted by about three-quarters from 2011, and it was far underperforming its peers in the South African retail sector.

Despite these setbacks, Walmart chose to go all in. Late last year, it bought the 47% of the retailer that it didn't already own for 6.4 billion South African rand, then equivalent to about \$358 million, a fraction of what it shelled out for the initial stake. The retail behemoth also delisted Massmart from the Johannesburg Stock Exchange. Walmart's renewed bet on

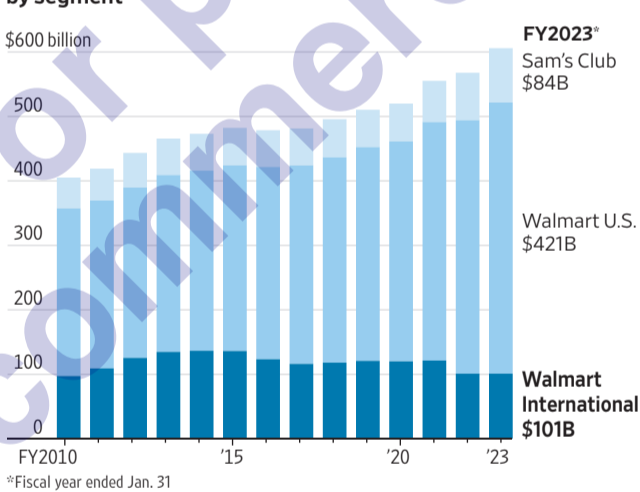


After South African retailer Massmart's stock fell sharply, the U.S. chain increased its stake in the company. A Massmart store.

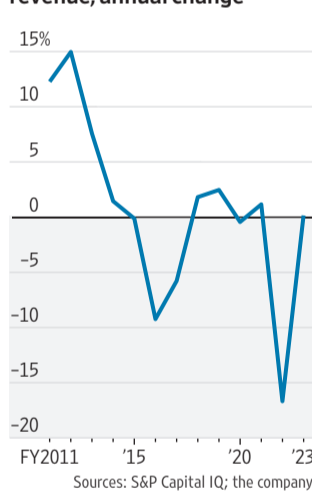
Africa comes after a string of disappointing forays into international markets. In 2020, Walmart threw in the towel on Japan after 18 years, agreeing to sell most of its stake in a local supermarket chain, resulting in a loss of about \$2.1 billion. That same year, Walmart agreed to sell U.K. grocery-store chain Asda to a private investment group, resulting in a \$5.7 billion loss. The company also sold its retail operations in Argentina, recording a \$1 billion loss.

Walmart has said these were deliberate choices to focus on businesses that showed the highest growth and return

Walmart's annual revenue, by segment



Walmart International revenue, annual change



Redstone's Company In Deal With Lenders

By Juliet Chung

National Amusements, the family holding company of media heiress Shari Redstone, has reached a deal with creditors to restructure some of its debt.

National Amusements paid down 20% of the outstanding, roughly \$250 million, loan to its creditors, according to people familiar with the matter. The company, parent of the Paramount movie studio and CBS television network, is obligated to pay down an additional 15% in March. The creditors, which include Credit Suisse Asset Management, Invesco, Hawkeye Capital and collateralized-loan-obligation

funds, also are getting increased interest and collateral on the loan. The agreement extends through 2025.

The Wall Street Journal in July reported that NAI was in discussions with lenders to renegotiate some of its debt after a subsidiary that owns movie theaters disclosed it was facing heightened financial risk. National Amusements also holds nearly 80% of the voting stock in entertainment giant Paramount Global as well as non-voting shares. In a filing Monday, National Amusements also disclosed that merchant bank BDT & MSD Partners paid \$25 million for warrants for non-voting Paramount stock.

INSIDE



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Contractor RTX's profit will take a \$3.5 billion hit from a recall of jet engines. B3

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Alibaba's former chairman resigns as the company's cloud-computing chief. B4

Japanese Rally Is Showing Signs That It Is Here to Stay

By Akane Otani

TOKYO—Japan's stock market has ripped higher this year. Money managers think that this time, the gains might actually last.

Corporate policy changes pushed by the country's stock exchange, an endorsement from Warren Buffett and relatively low valuations have helped Japanese stocks become one of the best-performing markets in the world this year.

The country's Topix index is up 25% through Monday. That puts it ahead of the S&P 500, which is up 17% over the

same period; the Stoxx Europe 600, which has risen 7.4%; and the Shanghai Composite, which has climbed 1.7% in 2023.

Those skeptical of the rally point out that Japan, the world's third-largest economy, has had a long history of disappointing investors. Its stock market hasn't hit a record since 1989.

After a bubble in Japanese real-estate and financial markets burst, the nation's economic growth took such a prolonged hit that historians and investors referred to the period that followed in the 1990s and early 2000s as Japan's

"lost decades."

Yet these days, many investors and analysts believe things could turn out differently. The country's economy is growing. Deflation, which for decades kept wages low and stifled corporate investment, has seemingly receded: Inflation has run at or above the Bank of Japan's 2% target since last year.

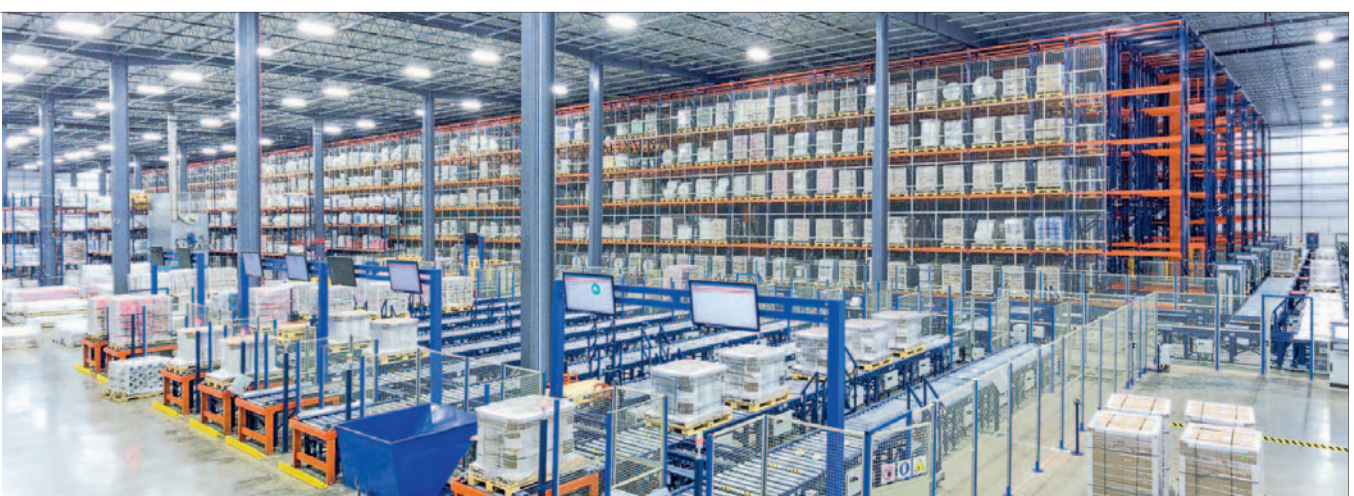
Foreign investors are taking note. Banks from Goldman Sachs Group to JPMorgan Chase say they are getting more phone calls and emails from clients expressing interest in investing in Japan.

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INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

Index to Businesses table with columns A-F and G-Z. Includes entries like Advanced Micro Devices, Amazon.com, and Walmart.

INDEX TO PEOPLE

Index to People table with columns A-F and G-Z. Includes entries like Furst, Stephen; Galant, Paul; and John, Sylvester.

BDCs Offer 11% Yields but Are Risky

By CHARLEY GRANT

Competitive yields are tough to find in the stock market these days. For investors who aren't averse to risk, business-development companies offer an exception.

BDCs typically raise money from public stock investors that they lend to small, often private, companies. After banks pulled back from lending in the wake of the 2008-09 financial crisis and again in March after the collapse of a handful of midsize lenders, BDCs helped fill the void.

They give individual investors the opportunity to tap into high-yielding private markets that are usually only open to big, sophisticated institutions. The companies pay out at least 90% of the interest they receive in cash dividends, adding to their popularity among small investors.

Blue Owl Capital sports a forward dividend yield of 11.8%, based on its most recent declared payout.

New Mountain Finance and Oaktree Specialty Lending offer 11.3% and 10.8%, respectively.

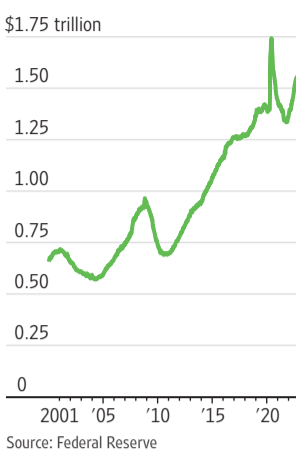
The yields on BDCs come with a catch: Unlike a standard fixed-pay bond, the payouts aren't set in stone. What the shareholder gets depends on what the BDC earns from its investments. BDCs could end up paying dividends that are smaller—or larger—than projected. They are typically taxed at a higher rate than most dividends paid out by corporations.

BDCs typically don't fare well in recessionary periods. Their earnings take a hit in the event any portfolio company defaults on a loan.

"We avoid any sector of the economy that is in secular decline, or is cyclical or too volatile," said John Kline, president and chief executive of New Mountain Finance. He said his fund will research a new sector for anywhere between six months to two years before considering an investment.

