

What's News

Business & Finance

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Biden Embraces Israel as Region Boils



President Biden, greeted by Prime Minister Benjamin Netanyahu, pledged U.S. support in Israel's war with Hamas.

President ends brief visit, says Egypt will allow humanitarian assistance into Gaza

BY WILLIAM MAULDIN AND JARED MALISIN

TEL AVIV—President Biden, reaffirming U.S. support for its longtime ally in the war with Hamas, said he believed Israel wasn't responsible for a deadly blast at a hospital compound in Gaza that has demonstrated the volatility of the conflict and heightened fears of escalation. "I was deeply saddened and outraged by the explosion of the hospital in Gaza [on Tuesday], and based on what I've seen, it appears as though it was done by the other team—not you," Biden told Prime Minister Benjamin Netanyahu of Israel before departing Israel Wednesday evening. Asked what gave him confidence that Israel wasn't behind the explosion, Biden responded: "The data I was shown by my Defense Department."

U.S., Experts Say Evidence Suggests Palestinian Rocket Hit Gaza Hospital

Israel, the U.S. government and independent security experts said Wednesday the preliminary evidence for a deadly explosion at a Gaza

blast site doesn't bear the hallmarks of a strike with a bomb or missile of the types usually used by Israel.

By Margherita Stancati, Yaroslav Trofimov, Nancy A. Youssef and Stephen Kalin

The amount of damage also appears inconsistent with the Hamas-controlled Gaza Health Ministry's assertion that 471 people were killed, experts said. U.S. officials say that the death toll so far is likely between 100 and 300 people.

hospital compound pointed to a local militant group, casting doubt on Palestinian claims that an Israeli airstrike was responsible.

"We have none of the indicators of an airstrike—none," said Michael Knights of the Washington Institute for Near East Policy, an expert on military and security issues.

Independent analysts poring over publicly available images of Tuesday's explosion at Al-Ahli Arab Hospital in Gaza and its aftermath said the

The U.S. has collected "high confidence" signals intelligence. Please turn to page A9



The site of the blast at Al-Ahli Arab Hospital in Gaza on Wednesday. Hamas's claim of an Israeli strike was disputed.

On the trip back to Washington, Biden said President Abdel Fattah Al Sisi of Egypt had agreed to open up the Rafah border crossing to allow up to 20 trucks of humanitarian assistance into Gaza. That is about an eighth of what aid workers estimate is required to meet the needs of 1.7 million people now gathered in south Gaza.

Egyptian officials acknowledged they had reached an agreement, but said there was no mechanism to move aid over the border and noted that the Rafah crossing had been destroyed in an Israeli airstrike and needed to be repaired. Biden said repairs would begin Thursday and would take about eight hours. Please turn to page A8

- ◆ Protests spread through Muslim world... A8 ◆ Blast stuns doctors: 'No place is safe now'... A9 ◆ U.S. grandmother strives to flee Gaza... A9

Jordan's GOP Backing Ebbs on Second Ballot

WASHINGTON—GOP Rep. Jim Jordan failed again to win enough votes to be elected House speaker as divisions hardened among Republicans, with some lawmakers pursuing

at the earliest as mounting GOP defections on Jordan's second ballot left Republicans snarled in warring factions over what should happen next.

By Kristina Peterson, Siobhan Hughes, Lindsay Wise and Katy Stech Ferek

"This is not about any one perfect person," said Rep. Brian Fitzpatrick (R., Pa.), a centrist who backed the hard-right Jordan. "I just want the lights on so we're a functioning branch of government."

new paths to break the impasse that has paralyzed the chamber.

The chamber's operations have ground to a halt with no elected speaker. The House can't take any steps to provide additional aid to Israel or Ukraine, fueling frustration among lawmakers over the stalemate. Congress also faces a crucial deadline next month, when current government funding runs out. Please turn to page A4

More than two weeks after Rep. Kevin McCarthy (R., Calif.) was ousted as speaker, Republicans remained gripped in a fierce internal struggle over his successor. Jordan said Wednesday he would keep up his campaign, but he pushed off any further voting until Thursday

Netflix Plans to Raise Prices, Password Curbs Lift Growth

BY JESSICA TOONKEL

Netflix said its effort to limit password sharing led to a 10.8% rise in subscriptions in the third quarter, a better-than-expected result that comes as the company plans to increase some prices in the U.S. and other markets.

Shares rose more than 12% in after-hours trading. The streaming giant added 8.8 million subscribers in the third quarter with customer growth in every region, its largest quarterly customer gain since the second quarter of 2020.

The company plans to immediately raise prices for its basic plan in the U.S., which is no longer available to new customers, to \$11.99 from \$9.99 a month and up the cost of its premium plan to \$22.99 from \$19.99. It is also increasing some prices in the U.K. and France, though the cost of its ad-supported and standard ad-free plans are unchanged. The price increases are a sign of streamers' efforts to improve profitability and wean consumers off the low monthly subscription fees that drew users away from pricey cable bundles in the early days of streaming. Netflix said in its third-quarter earnings report that its average revenue per member decreased 1% year-over-year as a result of limited price increases over the past 18

months, a higher percentage of its growth coming from countries where it charges less for plans, and changes to its mix of its subscriptions. It expects average revenue per member to improve in 2024 given the price increases and the expected growth in ad revenue. Netflix has fared better than many of its rivals this year, with companies like Disney and Warner Bros. Discovery grappling with ailing legacy cable businesses and costly transitions to streaming on top of strikes that disrupted their production schedules.

The company ended the quarter with 247.15 million paid subscribers, up 10.8% from Please turn to page A7

Chatty Parent Group Texts Swell To Dozens of Messages at a Time

Moms and dads wrangle five or more threads about playdates, sports, pinkeye

BY TARA WEISS

seemingly without end, at turns a convenience and a nuisance.

Jolie Hunt got her first brush with the reach of WhatsApp during a recent messaging thread of New York City parents arranging a pizza playdate for their first-graders.

"5 slices for us. We'll bring something bubbly."

Hunt opened the group chat after a work meeting and saw 27 messages. "I thought, 'Oh, no. There's been a fire,'" said Hunt, the mother of two elementary-school children and chief executive of a communications consulting firm.

"I'll bring snacks and 2 slices please."

There was no fire, just the minutiae of a typical parent text chain—one after the next,

Hunt decided to check the group chat only periodically. "Removing myself feels too aggressive," she said. "I'm a new parent at school, and it's only been two weeks."

Message groups are a lifesaver for many busy families Please turn to page A6

INSIDE



SPORTS The Las Vegas Aces beat the New York Liberty to win back-to-back WNBA titles. A14

PERSONAL JOURNAL More frequent airline delays have changed how business travelers plan their trips. A11

Need a Day? Employees Feel Free to Call in Sick

BY TE-PING CHEN

The bar for taking a sick day is getting lower, and some bosses say that's a problem.

reasons such as mental health. And unlike older workers, who might have been loath to call in sick for fear of seeming weak or unreliable, younger workers feel more entitled to take full advantage of the benefits they have been given, executives and recruiters said. That confidence has only grown as record low unemployment persists. So far this year, 30% of white-collar workers with access to paid leave have taken sick time, up from 21% in 2019, according to data from payroll and benefits software company Gusto. Employees between the ages 25 and 34 are taking sick days most often, with their use rates jumping 45% from before the pandemic. Some employers, such Please turn to page A12

U.S. workers have long viewed an unwillingness to take sick days as a badge of honor. That's a laurel workers care much less about these days. The number of sick days workers take annually has soared since the pandemic, employee payroll data show. Covid-19 and a rise in illnesses such as RSV, which can require days away from work, are one reason. Managers and human-resources executives also attribute the jump to a bigger shift in the way many employees relate to their jobs. For one, more workers are using up sick time often for



U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

Don't Rule Out a China Financial Crisis



The world's second-largest economy has a deflating property bubble, governments struggling to pay their debts and a banking system heavily exposed to both.

Anywhere else these factors would be seen as precursors of a financial crisis. But not in China, conventional wisdom goes, because its debts are owed to domestic rather than foreign investors, the government already stands behind much of the financial system and capable technocrats are on top of things.

Conventional wisdom might be dangerously out of date.

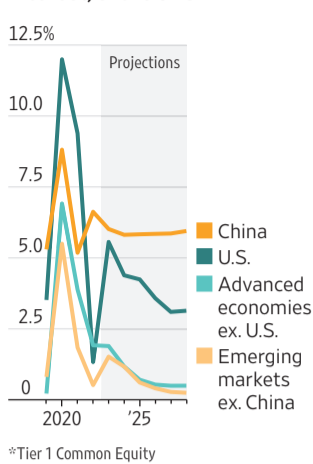
True, an imminent meltdown like the global panic that followed Lehman Brothers' failure in 2008 is highly unlikely.

Yet China's fiscal and financial imbalances are so large that they have taken the country—and, because of its size, the world—into uncharted territory. We simply don't know how well the Chinese economy, and a leadership now concentrated in the hands of President Xi Jinping, can navigate these strains.

The scale of the problem emerges from a series of reports issued last week by the International Monetary Fund.

First, while China reported stronger-than-expected economic growth of 4.9% in the year through the third quarter, its medium-term outlook

Budget deficits excluding interest, share of GDP



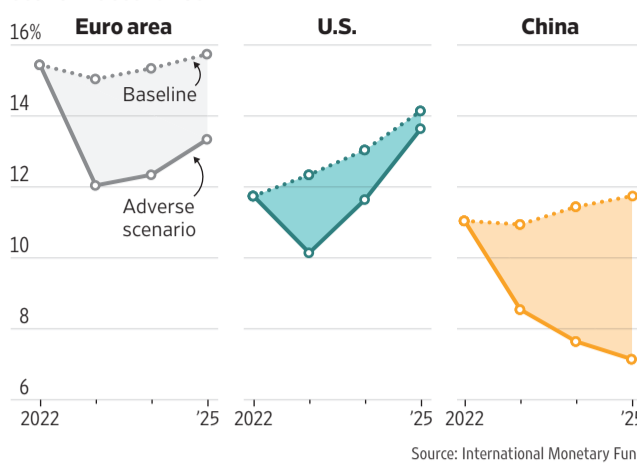
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has plainly deteriorated. The IMF sees the country's growth averaging just 4% over the next four years, down from its projection of 4.6% a year ago. This makes it far harder to grow out of its debts than when growth was 10%, over a decade ago.

Second, the IMF has also boosted projections of Chinese government deficits, which they now see swelling from 7.1% of gross domestic product this year to 7.8% in 2028.

The problem isn't with the central government but local governments that borrowed heavily via off-balance-sheet financing vehicles to fund urban development projects. Their liabilities now equal 45% of GDP, and including

Bank capital ratios in baseline forecast and under adverse economic scenarios*



Source: International Monetary Fund

them in China's government debt would vault the total to 149% of GDP by 2027, above Italy's at 141%.

Local Chinese governments have struggled to service their debts as land sales, a primary source of revenue, have dried up. Indeed, the IMF estimates 30% of local government financing vehicles are "non viable without government support."

This is a big problem for China's banks who hold roughly 80% of that debt. Just half the cost of restructuring that debt would saddle them with impairment charges of \$465 billion—chopping 1.7 percentage points off the ratio of loss-absorbing capital to assets, the IMF estimates.

Chinese banks, relative to their global peers, aren't that

well capitalized to start with. And a recession would deplete that capital significantly, as stress tests the IMF conducted on banks around the world illustrate. For China, the IMF simulated an adverse scenario in which growth averages 1% instead of 5% for three years and property values decline. The result: Chinese banks' capital ratios would plummet from 11% last year to 7.1% in 2025, the worst of any region under the stress tests.

As loan losses mount, banks lend less. Local governments slash investment and social services. Economic growth and property values weaken further.

Financial crises in Latin America in the 1980s, south-east Asia in the 1990s and

the euro area in the 2000s were greatly amplified by the exodus of foreign capital. By contrast, China is a net lender to the world and tightly controls inflows and outflows of capital. Its debts are owed to itself.

Chinese banks are also mostly owned or controlled by the central or local governments that would presumably not let them fail, precluding bank runs and panics. In China's last bout of banking trouble 20 years ago, bad loans were transferred at par value to state asset-management companies.

But sometimes financial crises occur because local, not foreign, investors flee. Nor are they always fast and violent, like the global financial crisis from 2007 to 2009. Some unfold over years, as occurred in Spain in the 1970s and the U.S. (with its savings and loan institutions) in the 1980s.

The origins of China's big debts are in many ways a textbook case of moral hazard. Developers and local governments were able to borrow so much because lenders assumed Beijing would bail them out. But that assumption is based on implicit, not explicit, guarantees.

Logan Wright, director of China research at Rhodium Group, a research firm, said a financial crisis in China wouldn't originate with an

external shock or sudden revaluation of assets to reflect lower market prices. Instead it would happen when investors who assumed the government stood behind their assets learn that it doesn't.

As the government's implicit backing is withdrawn from peripheral assets, investors might assume it no longer applies to core assets such as small banks, mortgage loans and then local governments, Wright said.

Chinese officials have taken tentative steps to restructure local government debts and prod troubled developers to finish projects.

But the debts are too large and growth too slow for China to sweep bad loans under the rug as it did 20 years ago, said Martin Chorzempa, a China expert at the Peterson Institute for International Economics.

A multiyear financial quagmire that depresses Chinese consumer confidence would sap demand for imports while swelling exports, pressuring foreign producers.

And while contagion is circumscribed by the limited connections between China's financial system and the rest of the world's, that system is still, in absolute terms, gigantic. Should it start to flail, the shock waves seem certain to be felt, somehow, abroad.

◆ China's economy faces long-term woes..... A10

Top Fed Official Backs Pause in Rate Hikes

By Nick Timiraos

The Federal Reserve should extend its pause on interest-rate increases because of growing evidence that higher borrowing costs will slow the economy despite recent signs of hiring and spending strength, a top central bank official said.

Philadelphia Fed President Patrick Harker in a Tuesday interview said he thinks the central bank can likely wait until early next year to decide whether rapid rate increases over the past 20 months have done enough to keep inflation heading lower.

"This is a time where we just sit for a little bit. It may be for an extended period; it may not. But let's see how things evolve over the next few months," said Harker, who has a vote on interest-rate policy this year.

While recent economic data have been surprisingly brisk, Harker said anecdotal, on-the-ground reports from business

"contact after contact after contact is that things seem to be slowing down."

For example, bankers have reported more business loans are coming due and will need to be renewed at much higher rates. "They're concerned that some of those businesses and their business models will not be able to survive those higher rates," said Harker, a former university president.

The Fed most recently raised rates in July to a range between 5.25% and 5.5%, a 22-year high. Several officials have signaled over the past week that they are comfortable holding rates steady at their Oct. 31-Nov. 1 meeting. That would extend a pause in rate rises from their September meeting.

The Fed has also pared its \$8 trillion asset portfolio by \$1 trillion over the past year as it allows holdings of Treasury and mortgage-backed securities to mature without replacing them. Shrinking those holdings provides an additional

form of tightening policy because, when the U.S. Treasury rolls over its debt, it must find a new buyer of the securities.

Harker highlighted the lagged effects of tighter monetary policy while addressing a national mortgage bankers convention in Philadelphia on Monday. "We did a lot, and we did it very fast...The workings of the economy cannot be rushed," he said. "By doing nothing, we are doing something. And I think we are doing quite a lot."

Harker has never dissented at a rate-setting meeting during turns as a voter in 2017, 2020 and this year. Tuesday, he said the decision to support the July rate increase was a "close call." He would need to see a "stark turn" in economic data—and in particular, signs that inflation was reaccelerating—to pivot back to favoring rate increases, he said.

A blowout September employment report from the Labor Department and a strong retail-sales report from the

Commerce Department on Tuesday have extended a run of firmer-than-expected economic figures.

At the same time, measures of underlying inflation have slowed markedly since June. Core prices, which exclude volatile food and energy items, rose at a 3% six-month annualized rate in August, down from 4.8% over the previous six-month period, according to the Commerce Department.

"If inflation were moving up in a sustained way, then I would behave very differently than if I saw just continuing strength in, say, retail sales for another month or so," Harker said.

Harker said he took added comfort that the Fed had done enough to slow the economy and bring down inflation because of a recent run-up in long-term bond yields. The 10-year Treasury yield closed Wednesday at a new 16-year high of 4.902%.

Higher borrowing costs traditionally weaken investment

and spending, a dynamic that is reinforced when higher rates also weigh on stocks and other asset prices. "Anything that would reduce financial accommodation will, in essence, be doing some of the work of monetary policy, for sure," Harker said.

Harker said it would be appropriate for the Fed to consider lowering interest rates once inflation is "within a reasonable distance" of the central bank's 2% target.

CORRECTIONS & AMPLIFICATIONS

The Gaza Strip is about twice the size of Washington, D.C. A World News article on May 27, 2021, about Gaza incorrectly said it is about the same size as the U.S. capital.

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U.S. NEWS

Covid Drug Paxlovid to Cost \$1,400 for a Five-Day Course

Pfizer is expected to offer steep discounts to ensure wide access to antiviral

BY JONATHAN D. ROCKOFF AND JARED S. HOPKINS

Pfizer will price a course of its Covid-19 drug Paxlovid at nearly \$1,400 when commercial sales begin later this year, more than double what the U.S. government has paid. Pfizer told the pharmacies and clinics that will dispense Paxlovid, in a letter dated Wednesday that was viewed by The Wall Street Journal, that a five-day course of the antiviral will list for \$1,390. The U.S. government had paid \$529.

Health plans will probably pay much less than the list price for the pills, and most patients will have a small or no out-of-pocket cost because Pfizer is expected to offer price discounts and help patients with their out-of-pocket charges. Pfizer has already faced

criticism from doctors and patient advocates that raising the price will limit patient access. Disclosure of the list price could fuel further criticism.

“Pricing for Paxlovid is based on the value it provides to patients, providers, and health care systems due to its important role in helping reduce Covid-19-related hospitalizations and deaths,” a Pfizer spokeswoman said. The company disclosed Paxlovid’s pricing in letters it sent to pharmacies and health clinics that will dispense the pills around the U.S., especially after the federal government winds down its exclusive purchasing agreements and its supplies run out.

The list price is the starting point for negotiations between Pfizer and firms called pharmacy-benefit managers over how much health plans will

pay for the drug and what patient copays or other out-of-pocket charges will be.

Drugmakers often choose to set a higher list price for a medicine in order to offer the kinds of steep discounts that pharmacy-benefit managers and health plans seek in exchange for covering the drug and setting low copays or other out-of-pocket charges.

Pfizer has begun negotiating with the pharmacy-benefit managers and health plans this week, and it set a higher list price for Paxlovid to be able to offer steep discounts so patients can get wide access, according to a person familiar with the matter. People who aren’t insured usually have to pay the full price of a drug. The U.S. Department of Health and Human Services said people who are covered by Medicaid or are uninsured will be able to get Paxlovid without cost

through 2028.

People covered by Medicare will be able to get Paxlovid free through 2024. After then, they could face an out-of-pocket cost depending on their Medicare plan.

Pfizer plans to subsidize copays of people who are commercially insured at least through 2028.

Pfizer officials have said that the company gave the U.S. government a volume discount in selling it Paxlovid for \$529 a course. The company charged other high-income countries \$700 to \$900 a course, according to the person familiar with the matter. Gilead is charging commercial health plans \$3,429 for a five-day course of its Covid-19 antiviral remdesivir, a Gilead spokeswoman said. The therapy, which goes by the brand name Veklury, is given by intravenous infusion.

David Boulware, an infectious-disease physician and professor of medicine at the University of Minnesota Medical School, said \$529 a course was a more reasonable price given that many people have

The list price is much higher than the \$529 the government had paid for it.



Paxlovid is a key weapon in the arsenal for fighting Covid-19.

developed protection against the virus from vaccinations and infections.

He said a high price could force health plans to limit access. “With a low cost medicine, they’re not going to aggressively police it, but a higher price medicine they likely would,” he said.

Paxlovid, authorized in the U.S. in late 2021, is a key weapon in doctors’ arsenal for fighting Covid-19. People who have been infected and are at high risk of developing severe disease can take the pills at home to reduce the risk of severe disease.

Paxlovid cut the risk of death and hospitalization by 37% in people who took the drug in a 70,000-person, real-world study led by the Cleve-

land Clinic that was published in September in the Journal of the American Medical Association.

A study, published in February in the journal Clinical Infectious Diseases, found that 14% of people who took Paxlovid tested positive again days after testing negative, compared with a rebound rate of 9% of those who didn’t get the drug.

Sales of Paxlovid, along with a Covid-19 vaccine, boosted Pfizer’s revenue last year above \$100 billion. But Paxlovid use has plunged since the pandemic crisis abated.

Paxlovid prescriptions had dropped by more than 40% to 65,000 in early May from late March, Barclays analysts said in a recent research note.

Why Healthcare Costs Are Soaring

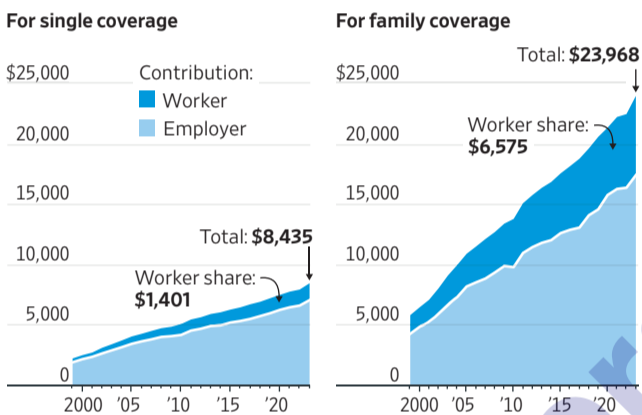
Average family plan nears \$24,000 this year after the biggest increase in more than a decade

Inflation came for your healthcare this year. Next year is looking to be just as bad.

The cost of employer health insurance rose this year at the fastest clip since 2011, according to a yearly survey from healthcare researcher KFF. The 7% jump in the cost of a family plan brought the average tab to nearly \$24,000—more than the price for some small cars.

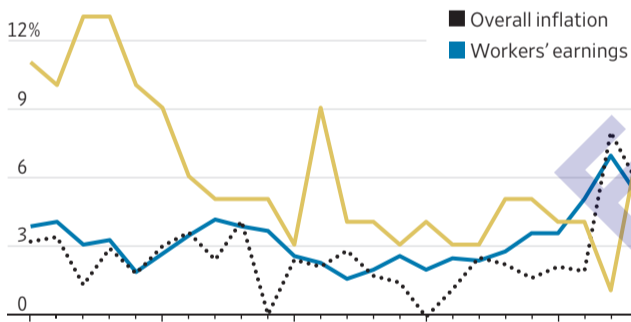
Workers’ average payment of \$6,575 for those plans was nearly \$500 more than last year. Inflation is to blame for this year’s steep increases in health insurance costs, said Gary Claxton, a senior vice president at KFF.

Average annual contributions to premiums



Source: KFF

Average annual change



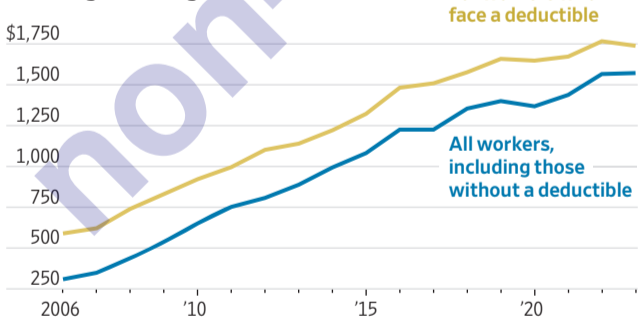
Sources: KFF; Bureau of Labor Statistics

Steady deductibles

One piece of good news for workers is that employers aren’t pushing up deductibles, which are out-of-pocket sums that workers pay for care before coverage kicks in.

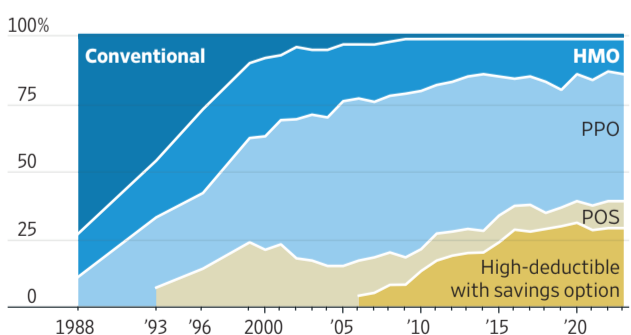
The reason: Employers are still reluctant to pile new costs on workers in a tight labor market, Claxton said. In addition, some companies may worry that the cost burden on employees is causing them to avoid needed care.

Average annual deductible among workers with single coverage



Source: KFF

Share of covered workers enrolled in each type of health plan



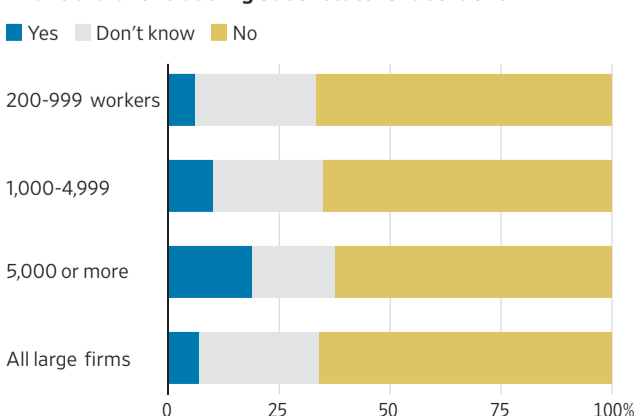
Sources: KFF; KPMG; Health Insurance Association of America

Coverage limits

The biggest companies, with 5,000 employees or more, are more prone to cover abortion, but many do so only under limited circumstances, such as cases of rape, incest or danger to the pregnant woman’s health, according to the KFF survey. However, a significant share of employers—40%—said they “don’t know” how they handle abortion, which Claxton said may reflect an evolving stance or reluctance to disclose a policy. Some employers have opted to pay for workers to travel to get abortions, as more states have restricted access.

—Anna Wilde Mathews and Josh Olick

Share of large companies that provide, or plan to provide, financial aid for traveling out of state for abortions



Note: Among companies that offer health benefits; for plan with the largest enrollment Source: KFF

Repayment Of Student Debts Won’t Drag Down Economy

BY BOB FERNANDEZ

The resumption of federal student loan payments shouldn’t be a big deal for the U.S. economy, according to research from the Federal Reserve Bank of New York.

Millions of student borrowers are likely to curtail their consumer spending by only about \$56 a month on average as they restart payments on student loans, the research says. Across 28 million federal student loan borrowers, this amounts to about \$1.6 billion less in consumer expenditures a month, the researchers estimate.

“The findings suggest that the payment resumption will have a relatively small overall effect on consumption, on the order of a 0.1-percentage-point reduction in aggregate spending from August levels,” the New York Fed’s Raji Chakrabarti, Daniel Mangrum, Sasha Thomas and Wilbert van der Klaauw said in a post Wednesday on the bank’s Liberty Street Economics blog.

Federal Reserve officials and economists have warned that student loan payments this month could be a drag on the U.S. economy, as borrowers redirect funds into loan payments instead of doing other things with the money—like buying clothing or vehicles or dining out.

The U.S. government paused federal student loan payments in the early weeks of the Covid-19 pandemic in 2020.

The 43-month-long breather in payments gave borrowers more than \$260 billion in waived payments throughout the pandemic that could be used on other consumption or saved in bank accounts.

Interest on federal student loans resumed in September and payments began again this month.

New rules on federal income-driven repayment plans—which can reduce monthly loan payments based on borrower income—and accrued savings will ease some of the pain in the monthly payments, according to the blog post.

The New York Fed researchers said that they saw “little variation in spending responses but find that low-income borrowers, female borrowers, those with less than a bachelor’s degree, and those who were not in repayment before the pandemic expect the highest likelihood of missed student loan payments.”

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U.S. NEWS

U.S. Wraps Up Its Google Antitrust Case

By JAN WOLFE, MILES KRUPPA AND ERIN MULVANEY

WASHINGTON—The landmark antitrust case against Google hit a milestone this week when the Justice Department’s last scheduled witness concluded his testimony late Tuesday. Here are some key moments so far from the public parts of the nonjury trial, which began Sept. 12 and is estimated to end in late November.

1 Before he was Google CEO, Sundar Pichai fretted about the ‘optics’ of its default search-engine agreement with Apple

Years before he became Google’s chief executive, Sundar Pichai raised concerns about the deal at the heart of the case: the Alphabet unit’s contract with Apple that makes Google the default search engine on Apple’s Safari web browser. In an email from 2007, when Pichai was overseeing Google’s Chrome browser business, he wrote that he didn’t like the “optics” of Google being the only search

engine in the Safari browser. “I know we are insisting on default, but I think we should also encourage them to have Yahoo as a choice in a pull down or some easy option,” Pichai wrote. “I don’t think it is a good user experience nor the optics great for us to be the only provider in the browser.” Pichai sent the email to Google co-founders Larry Page and Sergey Brin, among other executives. The CEO is expected to be called as a witness by Google’s lawyers later in the trial.

2 An ex-Google employee took aim at the company’s business practices

One of the best distillations of the Justice Department’s case came from Sridhar Ramaswamy, a computer scientist and entrepreneur who once worked at Google. The government put him to the stand to explain why a search engine he launched, Neeva, failed to take on Google. U.S. District Judge Amit Mehta, who will decide the case, asked Ramaswamy why Google pays billions of dollars a year to maintain its default

status on smartphones. Ramaswamy responded that most users just use the default settings on a device, so Google’s agreement with Apple is a powerful tool that locks out competition. “The defaults that these devices ship with are the ones the vast majority of people are going to simply stick with,” he said. “They’re not going to change them.” On cross-examination by Google lawyer Kenneth Smurzynski, Ramaswamy testified that Neeva would have been able to profitably deliver high-quality search results if it only had a 2.5% market share in search. Google is likely to highlight that testimony in its closing arguments, saying it shows competitors don’t need a large share of the market to deliver useful search results and compete with Google.

3 Apple used Microsoft as a ‘bargaining chip,’ one executive testified

The trial has revealed new details about Microsoft’s repeated efforts to get its Bing search engine more promi-

nently placed on Apple devices. Microsoft even pitched selling Bing to Apple, but the talks never got beyond a preliminary phase. Microsoft CEO Satya Nadella testified that the company was prepared to incur losses of \$15 billion a year to make Bing a default search engine on Apple devices. Mikhail Parakhin, a top executive at Microsoft, later testified it was never in the cards. “It was my impression, always, that they used us as a bargaining chip because the threat of them switching allows them to extract better conditions from Google,” he testified. “It’s no secret that Apple is making more money on Bing existing than Bing does.” Google is expected to argue that this testimony highlights its core theory of the case: There are other powerful players in the search market, but Apple and others elevate Google because it’s simply a better product.

4 Google can easily raise advertising prices without major consequences

Michael Whinston, an expert witness for the Justice Department, testified that users’ ability to opt out of de-

fault arrangements, something Google cites in its defense, doesn’t reduce its market dominance much because so few users do so. “One thing Google likes to say is competition is just a click away. It definitely is not in terms of how users behave,” Whinston testified. In Europe, users get choice screens instead of default search engines. In Russia, after the choice screen was adopted, a strong rival, Yandex, was able to compete with Google, Whinston said. Before the choice screen, Google had a share of about 60%, and with the choice screen, Yandex gained a more than 20% share. In two to three years, the numbers were reversed for the two search engines in Russia. “If Google’s quality were to stay unchanged and rivals got better, then we would expect some preference shift from Google toward the rival,” Whinston said. That hasn’t happened in the U.S., he suggested, because Google’s dominance—secured in part through default agreements—prevents other search providers from getting enough searches to improve their results.

5 DOJ says offering users a direct search choice rather than a default reduces Google’s dominance

Michael Whinston, an expert witness for the Justice Department, testified that users’ ability to opt out of de-

On Try Two, Jordan Gets Fewer Votes

Continued from Page One

Jordan, a veteran conservative whose legislative career has been largely defined by obstructing Republican leaders’ plans, was hit by 22 GOP defections Wednesday, more than the 20 he lost in the first ballot Tuesday. He can lose no more than four Republicans when all lawmakers are present and vote for a candidate, if all Democrats are opposed. “When you’re going in the wrong direction after two rounds, that’s obviously not a great sign,” said Rep. Mike Garcia (R., Calif.), who voted for Jordan.

Jordan’s allies, including McCarthy, said the Ohio Republican simply needed more time to gather support. “It’s all about stamina here,” said Jordan backer Rep. Scott Perry (R., Pa.), chairman of the hard-line House Freedom Caucus. “We know the right guy.” But other Republicans said it was time to move on to a new plan, with momentum building for a proposal to assign more powers to the speaker pro tempore, Rep. Patrick McHenry (R., N.C.), to get critical work done. “We haven’t accomplished a

damn thing in two weeks,” said Rep. Dave Joyce (R., Ohio), the chairman of the more-centrist Republican Governance Group who was preparing to introduce a resolution that would empower McHenry to bring bills to the House floor for a period. “That’s what I think is important—that we get back to opening this place up.” McHenry was chosen for the speaker pro tempore post by McCarthy under post-9/11 rules requiring the speaker to list a temporary replacement in case of a vacancy. For McHenry to bring legislation to the floor, many lawmakers and House rules experts believe the majority of the House would have to vote to give him that authority, a step once seen as unlikely but growing more viable. “My role here is to be determined, but I’ve constructed that as narrowly as the rules say I should,” McHenry said. Some Republicans said such a step would amount to a temporary Band-Aid. Any effort to expand McHenry’s authority would likely require bipartisan support to pass. House Democrats said the next step would depend on Republican moves to coalesce around an alternative plan. “We hope that they will come to us now that there have been two votes, and Jim Jordan has been unable to put it together, and find that bipartisan support,” House Minority Whip Katherine Clark (D.,



Rep. Jim Jordan, center, conferred with colleagues Wednesday on the House floor.

