

# THE WALL STREET JOURNAL.

## What's News

### Business & Finance

- ◆ **Alphabet, Amazon, Apple, Meta** and other tech companies whose stocks have powered the 2023 market will report earnings in coming days, allowing investors to gauge whether the sector has room to run. **B1**
- ◆ **FTX founder** Bankman-Fried is weighing perhaps his biggest gamble yet: Whether to testify in his own defense at his federal fraud trial after prosecutors wrap up their own case. **A1**
- ◆ **Consumers who have** absorbed big price increases are growing more cautious, pressuring sales of everything from frozen meals to pet food and prompting food companies to offer more deals. **B1**
- ◆ **Meta is wrestling** with how to enforce its content rules amid the Israel-Hamas war as hateful comments have surged through Instagram. **B1**
- ◆ **Even as Apple** has generally tried to depend less on China, the company is relying more on one Chinese firm whose skill at assembling the tech giant's products has proved too valuable to dismiss. **B1**
- ◆ **Orange-juice prices** have been setting records week after week and are one of the year's top-performing commodities as citrus groves suffer the effects of disease and extreme weather. **B9**
- ◆ **The film actors union** and major studios and streamers are returning to the negotiating table Tuesday in an effort to end a monthlong strike that has brought TV and film production to a halt. **B3**
- ◆ **'Taylor Swift: The Eras Tour'** topped the domestic weekend box office a second time and became the first concert movie to gross \$100 million. **B3**

### World-Wide

- ◆ **Israel ramped up** its bombing of targets on three fronts, including a rare airstrike in the West Bank, as humanitarian aid trickled into Gaza in an international effort to ease the hardship the conflict has wrought on civilians there. **A1**
- ◆ **Israel faces a dilemma** in seeking to free its hostages from Hamas: Let talks play out, risking an impasse, or go ahead with a ground push into Gaza, putting the captives' lives in danger. **A1**
- ◆ **Nine GOP lawmakers** are seeking the post of House speaker as the party tries to overcome divisions and elect a new leader following the collapse of Jordan's candidacy. **A4**
- ◆ **A feature to alert** pilots of potential runway crashes is widely available, but in many cases, isn't turned on, as regulators have been reluctant to require its use. **A1**
- ◆ **Ukraine's counteroffensive** against Russia has failed to advance deep into occupied territory, presenting a series of political and military challenges for Kyiv and its Western supporters. **A9**
- ◆ **The candidate of** Argentina's ruling Peronist party surprisingly finished ahead of a libertarian in the first round of the presidential election. The runoff will be Nov. 19. **A18**
- ◆ **Venezuela's release** of five political prisoners after a deal with the U.S. has given hope to the families of others detained by Maduro's regime. **A18**
- ◆ **Energy producers** are sparing over subsidies from the climate law, a fight that pits the Biden administration's goals for growth against its efforts to reduce emissions. **A3**

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Palestinians inspect a mosque struck by an airstrike in the West Bank which Israel said militants were using to plan attacks.

## Tensions Heighten As Israel Steps Up Airstrikes

### Humanitarian aid moves slowly into Gaza; fears grow of a widening conflict

Israel ramped up its bombing of targets on three fronts, including a rare airstrike in the West Bank, as humanitarian aid trickled into the Gaza Strip in an international effort to ease the hardship the conflict

By Omar Abdel-Baqi, Chao Deng and Dov Lieber

has wrought on the two million civilians trapped there. An Israeli soldier died during an operation in Gaza, and the Israeli military struck a mosque compound in the West Bank city of Jenin that it said was being used by militants to plan attacks. It also struck a target in southern Lebanon, where it said militants were attempting to launch antitank missiles at the Israeli side of the border.

International efforts remained under way to free hostages in Gaza and prevent the fight from escalating into a regional conflict. President Biden held talks Sunday with leaders in Israel, the U.K., France and other nations as Israel weighed the consequences of any ground assault on Gaza.

The raid in Gaza in which one Israeli soldier was killed and three others wounded was

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## Hostages Complicate Planning For Military Operation in Gaza

By DAVID S. CLOUD

Israel faces an excruciating dilemma as it weighs the next phase of its war in Gaza: If it lets talks on the fate of at least 200 hostages held by Hamas play out, it risks getting bogged down in indirect negotiations with a group it has vowed to crush.

But if it goes ahead with a looming ground operation before more hostages are released, it risks even higher casualties and international pressure to limit its operation as it battles the Palestinian fighters in the densely populated enclave.

It is one of many crosscutting decisions confronting Prime Minister Benjamin Netanyahu's cabinet and Israeli commanders as they weigh when to move from the aerial bombardment of Gaza to the far-more-challenging ground-combat stage.

Along with the risk of civilian casualties, a large-scale invasion of Gaza could spark a second front if Hezbollah, the Iranian-backed militant group in Lebanon, seizes the opportunity while Israel is engaged against Hamas and unleashes the thousands of rockets and

armed drones in its arsenal. Much of Israel's security establishment sees Hezbollah as its most dire threat.

If Israel opts for a more-limited operation in Gaza to prevent the conflict from spreading and to protect civilians, it could become ensnared in a grinding counterinsurgency conflict that will leave Hamas damaged but still a threat after its Oct. 7 assault on Israel killed 1,400 people.

"There's a continuing debate in the cabinet about just how far to go," said Chuck Freilich, a former deputy national-security adviser in Is-

rael and a senior researcher at the Institute for National Security Studies, a Tel Aviv think tank. "Israel has to show that there are no circumstances in which you can get away with conquering Israeli territory, even if briefly, and slaughtering Israel's population."

The risk to Israel from Hezbollah is so great that some former Israeli officials argue Netanyahu's government should rethink plans for a Gaza ground war and launch a pre-emptive strike across its northern border, disregarding pressure from the U.S. to

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has wrought on the two million civilians trapped there. An Israeli soldier died during an operation in Gaza, and the Israeli military struck a mosque compound in the West Bank city of Jenin that it said was being used by militants to plan attacks. It also struck a target in southern Lebanon, where it said militants were attempting to launch antitank missiles at the Israeli side of the border.