BDCs ran into trouble at the

Commercial and industrial loans outstanding at large U.S. banks



onset of the pandemic when businesses that borrowed from them struggled to recover after the lockdowns. They pulled back from making new loans to focus on supporting their investments that were at risk of default.

Shares of some of the biggest BDCs lost almost half their

value in the first quarter of 2020.

"As BDCs have become larger, we can now offer financing to much larger and more important companies than before," said Craig Packer, CEO of Blue Owl Capital.

BDCs can close on a loan more quickly than a bank, several industry executives said. As a result, companies are often willing to pay a higher interest rate. "We can turn around a private credit in four to six weeks," said Matt Stewart, chief operating officer of Oaktree Specialty Lending.

Rising interest rates have been a boon to the sector. About 80% of BDC assets are floating rate loans, according to Robert Dodd, senior analyst at Raymond James.

The S&P BDC Index, which includes 39 publicly traded companies, has gained 18.1%, including dividends, this year through last week, slightly outperforming the S&P 500, which has advanced 17.5% on the same basis.

Instacart Seeks Up to \$28 a Share in IPO

By CORRIE DRIEBUSCH

Instacart's much-anticipated IPO officially kicked off Monday, as the grocery delivery company revealed the price it hopes to fetch for its stock in a regulatory filing.

The San Francisco company and selling shareholders are aiming to sell 22 million shares at \$26 to \$28 apiece, raising \$572 million to \$616

million, the filing shows.

With roughly 331 million shares outstanding when including shares to be issued to Instacart employees and executives, that translates to a fully diluted valuation of around \$8.6 billion to \$9.3 billion, as The Wall Street Journal earlier reported.

That valuation is a far cry from the \$39 billion valuation Instacart notched in a funding

round in 2021.

Instacart has had a long road to becoming a publicly traded company, with its plans to list shares last year foiled by a turbulent stock market. To help ensure success for the offering, the company has lined up \$400 million in commitments from large investors for the IPO.

Instacart plans to list shares and start trading on

the Nasdaq next week under the ticker CART.

The company is selling 14.1 million shares in the offering, and selling shareholders are offering the remaining 7.9 million shares.

The money raised by Instacart will in part be used to pay for taxes and the settlement of certain restricted stock units, which are stock awards given to employees.

PwC Curbs Consulting For U.S. Audit Clients

By MARK MAURER

PricewaterhouseCoopers said its U.S. unit will stop providing certain consulting work to its audit clients to avoid potential conflicts of interest and strengthen audit quality.

The Big Four accounting firm said it plans to implement 12 new policies in the U.S. between 2024 and 2026 in areas such as auditor independence and transparency to meet growing expectations for auditors. The Big Four, which also includes Deloitte, Ernst & Young and KPMG, have faced regulatory scrutiny over their relationships with the businesses they audit and possible threats to auditors' objectivity. EY earlier this year scrapped plans to split up its auditing and consulting arms.

Accounting firms are prohibited by the Securities and Exchange Commission from performing services for clients that could impair their objectivity. Many companies purchase advisory or other nonaudit services from their audit firms, raising concern from some investors in recent years that the additional income could lessen the auditor's impartiality in reviewing the company's financial statements.

PwC moved forward with the 12 policies after conversations with investors, audit

committees and businesses and a review of 15 years' worth of academic studies conducted on the profession, said Tim Ryan, senior partner at PwC's U.S. unit. "We saw a number of stakeholders just demanding more transparency of businesses and those in the business ecosystem," Ryan said.

Under PwC's plan, it would cease providing certain consulting services by 2025 to SEC-registered audit clients such as advising a client on implementing a supply chain or other operational system. These services are allowed to be offered to audit clients under SEC rules. The change would have no effect on its audit-related or tax work for clients, PwC said.

The Financial Times earlier reported on PwC's plan.

Services that are core to accountants' skill sets will still be provided to audit clients, PwC said. For example, PwC still will sell a nonaudit-related product known as a disclosure checklist, which helps audit clients prepare for financial disclosures.

The services set to be cut typically represent between \$50 million and \$100 million in annual revenue from client fees, a PwC spokesman said. PwC's Americas region reported \$21.34 billion in revenue for the year ended June 2022.

Walmart Goes All In On Africa

Continued from page B1

potential in the long term. Walmart has operations in 19 countries, including the U.S. Walmart International recorded net sales of \$101 billion for the year ended Jan. 31, flat from the same period a year earlier and down 17% from fiscal 2021. International stores accounted for 17% of Walmart's net sales of \$606 billion in fiscal 2023.

Joe Feldman, a research analyst at New York-based brokerage Telsey Advisory Group, said Walmart has a good record in developing markets with a growing middle class, pointing to Mexico, India and China as countries where the retail giant is doing well.

"The African market, that makes sense to me," he said. "By owning Massmart fully, it allows them to have more control and get a little more aggressive in accelerating change."

In January 2020, Massmart

launched a turnaround plan that included selling some assets to a larger local competitor and exiting the fresh food business. Still, Walmart injected 4 billion South African rand into Massmart during the pandemic and after the country's worst rioting since the end of apartheid, as waves of lockdowns pummeled South Africa's fragile economy.

Walmart has installed its own executives into key roles in an effort to boost Massmart's fledgling online sales. Sylvester John, Massmart's head of e-commerce, joined in 2020. He formerly oversaw last-mile delivery at Walmart U.S. Jonathan Collins moved over from Walmart's Indian e-commerce giant Flipkart to become financial chief in August.

Massmart's e-commerce sales comprise just 3.7% of overall sales. In the U.S., Walmart's e-commerce sales make up 13% of total net sales, while e-commerce comprises 20% of total international net sales.

Analysts and retail executives say some of the challenges in Africa include the relatively high cost of mobile data when most people only access the internet via their phones, as well as constraints on last-mile delivery because of a lack of basic infrastructure.



The pact restoring Disney-owned channels came hours before ESPN was to air 'Monday Night Football.' A game last December.

Disney, Charter Settle Fight

Continued from page B1

Charter was being closely watched by the rest of the industry, because the dispute wasn't primarily about money. Instead, it became a referendum on the future of television.

After Disney and Charter failed to agree to a carriage agreement by an Aug. 31 deadline—leading Disney channels to go dark for Spectrum customers—Winfrey said: "The video ecosystem is broken."

Winfrey expressed frustration about paying higher fees for Disney-owned channels while Disney was investing heavily in streaming services that compete directly with Charter's cable business. He said Charter was willing to pay Disney more for channels, but only if in return it could give its customers complimentary access to the streaming services.

Disney initially balked. But with "Monday Night Football" looming and the prospect of some of the biggest markets including New York and Los Angeles being blacked out, a deal was hammered out.

"We were all hard at work over the weekend," ESPN Chairman Jimmy Pitaro said in an interview, adding that Disney wanted to protect the current pay-TV model which "has been very good to us."

Charter's Winfrey said: "We achieved all of our objectives."

While there are groundbreaking aspects to the Disney-Charter deal, it might not become a new model for the industry, Walden said.

"I don't consider this a blueprint," Walden said, because she said not every distributor has the same goals as Charter. "It's more an indication that we are in a time where distributors and consumers want flexibility, and thanks to our portfolio mix, we were able to offer that flexibility."

Analysts said Charter doesn't make much money selling pay-TV packages, while its broadband-internet business is lucrative, which gave it plenty of leverage in its fight with Disney.

The pay-TV giant on Monday said it would market Disney+, Hulu and ESPN+ to its broadband-only customers. Charter will get a share of revenue as part of that effort, according to people familiar with the matter.

For Disney, the addition of nearly 10 million homes will provide Disney+ with a bigger potential audience to sell advertisers. Being part of a Charter offering could also help Disney+ decrease the rate of customer cancellations, said Alan Bergman, co-chairman of Disney Entertainment.

As indicated by its willingness to leave several channels out of the Charter deal, Disney is exploring how to slim down its own exposure to the TV business. Disney CEO Bob Iger in July said the company's legacy TV networks, including ABC and FX, "may not be core to Disney," though ESPN is.

Advertisement for ManhattanLife featuring a graphic of the Statue of Liberty and the text: 'For a Company This Old, We Move Pretty Fast.' Includes the slogan 'Standing By You. Since 1850.' and a QR code.

BUSINESS & FINANCE

AI Can Help Companies Go Green, but It Guzzles Energy

By NUHA DOLBY

Artificial intelligence can help tackle climate change, but to fulfill that promise companies need to find a way to limit AI's climate impact.

Information and communications technologies contribute up to 3% of global greenhouse-gas emissions, according to many estimates. Data centers emit about the same amount as the aviation industry and consume hefty amounts of water. And as AI grows, the energy required to train and run its large-language models will increase.

AI can cut emissions by making systems more efficient. Alphabet's Google and American Airlines used AI to help planes create fewer vapor trails, which contribute to global warming. Google uses it to forecast river floods and to recommend eco-friendly routes on its maps service. San Francisco startup Verse is using AI to simplify the process for companies to get clean power.

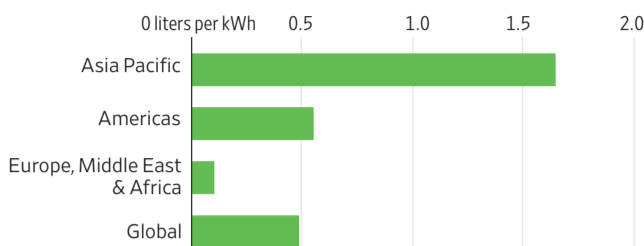
For many companies using AI there are positive and negative effects on their carbon emissions and water use.

Sasha Luccioni, a research scientist at AI-application developer Hugging Face, worked with two other researchers to map the lifetime carbon footprint of a machine-learning model with 176 billion parameters named Bloom—and what they learned was startling.