Mass.) said. Rep. Hakeem Jeffries of New York, the chamber’s Democratic leader, has suggested that Democrats might seek changes to House rules that would enable bills with significant bipartisan support to come up for a vote on the House floor more easily. The House currently has 221 Republicans and 212 Democrats. Many of the holdouts indicated that they remained staunchly opposed to electing Jordan as speaker. Some have

bristled at the pressure applied by supporters of Jordan, an ally of Donald Trump who was a “significant player” in his attempt to stay in the White House despite his 2020 presidential election loss, according to the House committee investigating the Jan. 6, 2021, Capitol attack. In social-media posts and phone calls, party chairs and leaders of grassroots groups have hounded and politically threatened lawmakers. Jordan opponents said the pressure was backfiring. Rep. Steve Womack (R., Ark.) said his staff has been “cussed out” by pro-Jordan callers. “We have a spine,” Rep. Don Bacon (R., Neb.) said. Late Wednesday, Rep. Marianne Miller-Meeks (R., Iowa), who voted for Jordan on the first ballot but not the second, said she received “credible death threats and a barrage of threatening calls.” Jordan said: “We condemn all threats against our colleagues and it is imperative that we come together. Stop

It’s abhorrent.” Republicans have also raised policy objections to Jordan. Womack was among a handful of GOP lawmakers on the House Appropriations Committee to vote against Jordan, saying his support for dramatic cuts of federal spending isn’t realistic when the Senate and White House are controlled by Democrats. Some of the Republicans who dropped their support for Jordan on Wednesday are long-time allies of Majority Leader Steve Scalise (R., La.), who withdrew his own candidacy last week, including Reps. Drew Ferguson (R., Ga.) and Vern Buchanan (R., Fla.). A total of four more Republicans voted against Jordan on Wednesday, but he flipped two to his column: GOP Reps. Doug LaMalfa of California and Victoria Spartz of Indiana. The overall tally was 199 for Jordan, 212 for Jeffries and 22 for other Republicans. The winner will need to win a majority of the House, or 217. If Jordan withdraws, lawmakers and aides said new candidates could include Rep. Bruce Westerman (R., Ark.), Republican Study Committee Chairman Kevin Hern (R., Okla.), House Republican Conference Vice Chairman Mike Johnson (R., La.), House Budget Committee Chairman Jodey Arrington (R., Texas) and Rep. Byron Donalds (R., Fla.). —Gabriel T. Rubin contributed to this article.

Household Net Worth Surged After Pandemic

By SARAH CHANEY CAMBON

U.S. families’ wealth surged in the years after Covid-19 struck, adding to signs of consumer strength that could help the U.S. economy shake off the bite from higher interest rates. Households’ median net worth, or wealth, climbed 37% from 2019 to 2022, after adjusting for inflation, according to the Federal Reserve’s Survey of Consumer Finances released Wednesday. That was the largest increase since the survey—which comes out once every three years—began in 1989. Rising home and stock prices that far outpaced inflation helped support the net worth increases. The rise in wealth was broad based across demographic and socioeconomic groups, in part reflecting the greater likelihood of middle-income and lower-income households to own stocks and homes last year than in 2019, Fed economists said. During the pandemic, consumers reaped big financial gains from the booming housing and stock markets, government stimulus and more time at home. That helps explain why they are still splurging even after the Fed raised interest rates to a 22-year-high. Robust consumer spending is lifting hopes the U.S. economy can avoid a recession.

Older Americans, in particular, have benefited from higher home values and stock-market gains, said Leo Feler, chief economist at market-research firm Numerator. That means they have less concern about saving more for the future, he said. “And that’s really what we’ve been seeing,” Feler said. “Seniors are living very well and they are going out and spending.” Other groups made steps forward as well. Black families saw the largest gains in median net worth, with their wealth rising 60% from 2019 to 2022. The economic gains for Black Americans contrast with their long, slow recovery from the 2007-09 recession. Still, large gaps persist. Black families’ 2022 net worth—at \$44,900—remained below other racial and ethnic groups. The net worth of white families was \$285,000 in the same year and Hispanic families’ net worth was \$61,600. Median income, before taxes and adjusted for inflation, rose a modest 3% from 2018 to 2021. Income gains were biggest among the top earners, which meant inequality widened. Americans in 2021 were still receiving some government stimulus payments—including expanded unemployment benefits, which likely influenced the survey data.



Households’ inflation-adjusted median net worth, or wealth, climbed 37% from 2019 to 2022, a survey says.

Household median net worth, by race or ethnicity

| Year | White | Hispanic | Black |
|------|----------|----------|---------|
| 1989 | ~150,000 | ~10,000 | ~5,000 |
| 1995 | ~140,000 | ~15,000 | ~8,000 |
| 2010 | ~170,000 | ~20,000 | ~12,000 |
| 2022 | ~285,000 | ~61,600 | ~44,900 |

Note: Inflation-adjusted to 2022 dollars
Source: Federal Reserve Survey of Consumer Finances

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U.S. NEWS

U.S. WATCH

ALABAMA Suspect Admits To Killing Holloway

The chief suspect in the 2005 disappearance of Natalie Holloway has admitted he beat the young Alabama woman to death on a beach in Aruba after she refused his advances, then dumped her body into the sea.

New details in the killing emerged Wednesday as Joran van der Sloot, now 36, pleaded guilty in federal court in Birmingham to extorting Holloway's mother. He sought a quarter of a million dollars to tell the family the location of their daughter's remains.

His confession appears to resolve the case. Van der Sloot's 20-year sentence for extortion will run concurrently with prison time he is serving for a murder in Peru.

—Associated Press

WASHINGTON, D.C. U.S. Sets \$3.5 Billion For Electric Grid

The Biden administration announced \$3.5 billion for 58 projects across the country to strengthen electric grid resilience as extreme weather events such as the deadly Maui and California wildfires continue to strain the nation's aging transmission systems.

Energy Secretary Jennifer Granholm said it was the largest federal investment ever in grid infrastructure, supporting projects that will harden electric systems and improve energy reliability and affordability.

The federal spending, combined with money promised by private partners, could result in up to \$8 billion in investments nationally to upgrade the grid, Granholm said.

—Associated Press

MAINE Crew Member Hurt In Cruise-Ship Blast

One person was injured and passengers were evacuated on Wednesday after an explosion in the engine room of a small cruise ship docked in Portland Harbor, officials said.

The injured person, a member of the crew, was taken to a hospital with serious injuries while 128 passengers were removed from the ship, a spokesperson for the Portland Fire Department said.

American Queen Voyages' Ocean Navigator, with a capacity of 202 people, had just docked when the blast happened around 7:25 a.m., officials said. A generator in the engine caught fire, officials said. Portland firefighters and the ship's crew quickly extinguished the blaze.

—Associated Press



CATCHING THE SUNRISE: Some started their fishing early in Isle of Palms, S.C., on Wednesday.

RICHARD ELLIS/ZUMA PRESS

Parents Buried in Group Texts

Continued from Page One juggling work and kids. Can't get to soccer in time for pickup? Send a text to the team's message group asking if another parent can make it. Need to vent about a rough day? Text sympathetic ears. Can't locate the permission form for the school trip? Yup, they have got you covered.

Yet in a recent survey of 1,000 people, 42% of Americans said group chats can feel "like a part-time job." Nuisances can include participants who reply to everything, or who use the chat like an Alexa device and ask random questions they could figure out themselves. Compounding the aggravation, the chats sometimes splinter into a flurry of side-messaging to complain about others in the main thread.

WhatsApp, which is owned by Facebook parent Meta Platforms, is one of the favorites

among parents because it allows as many as 1,024 participants in a single message group. That gives a lot of parents a chance to stream a lot of messages, which everybody feels obliged to scan for an emergency.

It isn't unusual for Michelle Yu to field 57 messages in a day from parents in three WhatsApp groups that revolve around her son, 5-years-old, and her daughter, 3. Yu now turns off her notifications and puts the phone in another room, checking messages only at certain times.

"I read the last one, and if

the world isn't on fire, I know I'm good," said Yu, founder of a Washington, D.C., firm that helps companies ease parents back to work after leave.

Westley Berman's text chain of seven mothers in her northern Chicago suburb pinged a string of nearly 30 notifications after one mom texted she had pinkeye. The chat turned into a forum of remedies and sympathy. Berman is all for commiserating, but why didn't people text the pinkeye victim directly rather than spam the whole group, she said. In response, she turned her phone off, put it in

a drawer and took her 8-year-old son and 6-year-old daughter on a bike ride.

"You're on track trying to get something done," Berman said, "and then everyone is commenting on pinkeye."

It is impossible to know where a phone ping is a school emergency or just someone in a group chat sending a heart emoji, making texts difficult to ignore. "People judge notifications and alerts as all having the same weight," said Nancy A. Cheever, a psychology professor at California State University, Dominguez Hills and an expert on smartphone addiction.

Vanessa Kroll Bennett is on five parent text chains for her four children: club soccer team, 20 participants; the school soccer team, 20; 8th-grade parents and parents of high-school seniors, 15 people; and the parents of her son's college friends, another 30.

As her children have gotten older, Bennett has learned that chat overload isn't the only plague. As teenagers, their "friendships change by the minute," she said, making it hard to keep track of which parents to collect into a useful chat group.

"The mom group chat that

worked a month ago to organize a birthday or a sleepover may not work any more," said Bennett, of Bedford, N.Y., and co-author of "This Is So Awkward," a book about adolescence. "You worry about putting the wrong comment in the wrong chain. That's my biggest fear."

Last year, WhatsApp introduced the "silent exit" feature, which allows participants to remove themselves from the chat without alerting others. That feature doesn't fix everything, such as the fear of missing out, better known as FOMO.

"I've had moments where I've considered asking them to start a new thread without me, but the next time they make plans they might forget about me. So I mute it until it passes," Bennett said.

Manhattan mother Lauren Smith Brody said her WhatsApp threads string a lot of different worlds: parents of the Jewish affinity group at her children's school, 6th-grade parents and playdate par-

ents—totaling more than 100.

Brody, who has two sons, 12 and 15, said she was tempted to mute the conversations and check them only every few days but worried she would miss something important. Her solution was to devise a buddy system among mothers in overlapping threads. They divide watch duties and send an alert about any big news.

"I'm scared to take myself off since it's a way of organizing the mental load around two different schools, two different grades and two different basketball teams," said Brody, founder

of The Fifth Trimester, an organization that promotes gender equality in the workplace.

Of course, when group threads spin out of control, there is side-text complaining.

Christina LoNigro, WhatsApp director of policy communications, a mother of two and a member of several mom chains said, "A friend once told me that if you don't have a side text it means someone is side texting about you."

One text after the next, at turns a convenience and a nuisance.



Vanessa Bennett juggles five text chains totaling 85 people.

PHOTO BY PHOENIX

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U.S. NEWS

More Dog, Cat Owners Resist Routine Shots

Infectious diseases now well controlled could spread among pets and humans

By Stephanie Armour

The antivaccination movement is spreading—to pet owners.

When Michele Bloom brought her Boston terrier puppy to the veterinarian, she worried about possible side effects.

“I told that lady, ‘No shots, you’re not sticking him,’” said Bloom, a child-care worker in Old Bridge Township, N.J., who was leery because her other terrier had an allergic reaction to a vaccine.

Researchers who have studied vaccine hesitancy since the onset of the Covid-19 pandemic say a growing body of evidence shows a surprisingly high level of mistrust among pet owners over vaccines for cats and dogs. Almost 40% of dog owners believe that canine vaccines are unsafe, more than 20% believe these vaccines are ineffective and 30% consider them to be medically unnecessary, according to a new study published in the journal *Vaccine*.

“We were shocked,” said lead author Matthew Motta, an assistant professor of health law, policy and management at Boston University. “In a world where mandates are being dialed back and more pets go unvaccinated, that’s a threat to our pets but also a public health threat to you and me.”

The resistance raises the risk that infectious diseases that are now well controlled could spread in canine and human populations. And while

vaccine hesitancy is as old as vaccines themselves—the inventor of the smallpox vaccine in the 1790s was met with resistance—skepticism about shots has spread with the rise of social media and the internet.

“We’re going to see more and more disease as we see vaccine compliance drop,” said Rena Carlson, a veterinarian and president of the American Veterinary Medical Association. “I saw a puppy come in with parvo and it was terrible. Vaccines can really prevent severe disease.” Parvovirus can cause lethargy, vomiting, bowel problems and a swift death.

Consider rabies. Before the 1960s, the majority of rabies cases were found in domestic animals, especially dogs, according to the Centers for Disease Control and Prevention. Widespread vaccination changed that. Today, 90% of reported cases are found in wildlife.

Seventy percent of dogs in a population should be vaccinated against rabies to prevent outbreaks, according to the World Health Organization.

Most states require rabies vaccines, but eight states only require rabies vaccinations for imported animals above a certain age, according to data from Michigan State University. Sixteen states have laws or regulations that allow owners to seek a medical exemption from having their dogs vaccinated for rabies.

A Georgia House bill introduced two years ago by Republican Rep. Stan Gunter would have provided exemptions from rabies if a veterinarian believed it would compromise a cat or dog’s health or wasn’t medically necessary.



FROM LEFT: LEONARD ORTIZ/ORANGE COUNTY REGISTER/JOHNA PRESS; MICHELE BLOOM



Veterinarians are finding more vaccine hesitancy among pet owners. Above, Michele Bloom, shown with her Boston terrier puppy, is worried about possible side effects from vaccines after another of her terriers had an allergic reaction.

A constituent had come to him about her older dog, worried that the shot could be fatal.

“I got it before the committee, but the veterinarians happened to be there that day, and they killed it; they were totally opposed,” said Gunter.

Misinformation and misperceptions are driving a lot of the skepticism, veterinarians say. Thirty-seven percent of dog owners believe vaccines could cause cognitive problems such as autism, according to the study in *Vaccine*. No scientific data exists that validates the risk for people or animals.

Other reasons might include problems affording veterinary bills.

Pet healthcare totals about \$36 billion of the \$130 billion-plus pet industry, according to the American Pet Products Association.

Vaccine hesitancy is giving rise to books such as “Stop the Shots! Are Vaccinations Killing

Our Pets?” There’s more interest in holistic veterinary practices and Facebook groups that advocate limiting or not giving shots to pets. There are also sessions for veterinarians about how to talk to pet owners who are leery of vaccines.

A pet owner in California with a Chihuahua said she always takes her dogs “off the system” because she said vaccines can cause cancer, seizures or death.

“You don’t have to vaccinate your dogs,” she said. “The main thing is if you get a new baby dog, don’t take him in to register and microchip and vaccinate.”

The American Animal Hospital Association, which sets canine-vaccination guidelines, says pets should receive core vaccines that are medically necessary, and some others based on the dog’s lifestyle, and that the benefits of vaccination outweigh the risks. The

American Association of Feline Practitioners recommends low-risk cats be vaccinated generally every three years with core vaccines.

Some vaccine-skeptic pet owners are searching out holistic veterinarians who focus on a more natural approach and alternative therapies such as massage and acupuncture for pets.

Dr. Michele Yasson, a veterinary homeopath in New Paltz, N.Y., said rabies and core vaccinations—followed by boosters in the initial series—are all that is needed for the life of a cat or dog. Core vaccinations are those that are recommended for every pet compared with noncore vaccines that might be needed based on lifestyle, such as cats that spend time outdoors.

Yasson said she uses titer tests, which measure concentrations of antibodies in the blood, to determine whether an animal is still immune.

“Personally I’m grateful for the vaccines, but I’d like to see them used judiciously,” said Yasson. “It shouldn’t be done in a cavalier way. Vaccine boosters are a huge basis for

the financial foundation of the veterinary industry.”

Routine “titer testing” to determine the need for boosters isn’t usually advised except in certain circumstances, such as when a dog has had an adverse response, according to the vaccination guide from the American Animal Hospital Association, a nonprofit that accredits animal hospitals. The organization says it can be difficult to interpret a titer and there are no values for protective titers in guidelines.

Many veterinarians have been changing booster schedules so they are less frequent, in the wake of studies that show immunity from vaccines often lasts beyond a year.

Researchers say the resistance also reflects the skepticism about medicine and science, particularly among Republicans or GOP-leaning voters, that has taken root since the start of the Covid-19 pandemic.

“People’s openness to medical expertise has become increasingly partisan,” said Motta, the assistant professor. “There’s a distrust of experts.”

Nearly 40% of dog owners believe that canine vaccines are unsafe.

FROM PAGE ONE

Netflix To Raise Prices

Continued from Page One a year earlier.

Co-CEO Greg Peters said Netflix expects further customer additions from its new password sharing limits in the next several quarters. There are still groups of borrowers the company hasn’t yet targeted, he said.

The resolved Hollywood writers’ strike and ongoing actors’ strike will result in lower content spending this year, Netflix said. It plans to invest about \$13 billion, rather than the roughly \$17 billion it expected to spend earlier this year. The company said its free cash flow for the year is likely to increase to \$6.5 billion, up from a prior forecast of \$5 billion.

“We want nothing more than to resolve this and get everyone back to work,” said Co-CEO Ted Sarandos.

He said a demand from the Screen Actors Guild-American Federation of Television and Radio Artists for a bonus pool tied to subscriber fees broke the momentum of the negotiations. SAG has said its members contribute to streamers’ success and should be able to share in it.

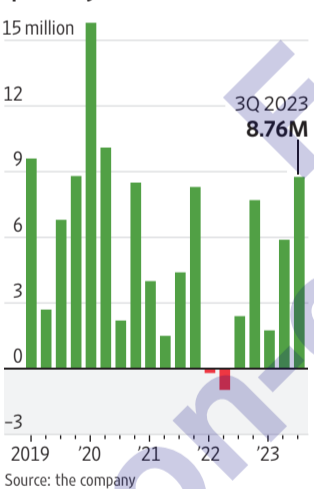
Netflix reported revenue of \$8.54 billion, roughly in line with its projections of \$8.52 billion and up 8% from \$7.9 billion in the third quarter last year.

Net profit rose 20% to \$1.68 billion in the third quarter, topping its forecast. The company’s operating margin during the period was 22.4%, slightly higher than its forecast.

Netflix said this year it will have more returning seasons than any other streamers, including hits such as “The Crown,” “Virgin River,” “Top Boy” and “Heartstopper.” It also announced a multiyear deal with Skydance Animation to make movies for Netflix starting in 2024.

Unlike its rivals, Netflix

Net new Netflix subscribers, quarterly



Source: the company

hasn’t raised prices over the past year. It internally discussed raising prices after the actors’ strike ends, *The Wall Street Journal* reported. Last week, talks between the Screen Actors Guild-American Federation of Television and Radio Artists and the studios broke down suddenly, and it is unclear when that strike might end.

The cost of major ad-free streaming services has gone up by about 25%, as entertainment companies look to bring their streaming platforms to profitability and lead price-conscious

customers to switch to their cheaper and more lucrative ad-supported plans.

Warner Bros. Discovery raised the monthly price of the ad-free version of its Discovery+ streaming service this month to \$8.99 from \$6.99, while the cost of its ad-supported platform remains unchanged at \$4.99 a month.

Netflix’s password-sharing crackdown and lower-cost ad-supported plan are part of an effort to attract new customers and boost the average revenue per user it generates.

The company’s ad business has so far grown slowly, with some advertisers clamoring for the company to offer them more scale before they commit to spending larger sums.

Netflix’s ad-supported tier accounted for 5.75% of U.S. subscribers as of September 2023, according to subscription analytics service Antenna, up from 3.3% at the end of June.

“It takes time to build a new business from scratch,” Netflix wrote in a letter to shareholders.

In the U.S., Netflix’s lowest-cost plan includes ads and costs \$6.99 a month for one user with limited features, and the company isn’t currently changing that price. Netflix’s standard plan costs \$15.49.

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—strategy+business, a pwc publication

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WORLD NEWS



JORDAN



TURKEY

Muslim World Angered After Explosion

Blast at Gaza hospital compound sparks widespread protests, mourning

By OMAR ABDEL-BAQUI

The explosion at a Gaza hospital Tuesday night set off a wave of protests across much of the Middle East and the broader Muslim world, some of them calling for death to Israel.

Hamas immediately blamed Israeli airstrikes for the blast at Al-Ahli Arab Hospital and said 500 people had been killed. Israel, the U.S. and independent security experts on Wednesday cast doubt on Hamas claims, saying the preliminary evidence points to a Palestinian militant group. The amount of damage also appears inconsistent with the Hamas-controlled Gaza Health Ministry's assertion on Wednesday that 471 people were killed, experts said. Some analysts believe the death toll was less than 100.

Anger nevertheless spread quickly throughout the region. Riots broke out near the Israeli embassy in Jordan, where millions of the Palestinian diaspora live and which has had diplomatic ties with Israel since the 1990s.

About 80,000 Turkish protesters descended on the Israeli consulate in Istanbul, some attacking security forces and attempting to enter the compound, according to authorities. In Iran, where the government has become the primary champion of the Palestinian cause, thousands of people across several cities demonstrated, including at the French and British embassies.

There were chants from



Protesters scuffle, top left, with Jordanian police in Amman. Top right, people took to the streets in Ankara, Turkey, on Wednesday. Above, demonstrators throw stones at Lebanese soldiers near the U.S. Embassy in Aukar, a suburb of Beirut.

protesters in Iraq and Iran on Tuesday night calling for the death of Israel.

Some governments, such as Turkey and Jordan, have declared days of mourning, and some shops in Jordan closed in solidarity with the Palestinians who were killed. The red, black, white and green flag of Palestine was carried by some protesters along with their own country's flag.

Despite emerging evidence that Israel wasn't responsible for the blast, analysts say it is unlikely to change minds in the Arab world, which largely

supports the Palestinians and is hostile to Israel.

The outrage over the blast creates a dilemma for some Arab leaders who had been exploring deeper ties with Israel and were seen to be sidelining a push for a Palestinian state, a cause that helped to shape the region's politics for generations.

Political analysts say the hospital explosion likely derails any diplomatic deal between Saudi Arabia and Israel. The U.S. and Saudi Arabia recently agreed on contours for the kingdom to recognize Is-

rael, with talks envisioned for the next several months.

Cinzia Bianco, a researcher focusing on the Gulf at the European Council on Foreign Relations, said she expects a Saudi-Israel deal would be shelved for years.

"Right now, it's politically impossible," she said.

Polling in 2022 by the Washington Institute think tank found that decisions by Arab nations such as the United Arab Emirates and Bahrain to establish diplomatic ties with Israel as part of the 2020 Abraham Ac-

cords were widely viewed unfavorably among people in Lebanon and Egypt and to a lesser extent, in Bahrain and the U. A. E—albeit without much commotion.

Amid the escalation in the recent conflict, citizens are watching their leaders' words about Israel closely and in some places becoming more vocal in their support of the Palestinian cause, analysts say.

"It's a once in a decade situation where I think (Middle Eastern leaders) want to be representing the majority of views in the population," Bi-

anco said. "I don't think they would go against the public at such a topical moment."

The U.A.E. blamed Israel for the hospital blast. Leaders in Jordan and Egypt—which both border and have relations with Israel—say they reject any attempts by Israel to displace Palestinians amid fighting. King Abdullah II of Jordan and Egyptian President Abdel Fattah Al Sisi both rejected the notion of accepting Palestinian refugees.

"For us in Jordan, any attempt to displace Palestinians means war," the country's foreign minister said. Sisi said if Palestinians are transferred to Egypt, "Sinai will be a base for operations against Israel and in this case, Egypt will be labeled as a base for terrorists."

Sisi suggested Israel move Palestinians affected by fighting in Gaza into the Negev Desert in southern Israel.

Tensions flared in the West Bank, sometimes violently, as Palestinians protested against Israeli strikes in Gaza and the Palestinian Authority's stance on the continuing war. Palestinian cities in the West Bank are governed semiautonomously by the Palestinian Authority. Hamas and Palestinian Authority leaders are political rivals, and the latter is widely seen as ineffective, corrupt and too close to Israel, which occupies the West Bank.

Palestinian Authority security forces fired at protesters and Palestinian militants in the West Bank, according to witnesses. One 12-year-old girl died during the confrontations, her family said.

—Suha Ma'ayeh, Aresu Eqbali, Elvan Kivircim and Fatima AbdulKarim contributed to this article.

Biden Says Gaza Aid Will Flow

Continued from Page One

"If Hamas confiscates them or doesn't let it get through...then it's going to end," Biden said, noting the United Nations was to handle aid distribution in Gaza.

The U.S. president also praised the Egyptian leader as "completely cooperative."

"The bottom line is that Al Sisi deserves some real credit," he said. He said his newly appointed envoy for the humanitarian effort, former ambassador to Turkey David Satterfield, had "my authority to do what is needed to get it done."

The Israeli prime minister's office earlier said Israel would allow humanitarian deliveries via Rafah, provided the aid didn't end up in Hamas's hands. The president also announced the U.S. would provide \$100 million in humanitarian aid to the people of Gaza and the West Bank.

In less than eight hours on the ground in Tel Aviv, Biden met with senior Israeli leaders and gave remarks, but didn't meet with Arab leaders after a summit in Amman, Jordan, was canceled in the wake of the Tuesday blast in Gaza.

The explosion at the Al-Ahli Arab Hospital in Gaza has sparked protests around the Middle East and prompted

Arab leaders to cancel their planned meetings with Biden. Hamas and the Palestinian Authority blamed the explosion on an Israeli airstrike.

Israel, the U.S. government and independent security experts cast doubt on the claims that Israel was responsible, saying the preliminary evidence pointed to a local militant group, Palestinian Islamic Jihad.

The Gaza Health Ministry said on Wednesday that the blast killed 471 people. The death toll hasn't been independently verified. U.S. officials say that the death toll is likely between 100 and 300 people.

Biden reiterated on Wednesday the U.S.'s unwavering support for Israel following the Oct. 7 assault on the country by Hamas militants.

"The fact is that Israel, as they respond to these attacks, has to continue to ensure you have what you need to defend yourself, and we're going to make sure that occurs," Biden said at his meeting with Netanyahu, who greeted him at the airport.

"I want to thank you for coming here today and for the unequivocal support you're giving Israel over these trying times," Netanyahu told Biden.

Biden plans to deliver a foreign-policy address to Americans on Thursday night.

The U.S. president's high-stakes trip to the Middle East had begun to splinter before he even left Washington. The leaders of Egypt, Jordan and the Palestinian Authority, blaming Israel for the hospital blast, pulled out of a planned



President Biden stressed U.S. support for Israel in talks with Prime Minister Benjamin Netanyahu.

summit with Biden in Jordan in protest against U.S. support for Israel.

Biden and his entourage touched down amid a political maelstrom, with street protests raging in cities across the region and anger directed at the U.S. over its backing of Israel. The tumult threatened to undermine Biden's efforts to free hostages and create safe passage out of Gaza for foreign nationals.

At a demonstration outside the Israeli Embassy in Amman, protester Amir Abu Mayaleh said: "He should not come here to Jordan. The U.S. Embassy is not welcome here, because they support Israel."

Biden sought to combine messages of staunch support for Israel with an appeal to uphold humanitarian stan-

dards and minimize the civilian death toll in Gaza.

"The world is looking. Israel has a value set, like the United States does and other democracies and they are looking to see what we are going to do, to the people of Israel, their courage, their commitment, their bravery is stunning, it's really stunning—I'm proud to be here," he said in Tel Aviv.

Netanyahu said Israel is doing everything it can to keep civilians out of harm's way, but added that "this will be a different kind of war, because Hamas is a different kind of enemy."

Biden's visit came as Israel is preparing an expected ground assault into the Gaza Strip that Israeli officials said will aim to remove Hamas

from power. A land incursion into Gaza is likely to significantly raise the death toll of the current war, which is higher than any in Gaza in the past two decades.

Israel hasn't yet laid out how it will use military power to accomplish its political aim of toppling Hamas, nor what its plans for Gaza are after the fighting ends.

On the return trip home later, Biden said U.S. and Israeli officials had had a long discussion, including between military leaders, about "alternatives" to a ground invasion of Gaza.

In Israel, Biden also met with families of victims in the Oct. 7 attacks, as well as Israeli first responders. "We're working with partners throughout the region, pursu-

ing every avenue to bring home those who are being held captive by Hamas," he said on a stage bearing U.S. and Israeli flags.

Eli Beer, president of the United Hatzalah, a volunteer organization that provides emergency medical services, told Biden: "You've uplifted the whole spirit of this country and all the Jewish people in the world."

Biden said he hasn't lost sight of the idea of Israelis and Palestinians living together in peace and backed the so-called two-state solution that would create a Palestinian state alongside Israel.

As concerns intensify that the conflict could spread through the region, the U.S. hopes Biden's trip will serve as a warning to any third parties—whether they are other countries like Iran or militant groups such as Lebanon's Iran-backed Hezbollah—that the U.S. was prepared to act if they join the conflict.

In a sign of growing tensions between Tehran and Washington, the U.S. has shelved planned indirect talks with Iran, people with direct knowledge of the talks said. U.S. officials had said before the Hamas attacks on Israel that those talks, which would have touched on Iran's nuclear program, were due to take place this month in Oman.

A State Department spokesman didn't confirm that, but said Washington has "nothing to preview."

—Sabrina Siddiqui, Vivian Salama, Laurence Norman and Summer Said contributed to this article.

WORLD NEWS

Blast Stuns Doctors: 'No Place Is Safe Now'

BY CHAO DENG AND MENNA FAROUK

As news of a deadly explosion in a Gaza hospital compound spread across the Palestinian enclave, doctors at the nearby Shuhada Al-Aqsa hospital wondered whether to evacuate staff, patients and the hundreds of people who had taken refuge there.

"Where could we go? No place is safe now," said Abdel Rahman Bassem, a 24-year-old intern. The doctors and patients remained.

Hundreds of people died in Tuesday night's blast at the Al-Ahli Arab Hospital compound, according to Gaza's health ministry, which is run by Hamas.

Tens of thousands of Palestinians have flocked to hospitals for refuge, even as the facilities overflow with patients injured by airstrikes that have come in the wake of Hamas's Oct. 7 attack on Israel.

The World Health Organization has documented 57 attacks on healthcare facilities, resulting in the deaths of more than a dozen healthcare workers and damage to more than two dozen hospitals, ambulances and other medical facilities. The Israeli military says its airstrikes target Hamas's personnel and military assets, and that it warns civilians before targeting areas.

More than 1,000 people are on the Shuhada Al-Aqsa hospital premises, according to doctors. Some hospitals, including the Al-Ahli Arab Hospital, are hosting thousands, while Gaza's largest hospital, Al-Shifa, is sheltering more than 35,000, hospital managers estimate.

Gaza's healthcare system was buckling even before the war. Hospitals were in short supply of medicine and equipment. Since Israel's 2007 blockade on the strip, cancer patients, pregnant women and the seriously ill have struggled to get the permission needed to leave Gaza and see doctors elsewhere.

"The blockade had signaled a death sentence for many," said A. Kayum Ahmed, a special adviser at Human Rights Watch who has been tracking Gaza's hospitals. "Now it's turned into a complete catastrophe."

Many of those injured in Tuesday's explosion were rushed to nearby Al-Shifa hospital. There, the strip's most serious cases already had overwhelmed medical staff. About 250 beds were added to its normal capacity of 500, but more were still needed.

"I've never worked in a war more difficult than this one," said Al-Shifa head Mohamed Abu Salmiya. "No hospital can tolerate this."

On Tuesday, doctors at his hospital were forced to ampu-

tate all of a young girl's limbs to save her life. It was one of 250 surgeries the hospital was performing every day. Even though the WHO and hospital administrators were directing Gaza's last supplies of fuel to Al-Shifa, the hospital needed 40,000 liters of fuel every day and was constantly on the verge of running out.

In southern Gaza, Mohamed Zaqout, a hospital administrator and pediatrician, has worked around the clock to tend to casualties arriving at Nasser Hospital in Khan Younis. "It's not easy to rest or sleep with all this happening around you," he said.

Zaqout says he had to let patients with more serious wounds die to focus on those he can save. He said he was trying to arrange a surgery for a 2-year-old girl who arrived on Monday with a knee that was smashed, her thigh bone fractured and exposed. "She might end up amputated," he said.

At Shuhada Al-Aqsa hospital, a blast had gone off in the back of their own facility, just hours before the Al-Ahli explosion, stirring the staff's concerns.

Bassem, the intern, and his colleagues had been struggling with a lack of medication, bandages, ventilators and other supplies. "There's a shortage in everything you can imagine," he said. "We're just try-



People identify a victim of the explosion at the Al-Ahli Arab Hospital in the Gaza Strip.

ing to do basic life support."

The hospital has received 1,700 wounded patients and more than 600 bodies since the start of the war, according to Shuhada Al-Aqsa hospital spokesman Khalil Al Dokran.

One boy who arrived Tuesday was covered with blood and dust, crying for his parents and confused about where he was. The staff determined that he was suffering from a brain hemorrhage and needed a ventilator to stay alive.

Bassem went to the ICU to see if there were any machines available. All four ventilators there were occupied, including one by a man who was suffering from a fractured skull and internal hemorrhaging. He would need several surgeons to operate on him to survive, so Bassem decided to pull him off the machine and give it to the child.

As soon as the child was stable, Bassem went to find out who the little boy was. People outside the emergency room told him his name was "Muath" and that his father had just died. It was the man Bassem had pulled off life support.

"I saved the child, but killed the father," he said. "I know I didn't kill him, but that's exactly what I felt."

Outside the hospital, men bow their heads before dead bodies wrapped in white cloth. Patients with bandaged limbs lie on wooden beds. Ambulances pull up nonstop.

Mohanad Al Salloul, 22, waited for hours last weekend before medical staff could look at his injury. He had been sitting in his home in the Nuseirat refugee camp on Sunday when a loud explosion went off at his neighbor's house. He

ran out to see what happened. Shrapnel hit his foot.

Al Salloul was still trying to recover in the hospital's courtyard, because the facility was crowded and had a strong stench of blood. "There were flies everywhere," he said.

In southern Gaza, the Abu Yousef Al-Najjar hospital had about 2,500 liters of fuel left on Tuesday, enough to power the intensive care unit for two to three days, said Marawan Shafik, head of the hospital.

Ibrahim Mohamed Al Shamali, 34, had transported five dead bodies to the hospital, after an airstrike hit his uncle's house on Tuesday. Al Shamali's wife, his children and uncle were killed. "I do not know what we did to deserve this," he said.

—Anas Baba contributed to this article.



Palestinians carry their belongings Wednesday as they leave blast-damaged Al-Ahli Arab Hospital in Gaza.