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## Airline Safety Features Are Often Turned Off

By ANDREW TANGEL

Technology to alert pilots of potential runway crashes is widely available. Audible warnings and text alerts to help avert catastrophe on the tarmac are often standard features on new aircraft.

In many cases, those features aren't turned on.

Regulators have been reluctant to require their use. Some pilot groups have pushed for airlines to adopt such features, but carriers have had doubts about their benefits and costs.

"There are solutions right now," Capt. Steve Jangelis, a top union official in the Air Line Pilots Association, said at a runway-safety forum earlier this year.

The U.S. hasn't had a major fatal passenger airline crash in 14 years, but runway-safety alerts for pilots are getting renewed attention after a spate of serious close calls at U.S. airports.

U.S. air-safety and some industry officials are weighing whether to add more cockpit protections as pilot and air-traffic controller workforces navigate a surge in postpandemic flying, while airlines ramp up reminders to pilots about existing procedures.

The Federal Aviation Administration said in September it would seek recommendations from industry groups on a potential mandate for cockpit technology that could alert pilots before they take off or land on the wrong runway or on a taxiway.

Delta Air Lines and Air Can-

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## INSIDE



**PERSONAL JOURNAL**  
Who decides what women wear? Female designers draw new appreciation. **A11**



**BUSINESS & FINANCE**  
Food makers pitch discounts again, but shoppers are still paying more. **B1**

## Empty Downtowns Need a Costly Fix

Proposals call for city centers where people can live, work and raise families

By KONRAD PUTZIER

MINNEAPOLIS—Downtown streets were so crowded in the 1960s that developers conjured up a maze of elevated walkways between buildings, providing winter-proof avenues for office workers who filled the central city Monday through Friday.

Stores, fast-food spots, bakeries and barber shops lined the covered, temperature-controlled walkways, which linked new glass skyscrapers sprouting one after the next. Workers racing to cubicles in the morning kept to the right to avoid crashing into each other, recalled convenience store clerk Monica Bray.

Bray sees only a trickle of passersby these days and lots of empty storefronts. Downtown streets also are quiet, leaving plenty of room for

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## 1,316 'Electric Cowboys' Switch It On at Lineman's Rodeo

Utility workers recharge with competitive pole climbing, rescues and egg carrying

By ERIN AILWORTH

BONNER SPRINGS, Kan.—The rodeo veteran bustled around the grounds of the National Agriculture Center and Hall of Fame with a nagging case of the jitters.

"Every single time, I feel nauseous," said Ramon Garcia, 50, who was in town as a contender. "Competition butterflies."

Forget beefy bulls and bucking broncos. This rodeo roughly 20 miles west of Kansas City wasn't the cowboy kind.

The recent 39th Annual International Lineman's Rodeo, the Super Bowl of the electric-utility profession, drew hun-

dreds to test their chops at timed events such as climbing a 40-foot wooden pole and rescuing a 6-foot-1-inch, 165-pound mannequin named Rodeo Joe.

"Our career, we've actually made a sport out of it," said Aaron Haderle, a manager at the Kissimmee Utility Authority in Florida and chair of the American Public Power Association's executive rodeo committee.

Most of us see lineworkers only after storms, when the power goes out and we're trying to heat our coffee on a charcoal grill. But little known to the outside world is the profession's thriving rodeo

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## FTX Founder Mulls Risks of Testifying

By CORINNE RAMEY AND JAMES FANELLI

With prosecutors set to wrap up their case this week, Bankman-Fried's legal team will be searching for some way to change the momentum. While taking the stand in one's own defense is usually considered too perilous a step to leave to chance, the state of the trial, plus Bankman-Fried's limited options, point toward testifying as his best shot, lawyers said.

"Under the current state of play, unless Sam does something dramatic, he is almost certainly going to be convicted," said Evan Barr, a former federal prosecutor.

Bankman-Fried's likely hope would be that his testimony in the least wins over a hung jury, Barr said.

Lawyers typically advise

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# U.S. NEWS



THE OUTLOOK | By Paul Hannon

## Europe, Unlike U.S., Tackles Its Deficits

Throughout the Covid-19 pandemic and then Russia's invasion of Ukraine, both the U.S. and Europe borrowed heavily. Now with those emergencies in the rearview mirror, a divergence has emerged: Even as the U.S. continues to let deficits rip, Europe's are on track to narrow significantly.

This is in contrast to a decade ago, when deficits in the wake of the global financial crisis pushed some members of the euro area to the brink of default. The lessons of that episode, coupled with eurozone rules, have served to impose discipline on European governments that for now is entirely absent in the U.S.

They are getting little credit for it. Government bond yields have risen worldwide in the past month. While many factors are at play, including efforts by central banks to bring inflation back down, another key factor is the U.S. deficit.

The U.S. government on Friday said its deficit rose to \$1.7 trillion, or 6.3% of gross domestic product, in the year ended Sept. 30, from \$1.4 trillion, or 5.4% of GDP, a year earlier. Without an accounting change related to the administration's aborted

student-loan-cancellation program, the deficit would have been closer to \$2 trillion, a doubling from the prior year.

In projections released this month, the International Monetary Fund projects U.S. deficits for all governments will reach 7.4% of GDP in 2024 and 2025.

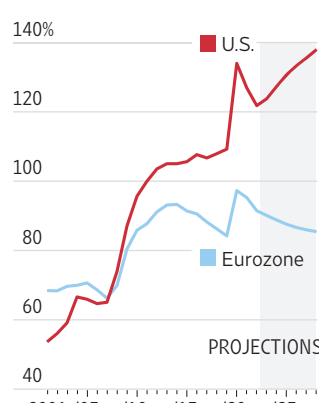
In Europe it is a different picture. The IMF expects combined deficits of eurozone governments will fall to 3.4% of GDP this year from 3.6% in 2022, and further to 2.7% in 2024.

Those countries that were in crisis a decade ago are expected to have much smaller budget gaps. In Greece, the deficit is forecast to fall to 1.6% of GDP from 2.3% last year, while Portugal's is expected to fall to 0.2% of GDP from 0.4%. Ireland is forecast to have a budget surplus for the second straight year. Italy and France, among others, continue to have deficits of roughly 5% of GDP.