The factors outside of the energy used in training the models—something most research in the field doesn't factor in—"wound up being so significant they doubled total emissions," she said.

For instance, manufacturing a graphics-processing unit—a piece of hardware that speeds up computations in deep learning—involves pure

Microsoft data centers' water-usage effectiveness*



*As of April, 2022; calculated as liters of water used for humidification and cooling divided by the total annual kilowatt hours of power to operate data center IT equipment
Source: the company

water and rare metals. That adds to climate cost. Bloom used more than a thousand of these GPUs in its training, and that is just one of many external factors Luccioni's group evaluated in their research.

But models of similar parameter size to Bloom, such as OpenAI's ChatGPT-3, had significantly higher carbon emissions—more than 20 times as much—and consumed around three times as much power as Bloom.

Energy sources are a large contributing factor in the emissions discrepancy, Luccioni said. If the electricity being used to train the models is sourced from something "cleaner," that can cut down carbon emissions, even without changing the size of the large-learning model.

In the U.S., where there is no central electric grid, training models in one state versus another can have a significant impact on carbon emissions. In California, where there are large amounts of wind power, emissions could be lower than if the exact same model were trained using energy in a state

like Virginia, which is reliant mostly on fossil fuels for power.

If Bloom does better by environmental standards than other large-language models, that is still relative. It used enough energy in training the model over March to July 2022 to power the average American home for 41 years, according to an April 2023 Stanford report. The training run had 25 times the emissions of one

AI is very thirsty, according to research this year out of California.

passenger's round-trip flight from New York to San Francisco, and over a third more than the average American in one year.

AI is very thirsty, according to research this year from Shaolei Ren, a professor of electrical and computer engineering at the University of California Riverside.

His work shows ChatGPT-3 needs to "drink" a 500-milliliter bottle of water for a basic conversation of 20 to 50 inquiries, depending on where the electricity is generated. ChatGPT-4 likely consumes more than that, though secrecy around the platform and training means not enough data is public to make an accurate inference.

His group's estimates for one of Google's large-language models, known as LaMDA, had water use on the order of a million liters for training alone. Google's on-site data center water consumption overall in 2022 rose roughly 20% compared with 2021.

"Wherever we use water, we are committed to doing so responsibly. This includes using alternatives to freshwater whenever possible, like wastewater, industrial water, or even seawater," the company said in a blog post late last year. Google has a 2030 target to replenish 120% of the water it consumes, on average, across its offices and data centers.

Research from Google estimated its carbon emissions from training the LaMDA model at 26 tons, or the equivalent of about 22 passengers on a round-trip flight between San Francisco and New York.

As with electricity use, water use can become more efficient depending on where it is drawn from. Microsoft said last year that its Asian data centers' actual water-use effectiveness was three times worse than that of the company's locations in the Americas, meaning water use for identical AI training could triple based on location. That is because it is typically warmer in Asia, which necessitates water-cooled chillers.

Meanwhile, a practical step in limiting emissions would be to not integrate AI into platforms that don't need it, said Hugging Face's Luccioni.

"The cost of all these shiny new toys is unsustainable if you're just switching out all these technologies that are working quite well to begin with, with these much more energy-intensive applications," Luccioni said.



Fearless Fund co-partners Arian Simone and Ayana Parsons.

Firms That Focus on Diversity Stay Course

By LUIS GARCIA

Some private investment firms that back minority-owned businesses are responding with a mix of defiance and caution to a wave of litigation against diversity-driven funding programs. Firms say they plan to stick to their strategies while seeking to ward off potential legal challenges.

Fearless Fund, a firm that makes early-stage investments in companies owned by women of color, was one of the latest targets of lawsuits that accused companies and fund managers of discrimination through grant programs focused on racial minorities. Large companies such as Comcast, Amazon.com and Starbucks also have been sued for similar reasons.

Legal challenges have gained momentum following the Supreme Court's decision in June that effectively prohibits its universities from considering race in their admissions, according to fund managers and consultants.

The lawsuits so far have been directed mostly at grant programs, but loans and other investment strategies that focus on minority-owned businesses could also be at risk, the fund managers said.

"We have to be more careful

with how we architect those programs," said George Ashton, a managing director at Local Initiatives Support Corp., a New York-based nonprofit that seeks to increase communities' access to capital.

Ashton leads the organization's impact investments, or strategies that look to combine social benefits with financial goals.

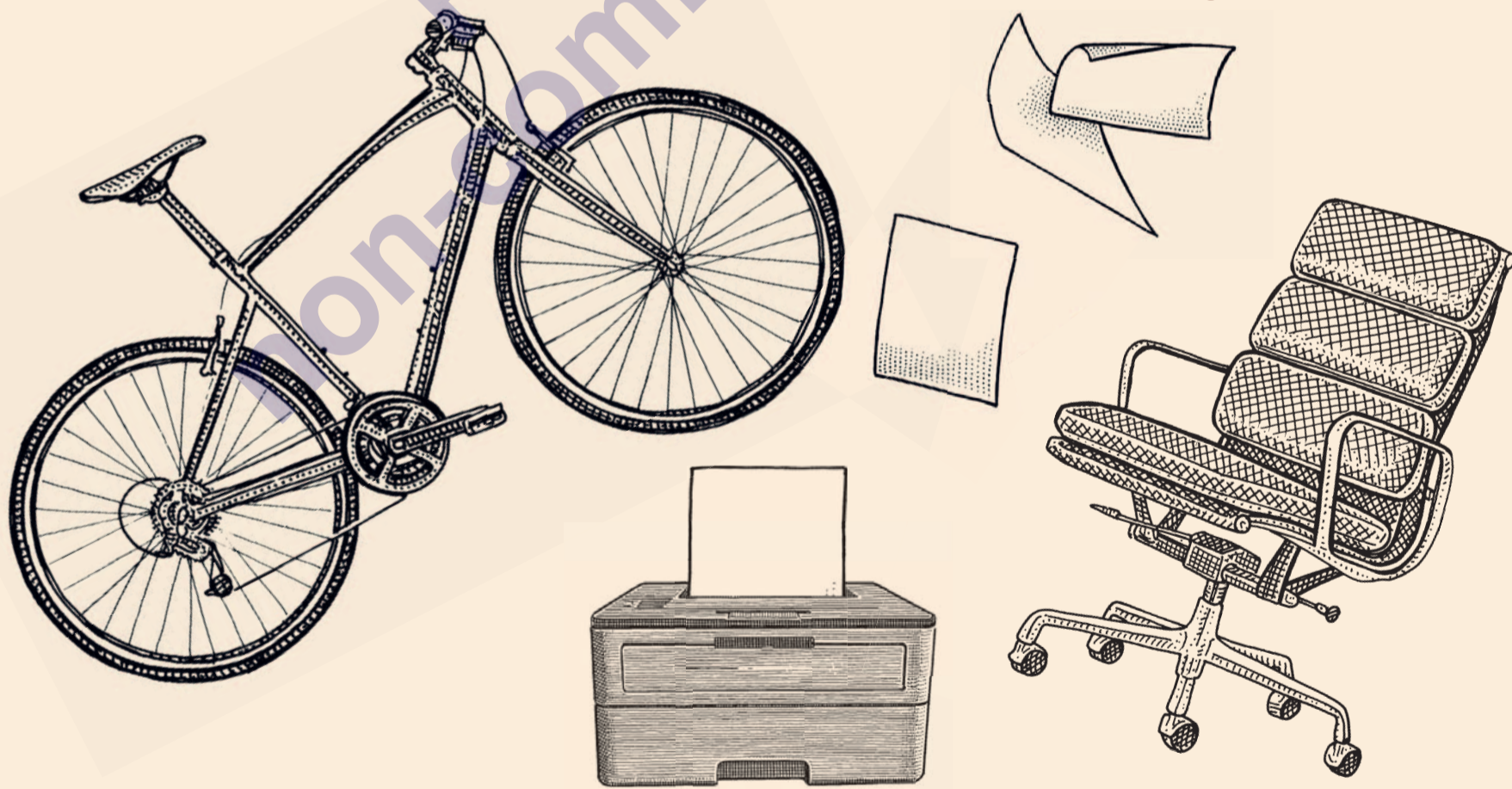
Capital pools under his watch include a \$250 million Black Economic Development Fund that provides loans to Black-owned businesses, or any business that benefits the Black community, and has among its investors large companies such as Netflix, PayPal, Costco, McKinsey and Dupont.

"We're not going to stop doing the work that's important, [but] we'll have to obviously adjust our approach," Ashton said.

Local Initiatives Support is seeking to reduce litigation risks by being "less specific" about what minority groups its investments target and by shifting its focus to socioeconomic factors, he said. That will likely increase investment costs as it will make it more difficult to ensure business owners qualify for loans, he added.

—Laura Kreutzer
contributed to this article.

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Buy Side FROM **WSJ**

REVIEWS & RECOMMENDATIONS TO SAVE YOU TIME & MONEY. FROM THE WALL STREET JOURNAL.

BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like ATR, APTV, ARMK, etc. with their respective prices and changes.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Barclays, BarrickGold, Bath&BodyWks, etc. with their respective prices and changes.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like CharlesRiverLabs, ChartIndustries, CharterComms, etc. with their respective prices and changes.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like AECOM, AES, Aflac, AGCO, Ansys, APA, ASE Tech, ASML, AT&T, AbbottLabs, AbbVie, Accenture, etc. with their respective prices and changes.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like AresMgmt, AristaNetworks, ArrowElec, AspenTech, Assurant, AstraZeneca, Atlassian, Autodesk, Autodes, etc. with their respective prices and changes.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like CiscoSystems, Citigroup, CitizensFin, CivitasRscs, CleanHarbors, Cleveland-Cliffs, Clorox, etc. with their respective prices and changes.