Experts Doubt Israel Hit Hospital

Continued from Page One
ence indicating that the blast at the hospital in Gaza was caused by the militant group Palestinian Islamic Jihad, U.S. officials said, buttressing Israel's contention that it wasn't responsible for the blast. Palestinian Islamic Jihad rejected the accusation.

A video verified by The Wall Street Journal recorded a shrieking sound and the explosion that followed.

Washington's assessment that Israel wasn't behind the blast drew, in part, on communications intercepts and other intelligence gathered by the U.S., defense officials said.

"The U.S. government assesses that Israel was not responsible" for the explosion, White House National Security Council spokeswoman Adrienne Watson said. The assessment is based on intelligence, missile activity, overhead imagery, and open source video and images, she said.

She added: "Intelligence indicates that some Palestinian militants in the Gaza Strip believed that the explosion was likely caused by an errant rocket or missile launch." The U.S. continues to collect information on the incident, she said.

Watch a Video

Scan this code for a video of the moment of the blast at the Gaza hospital.

The Republican and Democratic leaders of the House and Senate intelligence committees said they had been briefed on the intelligence related to the blast and concluded it wasn't the result of an Israeli military action.

The small size of the open area where the explosion occurred, coupled with limited shock-wave damage, was inconsistent with the death toll claimed by the Gaza Health Ministry, several open-source intelligence analysts said.

Photos and videos taken at the site of the blast show a shallow crater in the parking lot outside, and that the hospital compound's buildings hadn't sustained major damage.

"At the moment, the preponderance of evidence does point to it being a Hamas or PIJ rocket hitting the area," said Blake Spendley, an open-source intelligence analyst.

A silent video shown in a livestream from Al Jazeera captured a blast and fire at the hospital.

Palestinian claims that Israel was responsible were echoed by several Middle Eastern governments, sparking angry street protests across the region and complicating a visit to Israel by President Biden. Those claims risked draining whatever sympathy Israel might have had in the region from Hamas's Oct. 7 attack on Israel, which caused the single biggest loss of Jewish lives since the Holocaust.

Biden, during his visit, said Israel's version of events appeared more accurate based on information he had from the Defense Department.

"Based on what I've seen, it appears as though it was done by the other team," he said. "But there's a lot of people out there not sure, so we've got a

lot—we've got to overcome a lot of things."

Later, aboard Air Force One, Biden said he understood why people in the region wouldn't believe Israel, adding he wasn't suggesting the Palestinians intentionally targeted the hospital. "It's not the first time Hamas has launched something that didn't function very well," he said.

Israel offered on Wednesday what it said was proof that it wasn't responsible for the incident, which it said was caused instead by an errant rocket fired from within Gaza by Palestinian Islamic Jihad.

Rear Adm. Daniel Hagari, Israel's chief military spokesman, told a news conference that there had been no Israeli strike in the hospital area. Hagari shared what he said was an intercepted conversation between two unidentified Hamas operatives saying the rocket was fired by militants from a cemetery near the hospital.

Hagari said the blast took place in the parking lot of the hospital and that the hospital building itself didn't suffer structural damage. He shared a photo of the burned-out parking lot, saying there was no deep crater at the site of the blast to indicate an aerial strike. Hagari said the rocket's residual propellant—fuel that boosts the rocket toward its destination—explains why the explosion was so powerful.

A shallow crater in a parking lot, which appears in a video of the site Wednesday, was cited by Israel as evidence that the blast wasn't an airstrike.

Spendley said that kind of damage appeared more consistent with a fireball from a rocket rather than the kinds of weapons that Israel's air force uses, such as Joint Direct Action Munition, or JDAM,

guided bombs. "Something like a short-range rocket will cause more fire," he said. "With something like a JDAM you will get a lot of blast energy, and not as much energy wasted in heat or fire or light."

Other analysts agreed. Knights said the scene showed it "very clearly was hit by a rolling fireball." The most plausible cause for that, Knights said, is rocket fuel, consistent with the Israeli explanation that a rocket misfired.

A definitive conclusion, Spendley said, would require postmortem analysis of victims and other forensic field work that is unlikely to occur given Gaza's current conditions.

Islamic Jihad accused Israel of wanting to "evade its responsibility for the brutal massacre it committed."

Shortly after the explosion, Palestinian Ambassador to the United Nations Riyad Mansour rejected Israeli claims that it wasn't responsible. "Now they change the story to try to blame the Palestinians. It is a lie," he said. Hamas also blamed the blast on Israel.

Protests erupted in Iran, Jordan, Kuwait, Egypt, Lebanon and Tunisia, among other countries, underlining a deep suspicion of Israel's assertions.

The war is shaping up as one of the deadliest rounds of violence between Israelis and Palestinians. Some 1,400 Israelis were killed in the Hamas attack, and at least 200 hostages were taken to Gaza. Before the hospital blast, 3,000 people had been killed in Gaza, according to the Hamas-run Health Ministry.

—Summer Said, Daniel Michaels, Vivian Salama, Michael R. Gordon, Chao Deng, Fatima AbdulKarim and Dov Lieber contributed to this article.

U.S. Grandmother Strives to Flee Gaza

BY ANAS BABA AND STEPHEN KALIN

RAFAH, Gaza Strip—When Israel's retaliatory airstrikes on Gaza started last week, retired American schoolteacher Wafa al-Saqqa, who had come to visit her ailing father, resolved to stick it out, figuring his upscale northern neighborhood was unlikely to be targeted.

Then her brother-in-law was killed and bombs destroyed her sister's home and Saqqa decided she should leave. She headed south toward the Egyptian border, hopeful that as an American citizen she would be allowed to leave. Her father, who needs oxygen and can't travel, had to stay behind.

But complex U.S. diplomacy with Israel and Egypt aimed at opening the Rafah border crossing on Gaza's southern border with Egypt keeps stalling.

"My heart is aching for my family who were scattered," Saqqa said, clutching her U.S. passport and voter-registration card. "All I want to do is to help my family and go back to my husband and my kids and my grandson."

Washington estimates that there are between 500 and 600 U.S. citizens in Gaza.

Once Saqqa reached the southern Gazan city of Khan Younis, she thought she was out of at least immediate danger as the Israeli military focused strikes on the north, and later asked civilians to evacuate to the south. But the next day, she said, an airstrike hit a nearby building where dozens of other displaced people had taken shelter. "Everybody's screaming, yelling and we were holding each other not knowing what's happening," she said.

Young men rescued an older woman who survived inside a bathroom, she said. They pulled corpses of children from the rubble and covered them with wedding dresses taken from a damaged shop nearby, she said.

Days later, the U.S. Embassy in Israel issued an alert for

Americans in Gaza, citing media reports that the border with Egypt was expected to open at 9 a.m. "If you assess it to be safe, you may wish to move closer to the Rafah border crossing," the message said early Monday.

"How the hell I'm going to assess my own safety?" said Saqqa. "According to what? To the bombs and to missiles going down? Or to the number of people that are being killed?"

Diplomats with whom Saqqa spoke at the embassy encouraged her to try to cross the border, but said they couldn't guarantee it would open or for how long. Saqqa shared a taxi to the border with other dual nationals, but when they arrived it was still closed. She waited in a coffee shop without water, electricity or internet.

Hundreds of other civilians holding U.S. and other foreign passports camped out in a parking lot with their luggage, watching for any sign of movement from the dozens of trucks lined up on the Egyptian side to bring in food, water, fuel and medical supplies.

Hours passed, but the crossing never opened. The U.S.-brokered deal was held up by Israeli concerns about arms smuggling and Egyptian concerns that Israel hadn't given assurances it would pause airstrikes.

By the end of the day, the notice that the U.S. Embassy had posted to its website about the border opening had been removed. Saqqa returned to her relative's home. Moments later, a blast hit a parking lot near the border crossing, reportedly hurting no one but causing damage that could impair its use.

After meeting for more than seven hours on Monday with Israeli Prime Minister Benjamin Netanyahu, Secretary of State Antony Blinken said the two countries had agreed to develop a plan to get humanitarian aid to civilians in Gaza, but didn't address the plight of Americans stuck inside.

"I'm just sitting here waiting, and it's like a ticking bomb," Saqqa said.



Wafa al-Saqqa was visiting her ill father when war broke out.

WORLD NEWS

Xi Doubles Down on Belt and Road Initiative

Chinese leader, Putin tout trillion-dollar project at summit West largely shuns

BY BRIAN SPEGELE AND WENXIN FAN

BEIJING—With one war raging in Ukraine and another unfolding in the Middle East, Chinese leader Xi Jinping is promoting his signature foreign-policy project as a force for unity, cooperation and prosperity around the globe.

At a summit convened here to celebrate the Belt and Road Initiative, a crucial part of China's rivalry with the West, the picture looked more fractured. The prominence given to Russian President Vladimir Putin at the summit, and the near absence of Western representation among the roughly two dozen world leaders who attended, underlined how geopolitical divisions have deepened since Xi proposed the Belt and Road idea a decade ago.

Fissures that ramped up with Russia's invasion of Ukraine are becoming even more stark as the crisis in the Middle East unfolds. The war between Israel and Hamas has stretched American and European resources while relieving pressure on Russia and prompting China to align itself more closely with the Palestinian cause.

During a keynote speech inside Beijing's Great Hall of the People on Wednesday, Xi positioned China as a leader of a new, more inclusive global order and promised that his country's rise would benefit all that wanted to participate.

"We don't do ideological confrontation, we don't do geopolitical rivalry and we don't do bloc politics," he said, taking aim at unilateral sanctions, economic decoupling and other tools Beijing accuses the U.S. of exploiting to contain its rivals. "What has been achieved in the past 10 years demonstrates that Belt and Road cooperation is on the right side of history."



Russian President Vladimir Putin, left, with Chinese leader Xi Jinping, had a prominent role at a Beijing infrastructure summit.

Invited to speak directly after Xi, Putin praised what he said were the trillion-dollar infrastructure program's efforts to build a "fairer, multipolar world and system of international relations," Chinese state broadcaster CGTN reported.

Originally envisaged as a way to promote infrastructure development to better link China to Central Asia and beyond, the initiative has faced criticism from Western governments for piling what they say are unsustainable debt loads on some participant countries.

Xi didn't directly address the debt criticism in his speech on Wednesday. Instead, he spoke in broad terms about how China's rise benefits other countries.

"When China does well, the world will do even better," Xi said. "Through Belt and Road cooperation, China is opening its doors even wider to the world."

Amid the war in Ukraine and an outstanding arrest warrant against him by the International Criminal Court,

Some Lose Enthusiasm for Massive Infrastructure Plan

There is evidence that, in some ways, enthusiasm for the Belt and Road Initiative is waning. This year, roughly two dozen heads of state or government have attended the Beijing summit, compared with the 37 who participated in the latest such forum in 2019.

Other governments, such as Afghanistan, sent lower-level officials. The Taliban dispatched the country's acting minister of industry and commerce.

Noticeably absent from this year's forum is almost all representation from the European Union. Hungary's Prime Minister Viktor Orbán was the only head of an EU member state to attend this year's gathering.

Leaders from Greece, Italy and Portugal attended the 2019 meeting.

And while the Belt and Road Initiative was once focused on China helping to finance and build large-scale infrastructure, it now appears to be shifting toward smaller, more commercially oriented projects, analysts who follow the initiative say.

Putin's attendance at this year's forum reinforced China's economic and diplomatic support for the Russian leader even as he has become a pariah in the West.

In response to Western sanctions against Russia following Putin's invasion of Ukraine, trade ties between Russia and China have surged, as Russia has increasingly turned to China to source technologies and machinery it

struggles to get elsewhere. As Russia contends with economic isolation from the West, Putin in his speech invited Belt and Road countries to take part in developing what is known as the Northern Sea Route, which runs through the Arctic from northwestern Russia to the Bering Strait. The route cuts the shipping distance to China and avoids the chokepoints of the Suez Canal and Malacca Strait.

While Russia has previously sought to frustrate China's ambitions in the Arctic, Putin sounded a more welcoming note in his speech in Beijing. "We invite interested states to directly participate in its development," he said of the Northern Sea Route.

In a meeting between Xi and Putin on Wednesday, their 42nd since 2013, the Chinese leader praised what he said was a "good working relation-

China's Economy Faces Long-Term Woes

BY STELLA YIFAN XIE

HONG KONG—China's economy is shifting into a lower gear, with the property market that long fueled China's growth mired in a prolonged downturn.

The struggling economy showed some signs of life on Wednesday, with strengthening retail sales helping to drive growth to a faster-than-expected 4.9% in the third quarter.

The data suggest that recent stimulus measures, including interest-rate cuts and steps to encourage home sales, have helped stabilize the economy, putting it on track to hit Beijing's official growth target of around 5% this year. The report allayed, at least temporarily, fears of a worsening economic crisis.

Still, economists warn China's economy remains fragile and its long-term prospects are darkening. In recent weeks, a bevy of economists have lowered their forecasts for China's longer-term growth trajectories, even as they raised their shorter-term predictions.

The International Monetary Fund this month lowered its forecast for China's growth next year to 4.2%, down from 4.5%. The IMF projected Chinese growth would drop to 3.7% in 2027 in its latest economic outlook report, down from a forecast of 4.6% in its report last October.

Oxford Economics, a U.K.-based research firm, last week revised its expectations for growth over the next five years to around 4%, down from 4.5% previously. Even more pessimistic is Morgan Stanley, where economists said in a September report that they expect China's growth to slow in the coming years, dropping to 3% by 2030.

"If investors want to worry, worry about the long term, not the short term," said Derek Scissors, a senior fellow at the American Enterprise Institute, a conservative think tank in Washington.

The rapidly deteriorating growth trajectory has implications for one of Chinese leader Xi Jinping's long-cherished political goals—seeing the Chi-



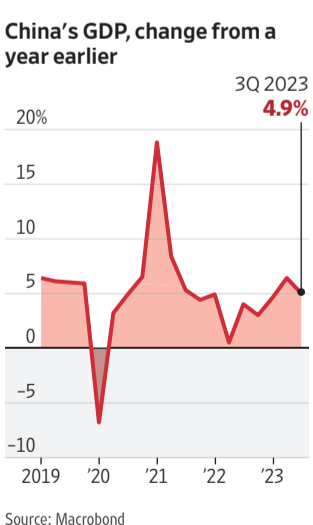
Retail sales helped drive growth, but economists warn long-term prospects are darkening.

nese economy surpass the U.S.'s in overall size. For many economists, the question had long been a matter of when, not if, the Chinese economy would surpass that of the U.S. As recently as 2021, when China's hard-line approach to containing the Covid-19 pandemic allowed it to enjoy a rebound, many economists were moving forward their timelines.

Now, many economists have shifted their timelines back again—and many no longer think China will eclipse the U.S. at all.

Economists pointed to a range of factors, including an extended hangover from the effects of Xi's zero-Covid policies, rising geopolitical tensions with the U.S. and delays by Chinese policy makers in addressing some of the country's structural imbalances.

One of the biggest factors, though, is the unraveling of the property sector that has fueled its growth for decades. Home sales remain in the doldrums despite provincial and local governments loosening restrictions and implementing other favorable policies to entice buyers. In the long run, an aging population and already elevated homeownership could undercut demand.



shown fresh signs of distress. On Wednesday, Country Garden, once considered one of the country's most stable developers, missed a final deadline to make an interest payment on a dollar bond.

There are signs that recent easing policies are losing their potency. New home prices in 70 major Chinese cities fell at a faster pace in September, and more cities reported price declines compared with August, China's statistics bureau said Thursday.

As a share of GDP, Chinese local governments' fiscal resources—which rely heavily on home sales—have deteriorated to their worst level in over a

decade, said Adam Wolfe, emerging-market economist at Absolute Strategy Research, who argues that local governments may be forced to slow their investments in infrastructure projects and cut back on industrial subsidies as a result. "The overall drag on growth could be more severe next year," said Wolfe, who predicts that growth may slump to 3% or less in the coming years.

There is an emerging consensus among economists that another significant factor in China's darkening outlook is the residual impact from strict Covid lockdowns. Some are beginning to question whether China's economy will ever return to the levels of activity it saw before the pandemic.

Various indicators show that economic activities, including investments and industrial output in China have stabilized at around 5% below the prepandemic trend, said Louise Loo, lead economist at Oxford Economics. "This all suggests a bigger-than-expected permanent output loss to the economy, likely due to a structural shift in spending and investment patterns," she said last week.

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Pentagon Says Beijing Harasses Patrol Planes

BY ALASTAIR GALE

Chinese jet fighters have performed reckless maneuvers close to American and other military aircraft almost 300 times in the past two years under a centrally directed campaign of coercion, the Pentagon said.

Offering new video footage and photos, the U.S. gave the most detailed account yet of dangerous encounters involving Chinese jet fighters and leveled its most direct accusation that senior Chinese leaders are orchestrating the incidents.

In maneuvers over the East China Sea and South China Sea this summer, one Chinese jet fighter deployed flares near a U.S. aircraft and another performed an aerobatic roll around a U.S. aircraft. Several flew as close as a few dozen feet to U.S. planes, according to the accounts, images and video from the Pentagon.

American military officials say aggressive behavior by Chinese fighter pilots reflects a pattern of increasing assertiveness by China across the Asia-Pacific region. Beijing has clashed with India over land-border claims, swarmed jet fighters and warships near Taiwan and triggered confrontations with Philippine coast-guard ships.

More than 180 of the close encounters with jet fighters have involved American aircraft over the past two years, but China has confronted other nations as well. On Monday, a Chinese jet fighter flew close to a Canadian patrol aircraft over the East China Sea and released flares, according to video footage of the incident.

Canada's defense minister called the Chinese action dangerous and reckless, while a Chinese Foreign Ministry spokeswoman said Canada

ship and a deep friendship" with Putin, Chinese state media reported.

"The Chinese side supports the Russian people taking the path of their own choice for national rejuvenation, defending national sovereignty, security, and development interests," Xi told Putin, according to Chinese state media.

The Chinese state-media readout didn't mention Ukraine specifically, but said the two leaders discussed the situation between Israel and the Palestinians. Putin said the meeting with Xi ran for three hours, during which he provided a detailed update to Xi about the situation in Ukraine.

Under the difficult current circumstances, China and Russia should closely coordinate their foreign policies, Putin told Xi, Russian state media reported.

Russia has previously praised China's official position on the Ukraine war, with Beijing taking the view that the security interests of all parties must be taken into consideration in seeking a resolution to the conflict. That position, Western analysts said, lends weight to the Russian stance that external security threats meant it had no choice but to invade Ukraine.

There was no immediate word of a breakthrough on long-running negotiations for a new natural-gas pipeline linking Russia and China, dubbed the Power of Siberia 2. The pipeline would traverse Mongolia and bolster Russian gas sales to China, further reorienting Russia's energy industry toward Asia and away from its traditional reliance on Europe.

In a meeting with Mongolia's president in Beijing on Tuesday, Putin said he thinks the project will move forward with good momentum, Russian state media reported.

Watch a Video

Scan this code to watch a video on Putin and Xi's summit in Beijing.

Pilots on U.S. aircraft say provocative actions are common.

Sea in February that The Wall Street Journal joined, the pilots repeatedly sought to make contact with a nearby Chinese jet fighter, without response. At the Pentagon on Tuesday, Ely Ratner, assistant secretary of defense for Indo-Pacific security, said the episodes were part of a "centralized and concerted campaign" to try to force the U.S. and its allies into curtailing military flights through international airspace near China. He said the American military wouldn't be deterred. The U.S. will "continue to fly, sail, and operate safely and responsibly, wherever international law allows," Ratner said. China's Defense Ministry didn't respond to a request for comment. The defense minister said in June that if other countries wished to avoid risky encounters, they should stop conducting reconnaissance operations near China.

"has sent warplanes halfway around the world to stir up trouble and make provocations at China's doorstep."

U.S. patrol aircraft frequently fly around the South China Sea and East China Sea on what the U.S. calls freedom-of-navigation operations designed to challenge Beijing's claims of control.

Pilots on American patrol aircraft say provocative actions by Chinese fighter pilots are common and often accompanied by radio warnings from Chinese ground stations to stay away from sensitive areas, such as artificial islands in the South China Sea where Beijing has built military facilities.

American pilots say they often have trouble figuring out whether the Chinese jet fighters are following a predetermined course of action and how close they intend to get. On an American patrol flight over the South China Sea in February that The Wall Street Journal joined, the pilots repeatedly sought to make contact with a nearby Chinese jet fighter, without response.

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THE WALL STREET JOURNAL.

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Back at the Office for a Pit Stop? ‘Coffee Badging’ Carries Job Risk

Briefly showing your face fulfills a requirement, but bosses favor workers who stay all day



ON THE CLOCK
CALLUM BORCHERS

A cup of coffee in the majors is the term for a short baseball career in the big leagues. Now some white-collar workers are leaving the office almost as soon as they arrive and calling the practice “coffee badging.”

The difference is the ballplayer wishes he could stay; the people ditching their desks would rather not show up in the first place.

We’ve entered the gamesmanship phase of the return-to-office battle between bosses and their subordinates. Instead of ignoring in-person mandates, as many people did when enforcement was lax, some are finding ways to follow the letter, but not the spirit. They’re going in on days when most co-workers don’t, taking off early and creating afternoon dead zones or, in the extreme, barely clocking in at all.

Many companies’ policies require employees to work a certain number of days in person without specifying the hours. People can make brief appearances, long enough to be seen by execs and

satisfy heightened monitoring, then bolt. It’s the grown-up version of signing a professor’s attendance sheet before ducking out of the lecture hall (not that I ever did that).

Coffee badging seems like a way to hack the RTO system, but there are flaws, not the least of which is the term’s fuzzy etymology. Urban Dictionary says the badge in the name is the building-access card that a worker uses to swipe into the office just long enough to sip a mug of joe; others say that’s too literal and claim the badge is actually an imaginary award for showing face—like a Boy Scout merit badge pinned in the boss’s mind instead of on a sash.

Never trust your professional fate to a buzzword. Remember how quiet quitting soon became quiet firing? Just because everybody else is doing it doesn’t mean there won’t be consequences down the line.

“It’s highly likely that you’re headed for a mediocre career,” warns Keith Styracula, founder and chief executive of Glasstower Digital, a financial technology firm in Greenwich, Conn. “Face time and



Keith Styracula, a fintech founder, says face time is key to advancing.

fied people are up for big assignments or promotions it is still managers’ natural impulse to favor those they know best.

In a recent survey of U.S. chief executives by KPMG, almost two-thirds said they envision employees working in offices full-time three years from now, and 90% said they’ll reward office goers with favorable assignments, raises and promotions.

Bailing out of the office early may bring the thrill of bending the rules, though managers are bound to notice if people are habitually absent in the afternoon. More companies are

playing the political games are sometimes as important as merit. That’s just the way American corporate culture works.”

Styracula says the business environment has changed somewhat since he was a young banker at UBS and JPMorgan Chase, but one thing hasn’t: When similarly quali-

starting to track whether employees swipe into the office, as well as how long they stay. Businesses that initially embraced remote work are calling employees back to offices, at least part-time. In one of the stiffest new policies, the gaming company Roblox this week told some remote workers to

move close enough to an office to show up Tuesday through Thursday or take a severance package.

Annie Lowe became the digital equivalent of a poster child for in-office effort earlier this year. An executive at Dandy, the dental technology company where she works as a sales representative in Lehi, Utah, praised her on LinkedIn for being at her desk early in the morning.

A post with a photo of Lowe surrounded by empty seats and dark computer monitors drew more than 100 comments, many of which were complaints about bosses who link working hard with being physically present.

Six months later, Lowe was promoted to senior business development rep.

“That is how I like to hustle,” she says of arriving by 8 a.m. on the two days a week when she reports to the office. “I’m more productive in the morning, and I want to get there and just start grinding.”

Yes, she stays until 5 p.m. Several who don’t hang around told me they’d be happy to be interviewed about their coffee badging—then decided it wouldn’t be a wise move after all. They insist they’re not doing anything wrong, noting that they attend in-person meetings when required and complete all their tasks. If a collaborative session is over and the rest of the day will be spent typing, why shouldn’t they be free to leave and work from home?

Still, perception matters and they say their bosses are likely to conclude—fair or not—that any performance issue must be a result of insufficient face time.

Matt Johnston, chief executive of the software company GitKraken in Scottsdale, Ariz., says he doesn’t mind if hybrid employees coffee badge on the days when they come to the office.

“We also manage to exacting results,” he adds. Fall short, and brace for a performance-improvement plan. “This absolutely may include more time in office.”

If you’re ever let go, you might wish you had spent more time building relationships in the office, says John Cornely, who works in Charleston, S.C., as a territory manager at iRhythm Technologies, a medical device company.

Before his business career, Cornely was a professional baseball player, mostly in the minors. A right-handed pitcher, he saw one inning of action in the majors on April 29, 2015. That was it. He jokes that his cup of coffee in the big leagues was more like a shot of espresso.

Imagine how he feels about coffee badging.

“I’ve had the opportunity to mentor people in the business world,” Cornely says. “I tell them to make the most of opportunities, and going to the office is part of that, because you never know when they’re going to get taken away.”

Airport Delays and Hassles Keep Business Travelers From More Frequent Flights

By JACOB PASSY

Meeting the client in person and on time has become more challenging for road warriors with the rising number of air-traffic delays and full flights.

During the first nine months of 2023, more than 22% of flights to or from U.S. airports were delayed, according to data from FlightAware. That’s up from roughly 17% during the same period in 2019.

Airlines also continue to operate fewer flights in 2023 than they did before the pandemic. That has left travelers with fewer options, particularly in the event of delays and cancellations. Corporate travel members, travel agents and business travelers say they are rethinking how to approach work travel as a result.

Spending on business travel should reach prepandemic levels by the end of 2024, according to projections from the Global Business Travel Association. Previous predictions suggested the milestone wouldn’t happen until 2026. Leisure travel is already humming along at 2019 spending levels, thanks to people planning “revenge” trips they had put on hold.

Survey data suggests that the business recovery would happen even faster if not for unpredictable air travel.

A third of business travelers reported that they are taking fewer trips than before 2020, according to a survey conducted in August for the U.S. Travel Association. The sur-

vey found that these travelers would take an average of two more trips a year if the complications with air travel improved. Dealing with delays and crowded airports during a business trip can be harder to stomach in the era of Zoom meetings.

“If your daughter is expecting to go to Disney World, you’re going to Disney World. You’ll put up with the delays and the trouble,” says U.S. Travel Association CEO Geoff Freeman. “The business traveler is the first to say, ‘I’m not putting up with the hassle.’”

An unexpected journey

David Munk flew to South Carolina for what was meant to be a one-day business trip this summer. Then his flight got canceled.

Munk hadn’t returned his rental car yet and decided to drive back to his home in New Jersey along with some fellow stranded passengers. The overnight journey took nearly 10 hours and cost around \$400, including a brief hotel stay, Munk says. His company footed the bill.

“I extended my rental, made some new friends on the way home and it was a great experience,” says Munk, who works as a regional manager for Dynamic Design Associates, a commercial interior-design firm. “I really just try to roll with the punches.”

Many business travelers can control whether they must go on the road.

“The traveler may well recognize that the trip that they’re considering taking is low-value,” says Scott



A third of business travelers reported that they are taking fewer trips than before 2020, according to a U.S. Travel Association survey.

Gillespie, a travel-industry consultant. “More risk weeds out low-value trips first.”

Travel budgets and eco-friendly considerations also weigh on business travel. Many companies have pledged to reduce their carbon footprint in recent years.

Reducing business travel is one way to do that. Travel continues to cost more than it did before the pandemic. Even if a company has the same budget for corporate travel as four years ago, that money doesn’t go as far now.

Hotels and airlines still are upbeat about the business-travel recovery. Delta Air Lines President Glen Hauenstein said during a recent earnings call that return-to-office initiatives will boost corporate travel demand. Hotels in markets such as New York that rely on business travel say that bookings from the tech and financial-services sectors have improved.

So much for Sunday

Business trips require more time because of potential delays and cancellations, corporate travel managers say.

Flying to and from the site of a business meeting in a single day is risky. People who travel frequently for work say they have adapted by giving themselves a buffer and flying to their destination the day before to provide a cushion if anything goes wrong. Some business leaders have gone as far as to make this a policy for their workers.

Debbie Fierst, chief executive officer of Logical Imagination Group, a technology consulting, training and development firm, now mandates that her staff aim to travel by midday at the latest. The policy has its trade-offs. Fierst, who lives near Columbus, Ohio, often flies out on Sundays before Monday meetings with clients.

“I used to be able to spend all

day Sunday with my family, and now I’m leaving at 11 o’clock in the morning and losing my entire Sunday, just because I can’t guarantee that the 8:40 p.m. flight is going to actually happen,” she says.

Industry analysts report that companies are changing other policies in light of more frequent flight problems. Some companies have loosened the approval process to book travel to make it easier for workers to reschedule when problems arise.

Corporate travelers are booking trips much farther in advance to ensure they have the best options for flights, says Avi Meir, CEO of travel-management company TravelPerk.

At ZS Associates, a management-consulting firm with more than 13,000 workers globally, employee training around corporate travel has changed. It now stresses downloading airlines’ mobile apps in advance and using in-app chat functions if a flight is canceled, says Suzanne Boyan, the company’s travel and meetings manager.

Boyan says air-travel issues arise frequently for the employees she helps. Her team has access to funds that they can use to grant employees access to airport lounges if their flight is delayed or canceled. With lounges so full these days, ZS now requires that the employee confirm that the club is still accepting guests before issuing the pass, she says.

“It’s becoming a little bit more challenging to mitigate the issues that flight delays cause,” Boyan says.

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◆ Delta changes its frequent-flyer program again..... B3

FROM TOP: PHOTO ILLUSTRATION BY SAM KELLY/THE WALL STREET JOURNAL; ISTOCK (3); KEITH STYRACULA

STOCK

PERSONAL JOURNAL.

Who Is a Prepper These Days? Lots of Us

More people are prepping for flood, fire or other urgent situations by buying supplies to get them through

By Rachel Wolfe

Disaster preparedness, once the province of fringe groups and so-called preppers convinced doomsday was at hand, has a new face.

A renewed interest in self-reliance is driving city dwellers and suburbanites to stock their homes and cars for emergencies, owners of disaster-preparedness businesses say. Blame supply-chain shortages and the shock of empty grocery shelves during the pandemic, or more recent natural disasters and tense global events.

Those business owners and survival-training coaches say they are seeing a new kind of customer looking to make sure they can get through a few days or weeks without power or fresh water in the event of a flood, fire or other calamity. These customers don't fit the stereotype of so-called doomsday preppers stocking bunkers with ammunition and gas masks to survive an apocalypse.

Surveys and rising sales of prefabricated disaster kits indicate that Americans are more apt to keep emergency supplies on hand than they were a few years ago. Roughly a third of the 2,179 U.S. adults surveyed by financial-services company Finder in April said they spent an average of \$149 on items including nonperishable food, medical supplies and cases of water in the past year. That is up from about 20% who said they did so in 2020.

Those newly packing go-bags and planning emergency escape routes say they used to consider such preparations as overly fearful. Now, they say not doing so is naive.

Rick Leesmann wants to be clear: He isn't a bunker guy.

"I'm a PlayStation 5, love-my-comfort guy," the 39-year-old healthcare information-technology worker says. If you told him a few years ago that he would have four prepacked "bug-out bags" hanging in his Kansas City, Mo., pantry, he wouldn't have believed it. They are filled with snacks, flashlights, water and coloring books for his two young sons.



Alexjandria Edwards purchased a disaster pack on Amazon. Preppi says year-to-date sales for its kits, left, are up 29% from 2022

After the Covid-19 pandemic, the wars in Ukraine and now Israel, along with wildfires in Canada and Lahaina, Leesmann says he avoids panicking about his family's safety by focusing on what he can control.

"It's taking rational steps to ensure we have the ability to act quickly in those moments," he says. He thinks about the go bags only when he checks the batteries and food expiration dates twice a

year—or catches his boys using the flashlights as Jedi lightsabers.

A widespread shift

Reality shows such as "Doomsday Preppers" portray disaster-obsessed people preparing for the worst, but many people now preparing for emergencies say they simply want to check an item off their mental worry list.

Numerous companies selling boutique preparedness packs have

popped up in recent years to meet what they say is demand from people who want to be ready for an emergency, without having to do the assembly and research themselves.

Preppi, whose kits look like classic doctor's bags, reports year-to-date sales up 29% from 2022. For Judy—whose bright-orange disaster packs start at \$195—year-over-year sales quadrupled in June, when wildfire smoke blan-

keted the Northeast. Both brands include hand-crank radios, face masks, nonperishable food, first-aid kits and other gear in their bags.

Yeti recently teamed with emergency-prep company Uncharted Supply Co. for a \$730 survival kit that includes a Mylar tent and water-filtration system. Uncharted's chief executive, Christian Schauf, says the company is on track for its best sales year since its founding in 2016.

Alexjandria Edwards says keeping a tent, sleeping bag and water-filtration system in her New York City apartment can sometimes feel silly. After viewing videos about emergency preparedness on social media, the 28-year-old marketing manager at an arts nonprofit purchased a disaster pack on Amazon for about \$100.

She has also been watching online tutorials on homeopathic healing and learning to grow her own windowsill vegetable garden. A vegan, she worries about the availability of food she can eat in a disaster.

When severe flooding shut down parts of the New York City transit system in September, Edwards says, she felt safer knowing she had enough supplies to shelter in place.

The National Oceanic and Atmospheric Administration reports that 122 separate disasters in the U.S. between 2016 and 2022 have killed at least 5,000 people for over \$1 trillion in collective damage.

Changing demographics

John Ramey, founder of self-reliance training site The Prepared, says his audience includes a mix of people of all races, genders and political persuasions. The breakdown is a departure from what he describes as early prepping communities' makeup of primarily right-leaning white men.

"People are becoming more and more aware of the problems in the world and how fallible things are," says Ramey, who lives in Boulder, Colo.

Kasen James changed his mindset on preparedness after spending a panicked 10 minutes running around his Morgan Hill, Calif., home rounding up his cat, clothes and medications after a wildfire evacuation order in the summer of 2020. Now the 30-year-old copywriter keeps about \$200 of supplies and a few hundred dollars of cash in his home and car. He also laid out a wildfire evacuation plan.

"I can't control what happens, but I can have the peace of mind of being prepared," he says.