"It's really quite striking how the paths have diverged," said Christian Keller, chief economist at Barclays. "There doesn't seem to be any effort in the U.S. to bring spending down or raise revenues."

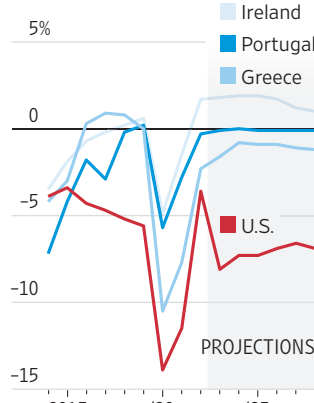
If those forecasts turn out to be accurate, European governments will no longer

Government debt as a percentage of GDP\*



Sources: International Monetary Fund; Barclays

Budget gap as a percentage of GDP†



be a leading driver of the increase in the world's debts. The IMF estimates that government debts are set to rise by 1 percentage point of economic output over the coming years, but almost entirely due to the U.S. and China. Without them, the debt load would be falling.

A little more than a decade ago, Europe was the focus of global anxieties about surging government debts. Greece, Portugal, Ireland and Cyprus were bailed out; Greece defaulted on some debts. Between the resolution of that crisis through bailouts and support from the European Central Bank, and the start of the pandemic, most European gov-

ernments had narrowed their deficits.

By contrast, the U.S. deficit began to exceed its European counterparts' in 2016, and the U.S. also borrowed more heavily during the pandemic. Crucially, it doesn't seem to have a path to narrowing those deficits: the Biden administration has proposed tax increases that Republicans and some Democrats in Congress reject, while Republicans seek spending cuts that the administration won't countenance.

The broad outlines of the European Union's budget rules were laid down in 1993 as part of the Maastricht Treaty that paved the way

for the euro and stipulate that budget deficits shouldn't exceed 3% of GDP. Those rules were suspended in 2020 to allow governments to respond to the pandemic and then extended to allow support to households during the surge in energy prices following Russia's invasion of Ukraine. As a result, deficits widened and debts rose.

The projected decline in European deficits mostly reflects the winding down of that emergency support.

But beyond that, painful memories of its debt crisis are likely to ensure that Europe's governments are more averse to rising deficits.

"We need to bring the public finances back on track," said Valdis Dombrovskis, the EU official responsible for enforcing the budget rules.

European governments don't want the rules to remain exactly as they were before the pandemic suspension. One significant criticism is that rather than restrain day-to-day spending, the rules have prompted governments to hold back on investment that boosts long-term growth, including to make Europe's economy greener.

The U.K. has a different set of self-imposed rules, but also aims to get its budget

deficit below 3% of GDP over the coming years. It had a debt scare in late 2022, when then-Prime Minister Liz Truss announced a surprise package of large tax cuts, sparking a selloff in the government bond market.

Truss was quickly succeeded by Rishi Sunak, whose government has instead raised taxes in an effort to bring its debts down by freezing the thresholds at which income-tax rates rise. As incomes increase in line with rapid inflation, more people move into higher tax brackets.

The U.K.'s nonpartisan Institute for Fiscal Studies estimates the freeze could raise an additional £52 billion, equivalent to about \$63 billion, in tax revenue by the fiscal year ending March 2028, or the equivalent of an increase of 6 percentage points in income-tax rates.

Not all European governments are willing to be quite that tough. Both Italy and France have recently announced budgets that see a slower decline in deficits to below the 3% target than initially anticipated. The European Commission could declare the Italian government in breach of the rules, thereby denying it access to a European Central Bank program designed to counter sharp rises in borrowing costs.

### U.S. WATCH

#### TENNESSEE

##### Suspect Sought in Shooting of Officers

Police in Tennessee were searching Sunday for the estranged son of Nashville's police chief as the suspect in the shooting of two police officers outside a Dollar General store.

Officers in La Vergne, a city about 20 miles southeast of Nashville, were investigating a stolen vehicle outside the store Saturday afternoon when they struggled with the suspect, who pulled a handgun and shot them, said La Vergne Police Chief Christopher Moews.

Police identified the suspect as John C. Drake, Jr., 38, who is the son of Metro Nashville Police Department Chief John Drake.

One of the officers was shot twice, in the groin and right forearm, while the other officer was hit in the rear left shoulder.

The police chief issued a statement Saturday confirming his son was the suspect in the shooting. Drake said they were estranged and over many years he has had only minimal contact with his son.

—Associated Press

#### TEXAS

##### One Killed, Three Wounded in Gunfire

A man was killed and three other people were injured when multiple people pulled guns and shots were fired during a fight in a small city in the Texas panhandle, police said Sunday.

At about 9:30 p.m. Saturday a 911 caller was telling a dispatcher about a disturbance in Borger, about 50 miles northeast of Amarillo, when the caller said shots had been fired, police said.

Police said that officers arriving at the scene found multiple people with gunshot wounds. Police said three people were taken to the hospital, where they were in critical but stable condition. One man died at the scene. His identity is being withheld pending notification of his family.

Police haven't announced any information on suspects or arrests.

Police in Borger, which has a population of about 12,000, said they believe it was an isolated incident and there was no further threat to the community.

—Associated Press



ALL IN: People turned out on Sunday for the Disability Pride Parade in New York City. The annual event celebrates the Americans With Disabilities Act, which ensures accessibility to such things as employment, transportation and public services.

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

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## Ex-FTX Chief Mulls Testifying

Continued from Page One against taking the stand, sometimes even conducting mock trials and cross-examinations of their clients to demonstrate how self-defense testimony can go badly when facing hostile questions from prosecutors. But for high-profile defendants, the temptation to tell their own story is particularly strong, said Robert S. Frenchman, a defense attorney.

"They think that they are—being convinced, that they are—in most contexts," Frenchman said. "But in the courtroom it brings so much risk."