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CLASS ACTION

SUMMARY NOTICE OF PROPOSED CLASS ACTION SETTLEMENT AND COURT-APPROVAL HEARING

In re: Aqueous Film-Forming Foams Products Liability Litigation, MDL No. 2:18-mn-02873
This Document relates to: City of Camden, et al., v. 3M Company, No. 2:23-cv-03147-RMG

UNITED STATES DISTRICT COURT, DISTRICT OF SOUTH CAROLINA, CHARLESTON DIVISION

TO THE SETTLEMENT CLASS: All Active Public Water Systems in the United States of America that have one or more Impacted Water Sources as of June 22, 2023; and all Active Public Water Systems that do not have one or more Impacted Water Sources as of June 22, 2023 and (i) are required to test for certain PFAS under U.S. EPA's UCMR-5, or (ii) serve more than 3,300 people, according to U.S. EPA's SDWIS data system.

All capitalized terms not otherwise defined herein shall have the meanings set forth in the Settlement Agreement, available for review at www.PFASWaterSettlement.com.

Active Public Water System means a Public Water System whose activity-status field in SDWIS states that the system is "Active."

Impacted Water Source means a Water Source that has a Qualifying Test Result showing a Measurable Concentration of PFAS.

As used above, Public Water System means a system for the provision to the public of water for human consumption through pipes or other constructed conveyances, if such system has at least fifteen (15) service connections or regularly serves an average of at least twenty-five (25) individuals daily at least sixty (60) days out of the year, consistent with the use of that term in the Safe Drinking Water Act, 42 U.S.C. § 300f(4)(A), and 40 C.F.R. Part 141.

Public Water System includes (i) any collection, treatment, storage, and distribution facilities under control of the operator of such system and used primarily in connection with such system, and (ii) any collection or pretreatment storage facilities not under such control which are used primarily in connection with such system. Solely for purposes of the Settlement Agreement, the term "Public Water System" refers to a Community Water System of any size or a Non-Transient Non-Community Water System that serves more than 3,300 people, according to SDWIS; or any Person (but not any financing or lending institution) that has legal authority or responsibility (by statute, regulation, other law, or contract) to fund or incur financial obligations for the design, engineering, installation, operation, or maintenance of any facility or equipment that treats, filters, remediates, or manages water that has entered or may enter Drinking Water or any Public Water System; but does not refer to a Non-Transient Non-Community Water System that serves 3,300 or fewer people, according to SDWIS, or to a Transient Non-Community Water System of any size. It is the intention of the Settlement Agreement that the definition of "Public Water System" be as broad, expansive, and inclusive as possible.

What Is the Purpose of this Notice? The purpose of this Notice is (i) to advise you of a proposed settlement of certain Claims against 3M Company ("3M" or "Defendant") in the United States District Court for the District of South Carolina (the "Court"); (ii) to summarize your rights in connection with the Settlement; and (iii) to inform you of a Court hearing to consider whether to grant final approval of the Settlement (the "Final Fairness Hearing"), to be held on February 2, 2024, at 10:00 a.m. EST in Charleston Courtroom #1, J. Waties Waring Judicial Center, before the Honorable Richard M. Gergel, United States District Judge of the United States District Court for the District of South Carolina, located at 85 Broad Street, Charleston, South Carolina 29401.

What Are the Key Terms of the Proposed Settlement? 3M has agreed to pay an amount not less than \$10,500,000,000 and not more than \$12,500,000,000, inclusive (the "Settlement Amount"), subject to final approval of the Settlement by the Court and certain other conditions specified in the Settlement Agreement. 3M shall additionally pay up to \$5,000,000 to cover costs incurred by the Notice Administrator in the course of executing the Notice Plan. Together, these payments constitute the "Settlement Funds." In no event shall 3M be required under the Settlement Agreement to pay any amounts above the Settlement Funds. Any fees, costs, or expenses payable under the Settlement Agreement shall be paid out of, and shall not be in addition to, the Settlement Funds. Each Settlement Class Member that has not excluded itself from the Class will be eligible to receive a settlement check(s) from the Claims Administrator based on the Allocation Procedures developed by Class Counsel, which are subject to final approval by the Court as fair and reasonable and whose administration is under the oversight of the Special Master.

What Are My Options?

YOU CAN PARTICIPATE IN THE SETTLEMENT. You must file a Claims Form to be eligible to receive a payment under the Settlement. You can submit your Claims Form online at www.PFASWaterSettlement.com, or you can download, complete, and mail your Claims Form to the Claims Administrator at AFFF Public Water System Claims, P.O. Box 4466, Baton Rouge, Louisiana 70821. The deadline for a Phase One Settlement Class Member to submit a Phase One Public Water System Settlement Claims Form is 60 days following the Effective Date, and the deadline for a Phase Two Settlement Class Member to submit a Phase Two Action Fund Claims Form is June 30, 2026.

Regardless of whether you file a Claims Form or receive any distribution under the Settlement, unless you timely opt out as described below, you will be bound by the Settlement and any judgment or other final disposition related to the Settlement, including the Release set forth in the Settlement Agreement, and will be precluded from pursuing claims against 3M separately if those Claims are within the scope of the Release.

YOU CAN OPT OUT OF THE SETTLEMENT. If you do not wish to be a Settlement Class Member and do not want to participate in the Settlement and receive a settlement check, you may exclude yourself from the Class by completing and mailing a notice of intention to opt out. Any Person within the Settlement Class that wishes to opt out of the Settlement Class and Settlement must serve a written and signed statement entitled "Request for Exclusion" on the Notice Administrator, the Special Master, the Claims Administrator, 3M's Counsel, and Class Counsel no later than December 11, 2023.

YOU CAN OBJECT TO THE SETTLEMENT. Any Settlement Class Member that has not successfully excluded itself ("opted out") may object to the Settlement. Any Settlement Class Member that wishes to object to the Settlement or to an award of fees or expenses to Class Counsel must file a written and signed statement designated "Objection" with the Clerk of the Court and provide service on 3M's Counsel and Class Counsel no later than November 11, 2023.

VISIT WWW.PFASWATERSETTLEMENT.COM FOR COMPLETE INFORMATION ABOUT YOUR RIGHTS

The Court's Final Fairness Hearing. The Court will hold the Final Fairness Hearing in Charleston Courtroom #1, J. Waties Waring Judicial Center of the United States District Court for the District of South Carolina, located at 85 Broad Street, Charleston, South Carolina 29401, on February 2, 2024 at 10:00 a.m. EST. At that time, the Court will determine, among other things, (i) whether the Settlement should be granted final approval as fair, reasonable, and adequate, (ii) whether the Litigation should be dismissed with prejudice pursuant to the terms of the Settlement Agreement, (iii) whether the Settlement Class should be conclusively certified, (iv) whether Settlement Class Members should be bound by the Release set forth in the Settlement Agreement, (v) the amount of attorneys' fees and costs to be awarded to Class Counsel, if any, and (vi) the amount of the award to be made to the Class Representatives for their services, if any. The Final Fairness Hearing may be postponed, adjourned, or continued by Order of the Court without further notice to the Class.

How Do I Get More Information? Please visit www.PFASWaterSettlement.com or call toll free 1-855-714-4341. You may also contact Class Counsel or the Notice Administrator for more information:

Table with columns: Class Counsel, Notice Administrator, Class Counsel. Lists contact information for Scott Summy, Michael A. London, Douglas & London, Joseph F. Rice, Motley Rice LLC, Paul J. Napoli, Elizabeth A. Fegan, and Napoli Shkolnik, Fegan Scott LLC.

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This notice is not an offer to purchase or a solicitation of an offer to sell Equity shares
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Website: www.Larsentoubro.com | Email: IGR@Larsentoubro.com
CIN: L99999MH1946PLC004768
Company Secretary: Mr. Sivaram Nair A
Larsen & Toubro Limited - Buyback of Equity Shares
The Board of Directors of Larsen & Toubro Limited (the "Company"), subject to the approval of the shareholders of the Company, had on July 25, 2023, announced an offer to buy-back up to 3,33,33,333 (Three Crore Thirty Three Lakh Thirty Three Thousand Three Hundred and Thirty Three) fully paid-up equity shares of face value of INR 2/- each ("Equity Shares") of the Company at a maximum price of up to INR 3,000/- (Rupees Three Thousand Only) per Equity Share on a proportionate basis through a tender offer from the shareholders of the Company (the "Buyback").