Workers Shed Reluctance To Call In Sick

Continued from Page One as Stellantis, complain such worker absences are driving up costs. The Detroit carmaker has repeatedly brought up the issue as contract talks with the United Auto Workers proceed, saying it lost 10.9% of hourly worker time in 2022 because of unplanned absenteeism.

Before the pandemic, Darren Smith muscled through any illness. At one point, the 50-year-old project manager fell asleep at work while on medication for a shattered ankle, waking up to keyboard indentations on his face. Then in 2020, he was laid off.

"That was my epiphany," said Smith, who now works at a West Chicago-based pump-repair facility as a project manager. "I gave you everything, and you kicked me to the street."

On a recent Monday, after working a few hours, Smith sent his boss a message asking if he could take a half-day sick. His boss gave permission, and Smith walked out.

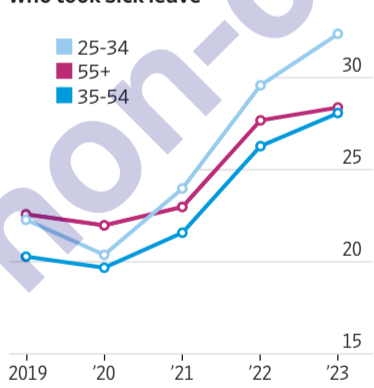
"It was a gorgeous day, I just wasn't in the mood to work," he said.

Younger generations

Younger workers used to follow the example of their older peers and come in even when under the weather, said Crystal Williams, chief human resources officer at global business payments company Fleetcor, which has around 5,000 U.S. employees. She suspects early-career employees aren't taking cues from older co-workers in the same way now that five days a week at the office is no longer the norm.

Before the pandemic, Fleetcor workers in their 20s and 30s took

Percentage of U.S. employees who took sick leave



Note: White-collar workers with access to paid time off Source: Gusto analysis of U.S. payroll data from 300,000 small and midsize businesses

one or two sick days a year, she said. Now, it is more like three to five.

"The accounting team is not happy with me providing this time off because it's a liability for the company," she said of the extra cost of sometimes adding staffing to ensure adequate coverage amid absences.

Donna Ruscigno, who leads a team of around 20 employees as chief accounting officer at real-estate company LivingNY, said she thinks job-hopping has made workers feel less guilty about calling in sick and leaving co-workers to pick up their slack.

"If you don't stay long enough to build camaraderie with co-workers, you're more apt to take the time," said Ruscigno, adding that she sees more younger workers, in particular, taking all their sick days. "I don't think there's the same work ethic."

Sick days are rising even though telework has made it easier for workers to stay online while under the weather.

"I'm not contagious via Zoom,



Darren Smith, with his son, says his view on sick time has changed. Lisa Frydenlund, left, welcomes the more expansive attitude toward sick time.



though maybe I'm sniffing or coughing," says Kenneth Matos, a global director at employee analytics software company Culture Amp. Companies can benefit if workers still field emails and take meetings when they previously would have

taken the day off, Matos said. On the other hand, workers miss out on needed rest and are less effective while working ill: "It's virtual presenteeism."

Definition of a sick day

Lisa Frydenlund, who until this month was an HR officer managing around 300 employees at two senior-services agencies in Sacramento, Calif., has welcomed the more expansive attitude toward sick time. She recently used a sick day after a series of frustrating encounters with new workplace software.

"I told my boss, I hit a wall, I can't be here," she said, adding that stress can trigger migraines for her. "I wasn't going to be purposeful, so why come in?"

Sick days now cover kids' and family needs, too, said David Setz-

korn, disability practice leader at Sedgwick, a large administrator of leave claims for employers. Many states have passed laws in the past decade requiring employers to grant sick days to tend to family members, too, and now more than 80% of private companies with paid time off do so, he estimated. More companies also provide unlimited sick time than they did a decade ago, so fewer employees feel they have to scrimp.

A still-tight labor market means companies can't be grouchy when employees call in sick, said Kerri Dye, who until recently managed several Starbucks locations in Sacramento. Dye said that she makes a point of encouraging workers to use sick days for less conventional reasons, such as recuperating after a travel-intensive vacation. "You get such loyalty and buy-in from your team when you show them you care," she said.

Early in her career at another employer, Dye said she once passed out in the bin of an industrial ice maker at an airport cafe after showing up to work with pneumonia. Her boss was put off by the suggestion that she stay home to recover, she said. "It was like I had suggested I drown a bag of kittens." Dye left the job not long after.

More employers are coming to view sick days as a benefit to help workers cope with the unexpected—whether that's parental health issues, school closures or a more run-of-the-mill employee cold, said Rich Fuerstenberg, senior partner in the health and benefits practice at consulting firm Mercer.

"It's a much more expansive catchall," he said.

FROM TOP: DARREN SMITH/USA; FRYDENLUND

CLOCKWISE FROM TOP: F. MARTIN RAININ/THE WALL STREET JOURNAL; ALEXJANDRIA EDWARDS; PREPPI

ARTS IN REVIEW

By LAURA JACOBS

Winterthur, Del.
In 1964, the Saturday Evening Post called the couturier Ann Lowe “society’s best-kept secret.” At that point she’d been dressing women of the Social Register for decades—first designing their white debutante gowns, then their white wedding gowns, then their seasonal ballgowns, then their daughters’ debutante gowns, and so on. Just as the Grace Church wedding was de rigueur for the gilded marriages of New York’s 400, the Ann Lowe wedding dress was a mid-century must. How much of a secret was she? Lowe created the most loved wedding dress in American history: the simple in silhouette yet intricately detailed gown that Jacqueline Bouvier wore, in 1953, when she married the young Sen. John F. Kennedy. In all the press describing that day in Newport, R.I., and for years afterward, almost no one put a name to the dress. Why? Perhaps because Lowe was black.

The Winterthur exhibition “Ann Lowe: American Couturier” has been a long time coming. It was conceived by the scholar Margaret Powell, who made Lowe the subject of her 2012 master’s thesis in the history of decorative arts. From 2013 to 2016, she worked at Winterthur, where curatorial staff supported her continuing research on Lowe. Three years later, at only 43, she died. Committed to Powell’s exhibition, Winterthur passed the baton to Elizabeth Way, associate curator of costume at the Museum at FIT. Ms. Way has now brought this pivotal show to fruition.

Lowe’s work is held in major American museums, but she herself has hovered in a sort of fashion way station, not quite understood. Walk into the exhibition space at Winterthur and you’re immediately dazzled by an angelic gown of palest blush silk and tulle, its voluminous Second Empire skirt graced from the waist down with a corolla of diamanté beadwork and silver stars. Made in 1961 for Lynn Neville Robertson of Omaha, Neb., it was first worn to the Ak-Sar-Ben coronation ball; in 1962, it was Robertson’s wedding dress. One thinks of Adrian’s pink gown for MGM’s *Glinda the Good Witch*—minus the giant puff sleeves. Lowe did fantasy with consummate taste.

All her creations were custom originals, made with techniques that matched those of the Paris couture and sometimes improved on them. “She does the same amazing kind of job that Mainbocher does,” said Eugenia Sheppard of the *New York Herald Tribune* in 1964. But where Mainbocher was a fashion insider—he began his career as the editor of *Paris Vogue*—Lowe, the granddaughter of an enslaved woman, learned to sew as a child in her family’s dressmaking shop, and began her career clothing women in Montgomery, Ala., and Tampa, Fla. In 1928, to test her talent, Lowe moved to New



EXHIBITION REVIEW

Dressing the Daughters Of High Society

Ann Lowe, the oft-overlooked black designer who created Jacqueline Kennedy’s wedding gown, is the focus of a sumptuous show



Clockwise from top: Ann Lowe’s 1961 Ak-Sar-Ben dress for Lynn Neville Robertson; bodice of a 1961 Ak-Sar-Ben gown; and the designer in the December 1966 edition of *Ebony* magazine

York, living in Harlem and running a series of shops on the Upper East Side; sometimes she partnered with stores such as Saks Fifth Avenue.

Lowe was born in either 1898 or 1889. As Ms. Way writes in her wall text, “Lowe’s life and work spanned the Jim Crow era, the Great Migration, two world wars and the Great Depression, the Civil Rights Movement, and several momentous fashion changes.” The show includes a handful of uniquely cut day dresses from the 1930s, but it was evening pieces that brought the families Du Pont, Auchincloss, Vander Poel, Lodge and Hamilton to Lowe’s showroom. No one else would have the same dress, and compared to Paris she was underpriced, never charging enough to make a meaningful profit.

Winterthur’s gallery of debutante gowns and fantasy dresses opens into a large room full of wedding gowns. Working with her brides, Lowe designed with restraint, or with historical references, or with a feeling for the moment, as we see in the 1968 gown for Elizabeth Mance, its lace insets “flower power” playful. The show’s jewel is Jackie Bouvier’s wedding gown, reproduced by Katya Roelse, an instructor and designer at the University of Delaware, because the actual garment is too fragile to be shown.

Bouvier is said to have asked for a “tremendous dress, a typical Ann Lowe dress,” and that is what she got. A portrait neckline curves balletically into small off-the-shoulder sleeves—a Lowe innovation that was more becoming than a cap sleeve and allowed the arms to move. Remembering a gown her mother had made for a Montgomery belle, Lowe decorated the bouffant skirt with seven huge rosettes, six with small clusters of wax orange blossoms in the center. The gown’s decorative brio is distinctly 1860s America, especially the many rows of gathered swags on the lower third of the skirt. Was that also conscious?

Painted in shades of gray, pink and aubergine, the galleries look like dress salons, with plenty of space around the pieces. There are delights in every room—for instance, examples of Lowe’s handmade silks flowers which were a specialty; two of the miniature First Lady inauguration dresses she made for dolls that were toured by Eryan Perfumes; and a queenly beaded caftan coat that Lowe herself wore in 1964, on “The Mike Douglas Show.” She retired in 1972, and died nine years later. The exhibition’s last room contains glittering works by black designers who honor Lowe’s place in American fashion—and now the rest of us will too.

Ann Lowe: American Couturier
 Winterthur Museum, Garden & Library, through Jan. 7, 2024

Ms. Jacobs is the Arts Intel Report editor for the weekly newsletter Air Mail.

MUSIC REVIEW

Finding Fire on Conceptual Jazz Albums

By MARTIN JOHNSON

FOR A LONG TIME, “academic” has been an epithet in the jazz community, referring to music that lacks spontaneity and fire. But Caroline Davis and Anna Webber, two saxophonists and composers with deep roots in academia, rebut that negative stereotype. Both make recordings built around concepts—and Ms. Webber in particular dotes on arcane theories and approaches—yet their music is engrossing and invigorating. Each has a new album out this month—Ms. Davis’s “Captivity” (Ropeadope, out now) and Ms. Webber’s “Shimmer Wince” (Intakt, Oct. 20)—that bristles with fervor and urgency.

Ms. Webber, who was recently appointed co-chair of jazz studies at the New England Conservatory of Music, has made several recordings in the past few years built around her interest in timbre, often with large ensembles. For “Shimmer Wince,” the 38-year-old assembled a quintet that features drummer Lesley Mok, trumpeter Adam O’Farrill, cellist Mariel Roberts and synthesist Elias Stemeseder to perform music based on “just intonation,” an ancient tuning system based on natural harmonics and resonances that has been employed by minimalists like Terry Riley and La Monte Young. The composer and author Kyle Gann wrote on his website that to a layman’s ears, music in “just intonation” might seem more introspective and meditative than music with conventional structures, and that is the case at the outset of

“Shimmer Wince,” a recording Ms. Webber named for how this style makes her feel. But the music slowly and confidently blossoms from discreet to intense, encompassing a full range of dynamics and emotions.

On “Swell,” the first track, soft drone-like sounds rise into harmonies featuring each member of her quintet in innovative ways; the horns play catchy unisons over the drums, and Ms. Roberts and Mr. Stemeseder enter to give the music heft and momentum. Over the driving, insistent rhythms of “Fizz,” Mr. O’Farrill, a longtime associate of Ms. Webber, takes his most compelling solo, his bright tone growing increasingly complex as if storm clouds were moving in on a sunny day. On the aptly named “Squirm,” the leader, who is also a virtuoso on flute, takes a darting, coiled solo that increases the anxiety of the tune alongside murmurs from Mr. O’Farrill and rumbles from Mok and Ms. Roberts. Ms. Webber’s music lives at the intersection of jazz and contemporary-classical music, and she cites the influence of Gérard Grisey, Harry Partch and Rajna Swaminathan on some of these compositions.

All of Caroline Davis’s recent recordings have been built around larger themes. Her albums have explored grief and loss following the



death of her father; the anterior digit of a bird’s wing and its relationship to flight; Ingmar Bergman’s classic film “Persona”; and the spirit of Von Freeman’s legendary Chicago weekly jam sessions. Each record features a unique sound. “Captivity” continues in this vein as it explores the carceral culture of the West, focusing not only on figures like current death-row inmate Keith LaMar and Sandra Bland, who was found hanging in her jail cell in 2015 after a traffic-stop arrest, but on historical ones such as Galileo. Ms. Davis, who is 42 years old,

Saxophonist and composer Anna Webber (center) and her band; their new album is ‘Shimmer Wince’

has a doctorate in music cognition from Northwestern and has taught at many elite institutions. She began thinking about incarceration when, in her youth, she visited her imprisoned uncle in Stockholm. Ms. Davis writes in the liner notes: “I will never forget the look of the guards, the smell, the sound of the doors locking, and the look on my uncle’s face. With one glance he communicated

an internal acknowledgment that he did something ‘wrong,’ but also, not knowing how to exist in a society that had no interest in helping him grow and change.” She formed the group Alula out of the inspiration she found in birds, and here she cites Maya Angelou, Jennifer Teege and Rabindranath Tagore for the allegorical significance each poet has found in caged birds.

Like Ms. Webber, Ms. Davis merges jazz and contemporary-classical styles, and formed a band adept in both. It includes Val Jeanty on turntables, Tyshawn Sorey on drums and Chris Tordini on bass. The music ranges from somber, nuanced pieces to raucous blowouts; many numbers feature spoken-word interludes. Ms. Davis’s alto saxophone holds these elements together. She has a lean tone that can be affectingly lyrical one moment and abruptly cantankerous the next.

These recordings are emblematic of today’s vital jazz scene. And beyond Ms. Webber’s and Ms. Davis’s releases, the seven musicians who serve as sidepeople have noteworthy projects of their own. While many active jazz musicians pay the rent nowadays with day jobs in academia, that hasn’t hindered their music. Jazz in the 2020s is beginning to resemble other peaks, such as that of the ‘60s, when established leaders often worked as sidepeople on other projects, creating exhilarating music.

Mr. Johnson writes about jazz for the Journal.

CLOCKWISE FROM TOP: WINTERTHUR MUSEUM, GARDEN & LIBRARY (2); JOHNSON PUBLISHING COMPANY ARCHIVE

ALICE PLATT

SPORTS

NFL Stars in the Olympics? The Door Is Open

Shortly after flag football was added to the 2028 Los Angeles Games, organizers signaled that NFL players will be able to compete

By LOUISE RADNOFSKY AND ANDREW BEATON

The National Football League propelled the plucky upstart sport of flag football into the Olympics. Now organizers are opening up the door for the biggest NFL stars to play in the Games.

The U.S. already has a men's national flag football team that's the best in the world. It's also home to the planet's best tackle football players, some of whom have already hinted that they are intrigued by the possibility of playing when its cousin sport arrives in Los Angeles in 2028.

And now flag football's national governing body—and the NFL along with it—is greenlighting the chance for the league's biggest stars competing for gold medals in the summer before they spend the fall and winter vying to win the Super Bowl.

"Absolutely the door is wide open," said Scott Hallenbeck, chief executive of USA Football, which is in charge of selecting and organizing the team. "Naturally I would say it can include NFL players, current or former."

There are obvious hurdles to Patrick Mahomes or Lamar Jackson dominating the best flag football players that countries like Austria have to offer. The Olympics take place right when NFL training camps get going. Parties such as the league, teams and the players union would have to get behind players' preparation—and then their participation. And this is a sport so obsessed with protecting its star talent that Chiefs brass has previously said Mahomes is no longer allowed to play basketball.

But even before flag football's inclusion, for both men and women, in the 2028 Games had been finalized, big names began signaling their excitement.

"Calling all @NFL guys let's bring one home," Dolphins receiver Tyreek Hill wrote on X, the platform previously known as Twitter, within moments of the LA organizing committee's announcement that it would recommend flag for the sports lineup.

It turns out, Hill is the exact type of player who excels at flag football. While the five-on-five game doesn't prize hulking 300-pound linemen who battle to pum-



Miami Dolphins receiver Tyreek Hill, center, in action during the 2023 Pro Bowl flag football game.

mel and protect quarterbacks, it values speed and elusiveness. Hill, who's 5-foot-10 on a good day and the only player in the league to be tracked running with the football at over 22 miles per hour this season, would fit right in.

So would the likes of Mahomes. His creative playmaking can look like it was ripped out of a highlight reel of flag football, which features a quarterback and four receivers on offense. On defense, all five players are essentially cornerbacks.

"Count me in already!" the recently retired tight end Rob Gronkowski recently told TMZ. "Hopefully there's no tryouts and

they just accept me."

Unfortunately for Gronk, there may be tryouts, and there are also players like Housh. That's the

'Count me in already!' retired tight end Rob Gronkowski recently said.

nickname of Darrell Doucette, the star quarterback of the U.S. team that comfortably won gold in Birmingham, Ala., last year at the

World Games, generally considered the highest level of competition for sports that aren't in the Olympics.

Hallenbeck added that while there are undoubtedly NFL players who would thrive at the no-contact version of the game, flag requires a different skill-set—so it's no guarantee in his mind gridiron superstars will take over every spot on the roster, and his personal preference would be to see a mix.

"You have players that play this every day, all the time, and have tons of experience," Hallenbeck says. "Tyreek Hill, Patrick Mahomes, Lamar Jackson, can

they learn as quickly? They probably can, right, and they'd probably be amazing."

Hallenbeck said that he is already talking with his counterparts in basketball and ice hockey about how they have handled this situation with the NBA and NHL when the Olympics have come calling. That could include identifying key players two years in advance to give them experience playing together.

Although the NFL has championed flag football—even remaking the Pro Bowl into a flag game—as a way to grow the sport, especially among women, the sport is run by Hallenbeck's USA Football. The organization, sensing an uptick in interest, has published instructions on how to "Rep The Flag" on its site.

For selection to 2024 teams, a digital combine opens later this month, USA Football says. Then comes the national team trials, then national team training camp ahead of international competition opportunities.

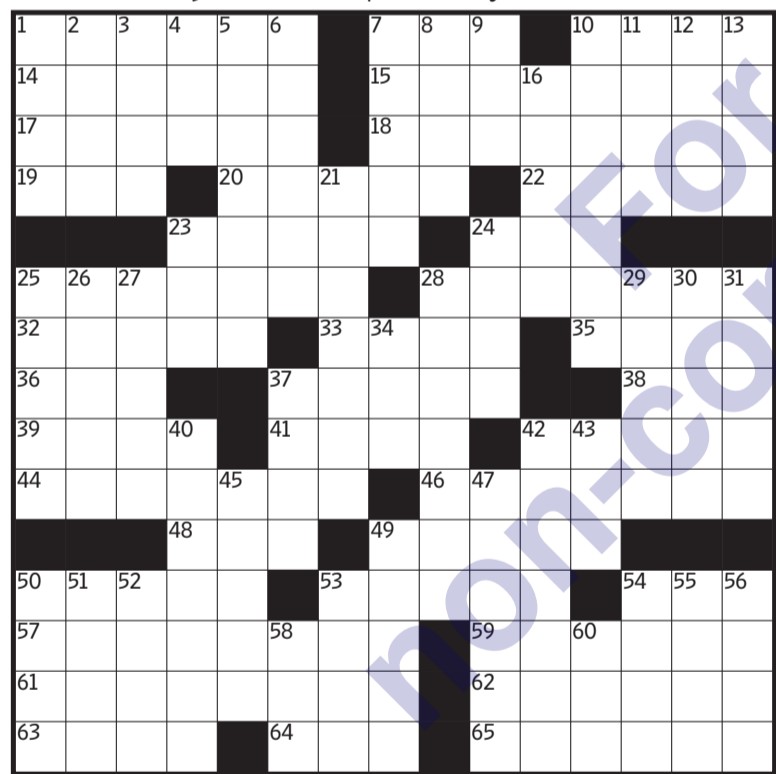
Peter O'Reilly, the NFL's Executive Vice President, Club Business, Major Events and International, also supported trying to get the league's players into the Games. While he noted the various logistical hurdles and different stakeholders who would have to approve the player participation, he also called the Olympics the "pinnacle of sport globally" and said they would try to work through those issues. He also outpointed the over 100 foreign-born players on teams this season, meaning NFL talent could be stocking flag squads across the globe.

"The player interest is real and palpable," O'Reilly said.

Some of the biggest professional sports on the planet spent years lobbying organizers of the 2028 Olympic Games in Los Angeles to get a berth to another sporting megaevent. And from competing offers from baseball, cricket and flag—as well as softball, lacrosse and squash—the host committee picked...everyone.

There's no secret that the NFL's weight behind flag football was a big part in getting it through. "When you have the most popular sports league in the country" backing your bid, said Casey Wasserman, head of the LA28 organizing committee, "that sends a powerful message."

The WSJ Daily Crossword | Edited by Mike Shenk



- 24 You could get down from it
- 25 Homes for 53-Down
- 26 Local group?
- 27 "Twilight" protagonist
- 28 Shape of a Belize dollar coin
- 29 Counter
- 30 Crop up
- 31 Doomed soul
- 34 Map app marker
- 37 Slightly
- 40 Criminal organization led by Ernst Stavro Blofeld
- 42 Extreme
- 43 Gee preceders
- 45 Rebar material
- 47 Frees from
- 49 TikTok offering
- 50 Bravo preceder
- 51 Mendacious man
- 52 "Indeed!"
- 53 See 25-Down
- 54 Gunslinger's challenge
- 55 In times past
- 56 Ruler in times past
- 58 Crime boss betrayer
- 60 Maker of Good Grips kitchen gadgets

The Las Vegas Aces Win Back-to-Back WNBA Titles

By ROBERT O'CONNELL

Midway through what would become a title season, A'ja Wilson—the reigning Most Valuable Player for the reigning WNBA champions—disputed any claim that her Las Vegas Aces were a "super-team."

If Superman himself suited up for Vegas, Wilson cracked, she might allow the label. "But we don't wear leotards, so no, we're not."

Wednesday night in Brooklyn, Wilson's argument became harder to defend. Mounting a comeback in the second half, and preserving a lead with a late defensive stand, the Aces beat the New York Liberty 70-69, to win the WNBA Finals, three games to one. They became the league's first back-to-back winners since the Los Angeles Sparks accomplished the feat in 2001 and 2002.

"I'm forever thankful to New York," said Aces head coach Becky Hammon, a former Liberty point guard, "but I'm certainly happy to be walking out of here with this trophy tonight."

The last steps of the championship run were the toughest. Las Vegas had coasted to a 2-0 series lead over the Liberty at home, but in Sunday's Game 3 in Brooklyn, the Aces suffered triple setbacks: a blowout loss on the scoreboard and injuries to All-Star point guard Chelsea Gray and center Kiah Stokes.

"No one person's gonna replace her," Hammon said Sunday evening of Gray. "Everybody steps up and does a little bit more."

On Wednesday, Wilson—a power forward with a boulder of a shoulder and a feather of a left-handed jump shot—made up the difference.

Las Vegas trailed by nine at halftime, but in the second half Wilson demanded the ball and made decisive moves with it: a pull-up on one possession, a twisting

hook shot the next. She finished with 24 points and 16 rebounds, the capstone in a performance that won her Finals MVP.

The Liberty's last chance, a baseline jump shot from Courtney Vandersloot, hit only air, and an exhausted Wilson collapsed at the center of the floor.

This year's championship round was among the most anticipated in the history of the WNBA.

The Aces had followed up their 2022 championship

it off. (Also in street clothes was Candace Parker, a two-time MVP whom Vegas acquired in January and who underwent foot surgery in July.) Over the duration of the series, Wilson outscored and outrebanded New York's Breanna Stewart, winner of this season's MVP in a tight vote. In the two Aces wins before her injury, Gray averaged 17 points and 10 assists.

With Gray reduced to a coaching role, hopping on one foot and calling out sets,



A'ja Wilson led the Aces with 24 points in the Game 4 win.

campaign with a 34-6 regular-season record that included win streaks of nine and eight games.

The Liberty, who had largely been assembled in a single offseason of star acquisitions, had nevertheless won three of five pre-playoff games between the teams, including the championship of the in-season Commissioner's Cup tournament.

The rivalry between the teams defined the season and boosted its presence. According to the WNBA, the league saw a 27% increase in unique viewers over 2022, up past 36 million.

In the Finals, an Aces team conditioned to deep playoff runs built an early advantage, winning Games 1 and 2 by a combined 45 points, and the wounded version proved enough to finish

two usual bench players—Alysha Clark and Cayla George—combined for 21 points. Jackie Young added 16.

"We cried together, prayed together, and now we're popping champagne together!" Wilson shouted from the on-court podium postgame.

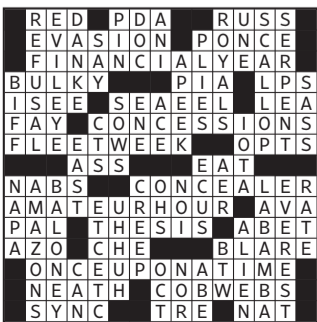
For the Liberty, the loss represents a setback in a promising basketball experiment. Stewart signed with New York in February as a free agent; forward Jonquel Jones and point guard Vandersloot also came to Brooklyn last winter. The trio slotted in alongside guard Sabrina Ionescu and forward Betnijah Laney to give the team a starting five made up entirely of players who had appeared in at least one All-Star game.

FALL IN THE GARDEN | By Mike Shenk

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|---|---|--|---|
| Across | 33 Blueprint figure | 59 Looks down on | 7 Penn or Pitt, e.g. |
| 1 Expert guide, maybe | 35 Valiant sort | 61 Designated route for a pilot | 8 Secluded valley |
| 7 RFK et al. | 36 Dressing component | 62 State of southern Mexico | 9 Yanks' foes |
| 10 "That hurts!" | 37 "Ain't That ___ in the Head?" (Dean Martin song) | 63 Derriere, in Derry | 10 Trusting way to accept things |
| 14 Caffeinated pain reliever | 38 Carry-on site | 64 General on menus | 11 Kristen of "Bridesmaids" |
| 15 Pixar's Nemo, e.g. | 39 Running pros | 65 Garden sight, and, if reparsed, a hint to making sense of 10 answers in this puzzle | 12 Its city seal depicts Saint Hallvard |
| 17 Linnets and canaries | 41 Turner on turntables | | 13 How soon? |
| 18 Woven fabric | 42 Trash | | 16 1040 attachments |
| 19 What @ means | 44 Is abrupt with | | 21 Bit of camping gear |
| 20 Pumbaa's pal, in "The Lion King" | 46 Gadget for Parmesan | | 23 "___ tree falls..." |
| 22 Hayride need | 48 Schedule abbr. | | |
| 23 Word with painting or pointing | 49 Nullifies | | |
| 24 Possible response to "You have something on your face" | 50 "Everything's curious today" speaker | | |
| 25 Prized cigars | 53 Language that gives us "jungle" and "veranda" | | |
| 28 Tidying aid | 54 Ellipsis unit | | |
| 32 Time for a chime | 57 Moved like a moth | | |

► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](https://www.wsj.com/puzzles).

Previous Puzzle's Solution



FRANK FRANKLIN/USA TODAY SPORTS

OPINION

Israel Reboots the U.S. Election



WONDERLAND
By Daniel Henninger

Suddenly in the aftermath of the Hamas massacre on Oct. 7, we have a presidential election about national security. And that could shuffle the U.S. presidential-candidate deck.

The foreign-policy debate on the Republican side—China, Ukraine, the open border—had become rote. No longer. Hamas's killing of civilians and seizing of hostages, including presumably Americans, has forced the world's troubles to the top of the presidential agenda.

Joe Biden flew to the Israeli war zone and gave a worthy speech of commitment to the U.S. ally.

Support for Rep. Jim Jordan as House speaker depended in large part on the imperative to pass aid bills for Israel and Ukraine.

After Donald Trump, days after the massacre, reflexively posted statements of derision about Israeli Prime Minister Benjamin Netanyahu and admiration for Hezbollah as "smart," he spent the week refocusing attention on his foreign-policy accomplishments.

After one weekend in October, the table has filled with national-security crises: an existential threat to Israel, Iran exploiting the Middle East cauldron, what comes next for Taiwan, and Russia's war against Ukraine, on the border of the North Atlantic Treaty Organization. The U.S. southern border sits as an open, bleeding wound.

Let's cut to the chase. Actually two chases.

One, which presidential candidate is up to—or qualified for—this new challenge? Two, which party is willing to pay to do what is necessary for the U.S. to meet the challenge?

The second question answers itself. The Democratic foreign-policy establishment isn't as far left as the party's dominant wing. But the party of the Squad, Bernie Sanders, anti-Israel demonstrators and cash-starved progressive city governments controls the Democrats' limitless domestic spending priorities, which simply no longer include a robust national defense. Any Democratic president with control of one congressional chamber will keep inflation-adjusted defense spending flat at best. After Oct. 7, flat puts us at risk.

The U.S. has fallen below an adequate level of readiness in almost every area—weapons systems and inventories, troop levels and recruitment, ships and airplanes, training rotations, the aging of the nuclear deterrent.

These dilemmas consume hours of pondering and planning by Pentagon analysts. The Israel-Hamas war makes clear the pondering is over among our adversaries. It would be naive to think that Tehran, Beijing, Moscow and possibly Pyongyang aren't right now comparing notes on how to exploit the U.S. security nightmares Iran has just created in the Middle East.

That the U.S. needs real leadership in its next president is a cliché because it's

true and needs repeating. A Republican presidential contest that had become desultory has been rebooted by events in the Middle East.

The Democrats' legal assault on Mr. Trump looked as if it had handed him the nomination. But it's by no means clear that the former president is the right person to lead the country through what lies ahead.

Mr. Trump produced a largely credible foreign policy, but he has since become impossibly variable. His criticism of Mr. Netanyahu over a 2020 incident hours after the massacre was an incompre-

The Hamas crisis is a sudden opportunity for Nikki Haley and Mike Pence.

hensibly wrong note. Mr. Trump's head currently is in too many disparate places, and that won't get better. It has become a risk factor.

The candidates for whom the Israeli crisis and its broader implications create an opening are Nikki Haley and Mike Pence. They are the only two other GOP contenders with credible foreign-policy experience.

Ron DeSantis's remarks on foreign policy always seem targeted at some constituency. He spent this week bogged down in a marginal argument with Ms. Haley over refugees from the Middle East. He looks determined to hold onto the Trump-Ramaswamy isolationist faction in the party.

But as in 1941, events have isolated the isolationists.

Chris Christie and Doug Burgum have been running on their state experience, and Tim Scott's appeal is domestic and cultural issues.

The tectonic plates of global politics have shifted beneath this campaign. The next U.S. president should be able to explain in detail the country's national-security needs, including the trade-offs, such as the reality that long-term entitlement spending has to be on the table.

Ms. Haley has shown she can do that. If former Vice President Pence is ever going to play to his proven strength and make the case for a Reaganite foreign policy, the time is now.

An ABC/Ipsos poll taken after the Hamas massacre put public support for Mr. Biden's handling of the crisis at a startling 41%. The public simply has lost faith in his competence. We'll find out soon enough how much this crisis alters the Biden pattern.

In a national-security crisis, what a nation needs from its leaders is experience, focus and stamina. Former chess champion Garry Kasparov recently floated in these pages the idea of Mr. Biden's ceding the Democratic nomination to Defense Secretary Lloyd Austin, a retired four-star Army general.

However improbable, as of Oct. 7 an Austin candidacy would be a problem for Republicans. There's still time for GOP voters to figure out what their party, and the country, is going to need in a president, now and for a very long time.

Write henninger@wsj.com.

BOOKSHELF | By Tim Blanning

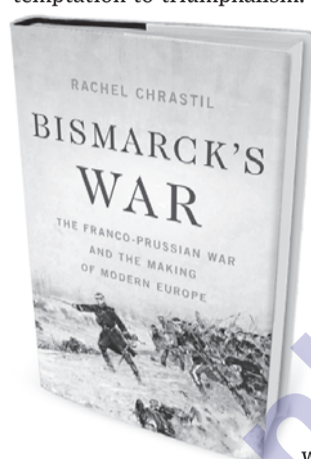
A Fast But Fateful Fight

Bismarck's War

By Rachel Chrastil
(Basic, 512 pages, \$35)

Two brothers had left; only one returned," writes Rachel Chrastil. The survivor was Dietrich von Lassberg, a 22-year-old subaltern in the Bavarian army. A year earlier he had exulted in his diary: "War! War with France!" The brother who died was Rudolf, shot in the head in a battle outside Orléans in November 1870. On Christmas Eve, Dietrich sat around the campfire in silent misery, drinking hot grog from a tin cup, dreaming of his family back in Munich, and pondering the "shadow side and horror" of war. In "Bismarck's War: The Franco-Prussian War and the Making of Modern Europe," Ms. Chrastil, a historian at Xavier University, deftly uses Dietrich's diary and other sources to enliven her larger analysis of the war's origins and progress.

Although the six-month Franco-Prussian War was among the shortest of all major European conflicts, it brought Dietrich and his comrades sights that robbed them of any temptation to triumphalism. The war's combination of



lethal new weapons (breechloading rifles, machine guns, steel cannon) and huge armies left mountains of dead and hordes of permanently mutilated wounded: In the murderous engagement at Gravelotte in August 1870, the Prussians lost twice as many men as they had during the entire Austro-Prussian War of 1866.

By July 1870 Prussia's chief minister, Otto von Bismarck, had deftly maneuvered France into declaring a war that he was confident the Prussian-led alliance would win; the spoils of victory would be Germany's unification on Prussian terms. After a brief incursion across the frontier at Saarbrücken, the French took up defensive positions. They were quickly dislodged by three limited if bloody August battles, two in Alsace at Wissembourg and Wörth and one further north at Spicheren. Major catastrophes quickly followed, as one French army was surrounded and besieged at Metz and another was surrounded and forced to capitulate at Sedan on Sept. 2.