Since the trial began in early October, a parade of witnesses has testified that Bankman-Fried lied to lenders and investors, doctored balance sheets and spent billions of dollars in FTX customer funds on extravagant real estate, risky investments and the repayment of loans.

While communicating with Google Docs and disappearing Signal chats, the FTX founder oversaw a company that made illegal political donations, poured more than \$1 billion into celebrity endorsements

and sponsorships and failed to address a gaping hole in its balance sheet, witnesses told the jury.

Bankman-Fried also has been portrayed as a dismissive and uncaring figure. Caroline Ellison, his former girlfriend and former chief executive officer of FTX's sister hedge fund, Alameda Research, testified that Bankman-Fried once berated an employee who opposed paying bribes to Chinese officials to obtain access to \$1 billion in frozen cryptocurrency. Former FTX Chief Technology Officer Gary Wang testified that Bankman-Fried sought to assure FTX customers their money was safe when he knew it wasn't.

Nishad Singh, Bankman-Fried's longtime friend and a former FTX executive, said he felt "betrayed that five years of blood, sweat and tears from me and so many employees, driving something that I thought was a beautiful force for good, had turned out to be so evil."

Those three witnesses, who have already pleaded guilty to crimes and are cooperating with the government, are central to the prosecution's case. If Bankman-Fried takes the stand, prosecutors would have a chance to press him under oath about their testimony. He wouldn't have his lawyers to offer advice on how to respond to questions.

"Once the defendant takes the stand, the defense lawyer

has no control," said Josh Nafatalis, a former prosecutor. "The defendant could say whatever he wants. The cross could go terribly."

Bankman-Fried has said publicly that he made management mistakes but committed no crimes. During opening statements at trial, one of his lawyers said he acted in good faith while trying to steer his companies through a crisis.

Bankman-Fried's legal team has said any possible defense case could begin as soon as Thursday, but it hasn't said whether it plans to call any witnesses. Mark Botnick, a spokesman for Bankman-Fried, declined to comment.

Bankman-Fried has few, if any, remaining allies with intimate knowledge of FTX whom he could call as a witness to back up his version of events.

While Bankman-Fried's lawyers showed some inconsistencies in the testimony of the cooperating witnesses, they didn't appear to score any major blows to undermine them. Testifying would at least give Bankman-Fried an opportunity to explain directly to jurors that he didn't believe he was committing fraud.

One hint that Bankman-Fried might testify was a recent court filing in which his lawyers said they were trying to get him access to prescribed Adderall medication during the trial day. Without it, he wouldn't be focused enough to participate meaningfully in presenting his defense, including making the decision to testify, his lawyers said. One of his lawyers subsequently said in court that he is now receiving the dosage they

sought from jail officials.

While most defendants choose not to testify, some notable ones have done so in recent years.

One was Theranos's founder, Elizabeth Holmes, who was on trial to face charges that she ran a years-long fraud scheme at her blood-testing company. The jury convicted her last year of four of the 11 criminal counts she faced. Jurors said after the trial that they didn't find her credible. One told The Wall Street Journal that jurors created a star system to judge witnesses' credibility and rated Holmes a 2 on a scale of 1 to 4, the lowest score of anyone who took the stand.

In Manhattan, after former U.S. Rep. Stephen Buyer testified in his own defense at his insider-trading trial earlier this year, the judge determined that he lied and handed down a longer sentence.

In Wisconsin state court in 2021, a jury acquitted Kyle Rittenhouse, a teenager charged with killing two people during unrest over a police shooting. Rittenhouse testified that he fired for his life and acted in self-defense.

Still, such a success is rare, said Lara Treinis Gatz, who worked as a federal prosecutor in Brooklyn, N.Y., and Florida. "In 22 years, I've only seen one defendant successfully testify," she said. "Usually they walk themselves into a conviction."



Sam Bankman-Fried's team wants to change the momentum.



U.S. NEWS

Hydrogen Tax Breaks Worth Billions in Play

Energy producers, environment groups vie to influence rules for getting a subsidy

By Amrith Ramkumar and Richard Rubin

WASHINGTON—Big energy producers are sparring over billions of dollars in subsidies from last year's climate law, a fight that pits the Biden administration's goals for economic growth against its efforts to reduce greenhouse-gas emissions. The battle is over subsidies to produce clean hydrogen, a potential alternative to oil and natural gas in industries such as steelmaking and trucking where renewable energy and batteries alone aren't adequate. The administration is weighing how strictly to define what energy sources can be used to make clean hydrogen and still be eligible for some of the most valuable tax credits in the Inflation Reduction Act. NextEra Energy, Constellation Energy and Plug Power say the subsidies should be widely available—even to com-

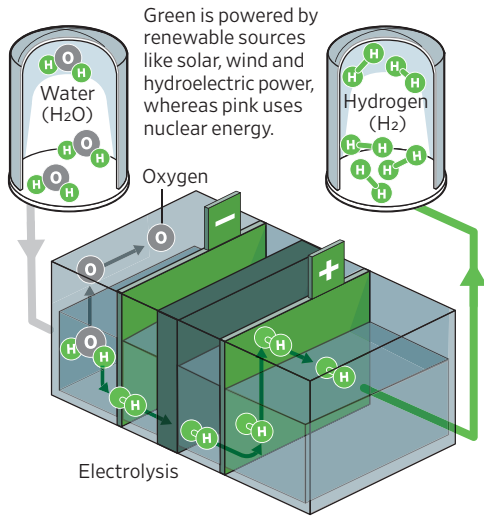
panies that generate carbon emissions—to spur the growth of a hydrogen industry seen as crucial to limiting climate change in the long run. The businesses and industry groups have made the argument in advertisements, and in meetings with Biden administration officials, people familiar with the matter said. Labor unions such as the International Brotherhood of Electrical Workers have sided with them. Companies such as Air Products & Chemicals, meanwhile, say the money should go to businesses that use only renewable energy, which could mean slower development and fewer new jobs. Environmental groups have made the same case in newspaper ads; the groups also have appealed to administration officials, a person familiar with the meetings said. The spat is the latest example of companies in sectors from electric cars to energy fighting over the technical details of clean-energy subsidies that could be worth \$1 trillion over a decade. "The hydrogen rules are make or break," said Leah Stokes, an associate professor

Four Shades of Hydrogen

The emissions associated with hydrogen production depend on how it is made.