ANNOUNCEMENTS
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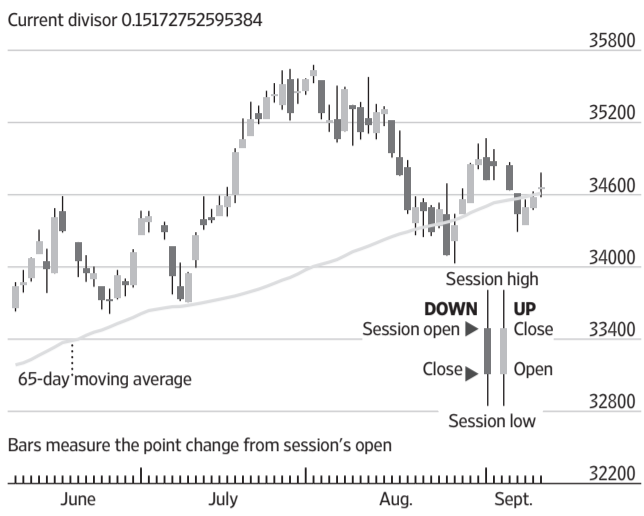
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MARKETS DIGEST

EQUITIES

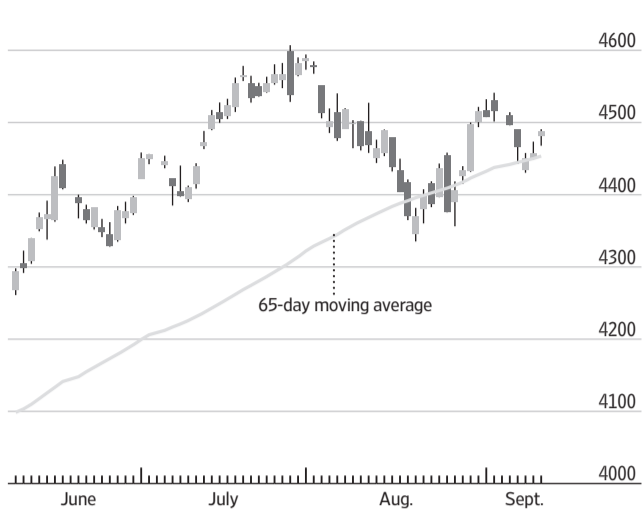
Dow Jones Industrial Average

34663.72 ▲87.13, or 0.25%
Trailing P/E ratio 25.10 19.06
P/E estimate * 18.69 17.04
Dividend yield 2.11 2.23
All-time high 36799.65, 01/04/22



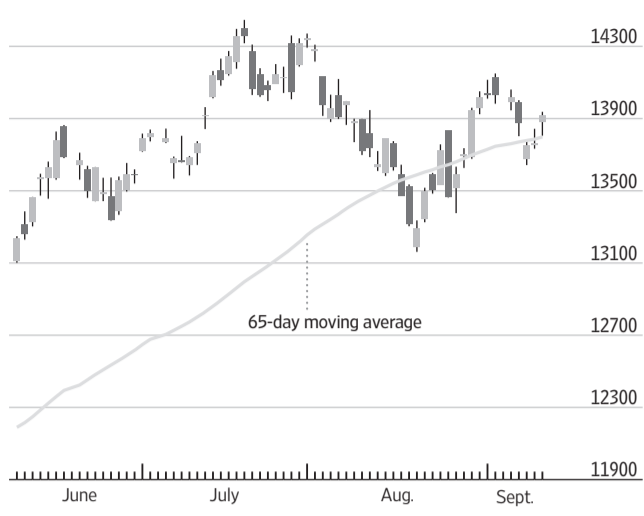
S&P 500 Index

4487.46 ▲29.97, or 0.67%
Trailing P/E ratio * 21.67 21.80
P/E estimate * 20.05 17.63
Dividend yield * 1.58 1.66
All-time high 4796.56, 01/03/22



Nasdaq Composite Index

13917.89 ▲156.37, or 1.14%
Trailing P/E ratio ** 30.27 25.32
P/E estimate ** 26.97 22.65
Dividend yield ** 0.85 0.90
All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

Table of Major U.S. Stock-Market Indexes including Dow Jones, Nasdaq Stock Market, S&P, and Other Indexes with columns for High, Low, Latest Close, Net chg, % chg, 52-Week High/Low, % chg, and YTD % chg.

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services...

Most-active issues in late trading

Table of Most-active issues in late trading listing Company, Symbol, Volume, Last, Net chg, After-Hours % chg, High, and Low.

Percentage gainers...

Table of Percentage gainers listing Company, Symbol, Volume, Last, Net chg, After-Hours % chg, High, and Low.

...And losers

Table of ...And losers listing Company, Symbol, Volume, Last, Net chg, After-Hours % chg, High, and Low.

Trading Diary

Volume, Advancers, Decliners

Table of Trading Diary metrics including Total volume, Adv. volume, Decl. volume, Issues traded, Advancers, Declines, Unchanged, New highs, New lows, Closing Arms, and Block trades.

International Stock Indexes

Table of International Stock Indexes listing Region/Country, Index, Close, Net chg, Latest % chg, and YTD % chg.

Percentage Gainers...

Table of Percentage Gainers listing Company, Symbol, Close, Net chg, % chg, High, 52-Week Low, and % chg.

* Volumes of 100,000 shares or more are rounded to the nearest thousand

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Percentage Losers

Table of Percentage Losers listing Company, Symbol, Close, Net chg, % chg, High, 52-Week Low, and % chg.

Volume Movers Ranked by change from 65-day average*

Table of Volume Movers listing Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, and Low.

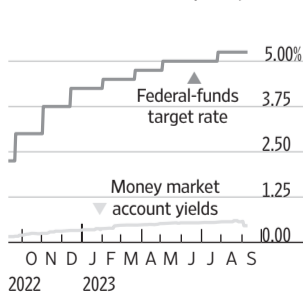
* Alpha stocks priced at \$2 a share or more with an average volume over 65 trading days of at least 5,000 shares *Has traded fewer than 65 days

CREDIT MARKETS

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



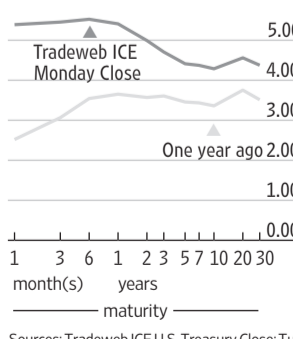
Selected rates

Table of Selected rates listing Bankrate.com avg, CFGB Community Bank, Popular Direct, UFB Direct, Valley Direct, and Vio Bank with rates and contact info.

Table of Interest rates including Federal-funds rate target, Prime rate, SOFR, Money market, Five-year CD, 30-year mortgage, 15-year mortgage, Jumbo mortgages, Five-year adj mortgage, and New-car loan.

Treasury yield curve

Yield to maturity of current bills, notes and bonds

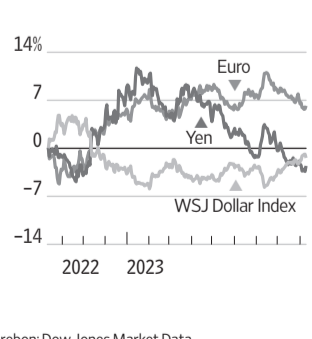


Corporate Borrowing Rates and Yields

Table of Corporate Borrowing Rates and Yields listing Bond total return index, U.S. Treasury, U.S. Treasury Long, Aggregate, Fixed-Rate MBS, High Yield 100, Muni Master, and EMBI Global.

Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



CURRENCIES & COMMODITIES

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Table of Currencies listing Country/currency, Mon in US\$, YTD % chg, US\$ vs. per US\$, and US\$ vs. per US\$.

Commodities

Table of Commodities listing Commodity, Close, Monday Net chg, % Chg, High, 52-Week Low, % Chg, and YTD % chg.

COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Table of Metal & Petroleum Futures including Copper-High (CMX), Gold (CMX), Palladium (NYM), Silver (CMX), Crude Oil, Light Sweet (NYM), Gasoline-NY RBBO (NYM), and Natural Gas (NYM).

Table of Agriculture Futures including Corn (CBT), Oats (CBT), Soybeans (CBT), Soybean Meal (CBT), Soybean Oil (CBT), Rough Rice (CBT), Wheat (CBT), and Cattle-Feeder (CME).

Table of Interest Rate Futures including Cattle-Live (CME), Hogs-Lean (CME), Lumber (CME), Milk (CME), Orange Juice (ICE-US), and Coffee (ICE-US).

Table of Treasury and Government Bonds including Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, and 30 Day Federal Funds.

Table of Currency Futures including Japanese Yen (CME), Canadian Dollar (CME), British Pound (CME), Swiss Franc (CME), and Australian Dollar (CME).

Table of Index Futures including Mexican Peso (CME), Mini DJ Industrial Average (CBT), Mini S&P 500 (CME), and Mini S&P Midcap 400 (CME).

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Table showing 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 Global Government Bonds including Mini Nasdaq 100 (CME), Mini Russell 2000 (CME), and U.S. Dollar Index (ICE-US).

Cash Prices | wsj.com/market-data/commodities

Monday, September 11, 2023. These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table of Cash Prices for Energy, Metals, Fibers and Textiles, Grains and Feeds, Food, and Fats and Oils.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Sosland Publishing; R=S&NL Energy; S=Platts-TSI; T=Otohook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 9/8

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

September 11, 2023. Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Table of Money Rates including Inflation, U.S. consumer price index, International rates, Prime rates, U.S. government rates, and Discount.

Key Interest Rates

Data are annualized on a 360-day basis. Treasury yields are per annum, on actively traded noninflation and inflation-indexed issues that are adjusted to constant maturities. Data are from weekly Federal Reserve release H.15.

Table of Key Interest Rates including Federal funds (effective), Commercial paper, Treasury yields (secondary market), and TIPS.

Notes on data: Federal-funds rate is an average for the seven days ended Wednesday, weighted according to rates on broker trades. Commercial paper rates are discounted offer rates interpolated from sales by discounted averages of dealer bid rates on nationally traded certificates of deposit. Discount window primary credit rate is charged for discounts made and advances extended under the Federal Reserve's primary credit discount window program; rates is average for seven days ended Wednesday. Inflation-indexed long-term TIPS average is indexed and is based on the unweighted average bid yields for all TIPS with remaining terms to maturity of 10 years or more.

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds in local currency. ** Euro-zone issues are in local currency. 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 showing coupon, maturity, yield, and spread for various countries like U.S., Australia, France, Germany, Italy, Japan, Spain, and U.K.