The famous defeat at Sedan proved to be more than military, for the French commander was none other than the emperor, Napoleon III. His capture precipitated a swift and nearly instantaneous revolution in Paris and the collapse of the Second Empire. Explaining how it was possible for a great power to implode in less than a month, Ms. Chrastil follows most previous historians of the war in assigning most of the blame to the emperor.

Although it was Napoleon III's political coup d'état of 1851 that Karl Marx had in mind when he observed that history repeats itself as tragedy and then as farce, the events of 1870 would have been as appropriate. Napoleon III was a sick man when the war began, in agonizing pain from a gallstone. He should never have been allowed anywhere near the front, but such was the growing fragility of his regime that he felt he had to gamble on achieving a personal triumph. And he lost, not just a battle and army but a throne too, slinking off to exile in England (the ultimate humiliation for a Bonaparte).

The French lost the Franco-Prussian War because the best efforts of their courageous troops were frustrated by what Ms. Chrastil calls "strikingly weary and incompetent commanders, all reporting to an exhausted and enervated Napoleon III." As for the Prussians, the author allows that "they were better organized, had a better military education and had more manpower" but is at pains to bring out their limitations and mistakes. She also stresses how

Prussia's military victory led to German unification and the collapse of the Second French Empire.

small was the margin separating success from failure: If only the French had done this or that or the other, she conjectures, all might have been very different.

While this subjunctive exercise can be a useful corrective to the triumphalist narrative of German nationalist historians, here it is perhaps taken too far. Once every reservation has been noted, the fact remains that the Prussian chief of staff, Helmuth von Moltke, brought off a series of dazzling victories that changed European history. Napoleon III's uncle, the great Napoleon, is said to have asked, when a subordinate was proposed for promotion: "I know he's a good general, but is he lucky?" Moltke was certainly lucky, but he was also brilliant.

Ms. Chrastil does her best to keep the momentum going after the drama at Sedan, when a slogging war of attrition developed, but the pace slackens as one inconsequential engagement follows another. Paris was surrounded by the end of September and a long and increasingly terrible siege began, made all the worse by an unusually severe winter. As starvation intensified, even the zoo animals were slaughtered and eaten, including the two elephants, Castor and Pollux.

Outside the capital there was plenty of horror still to come, as counterproductive resistance from partisan *franc-tireurs* was crushed by equally counterproductive reprisals from the German invaders. At the German occupiers' headquarters at Versailles, on Jan. 18, 1871, the emperor prince proclaimed Wilhelm of Prussia the first emperor of a united Germany. ("Mad" King Ludwig II of Bavaria provided evidence of his basic sanity by refusing to attend.) A week later an armistice was signed, and the war came to an end—so far as the Germans were concerned, although a civil war erupted in Paris in March.

This is a most engaging book, distinguished by sharp insight, powerful characterization and a strong narrative flow. It is the best modern account of the war and deserves to stand with Sir Michael Howard's classic study of 1961. Hand closed by observing that "Germany's magnificent and well-deserved victory was, in a profound and unforeseeable sense, a disaster: for herself, and for the entire world." Rachel Chrastil's assessment is equally bleak: "The Franco-Prussian War did not create the atrocities of the World Wars, but it made them more thinkable and created their possibility."

Mr. Blanning is emeritus professor of modern European history at the University of Cambridge. He is the author of "Frederick the Great: King of Prussia," among other books.

The Unmaking of the Republican Majority

By Karl Rove

The Republican calamity continues. As I write, the House is still without a speaker more than two weeks after Kevin McCarthy was deposed by Rep. Matt Gaetz's band of political arsonists. Ohio Rep. Jim Jordan hasn't yet persuaded, cajoled, enticed or threatened his way to 217 votes. He may not get there.

It will be ironic if Mr. Jordan wins: The founder of the House GOP's Freedom Caucus must then become the unifier in chief. A man who during 16 years in Congress has never passed a bill would have to become a master legislator. A politician who gained power by bullying others would have to learn to persuade and energize them. He would find quickly that making demands in Washington has limits—as does anyone stuck with the speaker's job.

Mr. Jordan also has a fondness for government shutdowns. If he's elected speaker, will he champion one even though the GOP's four-seat House majority depends on 14 Republicans from districts Joe Biden carried in 2020, six of which are in New York or California? And how well will Mr. Jordan, a former right-wing hell-raiser, do at recruiting good candidates and raising the funds necessary to elect them? I'd bet not nearly as well as Mr. McCarthy.

If he does end up speaker, Mr. Jordan should fulfill his promise to return power to committees and operate under regular order, in which committees create and put forward legislation rather than party leadership ramming bills down members' throats. He needs to stand by that promise even if a Republican committee majority approves budget bills he disagrees with, or brings to the

The only hopeful sign for the party is that the public dislikes the Democrats too.

floor measures to provide aid to Israel, Ukraine and Taiwan, tied with more funding for border security. Looking at his record, one wonders if Mr. Jordan will say regular order is proper only so long as it conforms to the views of the Freedom Caucus. Will a disrupter like him allow the House to pass measures backed only by Republicans? Or bills on which both Democrats and Republicans might agree?

The inestimable Rep. Matt Gaetz, who gave America this period of instability and Republicans a PR disaster that could cost them their slim majority in 2024, said this week that "we should put a demand on the Senate to pass our single-subject

spending bills." Nice thought and a worthy cause in theory, but this will go nowhere—especially as an ultimatum from a loudmouth who blocked single-subject appropriations bills when Speaker McCarthy was trying to move legislation that way.

Since the GOP holds only the House, and by only a bare margin, the next Republican speaker must set priorities, focus on the possible, and aim for incremental changes that bend government toward conservative principles. A Freedom Caucus backbencher can demand purity from GOP leadership. But a speaker must aim for the maximum reasonable advance in a conservative direction, not act as if he controls Washington with his gavel.

Any new Republican speaker must be careful about substituting his opinions for those of the House GOP membership writ large. He can try persuading, but given the disunity and anger in the House Republican Caucus, he can no more dictate to them than to President Biden or Senate Majority Leader Chuck Schumer.

Still, for all the Republicans' problems, there's hope: Americans don't like Democrats either. A Sept. 23 Gallup poll found 56% gave the GOP an unfavorable rating while 58% rated Democrats unfavorably. The saving grace for Republicans is that on big issues, Americans

pick the GOP by a large margin.

On which party "will do a better job of keeping the country prosperous," Americans said Republicans by 53% to 39%, the GOP's largest lead on this issue since mid-1991. When asked which party "will do a better job of protecting the country from international terrorism and military threats," Republicans lead Democrats by an even wider margin, 57% to 35%.

Even when voters were asked which party would do a better job "handling the problem you think is most important," Republicans lead 44% to 36%. This suggests the GOP's views on such issues as crime and immigration are winners and that the Democratic approach on abortion may not be the surefire hit they think.

While no speaker vote will rescue House Republicans from their current troubles, they still have some things working in their favor. To keep their majority, Republicans must aim for incremental progress. Americans aren't likely to reward a party that displays contempt for the hard, slow work of coalition building and governing. You can't blame them.

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

School Choice Is Coming to Louisiana

By Corey DeAngelis

Louisiana was once a pioneer in school choice. After Hurricane Katrina in 2005, New Orleans rebuilt its schools as an all-charter system. The state enacted a private-school voucher program in 2008, when Bobby Jindal was governor—one of the first states to establish private-school choice statewide.

But Gov. John Bel Edwards, a Democrat, has stood in the way since he took office in 2016. Last year he vetoed two bills that would have allowed all families with children who weren't reading at grade level or had special needs to take their state-funded education dollars to schools of their choice.

This year the Republican-controlled state House passed an even more expansive

school choice proposal—one that would be available to all families, regardless of need—by a 61-37 vote. Although the bill had bipartisan support, it takes two-thirds of each legislative chamber to override a veto. The Senate never took it up.

Once a pioneer, the state is about to catch up under Jeff Landry, its new governor.

But Mr. Edwards is term-limited, and on Saturday the state elected Republican Jeff Landry, a school-choice supporter, to succeed him. Mr. Landry received nearly 52% of the vote in a 14-candidate open primary. He takes office in January.

Mr. Landry's campaign website says that "no child should be trapped in a failing school" and that "if a school cannot adequately educate its students, those students should be given the ability to obtain an education that is worthy of the commitment we have made to them." He supported school choice long before the movement's recent surge in momentum, fueled by Covid-era school closings and online lessons that alerted parents to curricula that offend their values.

As a U.S. representative (2011-13), Mr. Landry voted to reauthorize the District of Columbia's private-school voucher program. During his 2010 congressional campaign, his website stated that "we need to adopt policies that empower parents to make decisions about their own child's education—including

home school, charter schools, church-based schools and other alternatives."

Choice supporters also made gains in the Legislature. "We now have a supermajority of school choice supporters in the Senate and are only a couple votes shy of a supermajority in the House," says Kelli Bottger of Louisiana Kids Matter.

A Morning Consult poll finds that 68% of adults and 75% of parents with school-aged children in Louisiana support education savings accounts. Ten other states have passed universal school choice since 2021. With Mr. Landry's victory, look for Louisiana to become the 11th.

Mr. DeAngelis is a senior fellow at the American Federation for Children and a visiting fellow at Stanford University's Hoover Institution.

OPINION

REVIEW & OUTLOOK

LETTERS TO THE EDITOR

Hamas's Hospital Lie and the Laws of War

President Biden's speech in Israel Wednesday told the world two truths it needed to hear: The tragic deaths outside a Gaza hospital were caused by a Palestinian rocket, and the U.S. hasn't wavered in its solidarity with Israel.

The jihadists directly target civilians. Israel and the West don't.

within Gaza right about the time reports emerged of an impact at the hospital.

Hamas blamed the attack on Israel, but its story doesn't add up. Any observer can now see the hospital is still standing.

The signs point to a long-range rocket from Gaza that fell before using up its accelerator.

Hamas may still call this a success: Its propaganda held up long enough to set the Middle East ablaze.

Mr. Abbas and Jordan's King Abdullah, who receives more than \$1 billion in annual U.S. aid, canceled a meeting with Mr. Biden over the hospital blast.

* * *

Which brings us to the larger context regarding the laws of war and casualties. There are two bedrock principles in war that civilized nations developed over centuries.

The second principle is proportionality, which is that incidental casualties have to be balanced against the war aims.

Yet the Western left has been moving to a standard that any civilian casualties in war are too many. If that is the law of war, then Israel would be denied the right of self-defense to destroy an enemy embedded in schools, mosques or dense urban neighborhoods.

Those aren't the laws of war; they're the laws of Western unilateral disarmament.

Glenn Youngkin's Plan to Save Gas Cars

Virginia's odd-year statehouse elections are now less than three weeks away, and Democrats want to make the argument all about abortion.

Voters in Virginia will decide if the GOP can repeal an EV mandate.

Virginia's roads, though they were about 10% of the state's sales for the first quarter of this year. Here's the rub: Tesla currently makes up most EV sales.

Democrats say the policy will increase consumer choice,

but unsold EVs are already piling up on dealer lots. The mandate will limit choices for Virginians who want gas cars.

This year the House of Delegates passed a repeal bill, but Democratic state Sen. Monty Mason blocked it from getting out of his committee.

Mr. Mason, like the rest of his party, is running on abortion, and he claims his GOP opponent, Danny Diggs, is extreme for supporting Mr. Youngkin's proposed 15-week ban.

Banning Zuckerbucks Isn't About Trump

Louisiana is the latest state to restrict private funding for elections, after voters on Saturday backed a constitutional amendment, 73% to 27%.

This isn't a novel result. A conservative group in Wisconsin previously estimated that Zuckerbucks might have boosted Mr. Biden's tally there by 8,000 votes.

Another point is that the outfit bankrolled by Mr. Zuckerberg wrote sizable checks to states safely in Mr. Biden's column, such as \$19,294,627 to New York City.

Nevertheless, there's no guarantee of what future partisans might do. Neither political party should want an arms race of private donations to top up the budgets of nonpartisan government election offices.

Realtors Respond on the Antitrust Court Case

Your editorial "Realtors Face an Antitrust Reckoning" (Oct. 16) mischaracterizes what is at stake for consumers in Burnett v. National Association of Realtors.

In response to the marketplace, and at the urging of consumer advocates, the National Association of Realtors has developed guidance for local MLS broker marketplaces.

These virtual marketplaces are efficient, transparent and accurate because of cooperation among real-estate professionals.

That compensation is set between

the brokers and their clients and is always negotiable. According to Real Trends, commissions rates are well below where they were in the 1990s.

Realtors deliver a lot of value for the \$50,000 they make annually, on average, as they guide consumers through all the legal, financial and community complexities of buying a home.

The National Association of Realtors looks out for consumers with its rules for local MLS broker marketplaces. In reality, the market—and hence the consumer—is in the driver's seat when it comes to real-estate commissions.

TRACY KASPER, President, National Association of Realtors, Caldwell, Idaho

Why Did Harvard Students Cheer on Hamas?

I am a senior at Harvard College. Harvard President Claudine Gay's assertion that "no student group—not even 30 student groups—speaks for Harvard University or its leadership" is an understatement.

The morally bankrupt claims made by these groups are not representative of many of their members. They used theirs, Harvard's and their members' names to lend credence to their outrageous claims.

MUKUND VENKATAKRISHNAN, Cambridge, Mass.

sioned and alienated as I am today."

Odious speech is protected by the First Amendment, but there is a price to pay for such egregious anti-Semitic antics. Some students who will be looking for jobs outside academia realize their actions might make them less employable.

Harvard likely will emerge from this relatively unscathed unless donors decide that it is time to stop supporting such pernicious behavior.

HOWARD LANDIS, Naples, Fla.

Is Harvard worthy of donor support? More than 30 Harvard student organizations signed a statement that excused Hamas's recent butchery in Israel.

Harvard, at least initially, didn't condemn the letter or Hamas, and one might reasonably presume that its top administrators are sympathetic to the students' warped perspective.

Thatcher's 'Iron Lady': An Insult-Turned-Asset

Jim Rule points out in an Oct. 13 letter that "Teflon president" was intended to be an insulting jibe, but President Ronald Reagan was far from the only politician to turn an insult into an asset.

Ironically enough for an implacable enemy of communism, Thatcher was dubbed "the Iron Lady" by a Soviet journalist. Yuri Gavrilo

The name was meant to mock the prime minister, whom the author thought was obsessed with the Iron Curtain. But Thatcher seized on the title as proof of her resolute will.

If your enemies are annoyed, you must be doing something right. Why not needle them with their own words?

ROBERT FRAZER, Salford, U.K.

Mr. Kimche describes how "a collection of some 30 student groups" not only "failed to condemn this proto-genocide" perpetrated by Hamas, but "justified and celebrated it."

Perhaps its administrators should be more concerned with how to modify the school's admissions process to ensure that students lacking a basic moral compass are rejected.

WILLIAM J. ROBBINS, White Plains, N.Y.

In 1939, prior to the entry of the U.S. into World War II, thousands of American citizens, many of them members of the German-American Bund, rallied in support of Nazi Germany.

But after the slaughter of more than 1,000 innocent Jews (including 30 Americans), students at Harvard, Columbia, Stanford and other elite universities rallied in favor of the perpetrators.

PAUL SNITZER, Devon, Pa.

I received the mass email sent to Harvard alumni by President Gay, addressing the war in Israel. One line was especially notable: "It's in the exercise of our freedom to speak that we reveal our characters."

JEFFREY H. DEAN, Seattle

Trump's Hezbollah Message

While not exactly a Trump partisan I'm happy to oblige your editorial's request that someone decipher Donald Trump's remarks on Hezbollah and China.

Though they may be couched in a New York street argot, he is saying that the enemies of Western civilization are clever, cunning, implacable and relentless.

That sounds like a message that could benefit those leading the country at this perilous moment.

TOM PARONIS, Brooklyn, N.Y.

Pepper ... And Salt

THE WALL STREET JOURNAL



"We're not calling it a divorce. We're saying our marriage was cancelled."

Bitcoin's Backing Is Dubious

An Oct. 12 letter asks "What Backs the U.S. Dollar?" The answer is the full faith and credit of the U.S. government.

I know some people might think that is questionable, but it goes a lot further than whatever is backing bitcoin.

DAL COGER, Medford, Mass.

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

OPINION

Dostoevsky Knew: It Can Happen Here

By Gary Saul Morson

As I read about Harvard students demonstrating in favor of Hamas and educated people proclaiming that “decolonization” should be pursued “by any means necessary,” I thought of Dostoevsky’s reaction, a century and a half ago, to atrocities committed by the Ottomans as they suppressed uprisings among their Slavic subjects. This was a case, apparently unknown to today’s “decolonizers,” in which a Muslim empire persecuted colonized Christians. The European press was then filled with reports that now seem familiar. Whole families were wiped out; women raped and tortured; living people humiliated and corpses abused; children slowly murdered be-

haps, nothing would stop us despite all our civilization.”

For the time being, “people are simply intimidated by some sort of habit,” Dostoevsky continues, but if some progressive expert were to come up with a theory showing that sometimes flaying skins can benefit the right cause because “the end justifies any means,” and if that expert were to express his view “using the appropriate style,” then, “believe me,” there would be respectable people among us “willing to carry out the idea.” Despite our sophistication and professions of compassion, “all that’s needed is for some new fad to appear and people would be instantly transformed.” Not everyone, of course, but the number of adherents of the new fad would grow while others would be afraid, or embarrassed, to cling to old ideas. And then, “where would we find ourselves: among the flayed or among the flayers?”

After 9/11, it turned out that terrorists were often well-off and well-educated. Cruelty often thrives among the sophisticated. Dostoevsky recalls the French terror, when people were humiliated and murdered in the name of the highest principles—“and this after Rousseau and Voltaire!” We know, as Dostoevsky could only suppose, that during the Stalinist terrors millions were routinely tortured in the most degrading way possible; and that during the collectivization of agriculture, millions more were deliberately starved to death, with young Bolshevik idealists brought in to enforce the famine and take bits of food away from bloated children. In the West, intellectuals justified such behavior because it was done in the name of socialism and anti-imperialism.

Dostoevsky adds that there is no



An anti-Israel protest in New York Oct. 13.

need to resort to examples from the past because the same dynamic can occur in any place at any time that allows the dark side of human nature to show itself, clad in the language of whatever passes for progressive and enlightened. “Believe me,” Dostoevsky addresses his readers, “the most complete aberration of human hearts and minds is always possible.”

It is a terrible mistake to imagine that thuggish deeds are performed only by thugs. Recalling his own early career as a revolutionist, Dostoevsky maintains that his group, which could readily have performed the most terrible acts, was composed of sophisticated people with the Russian equivalent of Ivy League educations. But despite regarding themselves as a cultured elite—or perhaps because they did—few “of us . . . could resist that well-known cycle of ideas and concepts that had taken

such a firm hold on young society.” Then it was “theoretical socialism,” but it could have been anything, and there is no good reason to “think that even murder . . . would have stopped us—not all of us, of course, but at least some of us . . . surrounded by doctrines that had captured our souls.”

Dostoevsky recalls that in his novel “The Possessed,” he showed how even the most innocent hearts can be drawn into committing monstrous deeds and feeling proud to have committed them. “And therein lies the real horror: that . . . one can commit the foulest and most villainous act without in the least being a villain! And this happens . . . all over the world, since time began.” “The possibility of considering oneself—and sometimes even being, in fact—an honorable person while committing obvious and undeniable villainy,”

he adds, is a possibility we overlook at our own peril.

A century later, Alexander Solzhenitsyn, contemplating the idealist Russians who joined in torture and the enlightened Western intellectuals who whitewashed it, asked why Shakespeare’s villains murdered only a few people while the Bolsheviks killed millions. To answer this question, he reflects, one must grasp that no one thinks of himself as evil. To perform evil deeds a person must discover “a justification for his actions,” so that he can regard stealing, humiliating and killing as good. “Macbeth’s self-justifications were feeble,” and so conscience restrained him. He had no ideology, Solzhenitsyn observes, nothing like “anti-imperialism” or “decolonization” to allay pangs of guilt. Solzhenitsyn concludes: “Ideology—that is what gives evil-doing its long-sought justification and gives the evil-doer the necessary steadfastness and determination . . . so that he won’t hear reproaches and curses but receive praise and honors.”

I have heard commentators worried that cancel culture and suppression of diverse opinions might lead to a “soft totalitarianism.” If only. We need to recognize that some of those who justify Hamas’s atrocities would be ready to perform them against their designated enemies. And unlike Dostoevsky’s Turks or today’s Hamas, they would have high-tech means at their disposal to extend their reach. I fear that the horrors of the 20th century may prove only a foretaste of much worse in the near future.

Mr. Morson is a professor of Slavic languages and literatures at Northwestern University.

Some people who cheer atrocities would surely be capable of committing them given an opportunity.

fore their parents’ eyes; and, in one case that particularly shocked Dostoevsky, a young child forced to watch her father being flayed alive “completely.” The child, Dostoevsky reported, was being cared for in Russia, where she repeatedly fainted as she recalled what she witnessed.

If it seems that only uncivilized people could be such sadists, Dostoevsky cautions, know that the same thing could happen among civilized Europeans as well. “For the moment it is still against the law,” he writes, “but were it to depend on us, per-

The Media, Like the Terrorists, Aim at Israel and Miss

By Elliot Kaufman

It was a lie. Hamas said Tuesday that an Israeli airstrike on a Gaza City hospital killed at least 500 Palestinians. Turns out it wasn’t Israeli, it wasn’t an airstrike, it didn’t hit the hospital, nowhere close to 500 people were killed, and Hamas knew it.

This has been confirmed independently by the Pentagon, according to President Biden and the National Security Council; by an intercept and drone and radar footage released by the Israeli military; and perhaps most persuasively by looking at the hospital in daylight. The evidence indicates that a rocket launched by Palestinian Islamic Jihad is the likely culprit.

The question is why the media and so many others ran with the story of Israeli war crimes. They did so on nothing but the word of the jihadist group that committed the largest mass slaughter of Jews since the Holocaust.

“Israeli Strike Kills Hundreds in Hospital, Palestinians Say,” read the initial New York Times headline. Rep. Ilhan Omar (D, Minn.) announced on Twitter: “Bombing a hospital is among the gravest of war crimes. The IDF reportedly blowing up one of the few places the injured and wounded

can seek medical treatment and shelter during a war is horrific. @POTUS needs to push for an immediate ceasefire to end this slaughter.”

The trend everywhere was to let Hamas drive the story, leading readers astray. “BREAKING: The Gaza Health Ministry says at least 500 people killed in an explosion at a hospital that it says was caused by an Israeli airstrike,” the Associated Press wrote in a tweet seen 13 million times. The Gaza Health Ministry is controlled by Hamas. The AP’s subsequent clarification that Israel attributed the strike to a Palestinian rocket has fewer than 200,000 views. But the friendly-fire explanation should always have been plausible and held out as a possibility. Israel doesn’t target hospitals, and it had already counted some 450 Palestinian rockets that fell inside Gaza.

What actually happened? The Israel Defense Forces say that Palestinian Islamic Jihad began a barrage of 10 rockets at Israeli cities at 6:50 p.m. local time Tuesday. This is confirmed by live video, including on Al Jazeera, which shows one rocket malfunctioning and crashing in Gaza at 6:59 p.m.—the same time reports emerged of a blast near the hospital. Israel’s Channel 12, an independent commercial station, caught it on video, too. Israel says it carried out

no attacks at that time. Gazans near the hospital reportedly complained about the distinct shriek of rocket launches.

Soon after, Hamas fighters discussed what had happened. We know this because—in a rare move that reflects the stakes here—Israel released a recording of an intercepted phone call between two Hamas members:

The Arab street has a new blood libel: that Jews slaughter Palestinians in their hospitals.

“I am telling you this is the first time we see a missile like this falling, and so that’s why we are saying [it] belongs to Palestinian Islamic Jihad.”

“It’s from us?”

“It looks like it. They are saying that the shrapnel from the missile is local shrapnel and not like Israeli shrapnel.”

“But God bless, it couldn’t have found another place to explode?”

“They shot it coming from the cemetery behind the hospital, and it misfired and fell on them.”

With morning came clear sight of the hospital—which hadn’t sustained structural damage. Instead, it could be seen that the blast had occurred in the parking lot, and had set off a large fire, likely from the accelerant of a failed long-range rocket.

The kind of crater that would indicate an Israeli strike is nowhere to be found. We know what those look like, because they are all over Gaza. But not here. Cars as close as 10 yards to the impact sustained no structural damage. Ditto for the nearby buildings. Instead, the vehicles were charred from fire—what you’d expect from a Palestinian rocket.

The situation also makes it implausible that 500 were killed. Hamas reported casualty figures way sooner than it could possibly have known—and that should have been a tip-off that something wasn’t right.

But the media bought it and shifted the Western discussion to what Israel had supposedly done rather than what Hamas actually did and what Israel needs to do to defend its citizens.

Why? One answer is that opponents of Israel, including many journalists, wanted to believe Hamas’s story because it fits their image of Israel as a villain or enemy. And no doubt many in the West are deter-

mined to believe the worst of Israel even when it’s been disproved. But the larger risk is across the Islamic world. Hamas’s lie—and the Western media’s propagation of it—brought huge crowds to the streets in Ramallah, Amman, Beirut and Baghdad.

Crowds tried to attack the Israeli Embassy in Jordan and the U.S. Embassy in Lebanon. Moderating Arab leaders were pushed into making hasty statements about “Israeli criminal practices” (Saudi Arabia) and “the Israeli attack that targeted Al Ahli Baptist Hospital” (United Arab Emirates).

These leaders fear their own populations, whose prejudices they know all too well. The rulers could find themselves blamed for strengthening relations with Israel, the hospital killers.

The Arab street has been given a new blood libel: that Jews slaughter Palestinians in their hospitals. That we can be confident it is false, like the 2002 “Jenin massacre,” doesn’t mean they will ever know that. No matter how this war ends, Islamic Jihad’s strike and Hamas’s propaganda are likely to feed violence against Jews and Israel—with an assist from the Western press.

Mr. Kaufman is the Journal’s letters editor.

The Economy Is Great. Why Do Americans Blame Biden?

By Alan S. Blinder

There is a sharp disconnect between the U.S. economy’s underlying realities, which are good, and people’s attitudes about the economy, which remain sour. Why does President Biden’s economic performance get such bad marks when unemployment is near record lows, net jobs are still being created at a breakneck pace, and inflation has fallen notably?

Although the Biden administration can’t crow about it, for fear of seeming out of touch, the economy is doing remarkably well. Consumer price index inflation over 12 months, which peaked around 9% in June 2022, has lately been running around 3.5%. The unemployment rate, which was 6.3% when Mr. Biden took office, has now been 4% or lower for 22 consecutive months. Job creation is still running well above the rate needed to absorb la-

bor force growth. Consumers continue to spend like mad.

Yet the public is down in the mouth about the economy—and they blame Mr. Biden. On one level, this isn’t terribly surprising. When the economy does well, Americans give the president more credit than he deserves; and when it performs poorly, they give him too much blame. The question is: Why is this a time for blame rather than credit?

Part of the answer is clear. First, there are always lags in perception. People’s evaluation of the economy is backward looking, and inflation was sky high not long ago. Second, many Americans are feeling grumpy about their country these days, and some of that grumpiness rubs off on the economy.

Third, you often hear that not everyone is doing well in this economy. That’s true. But it’s always true. Even in an exuberant boom, some people are sadly left behind.

We have huge inequalities in America. One may wish it weren’t so, and in my view we should do more to aid the unfortunate. But in a population of more than 330 million, some people will always be struggling.

Another part of the answer is that lower inflation isn’t enough for many people. Rather, they seem to want prices for items such as gasoline and groceries to fall back to where they used to be.

There’s a big difference between falling inflation, which we have, and falling prices, which we don’t. Inflation is the rate at which average prices are rising. When the Federal Reserve gets the inflation rate down to its 2% target, that will mark a big victory. But prices won’t return to their old levels. They will still be rising, albeit slowly.

Here’s the problem. While some prices in a modern economy—such as for gasoline and food—do go up

and down a lot, most prices only go up. When these prices rise rapidly, we have high inflation, as happened in 2022. When they rise slowly, we have low inflation, as was normal

Inflation is lower, but some won’t be happy until prices come down too. That would be a disaster.

before the pandemic. But the overall price level, which is a weighted average of all prices in the economy, almost never falls.

I said almost never. The price level did fall, quite a bit in fact, during the Great Depression, and briefly during the pandemic recession. It takes a truly sick economy to cause deflation.

Contrast this with the Fed’s ef-

Notable & Quotable: Penn

Hedge-fund manager Clifford Asness in an Oct. 16 letter to University of Pennsylvania president Elizabeth Magill:

Yes, this is one of those letters. . . . I have long been dismayed at the drift away from true freedom of thought, expression, and speech. . . . Then, a few weeks ago, Penn’s hosting an antisemitic Burning Man festival pushed matters further. I’m 100% for free speech but not asymmetrical free speech where some have it and some don’t. Imagine Penn’s action if that event was as

anti-anyone else other than Jews? . . . Most distressing to me was your first statement making vague equivalences between the intentional murder of children (and others) by terrorists and the accidental injury to children that sadly occurs when murdering terrorists hide behind children to escape justice.

I’ve recently finished a large five-year pledge to Penn and will not be considering another until . . . change is evident. I do not like making something like this about money—but it appears to be one of the only paths that has any hope of mattering.

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WORLD NEWS

Indian Press Cites Repression

Journalists say Modi administration uses antiterror law to investigate critics

By Tripti Lahiri and Shan Li

NEW DELHI—At about 6:30 a.m., dozens of police fanned out to an office and private homes in India's capital earlier this month. They searched houses and seized books, laptops and phones. They interrogated people. When one of them pressed them for a warrant, he said an officer whispered that the search didn't require one—it was happening under a stringent antiterrorism law.

"I was shocked," said Ur-millesh, the subject of the search and a former executive editor of the TV channel of India's upper house of Parliament. The 67-year-old, who uses just one name, watched dumbfounded as police rummaged through his books and journals. Dozens of people were subjected to the searches. They were all journalists or people associated with an Indian news website called NewsClick, known for articles and videos critical of the government of Prime Minister Narendra Modi. The site's founder, Prabir Purkayastha, and its human-resources manager were arrested and are in custody.

Police are investigating allegations that NewsClick, founded in 2009, got funding from groups promoting Chinese propaganda, according to the police complaint and a lawyer for the company. NewsClick denies wrongdoing. "The intent of the Indian authorities is to stifle voices critical of government policies and actions," NewsClick said.

The probe is one of the latest actions taken by authorities in India that have led journalists and rights groups to criticize Modi and his Bharatiya Janata Party for what they say is a more restrictive environment for speech and the press. Many say efforts to silence critics are intensifying ahead of state elections next month and national elections in 2024. Last week, an official authorized the possible prosecution of Booker Prize-winning novelist Arundhati Roy, a vocal critic of Modi's government, on a police complaint from 2010. Some media outlets, including the BBC, have been investigated by Indian tax authorities after publishing reports that were critical of the government. "Terrorism charges are a whole new dimension of threat to media freedoms," said Sukumar Muralidharan, a former journalism professor based in the city of Gurgaon. It "involves the possibility that these people will not come out of jail for years."



Protesters this month gathered in New Delhi to demonstrate against the arrest of NewsClick's founder and an employee.

The prime minister's office didn't respond to a request for comment. At a news conference at the White House in June, Modi disputed that freedom of speech and the press are under threat in India. "Democracy is in our veins," he said.

A spokesman for Modi's party said that questions about law-enforcement actions should be directed to the investigating agencies. The NewsClick investigation came after a New York Times article in August detailed a nonprofit network that it said promoted Chinese propaganda by funding media businesses globally. The story said NewsClick was among the outlets that got financing.

The police complaint identified WorldWide Media Holdings as a nonprofit that contributed some funding to NewsClick. The news site acknowledged receiving some of its funding from the nonprofit but said it disclosed its foreign funding to financial authorities as required by law. The news site denied that it published propaganda or got funding from Chinese entities. A Wall Street Journal review of NewsClick's content suggests it published articles covering subjects from hunger in Afghanistan to criticisms of Modi policies to India's space program. Some of it reflected left-leaning views and perspectives that aligned with Beijing's political stances. The site says it focuses on coverage of "people's movements and struggles across the country."

The Times said it stands by its reporting, and "nothing in our stories justifies the silencing of journalists."

The raids on NewsClick occurred under a 50-year-old antiterror law that gives authorities broad powers and under which it is extremely difficult to obtain bail. In recent years, authorities have expanded its powers, for example, by allowing them to designate individuals as terrorists.

Some journalists close to Modi's party disagree that the Indian government is intolerant of dissent. "There's been absolutely no institutional hindrance to the expression of free opinion," said columnist Swapan Dasgupta, a former member of the upper house of Parliament from the party. He said he believes some of the complaints are coming from liberals who were among the journalistic elite for a long time—and who now find themselves without access.

Some of the complaints are coming from liberals who were among the journalistic elite for a long time—and who now find themselves without access.

Washington could revoke the authorization if the regime doesn't follow through with commitments the opposition hopes will lead to a free and fair vote. "The U.S. government retains the authority to rescind authorizations should the representatives of Maduro fail to follow through on their commitments," the Treasury Department said. The announcement is the most sweeping reversal yet of sanctions applied largely as part of former President Donald Trump's so-called "maximum pressure" campaign to unseat the Maduro regime, which has been accused by the U.S. and other governments of election-rigging, extensive human rights abuses and corruption.

"This is a 180-degree change in U.S. sanctions policy toward Venezuela," said Geoff Ramsey, who closely tracked the negotiations for the Atlantic Council. "It's going to be crucial for the administration to monitor the government's compliance to ensure that Maduro holds up his end of the bargain."

Under the new guidelines, American and foreign companies will be allowed to produce and export Venezuelan oil and gas and conduct business with state-energy monopoly **Petróleos de Venezuela**, though transactions with Russian oil companies in Venezuela remain off-limits.