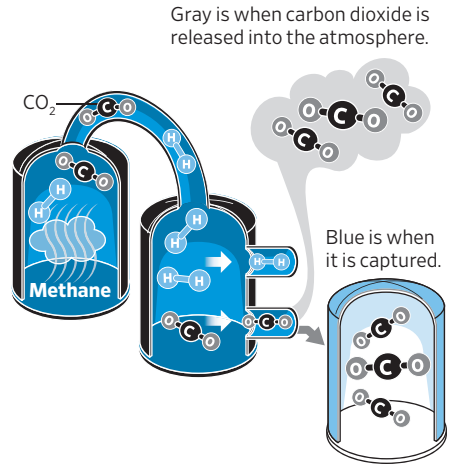
Green and Pink Hydrogen

Hydrogen can be generated by pumping water through an electrolyzer that splits water molecules into hydrogen and oxygen.



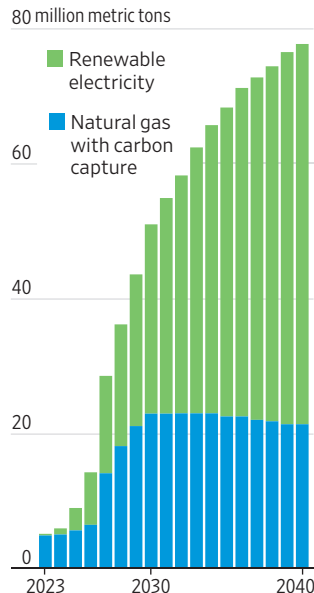
Gray and Blue Hydrogen

Natural gas can be used to create hydrogen with steam methane reforming, where a gaseous mixture creates hydrogen and carbon dioxide (CO2). Gray is when carbon dioxide is released into the atmosphere. Blue is when it is captured.



Note: estimates as of July Sources: International Energy Agency, Oxford Institute for Energy Studies, International Renewable Energy Agency (production types); Rystad Energy (projected production) Diagram by Kevin Hand/THE WALL STREET JOURNAL

Annual projected global hydrogen production by production type



at the University of California, Santa Barbara, focused on energy, environment and climate, who advised Democrats on the climate law and is in favor of tight hydrogen tax-credit rules. The administration missed an August deadline to write the hydrogen rules. White House officials are considering a range of proposals, including rules that would get stricter over time, a senior administration official said. Ashley Schapitl, a Treasury spokeswoman, said the agency is trying to make sure the rules strengthen U.S. energy security and address climate change. The subsidies come atop \$7 billion in recently announced

federal grants from the 2021 infrastructure law for hydrogen megaprojects across the U.S. to kick-start the industry. Today, nearly all hydrogen is made by heating natural gas. The method is cheap, but it generates greenhouse-gas emissions. Those can be lowered or eliminated by switching to machines powered by renewable energy that split water into hydrogen and oxygen. The new tax credit gets more valuable as the production process generates less emissions. The maximum amount for the cleanest hydrogen is \$3 per kilogram, roughly enough to make green hydro-

gen cost competitive with hydrogen made from natural gas. The heart of the current conflict is in whether companies planning to use fossil-fuel power from electricity grids to make hydrogen would have to buy equivalent renewable energy on an hourly basis or a looser annual standard. Companies such as NextEra, Plug Power and BP say projects should count as green if they use fossil-fuel grid power but buy renewable-energy credits that match their annual usage. Otherwise, they argue, hydrogen projects won't be viable in much of the U.S. Constellation, the largest U.S. nuclear-plant operator, is

arguing for looser rules allowing existing clean-power projects to be used to make hydrogen. Restrictive rules would halt the company's plans to invest nearly \$1 billion in nuclear-powered hydrogen, a spokesman said. Opponents—including Air Products, which has plans for green hydrogen facilities that run on new renewable power in states such as Texas—want stricter rules requiring new clean-energy developments and electricity-matching based on hourly demand. Those rules would likely deny some competitors the tax credits. —Scott Patterson contributed to this article.

In Food Deserts, Cities Look to Take Over Grocery Stores

By Joe Barrett

ERIE, Kan.—As Chicago studies whether to become the first big city to open a municipally owned grocery store, it will be looking to places like this city of 1,000 people for tips on how to do it. At the moment, things aren't going especially well. Erie Market, which the city took over in 2021, is losing money almost every month amid stiff competition from a Walmart 15 miles away and a Dollar General across the street. The store has slashed prices, cleared the shelves of expired items and put in a salad bar to try to bring more people through the door. But leaders aren't giving up. "Without a grocery store, what are we going to do? It would kill this small town and it's hard enough to keep it alive as it is," said Erie City Council member Jason Thompson, a Republican who owns a trash-hauling business. Erie is among a handful of cities across the U.S. that have taken over or started up grocery stores as a way to stave off decline and make it easier for residents to get access to fresh foods. All of them are small, but that could soon change. Last month, Chicago, population 2.7 million, launched a study on the feasibility of opening a municipally owned grocer to get more fresh foods and spur economic development in a number of mostly low-income neighborhoods.



LeNoir Rowland, a retired schoolteacher, shops at Erie Market, which the city of Erie, Kan., has run since 2021.