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 showing issuer, symbol, coupon, yield, maturity, and spread for companies like Toronto-Dominion Bank, Athene Global Funding, Dell, Ares Capital, John Deere Capital, Svenska Handelsbanken, Banco Santander, Southern Company, and others.

...And spreads that widened the most

Table showing spreads that widened the most for Toyota Motor Credit, Sprint Capital, TIAA, Verizon Communications, Intel, PacificCorp, American Honda Finance, and Allstate.

High-yield issues with the biggest price increases...

Table of High-yield issues with the biggest price increases including Qwest, Telecom Italia Capital, Rite Aid, Dish DBS, Ford Motor, Teva Pharmaceutical Finance Netherlands, Howmet Aerospace, and Ball.

...And with the biggest price decreases

Table of High-yield issues with the biggest price decreases including Ford Motor, Transocean, Bath & Body Works, Intelsat Jackson Holdings, Occidental Petroleum, Navient, and Dish DBS.

*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change 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

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, % Change. Lists various stocks like AGNC, AlphaMetal, ApolloGlpPfdA, etc., with their respective 52-week high/low and percentage change.

Table with columns: Stock, 52-Wk % High/Low, % Change. Lists various stocks like Vistra, Voco, WMT, Walmart, WeatherfordIntl, etc., with their respective 52-week high/low and percentage change.

Table with columns: Stock, 52-Wk % High/Low, % Change. Lists various stocks like Jeffries, JFRR, JHS, JKL, etc., with their respective 52-week high/low and percentage change.

Exchange-Traded Portfolios | WSJ.com/ETFResearch

Table titled 'Largest 100 exchange-traded funds, latest session' showing ETFs like XLC, XLP, XLF, etc., with their closing prices and percentage changes.

Table showing ETFs like iShMSCIEM, iShMSCIEAFEValue, iShNatlMuniBd, etc., with their closing prices and percentage changes.

Table showing ETFs like SPDR S&P Div, TechSelectSector, UtilitiesSelSector, etc., with their closing prices and percentage changes.

Biggest 1,000 Stocks | WSJ.com/stocks

Table showing the top 1,000 stocks by market cap, including KBR, KKR, KLA, etc., with their stock symbols, closing prices, and percentage changes.

Table showing the top 1,000 stocks by market cap, including JPM, PacerUSCashCovs100, ProShtLtrPQQQ, etc., with their stock symbols, closing prices, and percentage changes.

Table showing the top 1,000 stocks by market cap, including ResMed, Sunovion, Synovis, etc., with their stock symbols, closing prices, and percentage changes.

Mutual Funds

Table showing mutual funds like SAUSLgPldnPfd, SeriesBovFds, SeriesOverseas, etc., with their fund names, NAV, and percentage changes.

Table showing mutual funds like Lord Abbett I ShtDurlinc p, Metropolitan West, Schwab Funds, etc., with their fund names, NAV, and percentage changes.

Table showing mutual funds like Vanguard Index Fds, Vanguard Divd Growth, Vanguard Divd Growth, etc., with their fund names, NAV, and percentage changes.

MARKETS & FINANCE

Japan Rally Shows Signs Of Lasting

Continued from page B1
 “It’s probably in my opinion the best market we’ve had in decades, really,” said Jeff Atherton, head of Japanese equities at Man GLG, the discretionary investment unit of hedge-fund manager Man Group.

Bruce Kirk, Goldman Sachs’s chief Japan equity strategist, says he thinks there is still room for more upside. He can’t recall excitement around Japan being this high since the late Prime Minister Shinzo Abe began pushing policies that later became known as Abenomics.

If the yen can strengthen against the dollar, it could draw more American investors into the market, he added. A weak yen makes the returns that U.S. investors earn from Japan worth less when they are converted back into dollars.

Both Atherton and Kirk say a key part of the rally has been Japan’s push to revamp its corporate sector. The Tokyo Stock Exchange has asked its listed companies to develop plans to improve their valuations and boost shareholder returns. Officials at the Ministry of Economy, Trade and Industry have developed guidelines aimed at increasing mergers and acquisitions within Japan.

Some government officials say that while they are pleased that the Tokyo Stock Exchange’s push has been positively received by investors, there is still plenty more work to be done.

Many Japanese companies still lag well behind their counterparts in the U.S. and some parts of Europe, for instance, when it comes to corporate profitability, one government official said.

Another sticking point is that only 20% of companies in the Tokyo Stock Exchange’s



Clothes brand Uniqlo’s parent company has said it would raise some workers’ salaries by up to 40%. A store in Tokyo.

top Prime Market have disclosed to shareholders how they intend to pursue more efficient use of capital and a higher stock price, despite the exchange’s recommendation for such disclosure. Of the remainder, 11% disclosed they were studying the matter, and some of others may have erroneously assumed the recommendation didn’t apply to them, the exchange said in an August report.

Still, the very fact that companies are being asked to take a hard look at themselves is encouraging, given Japan has had a corporate culture that has been resistant to change, Kirk said.

“I don’t think corporations have collectively had a ‘road to Damascus’ moment where they’ve decided to suddenly be shareholder friendly, but there’s a push coming from the top and the bottom, and we’ve never had that before,” Kirk said.

For now, many investors are choosing to hold out hope that the rally will be the beginning of a long-awaited breakout—and not another head fake.

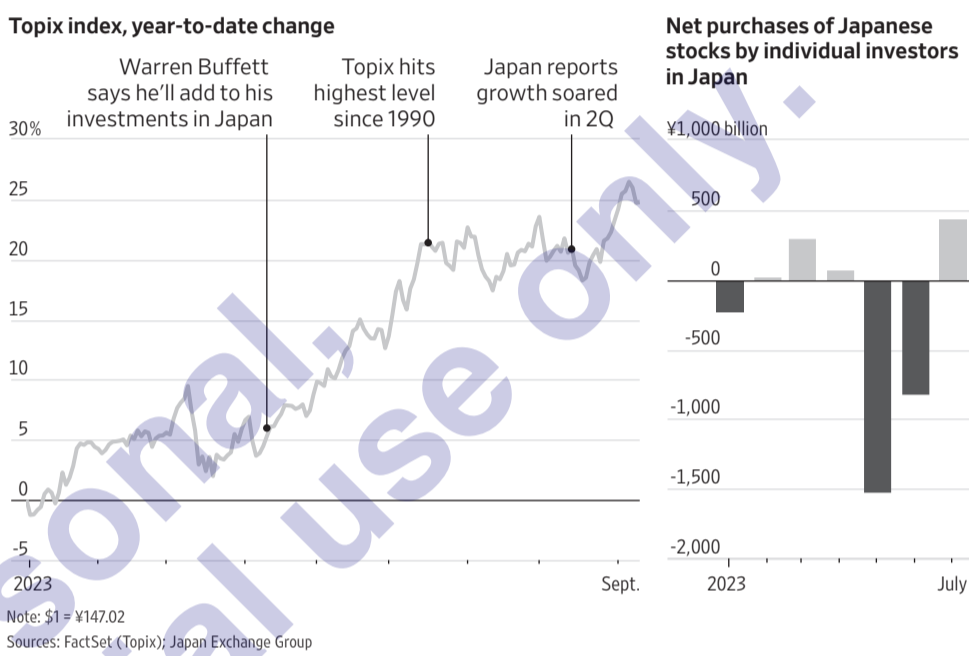
There are already signs of change on the horizon.

Wages are rising. Apparel brand Uniqlo’s parent company said at the start of the year that it would raise some workers’ salaries by up to 40%, while Hitachi agreed to implement its biggest pay increase for workers since 1998.

“While the rest of the world is fighting inflation and trying to slow things down, the Japanese are deliberately trying to create inflation, which we think is very positive for risk assets in Japan,” Atherton said. Wage growth can spur more spending by consumers, which can in turn lead to more economic growth, as long as the gains in consumers’ paychecks aren’t overshadowed by inflation elsewhere.

On a Tear

Japanese stocks have charged higher this year, outperforming markets from the U.S. to Europe to China. And Japanese investors have sold far more stocks than they have bought so far this year.



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MARKETS

Stock Indexes Jump, Propelled by Tesla

Markets to focus on consumer-prices, producer-cost data due this week

By DAVID UBERTI

Shares in **Tesla** pulled stock markets higher Monday thanks in large part to hype around a supercomputer dubbed "Dojo." All three indexes opened in the green and stayed there through the closing bell, clawing back some of last week's losses. The S&P 500 climbed 0.7%, while the tech-heavy Nasdaq Composite rose 1.1%. The Dow Jones Industrial Average gained 0.3%, or roughly 87 points.

Tesla was the major winner, leading the S&P 500 with a 10% gain after Morgan Stanley upgraded its stock. The bank said a supercomputer the automaker is developing to parse the vast amounts of visual data needed for autonomous driving could

add \$500 billion to the company's enterprise value.

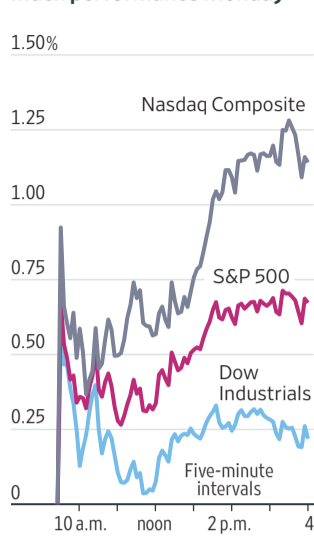
Monday's modest overall gains came as investors gear up for economic data that will offer the latest prognosis of the Federal Reserve's fight to tame inflation—and where the central bank's interest-rate policy could go from here.