Business with Venezuela's state metals company is also permitted, reopening a gold-mining sector that the U.S. had long argued was being used by the regime to loot Venezuela's remaining riches while causing environmental damage. In addition, the Treasury greenlighted the trading of Venezuelan government bonds by U.S.-based financial institutions, which the U.S. had previously restricted to close off Maduro's financing options.

Sanctions that the U.S. has leveled against Maduro and high-ranking officials and military officers for alleged crimes that include drug trafficking and looting the oil industry remain in place. By removing economic sanctions, the U.S. is expecting that the regime will release at least some of the eight Americans jailed in Venezuela.

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Protests in Guatemala Choke Off Exports

By Juan Montés

Widespread political protests in Guatemala have engulfed Central America's most-populous nation, with demonstrators closing roads, choking exports and causing shortages of fuel and food.

Indigenous leaders, student groups and unions are demanding the resignation of the country's attorney general, following claims by President-elect Bernardo Arévalo that she and other prosecutors are plotting a coup against him.

The presidential election Arévalo won by a landslide in August has been marked by judicial challenges and allegations of fraud against him and his party. Arévalo's surprise victory followed a campaign focused on combating endemic corruption.

On Monday, protesters left a large dam and water plant serving Guatemala City after occupying it for a week. In Malacatán, near the border with Mexico, a demonstrator



Indigenous people demonstrate in support of President-elect Bernardo Arévalo in Guatemala City.

was killed and two others wounded by unknown gunmen after protesters refused to lift a road blockade, a local firefighter group said. Road closures have caused

exporters about \$366 million in losses, according to Guatemalan trade group Agexport. Dozens of wholesale food markets and shops in the capital have closed in protest, resi-

dents said. Hundreds of demonstrators have occupied the entrance of the Attorney General's Office headquarters.

Guatemala's interior minister resigned Monday after he re-

fused to repress demonstrators.

"They are seeking to remove a democratically elected leader," said Luis Pacheco, a K'iche' Mayan who represents 48 indigenous poor communities in western Guatemala that are leading protests against Attorney General Consuelo Porras.

The Attorney General's Office says its investigations don't aim to prevent Arévalo from taking office.

Protests erupted on Oct. 2, days after prosecutors raided the headquarters of Guatemala's electoral court and seized ballot certificates as part of a criminal inquiry into alleged electoral fraud.

The probe relates to the alleged manipulation of the computer system that processed the results of this year's elections, a senior government official said. Guatemalan prosecutors are expected to bring charges soon, he said. Election observers said they found no incidents of fraud or manipulation, and prosecutors haven't presented detailed evidence.

FRANCE Three Airports and Palace Evacuated

The Palace of Versailles and three airports in cities across France were evacuated for security reasons and temporarily closed Wednesday, the latest in a spate of evacuations in the past five days around France.

The former royal chateau of Versailles apologized to visitors for forcing them to evacuate from the sumptuous 17th-century palace "for security reasons." The tourist attraction said on X, formerly Twitter, that it reopened hours later after checks.

Meanwhile three airports in the cities of Lyon, Toulouse and Lille received emailed threats Wednesday, police said, without elaborating. The airports all reopened after security checks.

The threats have so far proved false.

Government spokesman Olivier Veran said the multiple security alerts and evacuations must not grip France with fear. "Vigilance, yes. Fear, no," he said.

—Associated Press

LIBERIA Runoff Is Likely In Presidential Vote

Liberia's presidential election Wednesday appeared headed for a runoff, with the top candidates neck and neck and the votes nearly fully counted.

President George Weah, who is seeking a second term, had 43.8% of the vote with his main challenger Joseph Boakai at 43.4%, according to the National Elections Commission. A candidate needs more than 50% of the vote to win.

After the votes from this round are finalized, the runoff will take place within 15 days.

The Oct. 10 election is the tightest in the nearly two decades since the end of the country's civil war that killed some 250,000 people.

The final tally must wait until the end of the week, when re-voting is expected in two places in Nimba county because ballot boxes were stolen, said the commission. Nimba is an opposition stronghold but the outcome won't significantly alter the results or push anyone across the finish line, analysts said.

—Associated Press

WORLDWATCH



ILLUMINATING EXPERIENCE: The 'Luminiscence' light show will be performed until Dec. 17 at a cathedral in Bordeaux, France.

U.S. Lifts Sanctions Against Venezuela

By Kejal Vyas and Patricia Garip

The Biden administration late Wednesday announced the removal of a broad array of sanctions against Venezuela's oil and gas sector in response to a deal between President Nicolás Maduro's authoritarian government and his political opponents that could lead to a presidential election next year.

The U.S. Treasury Department suspended for six months measures against Venezuela that had prohibited financial transactions in the country's energy sector and gold mining industry. The measure also ended a ban on trading Venezuelan government bonds.

Washington could revoke the authorization if the regime doesn't follow through with commitments the opposition hopes will lead to a free and fair vote. "The U.S. government retains the authority to rescind authorizations should the representatives of Maduro fail to follow through on their commitments," the Treasury Department said.

The announcement is the most sweeping reversal yet of sanctions applied largely as part of former President Donald Trump's so-called "maximum pressure" campaign to unseat the Maduro regime, which has been accused by the U.S. and other governments of election-rigging, extensive human rights abuses and corruption.

"This is a 180-degree change in U.S. sanctions policy toward Venezuela," said Geoff Ramsey, who closely tracked the negotiations for the Atlantic Council. "It's going to be crucial for the administration to monitor the government's compliance to ensure that Maduro holds up his end of the bargain."

Under the new guidelines, American and foreign companies will be allowed to produce and export Venezuelan oil and gas and conduct business with state-energy monopoly **Petróleos de Venezuela**, though transactions with Russian oil companies in Venezuela remain off-limits.

Business with Venezuela's state metals company is also permitted, reopening a gold-mining sector that the U.S. had long argued was being used by the regime to loot Venezuela's remaining riches while causing environmental damage. In addition, the Treasury greenlighted the trading of Venezuelan government bonds by U.S.-based financial institutions, which the U.S. had previously restricted to close off Maduro's financing options.

Sanctions that the U.S. has leveled against Maduro and high-ranking officials and military officers for alleged crimes that include drug trafficking and looting the oil industry remain in place. By removing economic sanctions, the U.S. is expecting that the regime will release at least some of the eight Americans jailed in Venezuela.

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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Thursday, October 19, 2023 | B1

S&P 4314.60 ▼ 1.34% S&P FIN ▼ 1.70% S&PIT ▼ 1.23% DJTRANS ▼ 3.44% WSJ IDX ▲ 0.29% 2-YR. TREAS. yield 5.218% NIKKEI (Midday) 31486.54 ▼ 1.73% See more at WSJ.com/Markets



ESPN and TNT carry 165 nationally televised games. The Warriors and Lakers competed in the Western Conference semifinals in May.

NBA Seeks TV-Rights Deals With More Streaming Firms

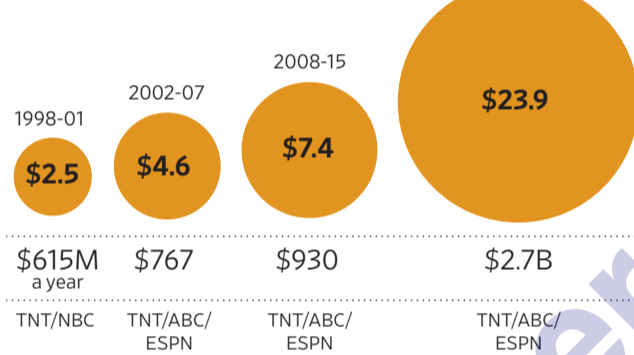
League looks to boost fees by luring Amazon, Apple, and offer games locally

By AMOL SHARMA AND ISABELLA SIMONETTI

The stars of the National Basketball Association are taking to the court as a new season begins next week. Behind the scenes, the league has started talks to secure the billions of dollars in media-rights fees that will help pay their huge salaries.

As the NBA enters its first media negotiations in a decade, its biggest partners, Disney's ESPN and Warner Bros. Dis-

NBA television-rights deals, in billions



| Deal Value | Annual Revenue | Partners |
|------------|----------------|--------------|
| \$2.5B | \$615M a year | TNT/NBC |
| \$4.6B | \$767 | TNT/ABC/ESPN |
| \$7.4B | \$930 | TNT/ABC/ESPN |
| \$23.9B | \$2.7B | TNT/ABC/ESPN |

Source: J.P. Morgan

covery's TNT—which together pay \$2.7 billion a year—aren't looking to pony up big spending increases.

Each company is under in-

vestor pressure to trim costs, with cable TV's decline and hefty mergers weighing on their balance sheets. Meanwhile, the largest sports broad-

caster in local markets is in bankruptcy and on the brink of liquidation.

The league is looking to bring additional parties to the negotiating table as it plots out its new deals, which would go into effect after the 2024-2025 season. For consumers, those deals could change significantly where games are broadcast.

ESPN and TNT, which carry roughly 165 nationally televised games combined, are exploring signing up for smaller packages, said people familiar with the situation. That arrangement would help them hang onto a premier asset in American media without breaking the bank. Those companies al-

Please turn to page B2

Musk Warns on Tesla Cybertruck Amid Profit Drop

By REBECCA ELLIOTT

Chief Executive Elon Musk warned Wednesday that Tesla will face "enormous challenges" scaling up factory production of its long-delayed Cybertruck, signaling profit could remain under pressure in the coming quarters.

The electric-car maker reported a 44% decline in third quarter net income, a steeper drop than Wall Street had expected, as price cuts across the company's lineup continued to take a toll on the bottom line.

On Tesla's earnings call, Musk struck a cautious tone about the year ahead, expressing concerns about the broader economy, including higher interest rates and their impact on consumers.

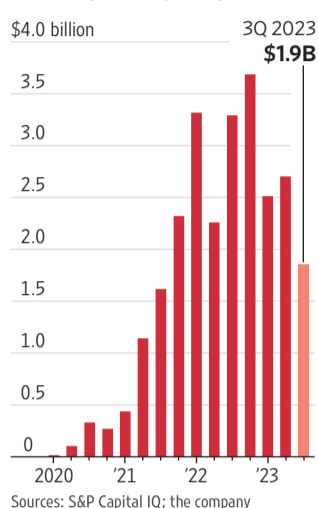
He also was tempered in his outlook for the Cybertruck, which Tesla plans to start delivering to customers at the end of November.

Due to the difficulties of its design, Musk said it could take another year to 18 months for it to be a significant contributor to positive cash flow.

"We dug our own grave with Cybertruck," Musk said, referring to the complexity of building the vehicle, which has faced cost overruns and design changes.

Tesla's third-quarter finan-

Tesla's quarterly net profit



Sources: S&P Capital IQ; the company

cial results disappointed on a number of fronts, including missing analysts' expectations on revenue and net income, further fueling concerns about whether the company can sustain its growth trajectory with a limited lineup.

Revenue was up 9% to \$23.4 billion, lifted by higher vehicle deliveries compared with the same year-ago quarter, the company said Wednesday.

The \$1.9 billion in net income for the July-to-September period missed expectations, and the revenue growth was lower than analysts had anticipated.

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Morgan Stanley Logs 9% Decline in Profit

By CHARLEY GRANT AND ANNA MARIA ANDRIOTIS

Morgan Stanley said third-quarter profit fell 9% from a year ago, hit by a sharp decline in deal making.

Investment-banking revenue dropped 27%, far worse than at other banks. Within that, fees from advising corporate clients on mergers and acquisitions fell by more than 30%. So did revenue from underwriting bond offerings.

JPMorgan Chase, meanwhile, posted just a slight drop in investment-banking revenue, and Citigroup and Bank of America reported gains. Investment-banking revenue was roughly flat at Goldman Sachs.

Morgan Stanley's stock fell 6.8% on Wednesday, its largest one-day decrease since June 2020. Shares of other big banks were down, too, but by much smaller increments. Goldman slipped 2.4%. Both banks closed at their lowest price in more

than a year.

"Frankly, banking has been really weak," Morgan Stanley CEO James Gorman said on a call with analysts. "I mean, under \$1 billion is evidence of a very weak calendar and very weak M&A."

Morgan Stanley's investment-banking revenue was \$938 million in the quarter, the first time in years that it fell under \$1 billion.

Gorman said the pipeline for deals is improving and should translate to better revenue in 2024, especially once the Federal Reserve eases its campaign to raise interest rates.

"The minute you see the Fed indicate they've stopped raising rates, the M&A and underwriting calendar will explode because there is enormous pent-up activity," he said. "Boards of directors are sitting there saying, until we understand the cost of financing it is very difficult to pull the trigger"

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Theoretical Number Grips Wall Street

By SAM GOLDFARB

Investors and Federal Reserve officials scrambling to make sense of surging Treasury yields have a new obsession: a number that exists only in theory.

Known as the term premium, the number is typically defined as the component of Treasury yields that reflects everything other than investors' baseline expectations for short-term interest rates set by the Federal Reserve. That could include anything from an increase in the supply of bonds to

harder-to-pin-down variables such as uncertainty about the long-term inflation outlook.

In recent weeks, debate around the term premium has intensified because some financial models have suggested that it has been rising sharply—driving much of a recent surge in longer-term Treasury yields that has carried the yield on the 10-year note above 4.9% for the first time since 2007.

Treasury yields help dictate interest rates on everything from mortgages to corporate debt, making their rise over

the past two years a steady source of anxiety for investors. So far, those worries have proved mostly unfounded, as the economy has shown little signs of buckling under the higher borrowing costs.

Yet the recent evidence of rising term premiums has provided a new source for concern. For some, they suggest that yields are no longer rising because of a strong economy and expectations for higher rates. Instead, the underlying cause could be something harder for the Fed to control and therefore more dangerous.

Still, even economists who created term-premium models stress that their outputs are imperfect estimates, making it difficult to gauge whether or not they are a warning.

Most analysts agree that yields on U.S. government bonds are largely determined by the anticipated path of short-term interest rates.

The rationale: Investors will buy a series of one-month Treasury bills instead of a bond that matures years from now if they think that will produce a better return. If this pushes the lon-

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China Developer Skips Last Deadline on Debt

By REBECCA FENG AND FRANCES YOON

Chinese property giant Country Garden has missed a final deadline to pay interest on a dollar bond, capping a remarkable fall from grace for a company that was once considered among the safest developers in the country.

The company hasn't made a \$15.4 million interest payment on an outstanding dollar bond, according to two investors who hold the bond. That could lead to a wave of cross-defaults on its other international debt. Country Garden had around \$15.2 billion of international bonds and loans outstanding at the end of June, according to its public disclosures.

The payment was due at midnight Tuesday, according to a person familiar with the matter.

The company's inability to meet its debt obligations shows the extent of a painful slowdown in China's property sector, which was once a key

source of wealth creation in the country. The property slump has worsened the strains on China's economy, which has struggled to return to health this year after emerging from strict zero-Covid policies.

Before China's property sector faltered two years ago, investors considered Country Garden to be one of the country's most conservative private sector developers. While more aggressive developers attempted to expand into other areas, the company remained focused on real estate. At its height, Country Garden was rated around triple-B by major credit-ratings companies, implying a low probability of default.

The Foshan-based developer now joins dozens of Chinese property companies that have missed payments on their dollar bonds. Bond defaults in the sector totaled around \$81 billion between 2021 and 2022, according to data from S&P Global Ratings.

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E-COMMERCE

Amazon unveils warehouse overhaul with robotics to speed deliveries. B4

Real-Estate Commissions Are Targeted as Unfair Fee

By LAURA KUSISTO AND NICOLE FRIEDMAN

In recent years, technology has made a host of consumer transactions cheaper—from booking a vacation to buying stocks—but commission rates for selling a home haven't really budged. That could soon change.

A pair of class-action lawsuits challenging real-estate industry rules—including one that went to trial beginning this week—and continued pressure from U.S. antitrust officials are threatening to disrupt a compensation model that hasn't meaningfully changed in decades.

Home buyers rarely pay their agents. Instead, sellers pay their own agents, who in turn share their commissions with the buyer's representative. In the typical transaction, total agent commissions are 5% to 6% of the sale price. For a \$400,000 home purchase, that is roughly \$20,000, split two ways.

In most markets, publishing



Jon Anderson says he was 'blackballed' by the sales market.

the amount of compensation offered to the buyer's agent is a condition for listing a home on a multiple-listing service—a vital tool for marketing a home.

In the current environment, trying an alternative approach can be risky. When Jon Anderson decided to sell his khaki-colored three-bedroom house in Colorado Springs, Colo., four years ago, the veteran

home seller was fed up with paying a real-estate agent tens of thousands of dollars.

He hired a low-fee brokerage company, REX, that was bucking a widespread industry rule by not guaranteeing the seller would pay a commission to the home buyer's agent. At the time, homes were often selling in days, but for several weeks

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Tesla Earnings Fall 44%

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The Texas-based automaker has leaned heavily on price cuts and discounts to stimulate demand for its aging models, some of which have only had minor refreshes in recent years.

In the U.S., starting prices for some Tesla vehicles have fallen by about a third this year, and the tactic has dented profitability.

In the third quarter, the automaker's once industry-leading operating margin fell to 7.6% in the third quarter, from 17.2% in the year prior, putting it on par with many traditional automakers.

Tesla's stock, which closed Wednesday at \$242.68 a share, was down roughly 4% in after-hours trading.

Unveiled in 2019, the Cybertruck is Tesla's first new passenger model in more than three years and the only new offering expected to hit the market soon. He added that Tesla expects to eventually produce 250,000 Cybertrucks a year but not until 2025 at the earliest.

On Wednesday, Tesla reaffirmed its goal of delivering 1.8 million vehicles to customers this year, up from 1.3 million in 2022, but Tesla executives demurred when asked about growth plans for next year.

"It is not possible to have a compound growth rate of 50% forever or you will exceed the mass of the known universe," Musk said.

He also was circumspect when discussing Tesla's planned factory in Mexico, saying he is hesitant to "go full tilt" on the project. "I don't want to be going at top speed into uncertainty," he

said after expressing concern about the global economy.

After several years of breakneck growth, Tesla is confronting a more challenging environment ahead.

Industrywide, U.S. sales of electric vehicles continue to increase, but at a slower clip than in years past, and unsold inventory is starting to stack up. Some automakers, such as General Motors and Ford Motor, are tempering their expectations, as the pool of consumers willing to splurge on an EV becomes more limited and prices overall come down.

In China, Tesla's growth has been further challenged by an intensifying price war in the EV market and the rise of BYD, a competitor that is closing in on Tesla's EV sales crown.

The company's closely watched automotive gross margin, excluding regulatory credits, fell more than expected, to 16.3% in the July-to-September period. That margin, an indicator of the cost of sales, was 26.8% in the third quarter of 2022.

Musk has sought to reassure investors by arguing that Tesla's future is in software, including autonomous driving technology that he expects will eventually help generate generous profits.

Tesla's stock has roughly doubled in 2023 after a disappointing 2022 but remains below its highs from two years ago.

Tesla will need to deliver more than 475,000 cars and SUVs in the final three months of 2023 to achieve its goal of selling 1.8 million vehicles this year.

Tesla's price reductions have continued into October for the Model 3 car and Model Y crossover, and analysts anticipate the automotive gross margin will fall further in the fourth quarter.

Teslas sold for an average of around \$44,000 in the third quarter, compared with about \$54,000 in the same period of 2022.



Tesla's growth in China has been tested by the rise of BYD.

BUSINESS & FINANCE

Profit Falls at Disney Sports Unit, Shedding Light on ESPN Problems

By ISABELLA SIMONETTI

Profit from Disney's sports segment, home to ESPN, declined 20% in the first nine months of its fiscal year, according to a filing Wednesday that offers a clearer look at the toll cord-cutting is taking on the business.

Operating income for the newly reported sports segment fell to \$1.48 billion in the nine months ended July 1, while revenue declined 1.3% to \$13.2 billion. The unit includes ESPN and related channels, Disney's ESPN+ streaming service and Star-branded sports channels in India.

Profit from ESPN-branded TV networks, ESPN programming on the ABC network and ESPN+ fell 7.8% to \$2.06 billion in those nine months.

The company shared more detailed financial results for the business as it seeks a potential strategic partner to help shape the future of ESPN's content and distribution.

Disney's sports business faces challenges including cord-cutting and the rising price of sports-rights fees as it looks to shepherd its business into its next era. The company plans to make its ESPN cable network available to cord-cutters as a streaming service to

adapt to shifting consumer tastes.

Earnings from Disney's flagship sports brand represented about 19% of companywide operating income in the first nine months of the company's fiscal year.

Within the sports segment, Disney's domestic business has fared better than its international operations, the filing shows. Its Star India unit has suffered since losing a high-profile cricket-rights package, and Disney is exploring strategic options for that business, The Wall Street Journal previously reported.

Disney's once-lucrative tra-

ditional television business has suffered from relentless and accelerated cord-cutting, forcing it to rethink the future of that business and quickly pivot to streaming.

Revenue within the sports segment grew by 8% to \$17.3 billion in Disney's 2022 fiscal year, and operating income fell nearly 1% to \$2.7 billion, according to the filing.

ESPN has explored pacts with the National Football League and National Basketball Association in which the leagues would supply programming and assets in exchange for small equity stakes in ESPN, the Journal has reported.

NBA Looks To Add Streamers

Continued from page B1

ready are in renewal talks with the NBA, with an exclusive negotiation period set to expire in April.

If ESPN and TNT buy fewer games, that would allow the league to create a package for a streaming video player. Amazon and Apple already have expressed interest and are looking for much more than a small slice of NBA games.

"They're benefiting from the fact that there are new entrants who look to want to play," said Jonathan Miller, former NBA executive and chief executive of Integrated Media, which specializes in digital media investments.

Amazon and others have indicated they would find it even more appealing if the NBA could package national TV rights with local-market rights—so they can show people in Indiana the games of the hometown Pacers, for example, and the same in other cities around the country, according to people familiar with the discussions.

The league is looking at doing just that, some of the people said, and the bankruptcy of Diamond Sports—parent of



Fans in Denver watch game five of the 2023 NBA Finals between the Nuggets and Heat.

the Bally Sports branded regional channels that once operated under the Fox Sports Net brand—is expected to accelerate those efforts.

In the American sports landscape, the National Football League towers above all else. But the NBA is No. 2, given its appeal with younger audiences, and is in a strong position to demand a tripling of fees, as it did last time around, said David Levy, who negotiated TNT's last deal with the NBA in 2014.

"Pop culture, fashion, relevancy—why wouldn't the No. 2 get a 3x increase?" Levy said.

The NBA hasn't said publicly what fee increase it is seeking.

Tripling the last agreement would mean a deal worth about \$78 billion over a decade. Media rights make up a chunk of league revenue, along with ticket and merchandise sales.

"You have to recognize that the marketplace has gone through some change in the last few years and so that does temper what is possible," said Ed Desser, president of sports-media consulting firm Desser Sports Media and a former NBA media executive. "But on the other hand, the NBA hasn't had a reset in almost a decade."

CNBC and Bloomberg earlier reported on elements of the

NBA's media-rights negotiations and interest from potential bidders, including streamers.

In the most recent season, NBA games on TNT, ESPN and ABC averaged 1.6 million viewers. The playoffs attracted more than five million viewers, according to Nielsen data, and were nearly always the most popular programming across all of television for audiences under 50.

The NBA will be the last major sports-media property to come up for bidding for a long time, said Lee Berke, chief executive of LHB Sports, Entertainment & Media.

Real-Estate Agent Fees Targeted

Continued from page B1

Anderson said virtually no buyers even toured his home. It eventually sold for \$15,000 less than he originally listed it for.

"I believe that when my house went on the market through REX that we were completely and utterly blackballed by the real-estate market," he said.

REX, which is now defunct, recorded a call with a buyer's agent interested in Anderson's home until she realized there was no guaranteed commission. "I won't bother to show it," she said. A former REX data scientist said the recording and about 600 similar ones have been turned over to plaintiffs' attorneys and the Justice Department.

The plaintiffs in the class actions, who are home sellers in different regions of the country, say the longstanding industry rules amount to a conspiracy to keep costs high in violation of U.S. antitrust law. Buyers, they say, have little incentive to negotiate with their agents because they don't pay them directly, while sellers are loath to experiment



Anderson's home sold for \$15,000 below his initial listing price.

with a lower commission rate for fear that agents will steer clients away from their home.

An academic study released this month provides some evidence of these concerns. It found that home listings offering lower buyers' agent commissions take significantly more time to sell and are much less likely to sell at all, even after controlling for factors such as the home's age and location.

The National Association of Realtors, a defendant in both cases, says the current system helps first-time home buyers and those with modest means by sparing them a significant upfront cost when purchasing a home. Buyers might otherwise put themselves at a disadvantage by not having their own agent, the group says.

"What is at stake here is the future of buyer representation," said Katie Johnson, NAR's chief legal officer. In court documents, the association said sellers' agents pay the commissions to buyers' agents to attract more interest in their homes.

In a report released this month, Ryan Tomasello, a real-estate industry analyst with Keefe, Bruyette & Woods, predicted that the lawsuits could lead to a 30% reduction in the \$100 billion that Americans pay in real-estate commissions every year and push well over half of the roughly 1.6 million agents out of the industry.

"The writing is on the wall given the attacks that the industry has right now from all sides," Tomasello said.

Ever since Zillow went on-

Costco Picks Longtime Insider to Succeed CEO

By BEN GLICKMAN

Costco Wholesale said longtime Chief Executive Craig Jelinek will step down after the holidays and hand over the role to his top deputy, who has also spent decades working at the warehouse retailing giant.

Ron Vachris, 58 years old, the company's president and chief operating officer, will take over in January, becoming

just the second person to hold the Costco chief executive job since the company's co-founders.

His appointment was telegraphed when Vachris was elevated to the No. 2 role and joined the company's board in 2022.

Vachris started out as a forklift driver and has steadily climbed through the management ranks, including stints in merchandising and real estate.

Costco was started in Seattle in 1983 and has expanded into a global giant with more than 860 warehouses in the U.S. and a handful of other countries. After a late entry into e-commerce, it has been dipping deeper into online sales in recent years.

Costco shares are trading near their records and the company's business has been buoyed by the pandemic and strong consumer spending.

The company generated \$242.3 billion in revenue in the fiscal year ended in August. When Jelinek became CEO in 2012, it had around \$99 billion in annual sales.

Jelinek, 71, who took over from one of the company's co-founders, will stay on as an adviser through April 2024 and will remain a member of the Costco board.

—Sarah Nassauer contributed to this article.

BUSINESS NEWS

United Revamps Boarding

Airline says it can shave off up to two minutes in times for loading passengers

By Alison Sider

United Airlines has a plan to fix one of the most annoying parts of travel: boarding.

Next week, United will bring back a boarding method for economy passengers that it says is more efficient, hoping to shave up to two minutes off what is often a cumbersome process.

It sounds simple: window, middle, aisle, or “Wilma.” When economy passengers board, those sitting in the window seat will go first, followed by middle seats, and then aisles. Groups traveling on the same reservation will still board together.

Airplane boarding has become a Byzantine process that can frustrate customers and put airlines behind schedule, causing delays that can ripple throughout the day.

For airlines, boarding is a logistical puzzle as well as a psychological test as they try to balance speed, fairness and revenue. Earlier access to overhead bin space is often a perk for higher paying customers, and some clamor to get on first.

Carriers tried tweaks like better signage and text-message alerts about when to head to the gate. The number of boarding groups has proliferated as airlines sought to reward loyal customers while keeping things running smoothly. Social distancing during the pandemic created new headaches.

More cramped flights as airlines squeezed in more seats has made boarding



For airlines, the process is a logistical challenge that can frustrate customers and cause delays.

harder, but new big overhead bins that can fit more bags can ease the stress—once passengers get used to turning bags sideways. No matter what, crowding at gates and logjams on jet bridges seem inevitable.

In a memo to employees, United said things have gotten even worse as travel has rebounded from the pandemic. Boarding times have increased

Boarding times increased by up to two minutes since 2019, the airline said.

by up to two minutes since 2019, the airline said.

“W I L M A boarding was tested at four domestic line stations and one hub and it’s faster,” the airline said in its memo.

United has used the Wilma process before: It is how it loaded its coach cabins before 2017, when it adopted Basic Economy in an effort to compete with discount carriers offering cheap no-frills fares. At the time, the airline was only

able to manage five boarding groups and had to combine middle and aisle seats into a single group to make space for Basic Economy passengers whose tickets often don’t include carry-on bags.

Now, an airline spokeswoman said United has the “technical flexibility” to add a sixth group.

United will still allow people with disabilities, active-duty military members, unaccompanied minors and others to board early. The process will stay the same for passengers sitting in first or business class and those with status or credit-card perks that give them priority-boarding rights.

The third boarding group, which includes those sitting in window seats and exit rows, will remain unchanged. Economy passengers in dreaded middle seats will board in Group 4, followed by aisle seats in Group 5. Basic Economy passengers will have their own newly created group and will be the last to get on the plane.

Other airlines have been tinkering with boarding. Southwest Airlines this year has conducted experiments in Atlanta as it looks to shave five minutes off the time a plane spends at the gate between flights. Small reductions in that “turn” time can add up over the course of the day and allow for more flying.

Engineers and academics have studied the boarding process and have different theories on the speediest procedure.

Jason Steffen, an astrophysicist and associate professor at the University of Nevada, Las Vegas who has studied the problem, said there is a faster method that would board passengers in alternating rows to avoid crowding. Boarding back to front—a method airlines have tried over the years—leads to clumps of passengers that bunch up, he said.

“Window-middle-aisle does perform significantly better than back-to-front,” he said. “The chances of having an open space go way up.”

Delta Adjusts Parts Of Loyalty Program

By Alison Sider

Delta Air Lines is making changes to its frequent-flier program after it faced sharp backlash to changes it unveiled last month.

The airline isn’t fully undoing the overhaul of its SkyMiles program, which it rejiggered to reward the biggest spenders, not the most-frequent fliers.

However, it is seeking to mollify outrage from some of its most loyal customers by making it less expensive to obtain elite status and easing limits on lounge visits for certain credit-card holders. The airline also announced some extra rewards for those with top-tier status. Top travelers who have flown millions of miles with Delta will have their lifetime status boosted.

“I appreciate your opinions and understand your disappointment. Your voice matters, and we are listening,” Delta Chief Executive Ed Bastian wrote in a letter to customers on Wednesday.

Delta executives had said they hadn’t seen credit-card sign-ups falter or more card cancellations since announcing the changes. But the adjustments reflect fierce competition for high-end customers.

Bastian previously said some of the airline’s changes

had gone too far, too quickly, and said the airline would re-evaluate.

The number of travelers with top-tier status has ballooned since the start of the Covid-19 pandemic, overwhelming the airline’s ability to meet demand for perks.

“It’s been a challenge to balance the growth of our membership with our need to deliver premium service experiences,” Bastian wrote on Wednesday.

The airline is lowering the spending bars travelers will have to clear to hit elite-status tiers. For Silver Medallion, the lowest level, they will have to earn 5,000 “medallion qualifying dollars”—down from the 6,000 Delta had previously announced. That equates to spending \$5,000 on flights or \$50,000 to \$100,000 on co-branded credit cards.

The top Diamond Medallion level will drop to 28,000 medallion qualifying dollars, down from 35,000. The airline will allow more visits to its Sky Clubs for people who have its Delta SkyMiles Reserve and Delta SkyMiles Reserve Business American Express cards. Starting in February 2025, those cardholders will be able to access lounges 15 days a year.

American Express said its U.S. Platinum Card and Business Platinum Card holders will also get a boost in lounge access.



The carrier is responding to complaints from customers.

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TECHNOLOGY

Cyber Chief Aims to Slow AI Shift

U.S. agencies told to consider the risks of machine learning before going all in

By Kim S. Nash

WASHINGTON, D.C.—Federal agencies have pitched more than 1,000 use cases for generative artificial intelligence, but the U.S. government's cybersecurity chief wants risks associated with the technology properly addressed before they can press ahead.

Generative AI tools such as OpenAI's ChatGPT and Google's Bard piqued the interest of companies and government agencies for their ability to parse large data sets and answer conversational queries. But as with any technology on government radar, caution is in order, said Chris DeRusha, federal chief information security officer at the Office of Management and Budget, speaking at a FAIR Institute conference of cybersecurity and risk managers.

"We can't just break the rules and have use without understanding the risk," he said, adding that federal policies and parameters for assessing the cyber risks of AI are coming soon.



Chris DeRusha, federal CISO at the Office of Management and Budget, far right, spoke at a FAIR Institute conference of cybersecurity and risk managers this week.

The Biden administration has said a federal policy governing the use of generative AI is due out this fall, along with an executive order.

"That process is being run out of the West Wing chief of staff's office, so that's everything you need to know about priority," DeRusha said.

Federal agencies drafted hundreds of proposals for generative and other forms of AI. The Energy Department wants to use AI to build intuitive interfaces between its vast databases and its employees.

The Department of Homeland Security, which houses the Cybersecurity and Infrastructure Security Agency, wants to use AI to manage cybersecurity alerts.

Agencies must thoroughly understand the data used to train any AI systems they roll out, as well as test the systems for security holes and develop a sound process for disclosing vulnerabilities, said Eric Goldstein, executive assistant director for cybersecurity at CISA.

"It's a journey we're in the

middle of right now," Goldstein said.

Corporate cyber executives are grappling with similar challenges. The rapid proliferation of generative AI tools is creating risks faster than companies can keep up.

Many of the tools are free, so employees can experiment with them outside the purview of cybersecurity departments. Understanding risks is key to making the tools as effective as possible, technology and cyber leaders say.

Kurt John, chief security

officer at **Expedia Group**, said he would like to use generative AI to interpret data from many sources to understand cyber trends inside and outside the online travel company.

In addition to potential vulnerabilities inside AI-built systems, companies must worry about new risks, especially hackers penetrating networks to poison AI models or the data that feeds them, John said.

Any organization using AI, he added, must consider, "What's the impact of your AI making an incorrect decision?"

DeRusha urged corporate security chiefs to stop thinking about cyber risk at their companies in isolation.

Security chiefs should be willing to disclose vulnerabilities they see, DeRusha said, because the same or similar problems could be stopped elsewhere, keeping other companies and government agencies more secure. "We together are managing the nation's risk," he said.

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Nvidia and Foxconn Plan To Develop AI Data Centers

By Kosaku Narioka

Chip maker **Nvidia** is expanding its partnership with Taiwan's **Foxconn Technology Group**, and aims to develop a new class of data centers that can power artificial-intelligence services.