Chicago, which has lost six groceries on its South and West sides in the past two years alone, aims to take advantage of a new \$20 million state fund designed to address what are known as food deserts across Illinois. Studies show that lack of access to fresh foods can have big impacts on health outcomes and rob neighborhoods and entire towns of economic vitality. The departing stores in Chicago have cited poor margins and crime among rea-

sons they have pulled out. Ameya Pawar, a former Chicago City Council member and now senior adviser at Economic Security Project, a liberal nonprofit that supports things like a guaranteed income, says cities have long run complicated businesses like airports and just because private companies have given up on some parts of the city doesn't mean the city government should too. "Communities and people in those communities deserve to

survive and thrive. And, you know, that might mean accepting an operating loss for a grocery store," said Pawar, whose group will be working with the city on the economic feasibility study, including a planned trip to places like Erie to see how things work. "A grocery store is a high-volume, low-margin business. We understand that, but it isn't rocket science," Pawar said. A fully city-run store like the one in Erie is only one op-

tion the study will look at, said Umi Grigsby, Chicago Mayor Brandon Johnson's chief of policy. The city could also partner with local nonprofits or private grocers, and solutions could look different in different parts of the city. "The goal for us is how the city can fulfill unfulfilled promises in underserved neighborhoods," she said. When Erie took over its grocery store in 2021, things went fairly well for the first year, said Jamie Janssen, Erie's city

clerk. The store made a profit for five of the first 12 months and lost only \$18,000. But some of the initial enthusiasm for the store, which residents had supported in a poll, started to wane, and as Covid-19 eased, more people started shopping again at the Walmart in Parsons, about 15 miles away. Erie Market lost \$132,000 in 2022, with only one profitable month. The store, across the street from a Dollar General, also failed to capitalize on its fresh vegetables and meats, letting those sections start to look drab and some merchandise go out of date, Janssen said. The losses have continued this year. In July, Erie Market's manager retired, and Janssen volunteered to take over. Janssen said the goal is to narrow losses to under \$100,000 this year—out of the city's total budget of \$6 million—and keep improving from there. Meantime, customers like LeNoir Rowland, an 85-year-old retired local teacher, do their regular shopping at the store and go to the Walmart only for things like toilet paper. She stopped in recently for fresh meat, strawberries, a bagged salad, milk, a pumpkin and vanilla ice cream, which she shares with her dog, Max. "I think it can be very successful," she said. "Right now it's kind of a stocking problem, but it takes time." ♦ Food-price promotions are back..... B1

As Montana Goes Red, Democratic Senator Taps Into His Local Roots

By Eliza Collins and Paul Overberg

KALISPELL, Mont.—This state's rightward shift will make it difficult for Democratic Sen. Jon Tester to win a fourth term next year. Montanans have voted every other Democrat out of statewide office and decisively backed Donald Trump in the past two presidential races. Yet residents share a bipartisan frustration that may be Tester's best hope for clinching another term. They are fed up with moneyed outsiders streaming into the state and blame them for driving up prices, taking land and eroding Montana's rugged culture. Tester, 67, who has narrowly won three elections and votes most of the time with Democrats in Washington, is centering his re-election bid on his identity as a third-generation Montanan. He still farms wheat, peas, barley and hay on

land that his grandparents homesteaded in 1912, near Big Sandy, which has less than 600 people. His leading Republican opponent, Tim Sheehy, is a wealthy Minnesota native who owns an aerial firefighting company and moved to Montana after serving as a Navy SEAL. Tester's race is critical for Democrats to have any chance of holding on to the U.S. Senate, where they have a 51-49 majority but are defending far more competitive seats than Republicans. GOP campaign officials see Montana as one of their most promising potential pickups, along with West Virginia and Ohio, all states Trump won in 2020. In dozens of interviews across the state, voters said they are more worried about local issues—land development, agriculture and Native American priorities—than the national political concerns that are expected to shape other



Sen. Jon Tester

competitive Senate contests. Tester's appeal as a native Montanan speaks to the wave of pandemic migration that has helped Montana's growth outpace the rest of the U.S. The state of 1.1 million people picked up a net of 24,000 people from other states in 2021-22, according to the Census Bureau's American Community Survey, giving it a mi-

gration growth rate that exceeded that of Florida, a magnet for pandemic relocations. House prices in Montana have risen more than 42% since before the pandemic, which is above the U.S. average, according to an analysis by Realtor.com. Bozeman, once a ranch town where residents wore dirty jeans and cowboy boots, is now filled with trendy eateries and national chains, including Lululemon, the purveyor of \$100-plus leggings. In Flathead County, some families are selling cabins because they can no longer afford rising property taxes as wealthy outsiders snatch up lakefront property. In Missoula, surging housing costs have forced some people onto the streets. "Montana needs protecting as more and more people move here," said Ben Eisinger, 48, a self-identified Republican and the owner of a fly-fishing shop in Kalispell, a city outside Gla-

cier National Park that has grown substantially. Eisinger said he will vote for Tester because the incumbent is focused on protecting public lands. Montana has long been Republican-leaning, but it has seen an erosion of Democratic power since Tester was last elected in 2018, when he won by 3.5 percentage points. In the 2020 race for Montana's other Senate seat, the state's two-term Democratic governor lost to incumbent Sen. Steve Daines, a Republican, by 10 percentage points. Trump won handily in 2016 and 2020. Montana doesn't register voters by party affiliation so it's difficult to determine which party is benefiting most from new residents. The Senate Republican campaign arm matched new Montana voters with their party affiliation in their previous state and said Republicans have a clear edge among these transplants. One sign of a GOP advantage

is that the state's rapid growth has brought mostly white residents, a demographic that favors Republicans. Democrats could be helped by a large and growing share of college graduates in the state. Interviews with voters here indicate that the candidate who is able to convince voters they can help protect their way of life is most likely to win. Carrie Rabel, 64, a retiree from Manhattan, Mont., a town outside Bozeman, said the state's resources were being strained because of the growth. She is worried about affordable housing, lack of infrastructure and protections for small farmers. "We're not made to have this many people," she said. Not everyone sees growth as a negative. Bill Leininger, 62, who sells houses in Flathead County, said new residents are moving to Montana because they are attracted to the way of life, not because they want to change it.



U.S. NEWS

New Crop of Speaker Candidates Emerges

Nine Republicans seek job after two earlier picks failed to win a majority

By Katy Stech Ferek

WASHINGTON—Out of many, House Republicans are hoping for one.

GOP lawmakers heading into another week without a speaker will try to overcome deep divisions long enough to unify behind a new candidate, after colleagues soured on conservative firebrand Rep. Jim Jordan (R., Ohio) following a string of unsuccessful floor votes.

With the race now rebooted, nine Republican lawmakers are angling for the speaker job, jumping into the race before a Sunday deadline.