Few investors believe that the Fed will raise rates at its monthly meeting next week. But Wednesday's readout of August's consumer-price index as well as Thursday's reports for producer costs and U.S. retail sales will shape how bond and stock markets begin to price in the possibility of a November or December hike.

"The market is hypersensitive about that," said Quincy Crosby, chief global strategist for LPL Financial. "If we see inflation edging higher, it's not a net positive for equities."

More investors have come to believe that the Fed will hold rates higher for longer, propping up borrowing costs and making bonds more appealing than higher-risk stocks. Futures

Index performance Monday



Source: FactSet

markets on Monday gave a nearly 40% chance that the central bank will increase rates again in November or December, according to CME Group.

"The market is just grinding until then," said Samuel Dedio, chief investment officer at Patrumin Investors. "The last

month hasn't been great."

Yields on benchmark 10-year Treasuries Monday edged higher to 4.287%. Those for two-year Treasuries, which act as a rough proxy for Wall Street inflation expectations, ticked up to 4.993%.

In stock markets, **J.M. Smucker** was among the session's biggest losers. The Follers and Jif producer's stock fell 7% after it said it had agreed to buy Twinkies owner **Hostess Brands** for \$4.6 billion. Hostess shares, meanwhile, leapt 19%.

Good news for sports fans provided a lift to entertainment stocks. Just hours before ESPN's first "Monday Night Football" game of the season, **Walt Disney** and **Charter Communications** reached a deal to return channels including ESPN and ABC to the cable operator's subscribers.

Disney, Charter, **Warner Bros. Discovery** and Fox all rallied after the agreement.

Tech stocks finished mixed. A 3.5% gain by **Amazon.com** shares pushed them to their highest closing price since Au-

gust 2022, according to Dow Jones Market Data.

Chip maker **Nvidia** retreated 0.9%, extending a rocky September, while **Advanced Micro Devices** fell 0.7%.

Shares of **Qualcomm** rose 3.9% after it struck a three-year deal to supply **Apple** with 5G chips, the latest sign that the iPhone maker's effort to make them in-house hasn't yet borne fruit.

Shares in Apple gained 0.7%, reversing some of last week's losses, a day before an event in which the company is expected to unveil its latest iteration of the iPhone.

Patrumin's Dedio said he sold tech holdings at a profit earlier this summer, leaving him more cash than usual to potentially pick spots with recent laggards including Apple, industrial companies and small-cap stocks. But he may also put that money to work by buying certificates of deposit that almost carry through the end of the year.

Overseas, Europe's Stoxx 600 rose 0.3%. At midday Tues-

day, Japan's Nikkei 225 was up 0.6%, Hong Kong's Hang Seng Index was down 0.1% and South Korea's Kospi was down 0.4%. S&P 500 futures fell 0.1%.

—Chelsey Dulaney and Angus Berwick contributed to this article.

AUCTION RESULTS

Here are the results of Monday'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.

	13-Week	26-Week
Applications	\$207,422,197,000	\$197,141,409,200
Accepted bids	\$70,911,825,800	\$63,717,405,600
* noncomp	\$2,328,611,900	\$2,582,176,000
* foreign noncomp	\$0	\$1,997,000,000
Auction price (rate)	98.656486 (5.315%)	97.320556 (5.300%)
	5.477%	5.537%
Bids at clearing yield accepted	99.32%	47.07%
	912797F06	912797G99

Both issues are dated Sept. 14, 2023. The 13-week bills mature on Dec. 14, 2023; the 26-week bills mature on March 14, 2024.

THREE-YEAR NOTES

Applications	\$121,026,908,100
Accepted bids	\$44,000,032,600
* noncompetitively	\$226,993,100
* foreign noncompetitively	\$100,000,000
Auction price (rate)	99.903057 (4.660%)
Interest rate	4.625%
Bids at clearing yield accepted	33.71%
Cusip number	91282CH90

The notes, dated Sept. 15, 2023, mature on Sept. 15, 2026.

Energy Shares Are Back in The Market's Driver's Seat

By HARDIKA SINGH

Shares of oil-and-gas companies are hot again.

The energy sector is the best performer among the S&P 500's 11 segments this quarter, up 11%, while the benchmark index has added 0.8%. Shares of **Halliburton** have added 25%, **Marathon Petroleum** has gained 32% and **ConocoPhillips** has advanced 16% over the same period.

The gains mark a contrast from earlier in the spring when the sector was the biggest laggard, down about 13% in 2023 through mid-March, dragged down by concerns

about a slowing global economy and energy demand hurting oil prices.

Now, extended production cuts by two of the world's largest crude exporters and hopes that the U.S. economy could skirt a recession have powered oil prices to \$90 a barrel, their highest level of the year, boosting energy stocks.

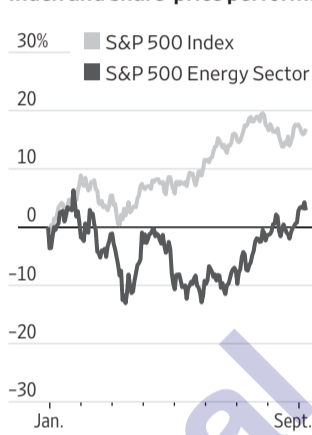
"We have unfortunately no spare capacity to absorb that additional demand," said Bill Fitzpatrick, managing director at Logan Capital. "Investors need to be positioned for an extended period of higher oil prices because that's the most

likely scenario."

Fitzpatrick has been buying energy shares this year, with allocations currently at 11% in the firm's international stocks portfolio.

While rising crude prices typically boost energy stocks, they also threaten to push up costs for everything from gas at the pump to products such as toys and clothing. Investors worry that could keep inflation elevated, making it harder for the Federal Reserve to wrap up its interest-rate-raising campaign. Higher rates are typically bad for stocks, since they give investors safer ways to earn yields.

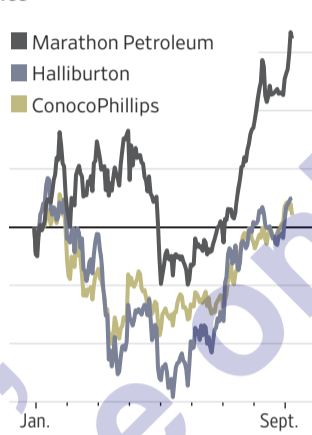
Index and share-price performance



Source: FactSet

For now, investors can't get enough of energy stocks. The Alerian MLP exchange-traded fund, which includes companies involved in crude's transportation and marketing, logged \$132 million in net inflows in August, the largest

Brent crude futures contract



monthly flow since February 2022.

Another reason energy stocks are appealing is that they look relatively cheap. Companies in the S&P 500 energy sector are trading at roughly 12 times projected

earnings over the next 12 months, which is below the 10-year average of 19, according to FactSet. The broader index's multiple is also around 19.

For the year so far, the energy sector is up 2.9%, still far off the S&P's 17% gain.



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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Twinkie Deal Is an Indulgence

J.M. Smucker gets into snacking with expensive Hostess acquisition

J.M. Smucker is paying a hefty price for some cheap sweets.

The company said Monday it would acquire Hostess Brands, which makes Twinkies, Ding Dongs and Ho Hos, for a total value including debt of \$5.6 billion. That looks hard to justify.

Snacking is among the fastest-growing areas of the consumer food business and, on a conference call with analysts, Smucker Chief Executive Mark Smucker said “indulgent” snacks grew 20% faster over the past three years than those marketed as being more healthy. So Smucker’s interest in the category is understandable.

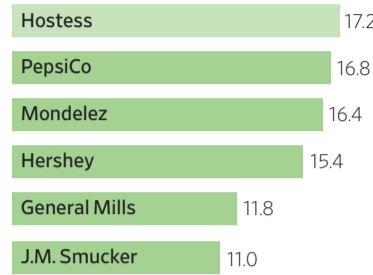
But the announced enterprise value amounts to a very high multiple of 17.2 times expected adjusted earnings before interest, taxes, depreciation and amortization this

year. Snacking companies Mondelez International, which owns Oreo and Cadbury, and PepsiCo, which owns Frito-Lay, trade at 16.4 times and 16.8 times, respectively, on a similar basis, according to FactSet. Those are both huge global businesses with very strong long-term track records. Hostess posted good sales results recently, but it went through two bankruptcies.

The high price might be the result of a bidding war: There was heated competition with General Mills for the deal. Smucker says the multiple would fall to 13.2 times after expected synergies, but that is still rather high. Smucker trades at an enterprise-value-to-Ebitda multiple of 11 times.

Indulgent snacking has made a comeback after the pandemic, but consumer health concerns that

Enterprise value to Ebitda ratio



Note: Based on analyst estimates for earnings before interest, taxes, depreciation and amortization this fiscal year. Hostess ratio is based on Smucker acquisition value. Source: FactSet

hurt Hostess products are unlikely to stay away forever. One analyst on Monday’s call even asked about the impact of new antiobesity drugs, which can reduce patients’

appetite for indulgences.

Smucker’s, whose current portfolio is focused on peanut butter and jelly spreads, coffee and pet food, has limited experience in snacking. It does have one very successful snacking product in Uncrustables, but that is a very different product: It is sold in the frozen aisle and caters to parents with a healthy-enough peanut-butter-and-jelly option for children.

Analysts reacted skeptically to the deal, questioning how much growth potential remains for Hostess. Shareholders did, too: Smucker stock fell 7% on Monday. Smucker will have to prove it can keep Hostess growing while realizing the promised synergies. If it doesn’t, it would hardly be the first to suffer post-Twinkies regrets.