U.S.-based Nvidia said Foxconn will use its technology to build data centers that can help digitalize manufacturing, and develop AI-powered electric vehicles and robotics, among other applications.

"Working closely with Nvidia, Foxconn is expected to build a large number of systems based on Nvidia CPUs [central processing units], GPUs [graphics processing units] and networking for its global customer base," the companies said.

Foxconn customers can use Nvidia's technology to deliver generative AI services, as well as use simulations to speed up the training of autonomous machines, including industrial robots and self-driving cars, the U.S. company said.

Nvidia Chief Executive Jensen Huang announced the partnership alongside his counterpart at Foxconn, Young Liu, on Wednesday.



In the new Amazon robot structure, vehicles transport products inside tote containers to a new sortation machine.

Amazon Unveils Warehouse Overhaul With Robotics to Speed Up Deliveries

By Sebastian Herrera

Amazon is introducing new artificial intelligence and robotics capabilities into its warehouse operations that will reduce delivery times and help identify inventory more quickly.

The revamp will change the way Amazon moves products through its fulfillment centers with AI-equipped sortation machines and robotic arms. It is set to alter how many of the company's army of workers do their jobs.

Amazon says its new robotics system, named Sequoia, is designed for both speed and safety. Humans are meant to work alongside new machines in a way that should reduce injuries, the company says.

It is unclear how the system will affect Amazon's headcount, and the company declined to provide details about its expectations except to note that it doesn't see automation and robotics as vehicles for eliminating jobs.

Sequoia enables the company to put up items for sale on its website faster and be able to more easily predict delivery estimates, said David Guerin, the company's director of robotic storage technology. The program reduces the time it takes to fulfill an order by up to 25%, the company said, and it can identify and store inventory up to 75% faster. Amazon launched the system this week at one of its warehouses in Houston.

"The faster we can process inventory, the greater the probability that we're going to be able to deliver when we

said we could," Guerin said.

He said Amazon expects the new system to make up a significant portion of the company's operations in the next three to five years.

Faced with fresh competition in the U.S., Amazon has worked to become faster at delivering its products. The company transformed its operations to a regionally focused model meant to store items closer to customers.

In the new structure, vehicles transport products inside tote containers to a new sortation machine equipped with small robotic arms and computer vision. From the sortation machine, the bins are routed to an employee who picks items for delivery.

Remaining inventory is consolidated by Sparrow, a robotic arm Amazon unveiled last year.

In the previous system, vehicles moved around Amazon products, but the new sortation machine, tote containers and Sparrow weren't involved. Previously, employees might have to reach high up on a shelf to pick a heavy item, but now the new system delivers containers around the waist level, with a goal to reduce injuries.

Amazon is among several companies that have chased the "holy grail" of robotics, or machines as dexterous, quick and adaptable as a human arm and hand. Rivals such as Wal-

mart are changing jobs of moving boxes into roles managing robotic arms.

What Amazon and others have realized is that in order to integrate more robotics, the workflow of warehouses has to be transformed, said Rueben Scriven, research manager at market research firm Interact Analysis. Amazon's new system, for example, makes sense for its robotic arms because such robots have an easier time identifying objects inside of bins than shelves, which have been a part of previous Amazon systems.

"The key thing Amazon is trying to do is integrate," Scriven said. "They have the different pieces, and now it's about, 'How do we bring them together in a harmonious system?'"

Labor researchers and activists have said Amazon's desire for faster speeds can put its workers at risk, and some have warned that the introduction of robotics could also heighten employee injuries. The company has long struggled with high turnover among its warehouse employees and repetitive stress injuries.

With new systems such as Sequoia, Amazon says it is trying to improve safety. Tye Brady, chief technologist at Amazon Robotics, said the company's robotics are meant to eliminate mundane tasks and work alongside its human

staff, with both needing each other to work efficiently. Amazon has introduced various robotics into its warehouses over the past decade but maintained large hiring sprees for human workers.

Amazon's delivery strategy has centered on opening facilities focused on delivering popular products to customers in less than a day. The company launched dozens of the same-day sites, with plans for more expansion. Guerin, the robotics storage director, said Amazon's plans for Sequoia include the same-day sites.

Aside from trying to get faster, Amazon restarted a shipping business that competes with **United Parcel Service** and **FedEx** by handling external deliveries.

Amazon said it would start to test a bipedal robot named Digit in its operations. Digit, which is designed by Agility Robotics, can move, grasp and handle items, and will initially be used by the company to move empty tote containers.

The retailer has one of the nation's largest workforces, employing hundreds of thousands of employees in its warehouses. It has increasingly introduced robotics into its operations.

The company bought **Kiva Systems** in 2012 for \$775 million, bringing in mobile robots into its facilities. In 2022, it unveiled a \$1 billion fund for innovation in logistics and supply chain, with Agility Robotics being among the fund's first recipients. And the same year, it unveiled Sparrow, which can pick up a variety of objects as easily as humans can.

Tech Giant Is Sued Over Data Tracking

By Catherine Stupp

A consumer-rights group in the Netherlands sued **Amazon.com** over its alleged practice of tracking website visitors' online activity, using recently expanded legal provisions allowing class actions.

The lawsuit, filed in a Dutch court by Stichting Data Bescherming Nederland, or SDBN, said Amazon is violating the European Union's privacy law by monitoring visitors to popular websites through cookies—the pieces of code that identify individual browsers to create targeted ads—without their permission.

An EU law that took effect in June requires the bloc's 27 member nations to introduce legislation that will make it easier for consumer groups to bring class-action cases against companies. Corporate lawyers are bracing for a wave of similar complaints representing groups of consumers.

SDBN said the lawsuit represents around five million Amazon account holders residing in the Netherlands. The organization is seeking damages for consumers and a court order to put a stop to Amazon's data tracking. The lawsuit partly mirrors a 2021 regulatory penalty that Amazon was issued by Luxembourg's privacy regulator, which fined the company \$887 million over its use of personal data for advertising. Amazon is appealing that penalty.

"We hope by adding to the pressure, Amazon will at some point realize it's too costly to keep doing what it's doing," said Anouk Ruhaak, chair of SDBN.

An Amazon representative said, "We disagree with these claims, and we will defend ourselves through the legal process. Maintaining the privacy and security of our customers' information is a top priority and Amazon follows all legal requirements in the countries and regions where we operate."

Ruhaak said the lawsuit is a way to seek redress for consumers because Amazon

hasn't changed its practices to correct the violations identified by Luxembourg's privacy regulator two years ago.

Last month, SDBN sued X, formerly known as Twitter, in a Dutch court. The class-action lawsuit also focuses on consumer data collected to create targeted ads.

Many large companies appeal European privacy fines, which can stretch to sums totaling up to 4% of global revenue, or €20 million, equivalent to around \$21.1 million—whichever is higher. On Tuesday, U.S. software company **Clearview AI** won an appeal against a \$9.1 million fine from Britain's privacy watchdog. The regulator issued the fine last year and ordered Clearview AI to delete image data that it collected on U.K. residents and stop scraping data from the internet.

European consumer groups and privacy advocates have raised concerns about the long process of concluding regulatory cases. When a business appeals a regulator's penalty, companies can delay making any changes that regulators might demand to improve privacy.

There is a trend toward individuals suing over potential privacy violations, sometimes coming on top of fines from regulators and piling pressure onto companies, said Carlo Piltz, partner at the Berlin-based law firm Piltz Legal. "I strongly expect that we will see more lawsuits by consumer protection groups regarding data protection law violations," he said.

The lawsuit against Amazon alleges the tech giant collects personal data from cookies tracking consumers' behavior across different websites as well as on its own platforms. It sends that information back to the company, which helps it to sell ad space targeted to individuals.

"We want Amazon to stop collecting data in this way and using data in this way. What that means is, basically, don't follow me around," said Ruhaak.



An Amazon facility in the Netherlands.

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BUSINESS & FINANCE

AI Is Poised to Transform Employment

Coming workforce changes will play out unevenly, says OpenAI's Altman

By DEEPA SEETHARAMAN AND GEORGIA WELLS

LAGUNA BEACH, Calif.—Artificial intelligence will likely lead to seismic changes to the workforce, eliminating many professions and requiring a societal rethink of how people spend their time, prominent tech leaders said Tuesday.

Speaking at The Wall Street Journal's Tech Live conference on Tuesday, OpenAI CEO Sam Altman said that the changes could hit some people in the economy more seriously than others, even if society as a whole improves. This will likely be a hard sell for the most affected people, he said.

"We are really going to have to do something about this transition," said Altman, who added that society will have to confront the speed at which the change happens. "People need to have agency, the ability to influence. We need to jointly be architects of the future."

Artificial intelligence is expected to transform the global economy by driving gains in both productivity and growth.



OpenAI's Sam Altman and Mira Murati at The Wall Street Journal's Tech Live event Tuesday.

But economists and tech entrepreneurs are divided on how quickly this shift could—and should—happen.

Earlier Tuesday, Vinod Khosla, a prominent venture capitalist whose firm was one of OpenAI's earliest backers, laid out a stark timeline for AI's transformation of work. Within 10 years AI will be able to "do 80% of 80% of all jobs that we know of today," said Khosla, a tech investor and en-

trepreneur for more than 40 years.

He pointed to many types of physicians and accountants as examples of professions that AI could largely supplant because these systems can more easily access a broad array of knowledge. Khosla likened the extent of the workforce changes to the disappearance of agricultural jobs in the U.S. in the 20th century—a transition that took place over generations, not

years.

The increased prosperity that AI will bring to societies that adopt it, however, will allow people who don't want work to avoid it if they choose to. "I believe the need to work in society will disappear in 25 years for those countries that adapt these technologies," he said. "I do think there's room for universal basic income assuring a minimum standard and people will be able to work

on the things they want to work on."

Altman said that ensuring a basic income won't be enough. People will need outlets for creative expression and a chance to "add something back to the trajectory of the species," he said.

OpenAI ignited the current artificial intelligence fervor in Silicon Valley with its chatbot ChatGPT last November. The surprise success of the product has launched significant debate around the best way for governments and people to prepare for the potentially sweeping changes wrought by AI.

One point of concern is the ability to distinguish between real and AI-generated content. AI-generated images are already used to spread misinformation, infringe on intellectual property or sexualize photos of people. AI tools for detecting those types of images are still under development.

Altman said OpenAI explicitly decided to call its chatbot ChatGPT and not a person's name so people wouldn't confuse the tool with a person.

Chris Cox, Meta Platforms' chief product officer, said at the Tech Live conference that Meta decided to give chatbots personas in an effort to make them more engaging. Users want to interact with a tool

that has personality, not something that feels like a robot, he said.

The company in September announced a bevy of AI chatbots based on celebrities including Naomi Osaka, Snoop Dogg and Tom Brady. In the chatbot, Meta indicates at the start of a conversation that they are communicating with AI rather than the actual celebrity.

"Having products that experiment with what is possible is great, but having anything that doesn't make it clear to people what is going on is a problem," Cox said.

Asked about the challenges users can have determining whether content is real or AI-made, OpenAI Chief Technology Officer Mira Murati said the company is developing technology to help detect the provenance of images. That tool is "almost 99% reliable," she said, but the company is still testing it and wants to design it in such a way that OpenAI's users don't feel monitored.

Watch a Video

Scan this code for a video on the challenges to turning AI tools into profit.



Private-Equity Firm Bides Time On Renewables

By LUIS GARCIA

Private-equity firm **Kimmeridge Energy Management** is biding its time to expand investing in renewables while making big bets on oil and natural gas, a strategy reflecting co-founder Ben Dell's not-so-mainstream views.

Kimmeridge last week unveiled a deal to buy about 30,000 acres in the Eagle Ford shale region of Texas, where it has 2.5 times that amount of acreage.

The New York firm also contracted with pipeline operator **Kinder Morgan** to deliver its production to liquefied natural gas plants on the Gulf Coast, including **Commonwealth LNG**, a project Kimmeridge recently backed.

The firm plans to build an "integrated business from wellhead to water" producing and transporting gas while marketing and exporting it, according to Dell, a Kimmeridge managing partner. The firm manages roughly \$5 billion.

While some other oil-and-gas-focused firms have poured billions of dollars into renewable-energy businesses in recent years, Kimmeridge has announced just three nontraditional energy deals. The largest involves as much as \$200 million for **Chestnut Carbon**, a startup dedicated to generating carbon-offset credits from forests.

Such credits are critical to achieving net-zero emissions goals because oil and gas will still be needed for decades, Dell said.

"There's a component of the environmental wing that believes abandoning the existing asset base is what you have to do. In my opinion, decarbonizing the existing asset base is what you have to do," Dell said.

That, he added, will let market forces deliver a smoother transition to clean energy as the costs otherwise would fall more heavily on lower-income people and communities.

"If I already have a gasoline-powered car and I fill my tank with gasoline that qualifies its emissions as fully offset [by carbon credits], why should I not want that versus having to go out and buy an electric vehicle?" he said, noting EVs also have carbon footprints.

Kimmeridge in July hired Max Warburton, a former ex-

ecutive at German automaker Mercedes-Benz, as senior managing director to speed up its clean-energy investing, and in September the firm said it committed \$15 million to community-solar developer **US Light Energy**.

"We grew up with oil and gas and we're expanding our capacity, versus a directional shift in what we do," Dell said about the firm's clean-energy and renewables strategy. "You'll see us in more parts of the energy food chain."

He cited carbon capture and energy storage, a sector that already has proved profitable for some private-equity firms.

For example, **EnCap Investments**, **Apollo Global Management** and two other firms in August said they were selling battery-projects developer **Broad Reach Power** to French utility **Engie** for more than \$1 billion.

Dell said utility-scale battery storage remains in its early days and Kimmeridge hasn't found the right opportunity to make bigger bets in renewables, which he said reminds him of the shale boom when a growth-at-any-cost mentality led companies to burn billions of dollars to increase production unprofitably.

"When you look at the alternative-energy space, it is doing what the shale industry did. It's focused on volume growth because there's a volume narrative in the market," Dell said. That can generate uncovered costs and losses because "it's all about growing megawatts, not profitability," he said.

Kimmeridge, through its activist-investment strategy, has pushed traditional energy companies to focus more on profits than growth—often reinforced by Dell's public criticism of companies and the oil industry as a whole.

The firm expects to expand its activism into the clean-energy sector over time, Dell said. So far, it has bought a stake in **California Resources**, an oil-and-gas company developing a carbon-capture business.

Meanwhile, Kimmeridge is calling for more changes in the energy industry, advocating for a net zero-emissions goal for the oil-and-gas sector and for a standard-rating system for carbon offsets—which would likely benefit its Chestnut forest business.



Lack of funding is one obstacle to hydrogen projects, said Pierre-Etienne Franc, CEO of Hy24, a hydrogen-focused fund.

Hydrogen Demand Is Ready to Boom, But Big Hurdles Are Impeding Growth

By YUSUF KHAN

Hydrogen demand is set to rise sharply over the next two decades, but major bottlenecks such as long permitting times, higher equipment costs and lack of access to capital could slow growth in supply.

"The big issue today is that a lot of announcements are coming on stream which have a lot of potential, but only 6% to 10% are actually committed [in terms of financing]," said Pierre-Etienne Franc, CEO of **Hy24**, a hydrogen-focused investment fund.

A new report from consulting firm McKinsey forecasts a fivefold rise in hydrogen demand to 600 million metric tons a year by 2050 if climate change is limited to 1.5 degrees Celsius. On current trajectories, however, that supply could be between 175 million to 291 million metric tons a year if steps aren't taken to speed up permitting and lower both equipment and investment costs, the report warned.

Increasing the supply of hydrogen is crucial to global carbon goals as a way to decar-

bonize hard-to-abate sectors, such as maritime transport and heavy industry. Using green hydrogen as fuel for steelmaking can cut emissions by up to 95%, according to H2 Green Steel, a Swedish low-carbon steel startup.

McKinsey identified three main bottlenecks: Higher costs, slow permitting and a lack of access to capital.

"Inflation, raw materials, the cost of energy all have an impact on capex and on equipment supplies," Franc said. Higher interest rates have made securing funding for big infrastructure projects more expensive, with fewer willing to put up the cash, according to Franc. "If you do not have direct supply financing at low interest rates, it is very difficult to speed up the shift," he added.

Jason Cheng, CEO of climate-focused hedge fund **Kerogen Capital**, underscored that the days of cheap money are over, which may make wind, solar and hydrogen tougher sells.

"Single-digit returns from core infrastructure were always going to be challenged in a higher-rate environment, and investors are now seeking higher-return opportunities outside commoditized areas such as onshore wind and solar," he said.

While costs and interest rates have been rising, so, too, have government incentives for hydrogen.

The World Platinum Investment Council estimates that up to \$300 billion of subsidies have been made available for hydrogen-related projects, up from \$50 billion two years ago. Last week, \$7 billion of subsidies dedicated to hydrogen

projects in the U.S. were announced by the Energy Department.

But the industry says more policy support is needed. "Regulators haven't created a level playing field for hydrogen," said Margery Ryan, market research manager of platinum group metals at British chemicals firm **Johnson Matthey**.

More government backing is needed to foster demand, including the shift to green steel, green ammonia, hydrogen-powered trucks and the build-out of the fueling infrastructure. "If we get more regulatory support, we could see demand taking off," she said.

Faster permitting times are needed to bring more hydrogen projects online, as well as the renewable energy to power their electrolyzers, industry experts say.

A recent report from the International Energy Agency said current project lead times are too long and can act as a barrier to clean hydrogen uptake. The agency urged governments to "work to make licensing and permitting processes as efficient as possible."

McKinsey echoed that sentiment, highlighting that investment for the supporting infrastructure such as pipelines is needed.

"Ideal conditions for clean hydrogen production aren't necessarily co-located with large demand centers," said Bram Smeets, a partner at McKinsey. For example, the U.S. Midwest wind corridor from the Dakotas to Texas is an ideal region to produce hydrogen, but chemicals plants, ideal buyers of hydrogen, are scattered far away, along the East, West and Gulf Coasts.

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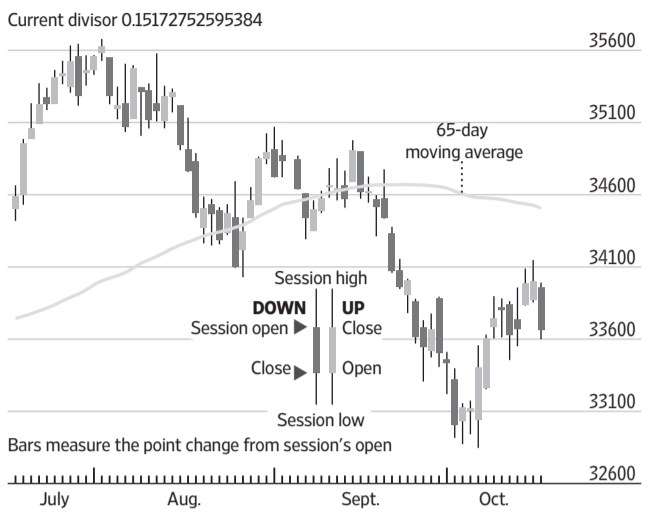
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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

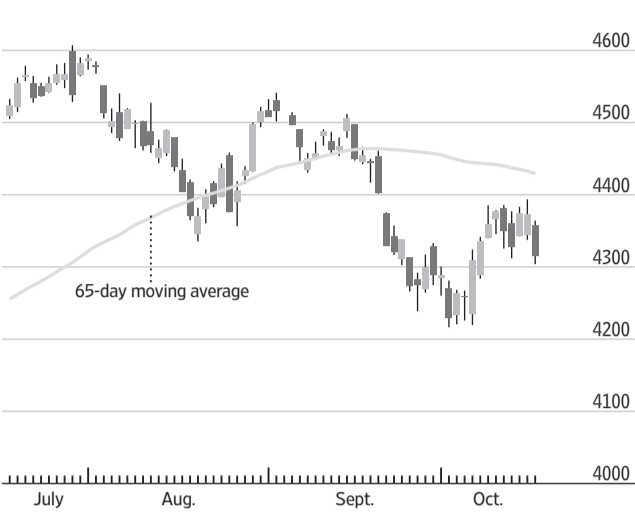
33665.08 ▼332.57, or 0.98%
 High, low, open and close for each trading day of the past three months.
 Last Year ago
 Trailing P/E ratio 23.48 18.42
 P/E estimate * 18.47 16.19
 Dividend yield 2.15 2.34
 All-time high 36799.65, 01/04/22



*Weekly P/E data based on as-reported earnings from Birming Associates Inc.; *Based on Nasdaq-100 Index

S&P 500 Index

4314.60 ▼58.60, or 1.34%
 High, low, open and close for each trading day of the past three months.
 Last Year ago
 Trailing P/E ratio * 20.14 17.85
 P/E estimate * 19.52 16.37
 Dividend yield * 1.68 1.80
 All-time high 4796.56, 01/03/22



Nasdaq Composite Index

13314.30 ▼219.44, or 1.62%
 High, low, open and close for each trading day of the past three months.
 Last Year ago
 Trailing P/E ratio ** 30.05 23.02
 P/E estimate ** 26.78 20.34
 Dividend yield ** 0.86 1.00
 All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

| | High | Low | Latest Close | Net chg | % chg | 52-Week High | 52-Week Low | % chg YTD | % chg 3-yr. ann. |
|---------------------------------|----------|----------|-----------------|---------|--------------|--------------|-------------|-----------|------------------|
| Dow Jones | | | | | | | | | |
| Industrial Average | 33991.51 | 33598.64 | 33665.08 | -332.57 | -0.98 | 35620.68 | 30333.59 | 10.7 | 1.6 |
| Transportation Avg | 14953.44 | 14579.57 | 14583.61 | -519.89 | -3.44 | 16695.32 | 12429.60 | 14.3 | 8.9 |
| Utility Average | 834.83 | 818.78 | 824.34 | -7.93 | -0.95 | 1002.11 | 783.08 | -5.3 | -14.8 |
| Total Stock Market | 43383.67 | 42777.87 | 42875.56 | -639.26 | -1.47 | 45969.67 | 36860.46 | 15.4 | 11.3 |
| Barron's 400 | 972.33 | 952.46 | 953.54 | -18.79 | -1.93 | 1036.97 | 868.75 | 8.2 | 3.6 |
| Nasdaq Stock Market | | | | | | | | | |
| Nasdaq Composite | 13499.74 | 13275.30 | 13314.30 | -219.44 | -1.62 | 14358.02 | 10213.29 | 24.7 | 27.2 |
| Nasdaq-100 | 15103.87 | 14865.81 | 14909.26 | -212.75 | -1.41 | 15841.35 | 10679.34 | 34.3 | 36.3 |
| S&P | | | | | | | | | |
| 500 Index | 4364.20 | 4303.84 | 4314.60 | -58.60 | -1.34 | 4588.96 | 3665.78 | 16.8 | 12.4 |
| MidCap 400 | 2495.84 | 2455.01 | 2456.33 | -54.82 | -2.18 | 2728.44 | 2265.38 | 6.8 | 1.1 |
| SmallCap 600 | 1138.58 | 1122.72 | 1123.99 | -21.55 | -1.88 | 1315.82 | 1101.29 | 0.6 | -2.9 |
| Other Indexes | | | | | | | | | |
| Russell 2000 | 1752.92 | 1727.24 | 1728.81 | -37.24 | -2.11 | 2003.18 | 1704.39 | 0.2 | -1.8 |
| NYSE Composite | 15541.38 | 15302.01 | 15324.91 | -216.41 | -1.39 | 16427.29 | 13840.47 | 9.9 | 0.9 |
| Value Line | 536.27 | 525.80 | 526.11 | -10.16 | -1.89 | 606.49 | 503.90 | 3.3 | -1.9 |
| NYSE Arca Biotech | 4990.52 | 4848.15 | 4851.75 | -138.77 | -2.78 | 5644.50 | 4570.64 | 5.4 | -8.1 |
| NYSE Arca Pharma | 914.35 | 899.36 | 901.69 | -12.66 | -1.38 | 925.61 | 753.82 | 19.0 | 3.9 |
| KBW Bank | 78.28 | 76.52 | 76.70 | -1.96 | -2.49 | 115.10 | 71.96 | -22.1 | -23.9 |
| PHLX ^S Gold/Silver | 119.32 | 116.20 | 116.58 | -0.64 | -0.55 | 144.37 | 96.97 | 19.8 | -3.5 |
| PHLX ^S Oil Service | 97.76 | 96.19 | 96.64 | 0.09 | 0.09 | 98.76 | 69.29 | 33.7 | 15.2 |
| PHLX ^S Semiconductor | 3443.66 | 3397.55 | 3413.45 | -61.21 | -1.76 | 3861.63 | 2237.74 | 52.5 | 34.8 |
| Cboe Volatility | 20.15 | 17.88 | 19.22 | 1.34 | 7.49 | 30.76 | 12.82 | -37.5 | -11.3 |

Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

| Company | Symbol | Volume (000) | Last | Net chg | After-Hours % chg | High | Low |
|--------------------------|--------|--------------|--------|---------|-------------------|--------|--------|
| Tesla | TSLA | 10,480.8 | 240.66 | -2.02 | -0.83 | 258.04 | 229.80 |
| BioCryst Pharmaceuticals | BCRX | 6,406.1 | 5.86 | ... | unch. | 5.99 | 5.74 |
| SPDR S&P 500 ETF Trust | SPY | 5,172.8 | 430.76 | 0.55 | 0.13 | 436.90 | 430.21 |
| Netflix | NFLX | 3,947.0 | 389.00 | 42.81 | 12.37 | 411.87 | 345.71 |
| Syndax Pharmaceuticals | SNDX | 3,687.6 | 11.89 | ... | unch. | 11.89 | 11.89 |
| Petroleo Brasileiro ADR | PBR | 3,090.2 | 16.50 | -0.03 | -0.15 | 16.52 | 16.44 |
| Silk Road Medical | SILK | 2,889.2 | 7.32 | ... | unch. | 7.48 | 7.32 |
| Apple | AAPL | 2,830.9 | 175.64 | -0.21 | -0.12 | 179.34 | 175.44 |

Percentage gainers...

| Company | Symbol | Volume (000) | Last | Net chg | % chg | High | Low |
|----------------------|--------|--------------|--------|---------|--------------|--------|--------|
| Netflix | NFLX | 3,947.0 | 389.00 | 42.81 | 12.37 | 411.87 | 345.71 |
| Las Vegas Sands | LVS | 331.2 | 46.95 | 2.35 | 5.27 | 47.50 | 44.59 |
| iSh New York Muni Bd | NYF | 645.5 | 52.85 | 2.39 | 4.74 | 52.85 | 50.34 |
| Alignment Healthcare | ALHC | 243.4 | 7.75 | 0.34 | 4.59 | 7.75 | 7.41 |
| Tricon Residential | TCN | 127.6 | 7.32 | 0.30 | 4.27 | 7.32 | 7.00 |

...And losers

| Company | Symbol | Volume (000) | Last | Net chg | % chg | High | Low |
|-------------------|--------|--------------|--------|---------|--------------|--------|--------|
| Equifax | EFX | 62.0 | 163.40 | -11.76 | -6.71 | 175.16 | 156.75 |
| Lam Research | LRGX | 115.3 | 608.00 | -34.24 | -5.33 | 646.00 | 607.50 |
| Dyne Therapeutics | DYN | 399.6 | 7.07 | -0.33 | -4.46 | 7.40 | 7.07 |
| Zions Bancorp | ZION | 75.6 | 34.10 | -1.59 | -4.46 | 35.69 | 33.50 |
| Oscar Health | OSCR | 93.1 | 5.06 | -0.18 | -3.51 | 5.49 | 5.06 |

Trading Diary

Volume, Advancers, Decliners

| | NYSE | NYSE Amer. |
|----------------------|-------------|------------|
| Total volume* | 858,068,768 | 9,378,801 |
| Adv. volume* | 139,985,180 | 5,220,003 |
| Decl. volume* | 712,041,944 | 4,079,833 |
| Issues traded | 2,968 | 321 |
| Advances | 482 | 130 |
| Declines | 2,412 | 177 |
| Unchanged | 74 | 14 |
| New highs | 26 | 1 |
| New lows | 257 | 24 |
| Closing Arms* | 0.96 | 0.64 |
| Block trades* | 4,207 | 132 |

*Primary market NYSE, NYSE American NYSE Arca only. *(TRN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

| Region/Country | Index | Close | Net chg | Latest % chg | YTD % chg |
|---------------------|------------------------------|------------------|----------|--------------|-----------|
| World | MSCI ACWI | 655.83 | -8.15 | -1.23 | 8.3 |
| | MSCI ACWI ex-USA | 285.70 | -2.79 | -0.97 | 1.6 |
| | MSCI World | 2851.89 | -36.73 | -1.27 | 9.6 |
| | MSCI Emerging Markets | 943.12 | -8.09 | -0.85 | -1.4 |
| Americas | MSCI AC Americas | 1633.01 | -23.25 | -1.40 | 12.1 |
| Canada | S&P/TSX Comp | 19450.70 | -242.10 | -1.23 | 0.3 |
| Latin Amer. | MSCI EM Latin America | 2202.27 | -49.71 | -2.21 | 3.5 |
| Brazil | BOVESPA | 114059.64 | -1848.79 | -1.60 | 3.9 |
| Chile | S&PIPISA | 3268.43 | -53.17 | -1.60 | 3.0 |
| Mexico | S&P/BMV IPC | 49274.78 | -391.23 | -0.79 | 1.7 |
| EMEA | STOXX Europe 600 | 445.02 | -4.74 | -1.05 | 4.7 |
| Eurozone | Euro STOXX | 431.16 | -4.71 | -1.08 | 5.2 |
| Belgium | Bel-20 | 3462.93 | -55.02 | -1.56 | -6.4 |
| Denmark | OMX Copenhagen 20 | 2209.48 | -18.66 | -0.84 | 20.4 |
| France | CAC 40 | 6965.99 | -63.71 | -0.91 | 7.6 |
| Germany | DAX | 15094.91 | -156.78 | -1.03 | 8.4 |
| Israel | Tel Aviv | 1700.87 | 11.27 | 0.67 | -5.3 |
| Italy | FTSE MIB | 28135.79 | -231.57 | -0.82 | 18.7 |
| Netherlands | AEX | 729.57 | -7.20 | -0.98 | 5.9 |
| Norway | Oslo Bors All-Share | 1537.28 | 5.73 | 0.37 | 12.8 |
| South Africa | FTSE/JSE All-Share | 71968.67 | -863.13 | -1.19 | -1.5 |
| Spain | IBEX 35 | 9212.70 | -85.80 | -0.92 | 12.0 |
| Sweden | OMX Stockholm | 780.77 | -11.18 | -1.41 | -0.1 |
| Switzerland | Swiss Market | 10675.44 | -138.58 | -1.28 | -0.5 |
| Turkey | BIST 100 | 7842.66 | -272.35 | -3.36 | 42.4 |
| U.K. | FTSE 100 | 7588.00 | -87.21 | -1.14 | 1.8 |
| U.K. | FTSE 250 | 17403.46 | -286.00 | -1.62 | -7.7 |
| Asia-Pacific | MSCI AC Asia Pacific | 156.08 | -0.55 | -0.35 | 0.2 |
| Australia | S&P/ASX 200 | 7077.60 | 21.51 | 0.30 | 0.6 |
| China | Shanghai Composite | 3058.71 | -24.79 | -0.80 | -1.0 |
| Hong Kong | Hang Seng | 17732.52 | -40.82 | -0.23 | -10.4 |
| India | S&P BSE Sensex | 65877.02 | -551.07 | -0.83 | 8.3 |
| Japan | NIKKEI 225 | 32042.25 | 1.96 | 0.01 | 22.8 |
| Singapore | Straits Times | 3136.62 | -35.20 | -1.11 | -3.5 |
| South Korea | KOSPI | 2462.60 | 2.43 | 0.10 | 10.1 |
| Taiwan | TAIEX | 16440.91 | -201.64 | -1.21 | 16.3 |
| Thailand | SET | 1437.85 | 4.45 | 0.31 | -13.8 |

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

| Company | Symbol | Close | Net chg | % chg | 52-Week High | 52-Week Low | % chg |
|--------------------------|--------|-------|---------|--------------|--------------|-------------|--------------|
| Falcon's Beyond Global | FBYD | 21.49 | 9.24 | 75.43 | 44.00 | 7.17 | 118.6 |
| Otonomo Technologies | OTMO | 5.30 | 1.30 | 32.50 | 9.90 | 3.08 | 35.9 |
| Sigma Additive Solutions | SASI | 5.06 | 1.20 | 31.09 | 15.57 | 2.39 | -63.9 |
| Harpoon Therapeutics | HARP | 6.64 | 1.29 | 24.11 | 33.55 | 3.11 | -29.1 |
| Spirit AeroSystems CIA | SPR | 21.16 | 3.97 | 23.09 | 38.55 | 14.65 | -12.7 |
| Gray Television CIA | GTNA | 8.50 | 1.52 | 21.78 | 14.05 | 6.79 | -37.0 |
| Simplify Tail Risk Strat | CYA | 3.75 | 0.66 | 21.20 | 15.75 | 2.76 | -76.0 |
| Maison Solutions | MSS | 6.45 | 0.96 | 17.49 | 11.48 | 3.76 | ... |
| GD Culture Group | GDC | 2.83 | 0.37 | 15.04 | 44.00 | 1.80 | -43.8 |
| Freeline Therap ADR | FRLN | 4.91 | 0.59 | 13.66 | 12.00 | 2.11 | -50.4 |
| Ardelyx | ARDX | 3.91 | 0.46 | 13.33 | 5.13 | 1.16 | 177.3 |
| Acurx Pharmaceuticals | ACXP | 5.76 | 0.66 | 12.94 | 8.82 | 1.17 | 91.4 |
| Mobiv Acquisition | MOBV | 10.03 | 1.03 | 11.44 | 11.75 | 9.00 | 0.1 |
| Celcuty | CELC | 9.69 | 0.99 | 11.38 | 14.40 | 7.50 | -3.3 |
| Gravitas Education ADR | GEHI | 22.00 | 2.22 | 11.22 | 25.65 | 11.34 | 70.4 |

Most Active Stocks

| Company | Symbol | Volume (000) | % chg from 65-day avg | Latest Session Close | % chg | 52-Week High | 52-Week Low |
|-------------------------|--------|--------------|-----------------------|----------------------|--------------|--------------|-------------|
| Shift Technologies | SFT | 174,785 | 8024.2 | 0.17 | 58.12 | 5.90 | 0.10 |
| SeaStar Medical Holding | ICU | 168,532 | 2231.5 | 0.77 | 70.05 | 22 | |

COMMODITIES

Futures Contracts

Table of Metal & Petroleum Futures including Copper-High (CMX), Gold (CMX), Palladium (NYM), NY Harbor ULSD (NYM), Gasoline-NY RB0B (NYM), Natural Gas (NYM), and Agriculture Futures like Corn (CBT), Soybeans (CBT), and Wheat (CBT).