Rep. Tom Emmer (R., Minn.), who serves as the House's majority whip, has announced a run. He already locked up an endorsement from former Speaker Kevin McCarthy (R., Calif.), who remains a popular and influential party member despite his ejection from the speakership on Oct. 3. Other candidates include Kevin Hern of Oklahoma, who leads the conservative Republican Study Committee group, Byron Donalds of Florida, a political newcomer with ties to former President Donald Trump, and longtime lawmaker Pete Sessions of Texas.

McCarthy's departure froze the House's legislative operations, preventing lawmakers from taking steps to confront key issues such as negotiating an agreement to extend federal funding beyond its Nov. 17 expiration date and considering



The House last week after an unsuccessful attempt to elect a speaker. The GOP aims to have a new nominee as soon as Tuesday.

assistance for Israel or Ukraine. "I just know this is not a time to play games," McCarthy said on Sunday on NBC. "This is embarrassing for the Republican Party, it's embarrassing for the nation, and we need to look at one another and solve the problem."

Candidates are expected to pitch their colleagues at a forum on Monday evening ahead of an internal vote to designate a new Republican speaker nominee as soon as Tuesday morning.

"On Monday, we should come in and say, 'Let's clean the slate,'" Rep. Don Bacon (R., Neb.) said on Friday after Jordan

dropped out. "We debate. You get it down to two candidates. Whoever has the majority, you get behind them and support them."

House lawmakers left Washington on Friday evening after 112 Republicans—a majority of the chamber's GOP members—said in a secret ballot vote that Jordan shouldn't remain the party's nominee for speaker. The private vote followed one on the House floor where Jordan received 194 votes from Republicans but saw 25 defect, failing for a third time in a week to get the majority needed to win the gavel.

The long list of speaker candidates

provides a new set of challenges for Republicans, whose fractures, coupled with a narrow 221-212 majority, are prone to generating groups of holdouts who may decline to back their nominee on the House floor. McCarthy, Jordan and prior nominee Rep. Steve Scalise of Louisiana each had pockets of the Republican conference that refused to back them.

Rep. Mike Flood of Nebraska is circulating a unity pledge, which lawmakers can sign saying that they promise to back the party's speaker designee in a House floor vote. Getting a majority is "obvi-

ously going to be very difficult" and akin to solving a Rubik's Cube, Rep. Mike Turner (R., Ohio), chairman of the House Intelligence Committee, said Sunday on CNN.

Emmer, 62, is the highest-ranking speaker candidate within Republican leadership and is in charge of keeping track of how the conference votes on legislation. Before that, he led the House Republicans' campaign arm during two terms including their successful win of the House majority in 2022.

"The American people elected us to deliver on a conservative agenda that secures

In the Running

- Rep. Tom Emmer (Minn.)
Rep. Kevin Hern (Okla.)
Rep. Byron Donalds (Fla.)
Rep. Pete Sessions (Texas)
Rep. Mike Johnson (La.)
Rep. Jack Bergman (Mich.)
Rep. Austin Scott (Ga.)
Rep. Dan Meuser (Pa.)
Rep. Gary Palmer (Ala.)

\*According to Republican Conference Chair Rep. Elise Stefanik, who announced the official list of House GOP candidates after the noon Sunday deadline to enter the race.

our border, stops reckless spending, and holds Joe Biden accountable," Emmer said on social media.

Some lawmakers said they are still supportive of a plan to expand the authority of Speaker Pro Tempore Patrick McHenry (R., N.C.), who is in charge of the chamber until a permanent speaker takes over.

After his decision to drop out, Jordan told reporters that he had no regrets with how he handled his campaign and said it is important for the party to unite.

-Kristina Peterson and Eliza Collins contributed to this article.

Poll Finds More in U.S. Backing Israelis

By Aaron Zitner and Annie Linskey

U.S. public opinion is rallying behind Israel as it responds to the deadly attacks on its citizens by Hamas, the Islamist militant group, but the American appetite for a role in the war is limited, a new Wall Street Journal/Ipsos poll finds.

The poll found Americans drawing a sharp distinction between Hamas, which controls the Gaza Strip and is committed to the destruction of Israel, and the Palestinian people who live in Gaza and the West Bank. But it also found increased support for Israel, compared with prior surveys, in its decadeslong conflicts with Palestinians.

Some 42% in the survey said the U.S. should side with Israel, a record dating to 2002, while 3% said the U.S.

should take the Palestinians' side. The share with favorable views of both the Israeli people and their government is higher in the new survey than in similar polls in recent years, though young people are much less supportive of the longtime U.S. ally than are older Americans.

At the same time, the survey found Americans reluctant to become engaged in the region. Some 52% said the U.S. shouldn't back either Israel or the Palestinians in their long-running conflict. Just over half of Americans said the U.S. has a responsibility to support Israel in its war with Hamas.

And only 38% said the U.S. should commit American troops to help Israel if it is attacked by its neighbors—down from 53% in 2021 and a record low dating to 2010 in similar polling by Ipsos for the Chicago Council on Global Affairs.

"We're seeing a number of Americans for whom this is a significant moment and a moment that calls for them to support Israel. But there is also still a large number of Americans who say, 'It's terrible, but it's not our problem,'" said Chris Jackson, a senior vice president at Ipsos.

Americans in the survey felt less warmly toward Palestinians than Israelis. About half held a favorable view of Palestinians, compared with 75% who held a favorable view of the Israeli people. Some 41% said the U.S. has a responsibility to protect Palestinian civilians, compared with 54% who said so of Israeli civilians.

The survey suggests that President Biden is largely in step with American public opinion in offering moral support to Israel and making a personal visit to the country last week.

Christopher Wells, 25, who lives near Richmond, Va., watched Biden's Oval Office address on Thursday. He feels the president did a good job communicating the stakes of the conflict.