—Aaron Back

Apple’s Chip Struggles Are Buying Time for Qualcomm

Money and time can buy an awful lot these days. Except, maybe, an in-house modem chip.

Apple has more than \$166 billion in the bank and produces just over \$100 billion in annual free cash flow—the latter sum being the highest amount of any S&P 500 company over the most recent trailing 12-month period, according to data from S&P Global Market Intelligence. It also has been working for years now to develop its own modem chip—the processor in smartphones, tablets and other devices that manages the connections to cellular communications networks. The secretive company hasn’t even been terribly discreet about this effort; Apple said it was working on its own modem chips in a late 2020 town-hall meeting with its employees.

But designing the complex chips is far easier said than done. **Qualcomm**, Apple’s supplier of modem processors, said Monday morning that the two companies have extended their current chip-supply deal to cover iPhones launched from 2024 to 2026. That is two years past the point that Qualcomm last told investors that its iPhone business would peter out, and three years beyond the company’s first projection for the end of that business when it laid out an ambitious plan in late 2021 to diversify away from smartphones.

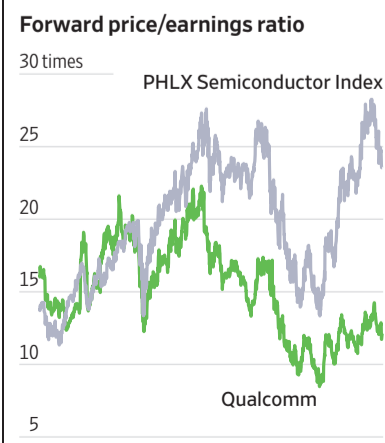
Keeping the iPhone for a couple more years should provide more fuel for that effort. Qualcomm’s revenue is projected to slide more than 19% in the current fiscal year because of a worldwide slump in smartphone sales.

But investors still seem inclined to treat Qualcomm’s Apple business as already spoiled. Qualcomm’s share price picked up nearly 4% on Monday, a rather anemic bounce for what has been one of the worst-performing chip stocks this year. Qualcomm was one of only five stocks on the PHLX Semiconductor Index to be negative for the year ahead of Monday’s open, making it one of the few to miss out on the sector’s run driven by hype over generative artificial intelligence. Qualcomm is currently trading at around 12 times forward earnings, a 20% discount to its five-year average. The PHLX index has jumped 40% this year and is now 19% above its own five-year average, according to FactSet.

Qualcomm should get more credit. Raymond James analyst Srin Pajjuri estimates that the new deal with Apple will contribute about \$5.5 billion in incremental revenue and as much as \$1.70 in adjusted per-share earnings to its fiscal year ending in September 2025—the year most thought Apple would be almost completely out of the company’s business.

The latest news also should serve as a reminder that Qualcomm still has a strong lead in a crucial technology, especially in a world where more devices will be connected to global wireless networks. Apple clearly wants to control more of its own destiny in that world, so will no doubt keep at its efforts to make an in-house modem chip. But Bernstein analyst Stacy Rasgon said Monday that “the longer it takes, the harder it is likely to be as cellular technologies do not stand still.” Everyone knows Apple’s pockets are deep; not so many seem to understand that Qualcomm’s competitive moat is, too.

—Dan Gallagher



Source: FactSet

Even Amid Digital Shift, Car Shows Will Go On

“International” car shows have a more national flavor these days, but that doesn’t mean the format is dying.

The North American International Auto Show launches this week in Detroit, hot on the heels of IAA Mobility in Germany last week. These were traditionally among the “big five” global car shows alongside those in Paris, Geneva and Tokyo, before the pandemic broke a tradition already under strain. IAA relocated from Frankfurt to Munich in 2021 with a broader pitch around “mobility” to appease the anti-car lobby, while there hasn’t been an auto show in Geneva since the lockdowns.

Car shows can only really rely on their home team to show up these days, let alone create a buzz with new models. Volkswagen, BMW and Mercedes-Benz attended IAA in force, taking over the squares of central Munich and showcasing their flagship projects.

But most American and Japanese car brands, and even some other European ones, stayed away. Only Chinese vehicles were there in greater force: The likes of BYD

are new to the European market and need to make a splash.

The home bias will be even more pronounced in Detroit. Of the 15 brands due to host their own displays, just five originated overseas: Toyota, Lexus, Kia, Fiat and Volkswagen. Europe’s luxury names will be represented by dealers, and in BMW’s case also on an indoor electric-vehicle test track.

Toyota is saving its big reveals for the Tokyo show, which starts in October. Underlining the role of national champions in keeping big shows alive, the Geneva event has struggled to bounce back because Switzerland doesn’t have a car industry. In commerce as in war, the country’s unique selling point was that it was neutral territory.

Perhaps the most international show this year was Shanghai in April, not one of the traditional big five. The rapid advances China has made with electric vehicles were one reason executives turned up from all over the world. Less repeatable, though, was the timing of China’s post-Covid reopening: Foreign executives had spent the previous three years trying to un-

derstand the world’s largest car market through a computer.

“We even had virtual test drives—people driving vehicles for us and I was watching it on the screen,” said Mercedes-Benz Chief Executive Ola Källenius, recalling the challenges of the pandemic.

The sheer physicality of cars will ensure a future for auto shows: The digital experience isn’t enough. As manufacturers look for savings wherever they can to fund their transition to electric vehicles, though, it will likely be a more modest future. After the pandemic, brands seem to be focusing limited budgets on their home show and countries where they have big growth plans.

In the U.S., this could take the show back to its roots as a forum for potential buyers to check out new models in their local city. This consumer side of the car-show business was steady before the pandemic, even as companies were questioning the high cost of competing for glamour at media-focused international events.

Foresight Research, which collects data on U.S. car shows, estimates about 6.5 million house-

holds—one in 20—attended them in the last full season before the lockdowns. The season that ran through the spring of 2023 was still affected by health concerns, with 4.7 million homes attending.

Yet three-quarters of those households intended to buy a car within the next year, according to Foresight co-founder Chris Stommel, making it a powerful marketing channel.

To improve their margins, traditional automakers increasingly want to follow Tesla’s lead in selling cars directly online.

If it takes off, this trend could magnify the importance of car shows, where consumers and their social-media influencers have a rare opportunity to sit inside a variety of vehicles all in one place.

As it moves into the mass market, Tesla itself is attending the Detroit show this year for the first time since 2015, by participating in the EV test track and offering street rides. This might be a sign of where things are headed.

In a more digital, budget-conscious auto industry, the car show will go on—just in a lower key.

—Stephen Wilmot



Visitors checked out at Volkswagen electric vehicles at the recent IAA Mobility show in Munich.

The Alibaba Spinoff Trade Loses More Steam

An unexpected twist to **Alibaba’s** changing of the guard—and a drip feed of other bad news—has undermined the bullish sentiment surrounding the Chinese e-commerce giant earlier this year.

And given how China-adverse investors have become, it may be tough to reverse that without an all-clear for the economy more broadly—especially since Alibaba executives may be tempted to slow-walk restructuring plans as long as China’s stock markets remain in the doldrums.

Alibaba’s Hong Kong-listed shares fell 3% Monday as the wake of two potentially significant developments: a report from Bloomberg, citing sources, that the firm would put on hold a potential IPO of its Freshippo grocery chain, and a surprise personnel change. Alibaba declined to comment on the Bloomberg report.

Alibaba’s leadership shuffle, which became official Sunday, is

no surprise; it has been telegraphed for months. Daniel Zhang formally stepped down as Alibaba’s chairman and chief executive, an was succeeded by Brooklyn Nets owner Joe Tsai and Eddie Wu, respectively.

What was unexpected was that Zhang also resigned from his separate roles as chairman and chief executive of Alibaba’s cloud business. Zhang had as recently as June framed his plan to resign as Alibaba chief as a means to focus squarely on the cloud business. Instead, Wu will take over Zhang’s roles at the cloud unit, too.

The knee-jerk share-price reaction reveals investors’ renewed uncertainty regarding the progress of the e-commerce giant’s restructuring plan—particularly the spinoff of its valuable cloud unit. Alibaba announced in March that it planned to split itself into six units and explore IPOs, a declaration that quickly lighted a fire under

the company’s stock. The firm said it planned to fully spin off its cloud unit and distribute shares to Alibaba investors by May 2024.

Apart from its core e-commerce business, Alibaba’s cloud unit is probably its most valuable. But lately it has faced serious challenges from competitors such as **Huawei** and state-owned telecom companies. Losing the international business of **Bytedance**, TikTok’s owner, was another blow. Revenue at Alibaba’s cloud unit grew only 4% year over year in the June quarter—the slowest pace among its major segments.

The leadership tweak probably won’t derail the restructuring, which is increasingly the driver for the stock. But it also comes as persistent gloom in the Chinese economy is clouding the company’s prospects—and driving investors away from the country’s stocks more generally.

Alibaba’s shares are up only 2%

this year. Almost all the stock’s gains in March following the restructuring announcement have been wiped out, although it is still handily outperforming the larger Hong Kong index. And that is despite the fact that Alibaba’s business actually recovered nicely last quarter. Its revenue increased 14% year over year—the first double-digit growth since 2021.

The bearish sentiment on Chinese assets could also affect how much the market is willing to pay for Alibaba’s separate businesses—not only for the cloud unit but also, potentially, for smaller ventures like its bricks-and-mortar retail business Freshippo.

In such an environment—and given that Alibaba is still easily beating the Hong Kong market this year—it is no surprise that any hints of potential turbulence, however small, can morph into big air pockets.

—Jacky Wong