Table of Coffee (ICE-US), Sugar-World (ICE-US), and Sugar-Domestic (ICE-US) futures contracts with columns for Open, High, Low, Settle, Chg, and Open interest.

Table of Interest Rate Futures including Ultra Treasury Bonds (CBT), Treasury Bonds (CBT), Treasury Notes (CBT), 5 Yr. Treasury Notes (CBT), 2 Yr. Treasury Notes (CBT), and 30 Day Federal Funds (CBT).

Table of Currency Futures including Japanese Yen (CME), Canadian Dollar (CME), British Pound (CME), Swiss Franc (CME), Mexican Peso (CME), Euro (CME), and Mini DJ Industrial Average (CBT).

Table of Index Futures including Mini S&P 500 (CME), Mini S&P Midcap 400 (CME), Mini Nasdaq 100 (CME), Mini Russell 2000 (CME), and Mini Russell 1000 (CME).

Cash Prices

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

Table of Cash Prices for Energy (Copper, Iron Ore, Coal), Metals (Gold, Silver, Platinum), Fibers and Textiles, Grains and Feeds, 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=SNL Energy; S=Platts-TSI; T=Commodity Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 10/17

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

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Table of Bond Benchmarks showing Total return, YTD total return, Index, and Yield (%) for Broad Market, U.S. Corporate Indexes, Mortgage-Backed, and High Yield Bonds.

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended October 13. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import and demand data are available monthly only.

Table of Supply and Demand Gauges including Inventories (000s barrels), Imports (000s barrels per day), and Weekly Demand (000s barrels per day).

Natural gas storage

Billions of cubic feet; weekly totals. Chart showing Natural gas storage levels from Oct 2022 to Oct 2023, with a five-year average for each week.

Table of Exchange-Traded Portfolios (ETFs) listing Symbol, Price, Chg, and YTD (%) for various sectors like Energy, Tech, and Healthcare.

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 Under/Over U.S. Treasuries in basis points for various countries like U.S., Australia, France, Germany, Italy, Japan, Spain, and U.K.

Corporate Debt

Prices of 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 in basis points for companies like AstraZeneca, Verizon, and Royal Bank of Canada.

...And spreads that widened the most

Table of Corporate Debt showing Issuer, Symbol, Coupon (%), Yield (%), Maturity, and Spread in basis points for companies like Royal Bank of Canada, ANZ New Zealand, and HSBC Holdings.

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

Table of Corporate Debt showing Issuer, Symbol, Coupon (%), Yield (%), Maturity, and Bond Price as % of face value for high-yield issues like Rite Aid and Dish DBS.

...And with the biggest price decreases

Table of Corporate Debt showing Issuer, Symbol, Coupon (%), Yield (%), Maturity, and Bond Price as % of face value for high-yield issues like Dish DBS and Intesa Sanpaolo.

*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

BIGGEST 1,000 STOCKS

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

The list comprises the 1,000 largest companies based on market capitalization.

Unfunded quotations are those stocks with large changes in volume compared with the issued average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Table with columns: Wednesday, October 18, 2023, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like BarrickGold, Bath&BodyWorks, BaxterIntl, etc.

Table with columns: Wednesday, October 18, 2023, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like AECOM, AES, Aflac, etc.

Table with columns: Wednesday, October 18, 2023, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like Allergan, AlliantEnergy, Allstate, etc.

Table with columns: Wednesday, October 18, 2023, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like Amgen, Amgen, Amgen, etc.

Table with columns: Wednesday, October 18, 2023, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like AstraZeneca, AstraZeneca, AstraZeneca, etc.

Table with columns: Wednesday, October 18, 2023, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like AstraZeneca, AstraZeneca, AstraZeneca, etc.

Table with columns: Wednesday, October 18, 2023, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like AstraZeneca, AstraZeneca, AstraZeneca, etc.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like F5, F5, F5, etc.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like F5, F5, F5, etc.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like F5, F5, F5, etc.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like F5, F5, F5, etc.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like F5, F5, F5, etc.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like F5, F5, F5, etc.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like F5, F5, F5, etc.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like F5, F5, F5, etc.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like Marsh&McLen, MartinMarietta, etc.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like Marsh&McLen, MartinMarietta, etc.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like Marsh&McLen, MartinMarietta, etc.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like Marsh&McLen, MartinMarietta, etc.

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Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes stocks like Marsh&McLen, MartinMarietta, etc.

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG: Daily percentage change from the previous trading session.

Table with columns: Wednesday, October 18, 2023, Stock, Sym, Hi/Low, % CHG, Stock, Sym, Hi/Low, % CHG, Stock, Sym, Hi/Low, % CHG. Includes stocks like AnteroMidstream, AnteroMidstream, etc.

Table with columns: Wednesday, October 18, 2023, Stock, Sym, Hi/Low, % CHG, Stock, Sym, Hi/Low, % CHG, Stock, Sym, Hi/Low, % CHG. Includes stocks like AnteroMidstream, AnteroMidstream, etc.

Table with columns: Wednesday, October 18, 2023, Stock, Sym, Hi/Low, % CHG, Stock, Sym, Hi/Low, % CHG, Stock, Sym, Hi/Low, % CHG. Includes stocks like AnteroMidstream, AnteroMidstream, etc.

IPO Scorecard

Performance of IPOs, most-recent listed first

Table with columns: Company, SYMBOL, IPO date/price, Wed's close(\$), Offer price, 1st-day close, % Chg From IPO date/price, Company, SYMBOL, IPO date/price, Wed's close(\$), Offer price, 1st-day close, % Chg From IPO date/price.

Table with columns: Company, SYMBOL, IPO date/price, Wed's close(\$), Offer price, 1st-day close, % Chg From IPO date/price, Company, SYMBOL, IPO date/price, Wed's close(\$), Offer price, 1st-day close, % Chg From IPO date/price.

Table with columns: Company, SYMBOL, IPO date/price, Wed's close(\$), Offer price, 1st-day close, % Chg From IPO date/price, Company, SYMBOL, IPO date/price, Wed's close(\$), Offer price, 1st-day close, % Chg From IPO date/price.

Table with columns: Company, SYMBOL, IPO date/price, Wed's close(\$), Offer price, 1st-day close, % Chg From IPO date/price, Company, SYMBOL, IPO date/price, Wed's close(\$), Offer price, 1st-day close, % Chg From IPO date/price.

Borrowing Benchmarks

Key annual interest rates apply 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 with columns: Inflation, U.S. consumer price index, International rates, Prime rates, Money rates, Commercial paper (AA financial), Policy Rates, Secured Overnight Financing Rate, Overnight repurchase, U.S. government rates, Discount, Federal funds, Treasury bill auction, Secondary market, Fannie Mae, Other short-term rates.

Dividend Changes

Company, Symbol, Yld %, Amount New/Old, Frq, Payable/Record

Table with columns: Company, Symbol, Yld %, Amount New/Old, Frq, Payable/Record. Includes stocks like Bank of Am Dep ser 4, Bank of America Pfd E, etc.

Table with columns: Company, Symbol, Yld %, Amount New/Old, Frq, Payable/Record. Includes stocks like Bank of Am Dep ser 4, Bank of America Pfd E, etc.

Table with columns: Company, Symbol, Yld %, Amount New/Old, Frq, Payable/Record. Includes stocks like Bank of Am Dep ser 4, Bank of America Pfd E, etc.

Mutual Funds

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets.

e-Exp-distribution. F-Previous day's quotation. G-Footnotes x and s apply. J-Footnotes e and s apply. K-Recalculated by Lipper, using updated data. P-Distribution costs apply. 12b-1-R redemption charge may apply. S-Stock split or dividend. F-Footnotes p and r apply. V-Footnotes x and e apply. X-Exp-dividend. Z-Footnote N, e and s apply. N/A-Not available due to incomplete price performance or cost data. NE-Not released by Lipper; under review. NN-Fund not tracked. NS-Fund didn't exist at start of period.

Table with columns: Wednesday, October 18, 2023, Fund, NAV, Chg % YTD, Fund, NAV, Chg % YTD, Fund, NAV, Chg % YTD. Includes funds like Artisan Funds, Artisan Funds, etc.

Table with columns: Fund, NAV, Net YTD Chg % Ret, Fund, NAV, Net YTD Chg % Ret, Fund, NAV, Net YTD Chg % Ret. Includes funds like JPMorgan R Class, JPMorgan R Class, etc.

Table with columns: Fund, NAV, Net YTD Chg % Ret, Fund, NAV, Net YTD Chg % Ret, Fund, NAV, Net YTD Chg % Ret. Includes funds like JPMorgan R Class, JPMorgan R Class, etc.

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BUSINESS & FINANCE

Morgan Stanley Profit Falls

Continued from page B1 on some of these capital transactions.

Wall Street banks enjoyed a deal-making spree in the pandemic, fueled in part by buyout firms and blank-check companies.

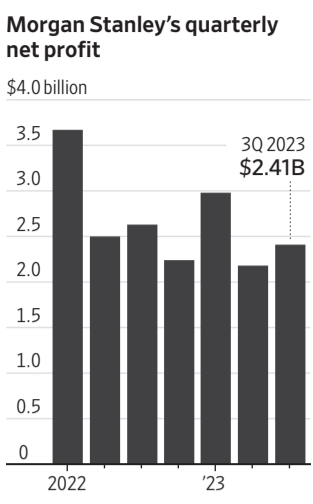
But things changed starting early last year. The Fed began raising interest rates. Economists talked about a recession.

Globally across the industry, the total deal value of mergers and acquisitions during the first three quarters of the year fell about 28% compared with the same period last year.

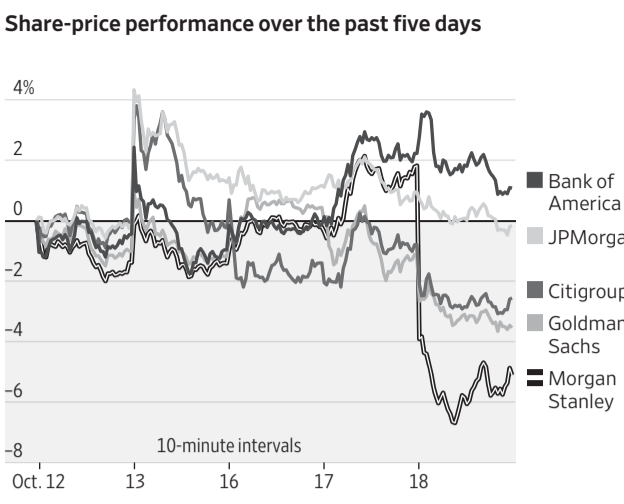
Executives across the industry were cautious about predicting when investment banking might bounce back.

Jane Fraser, chief executive of Citigroup, noted that Citi's debt underwriting had shot higher in the quarter.

Jeremy Barnum, JPMorgan's chief financial officer, described the investment-banking



Sources: the company (net income); FactSet (share-price performance)



The lender's investment-banking revenue declined 27%.

at Goldman. It was up at Citigroup and Bank of America.

Morgan Stanley is usually protected in volatile spells by its business managing money for wealthy clients.

Revenue in the wealth-management business was up 5%, but some shareholders said they were disappointed.

Net new assets in wealth management totaled \$35.7 billion, down 45% from a year ago.

"This has been a story of transformation into margin growth in the wealth-management business and candidly those expectations on profits and flows into wealth management weren't there," said Charlie Ryan, portfolio manager and partner at Evercore Wealth Management.

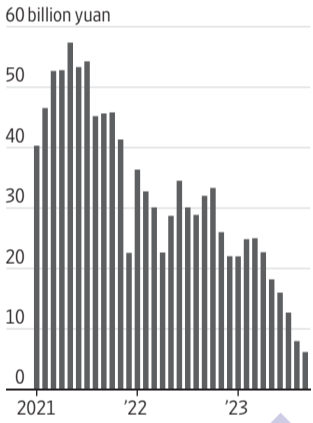
Morgan Stanley's retail-trading customers numbered 8.1 million at the end of September, up 4% from a year ago.

Price of the defaulted Country Garden bond



*Shows the bid price of the company's 6.15% bond, due in September 2025. Note: 10 billion yuan=\$1.37 billion

Country Garden's monthly contracted sales



Big China Developer Falter

Continued from page B1 International investors have taken big losses, including distressed-debt funds that picked up some of the dollar bonds after prices plunged.

Only a handful of Chinese property companies that defaulted have paid investors back any money. Others are mired in protracted negotiations.

Country Garden was due to

make the interest payment on Sept. 17, but the terms of the bond allowed the company a 30-day grace period before it was officially in default.

In September, total sales at China's largest 100 developers dropped 29% from the same month last year.

Most of the company's dollar bonds were bid below 5 cents on the dollar on

Wednesday afternoon in Hong Kong, according to Tradeweb.

Country Garden hopes to find a "holistic" solution to its difficulties, a spokesperson said.

Country Garden had the equivalent of \$187 billion in total liabilities as of June this year, including \$83 billion in contract liabilities.

Garden was still held up as a model developer by Chinese authorities. It received credit from state-owned banks and sold shares in Hong Kong in late 2022 to raise money.

The developer managed to extend the maturities on roughly \$2 billion of domestic yuan-denominated bonds.

Until a year ago, Country

Chinese Parent Of Smithfield Readies U.S. IPO

The Chinese parent of pork giant Smithfield Foods is working with banks to take the 87-year-old business public again in the U.S.

Smithfield, the largest U.S. pork producer, could list its shares as early as next year, according to people familiar with the matter.

By Dave Sebastian, Patrick Thomas and Ben Dummett

Smithfield was acquired in 2013 by China's top meat producer, which is known today as WH Group. The \$4.7 billion deal marked one of the biggest takeovers of an American business by a Chinese company.

WH's shares have recently languished and are trading near a record low, giving WH a market capitalization of more than \$7 billion.

surged following the outbreak, and American pork producers expanded farms and processing plants as Chinese demand boomed.

WH had been in talks with bankers on ways to boost its slumping valuation, people familiar with the matter said.

The U.S. IPO market recently hosted some prominent listings after an 18-month lull, with heavyweights like British chip designer Arm.

Virginia-based Smithfield supplies hams and other fresh pork cuts to grocers' meat cases and sells products under brands including Armour, Farmland and Nathan's Famous.



Dozens of Chinese property companies have missed payments on their dollar bonds. A Country Garden project in Beijing.

ternational liabilities.

A debt restructuring by Country Garden would be "a long road ahead for creditors," said Nicholas Chen, an analyst at debt-research firm CreditSights.

Sunac China's restructuring plan was approved by a Hong Kong court earlier this month, around a year-and-a-half after its default.

with an investor group, and ultimately was abandoned when the developer said it couldn't meet all the terms of the deal.

Country Garden's founder and former chairman, Yeung Kwok Keung, recently visited the developer's Shunde construction site.

New Highs and Lows

Table with columns for Stock, 52-Wk % change, and % change. Lists various stocks and their performance metrics.

MARKETS

Bond Yield Tops 4.9%, Pressing Stock Indexes

By HANNAH MIAO

Long-term bond yields hit a 16-year high, weighing on stocks already pressured by the conflict in Gaza and corporate earnings results.

The 10-year U.S. Treasury yield rose to 4.902%, the highest closing level since

July 2007. The S&P 500 fell 1.3%. The Dow Jones Industrial Average shed 1%. The Nasdaq Composite lost 1.6%.

A swift climb in bond yields has dented enthusiasm for stocks in recent weeks. Investors are also monitoring the Israel-Hamas war that threatens to disrupt the global energy market. A mixed bag of corporate earnings results further complicates the outlook.

"The market is walking this tightrope," said George Cipoloni, portfolio manager at Penn Mutual Asset Management. "There's a lot of risk in front of it."

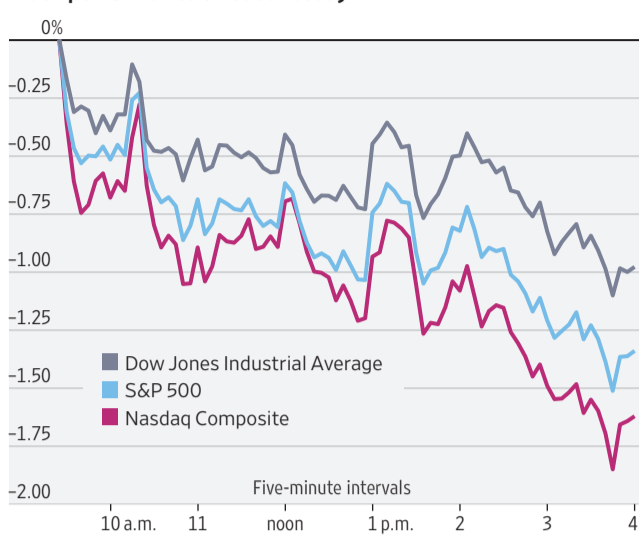
A string of hotter-than-expected economic reports in the past several weeks has prompted investors to weigh whether the Federal Reserve may lift interest rates again this year to cool inflation.

Some Fed officials have signaled the run-up in long-term yield could substitute for a further central-bank rate increase. Federal Reserve Bank of Philadelphia President Patrick Harker told The Wall Street Journal he thinks the central bank can likely wait until early next year to see how the economy is responding to a rapid climb in interest rates before lifting further.

Traders are pricing in a roughly 37% probability that the central bank will raise its benchmark rate in its final policy meeting of the year, up from about 26% a week ago, according to CME Group's federal-funds futures.

"Investors are very focused

Index performance on Wednesday



Source: FactSet

on...determining the next course of action for the Fed," said Todd Jablonski, global head of multiasset and quantitative investing at Principal Asset Management.

Morgan Stanley's stock fell 6.8% after the bank posted a drop in quarterly net income, with investment banking and trading still in a slump. Shares of some regional banks, such as U.S. Bancorp, fell after several lenders reported being squeezed by higher interest and other expenses.

About 11% of the companies in the S&P 500 have reported third-quarter earnings so far, according to FactSet. Of those, about 81% have topped analyst expectations, compared with the five-year average of 77%.

Airline stocks pulled back after United Airlines cut its earnings forecast for the end of the year. Shares of United Airlines fell 9.7% in its worst one-day percentage decline since July 2022. Delta Air Lines and American Airlines also fell.

Semiconductor stocks dropped for a second day after the U.S. said it would significantly constrict exports of ar-

tificial-intelligence chips, making it harder for U.S. companies to sell products to the Chinese market. Nvidia lost 4% and Intel shed 1.2%.

Overseas, the Stoxx Europe 600 fell 1.05%. At midday Thursday, Japan's Nikkei 225 and South Korea's Kospi were down 1.7%, while Hong Kong's Hang Seng Index was down 1.6% and the Shanghai Composite was down 0.8%. S&P 500 futures fell 0.1%.

AUCTION RESULTS

Here are the results of Wednesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

| 17-WEEK BILLS | |
|--|--------------------|
| Applications | \$183,518,705,500 |
| Accepted bids | \$56,388,508,500 |
| * noncompetitively | \$674,805,100 |
| * foreign noncompetitively | \$100,000,000 |
| Auction price (rate) | 98.229875 (5.355%) |
| Coupon equivalent | 5.542% |
| Bids at clearing yield accepted | 46.54% |
| Cusip number | 912797JE8 |
| The bills, dated Oct. 24, 2023, mature on Feb. 20, 2024. | |
| 19-YEAR, 10-MONTH BONDS | |
| Applications | \$33,617,891,300 |
| Accepted bids | \$13,000,016,300 |
| * noncompetitively | \$87,129,300 |
| * foreign noncompetitively | \$0 |
| Auction price (rate) | 89.352074 (5.245%) |
| Interest rate | 4.375% |
| Bids at clearing yield accepted | 79.65% |
| Cusip number | 912810TU2 |
| The bonds, dated Oct. 31, 2023, mature on Aug. 15, 2043. | |

Theoretical Number Grips Street

Continued from page B1
ger-dated bond's yield too high, buyers will emerge so that the yield settles around a consensus for what rates will average over the bond's lifespan.

Still, other factors almost certainly also influence yields.

According to a traditional understanding of term premium, investors may demand extra yield to buy longer-term bonds due to the possibility that rates could end up higher than they expect right now.

Additionally, yields could be influenced by the supply of government bonds, with a flood of new bonds overwhelming demand and pushing yields higher. Or investors may accept a lower yield—or negative term premium—because they figure that bonds, unlike stocks, should rally if the economy sputters.

Evidence of a surge

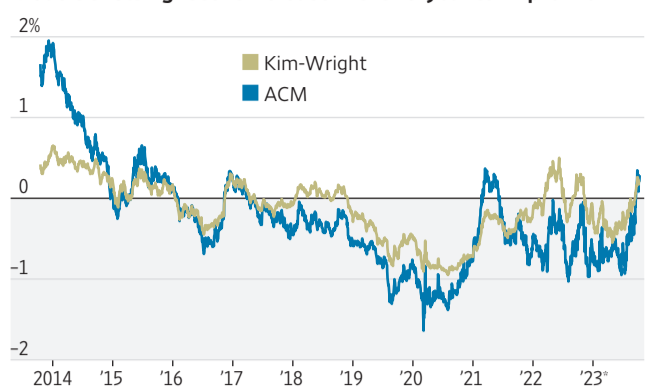
Measuring term premium is where things get tricky, because there is no perfect way of knowing what investors think future rates will be.

The simplest approach would be to compare Treasury yields to rate forecasts found in surveys. But drawbacks including the infrequency of those surveys mean that the most popular models incorporate other methods.

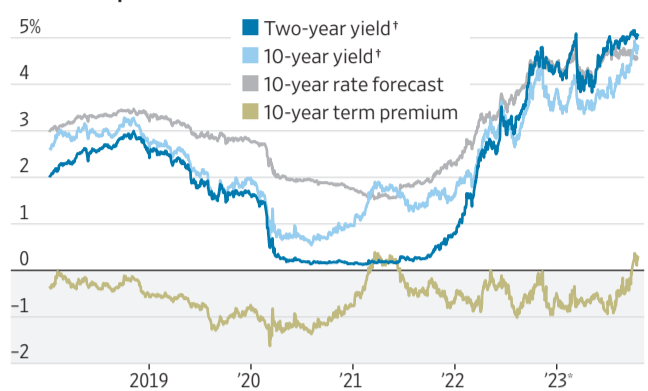
Among those is the ACM model, named after the current and former Federal Reserve Bank of New York economists Tobias Adrian, Richard Crump and Emanuel Moench. It uses yields of different Treasuries to predict future short-term rates by effectively finding patterns in their relationships over decades.

Another model, devised by current Fed economist Don Kim and former Fed economist Jonathan Wright, is a hybrid, arriving at its rate estimate through a combination of both survey forecasts and yield data.

Models showing recent increase in the 10-year term premium



ACM term premium model



*Through Oct. 16

†Model-implied fitted yields, which closely track yields on actual Treasuries
Sources: Federal Reserve (Kim-Wright); Federal Reserve Bank of New York (ACM, ACM term premium model)

Outputs from both models have long provided fodder for debate, especially in the 2010s when they showed term premiums turning deeply negative. That had puzzled many who had become accustomed to models showing healthy-size premiums—substantially larger than they stand now.

More recently, though, the models have gained attention because they have shown term premiums surging, with the 10-year premium climbing back into positive territory.

What Street thinks

Federal Reserve Bank of Dallas President Lorie Logan recently suggested that signals from term-premium models made her less inclined to raise rates again this year, arguing that rising term premiums, if real, would mean that surging yields aren't just reflecting stronger growth and a need for tighter policies.

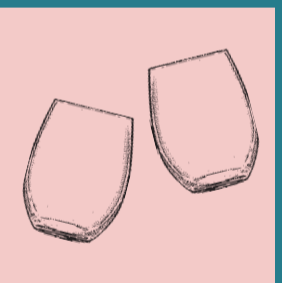
Logan didn't delve deeply into what specifically is driv-

ing up term premiums. But on Wall Street, many have used term premium models to buttress arguments that yields have been rising largely thanks to a growing federal budget deficit.

In recent months, the Treasury Department has both increased its borrowing forecasts and boosted the size of its longer-term debt auctions by more than investors had been expecting.

Some analysts argue that shifting rate expectations are still largely responsible for driving up longer-term yields recently. A resilient economy, they say, is persuading investors that rates—while likely to fall from here—are destined to settle at a higher level than previously anticipated. Praveen Korapaty, chief interest-rates strategist at Goldman Sachs, said he likes to look at term-premium models but only along with other types of models that link changes in yields to factors such as economic data and Fed policy surprises.

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

China Stabilizes Amid Property Woes

Consumers drove the improvement in its economy, but more housing trouble could change that

China's economy no longer resembles a newly paved parking lot: Green shoots are creeping up through the cracks. But sustaining that could be tough if major property developers keep cracking apart. Official data released Wednesday showed the Chinese economy grew 4.9% year-over-year in the third quarter and 1.3% quarter-over-quarter. The latter figure was nearly twice as fast as the second quarter's 0.8% increase.

China's headline growth figures should always be viewed with a healthy dose of skepticism. But several other data points, ones less squarely in the political limelight, hinted strongly at a better outlook.

Most important, consumer lending jumped sharply in September: Medium- and long-term consumer loans outstanding, a proxy for mortgages, rose by 324 billion yuan, equivalent to about \$44 billion. This was the most since January and the second most in nearly two years. Household risk aversion and a frozen housing market have been the key factors holding back the Chinese economy this year.

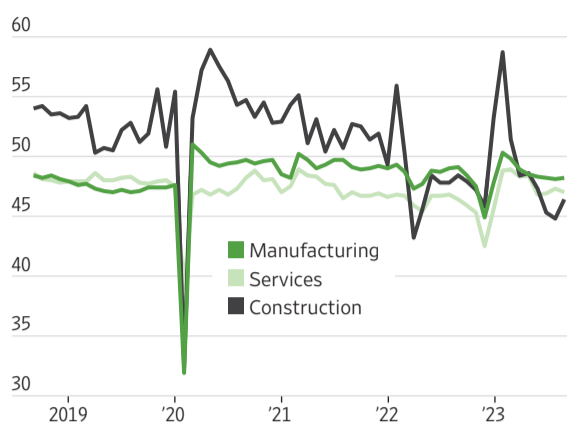
Other consumer indicators improved. Growth in retail sales accelerated by nearly a full percentage point and unemployment ticked down to 5%, from 5.2% in August. The downturn in industry ap-

Change in consumer bank loans outstanding, three-month moving average



Note: 1 trillion yuan=\$136.7 billion

China's official purchasing managers indexes, employment component



Source: CEIC

pears to be bottoming out, which could lend further support to the job market: Investment growth in manufacturing on a year-to-date, year-over-year basis accelerated for the second month in a row.

In the construction sector, the employment component of the purchasing manager's index jumped nearly two index points—the first rise since May—although it is below the 50-point mark separating expansion from contraction.

All of this, along with modestly better home sales and starts in September, shows that more aggressive measures to support the

housing market since late August are having some impact. Easier terms for second-time mortgage borrowers are especially important.

The problem is that even though construction, the job market and mortgage lending all apparently improved last month, property developers are still in deep trouble. And any fragile improvement in household sentiment could be undermined if **Country Garden**, the nation's largest developer in 2022, continues to follow **Evergrande** down into a black hole of debt and unpaid contractors.

Country Garden didn't benefit much from the modest bump in nationwide floor-space sales in September—its contracted sales, in value terms, were down 81%

year-over-year. And early consumer and housing market signals from October are mixed. Tourism spending per traveler over the long Golden Week holiday was lower than in 2019, for example.

Beijing has a couple of other axes in the hole. Provincial governments are beginning to refinance more high-interest debt, which could open up additional headroom for infrastructure spending in late 2023.

But in the end, the job market needs to keep improving and consumers need to keep spending. These trends would be difficult to sustain if the property market were to take another dive. China's economy regained a bit of momentum in the late summer, but it is far from out of the woods.

—Nathaniel Taplin

Early consumer and housing market signals from October are mixed.

P&G Washes Away Consumer Blues

Sales volumes rose outside of one market

Procter & Gamble sees a recovering consumer everywhere but in one market, which happens to be the world's second-largest economy. That is encouraging news for the company, but an unsettling message about the state of China.

P&G on Wednesday said its organic sales, which strip out the impacts of currency movements and mergers, rose 7% from a year earlier in the three months through September. As has been the case in prior quarters, this was thanks to price increases, as underlying volumes fell 1%.

Investors are eager to see consumer-staples companies return to volume growth, fearing consumers are exhausted with price increases. But they seem inclined to give P&G a pass this quarter, after Chief Financial Officer Andre Schulten said on a conference call that there was modest volume growth outside of the company's Greater China region, which includes Hong Kong and Taiwan. Shares rose 2.5% on Wednesday. Greater China organic sales were down 6%, as consumer confidence remains weak, Schulten said.

Globally, Schulten said he expects pricing to contribute much less to sales growth in the next two quarters as the company laps price increases taken a year before, with a return to positive overall volume growth after that. P&G's forecast for organic sales growth in the current fiscal year ending next June was unchanged at 4% to 5%.

But on China he described a difficult near-term situation, while maintaining a positive outlook over the longer term. "I think we've said all along that we don't expect the China recovery to be quick, extensive or linear, and I think that's playing out," he said. Overall sales volumes for the industry were down 7% to 9% over the past few quarters. "We are operating in a market that is still contracting post Covid-opening," said Schulten.

This sobering message contrasts somewhat with better-than-expected economic data released by Chinese authorities on Wednesday, which showed gross domestic product rising 4.9% from a year earlier in the third quarter.

P&G estimates there are 450 million middle-income consumers in China, and sees that rising to north of 700 million over the next five years, said Schulten. "Therefore we believe that our business in China can continue to create significant value over the next two years, and we continue to remain invested," he said.

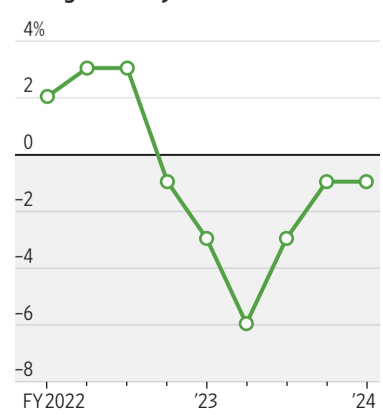
Perhaps so. But the big question for investors is whether these visions of a sustained surge in middle-class wealth make sense in today's China, which is creaking from a burst property bubble, overreliance on debt, overbuilding of infrastructure and soaring geopolitical tensions with the West.

If the rosy view of China's long-term prospects does change, it would be painful but manageable for P&G: It derived 9% of global sales from the Greater China region in its latest fiscal year and 50% from North America.

But optimistic China forecasts like P&G's underpin the long-term business plans of many giant multinationals, some of which are far more reliant on the country for growth. If the China story needs to be revisited more fundamentally, the implications will be far-reaching.

—Aaron Back

P&G quarterly unit sales volume, change from a year earlier



Note: Fiscal year ends in June. Source: the company



British billionaire Jim Ratcliffe is in talks to buy a 25% stake in the storied soccer team Manchester United through his petrochemical company Ineos.

Manchester United Shareholders May Have Scored After All

Manchester United shareholders are acting like despondent soccer fans after video-refereeing technology disallows a goal. Yet they might still win the match.

The British soccer club's publicly traded Class A shares have lost roughly 10% of their value since the weekend, when it was widely reported that British billionaire Jim Ratcliffe is in talks to buy a 25% stake through his petrochemical company **Ineos**. The other bidder, Sheikh Jassim Bin Hamad al-Thani, chairman of Qatar Islamic Bank, dropped out.

Investors are rightly gutted. The Qatari offer was a full buyout that valued the club above \$6 billion, compared with a current market value of \$3.3 billion. The premium is understandable given that Los Angeles Dodgers partner Todd Boehly bought Chelsea FC for the equivalent of \$5.2 billion last year.

Because Manchester United is listed on the New York Stock Exchange, Ratcliffe would technically be able to purchase stock directly from the U.S.-based Glazer family, who hold the Class B shares that account for 68% of the overall total and 95% of the votes. In this scenario, A shareholders wouldn't

see a cent and might sue. He will therefore reportedly buy at least some A shares as well, but it is unclear how many.

Manchester United shareholders, notably the hedge funds that typically swoop into deal situations, shouldn't want to be stuck with the shares. Soccer isn't usually a good business. European clubs tend to have slim profit margins and have performed poorly on the stock market. Ratcliffe, who would be given control over the sporting side of the club, wants to restore it to its former glory. This might come at the expense of financial returns.

The Glazers are hated among many Manchester fans because they spent years milking the club for cash. After initially riding the wave of a generation of players such as Cristiano Ronaldo, Wayne Rooney and Rio Ferdinand, they allowed the team to fall into mediocrity. Under the Ratcliffe deal, they would remain as insiders and control the commercial side of the business.

Stepping back from the immediate disappointment of a missed opportunity, though, shareholders might see that their position in this game is still strong.

Ratcliffe's entry into the club could be just the start. Whether because some of the Glazers were reluctant to sell or because buying the entire club at once was prohibitively expensive, he has hinted that a majority stake might be the endgame.

Also, Richard Evans, co-managing partner at Dallas-based investment firm Mara River Capital, points out that the mechanics of the current deal may be more favorable than many investors realize. He recently alluded to his shareholding in the club.

Ratcliffe is said to be paying about £1.4 billion, equivalent to \$1.7 billion, for his 25% stake, giving a valuation slightly above the Qatar's. Some reports have suggested that he may split this sum equally between A and B shares, which would mean buying 39% of the former at almost \$42 each. As-

Ratcliffe has hinted that a majority stake might be the endgame.

—Jon Sindreu