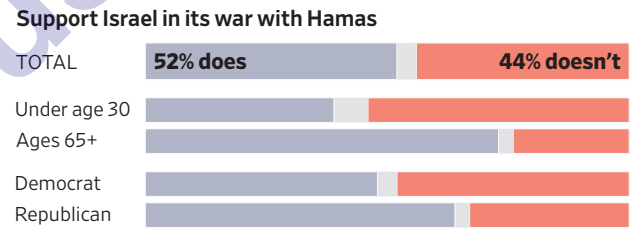
Wells, a Democrat, said the Hamas attack had increased his sympathy for Israel.

The Wall Street Journal/Ipsos survey was conducted Oct. 18-20, while Israel and Palestinian groups were exchanging blame for a deadly explosion at a Gaza hospital. About 12% of respondents answered the survey after Biden's address.

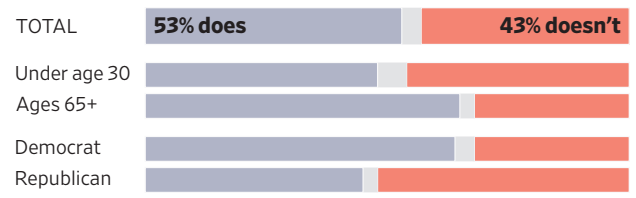
The survey included 1,409 U.S. adults drawn from Ipsos's KnowledgePanel, a large panel created through random selection. The margin of error for the full sample was plus-or-minus 2.7 percentage points.

◆ Guild faulted for lack of statement on Gaza..... B3

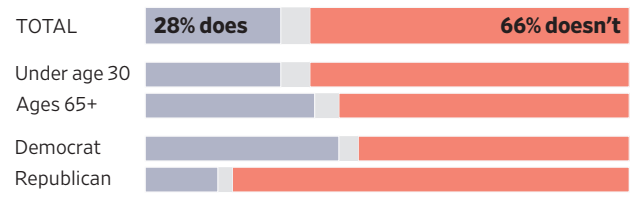
Do you think the U.S. does or doesn't have a responsibility to:



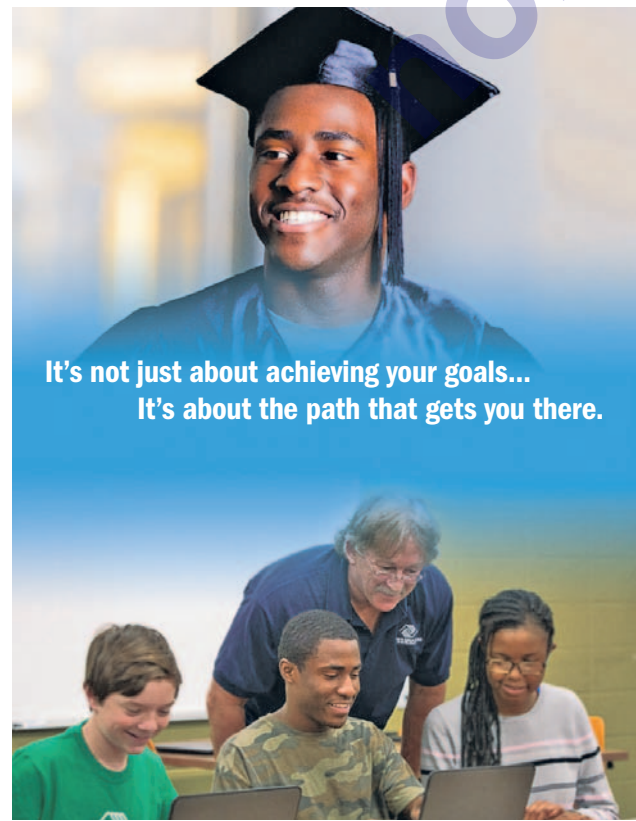
Push the parties in the Israel-Gaza conflict to negotiate



Work toward Palestinian statehood



Source: Wall Street Journal/Ipsos survey of 1,409 U.S. adults conducted Oct. 18-20; margin of error: +/-2.7 pct. pts. (full survey)



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Airlines Often Turn Off Alerts

Continued from Page One

ada said they are expanding the use of some cockpit features in their fleets, and United Airlines is considering adding another such alert.

The National Transportation Safety Board, which takes the lead investigating U.S. plane crashes, has recommended the FAA make mandatory alerts that warn pilots of runways too short for safe landings. That recommendation came after eight people died in a business-jet crash south of Minneapolis in 2008. The FAA later told the safety board that Boeing, Airbus and other plane manufacturers planned to install such alerts voluntarily, and no mandate was needed.

Airbus said it began rolling out its own runway overrun protection system in 2009, activating it automatically on new jets. Boeing left it to airlines to decide whether to activate a Boeing-designed feature or separate Honeywell-made alerts. Many alerts aren't activated. "That's ridiculous," NTSB chair Jennifer Homendy said in an interview.

An FAA spokesman said: "We have achieved our unprecedented safety record by implementing multiple layers of redundant technology, processes

and procedures, and we are always looking at what else we can do."

The FAA sometimes avoids making new rules if companies are voluntarily addressing a problem, partly because rule making can take more than 18 months to resolve and face court challenges.

Airlines, pilots and engineers have differing opinions on what cockpit features, such as heads-up displays and moving maps, are best to help pilots stay safe on runways. Some airlines and pilots worry alerts could become nuisance warnings that pilots ignore.

Some airlines have pointed to cost as a factor in not activating the alerts, according to people familiar with the discussions. Honeywell said its system is on nearly all new Boeing and Airbus aircraft since at least 2015. The plane makers have charged airlines about \$35,000 per aircraft to activate its features, according to Honeywell, which has received an unspecified share of the payments.

Boeing said it stopped charging airlines for safety-related features such as the Hon-

eywell system in 2020.

About 20% of commercial jets overall are now flying with at least some of Honeywell's system's features turned on, Honeywell said.

Airbus, which still charges airlines to activate certain options such as Honeywell's system, said its own overrun-avoidance system is activated by default at no additional cost.

Boeing said its own overrun warning system is available on the 737 MAX and is under development for its wide-body 777 and 787 models. Boeing offers other optional tools to aid pilots' situational awareness.

American Airlines was the first airline to roll out Airbus's runway-overrun protection system on its A320 fleet. The airline hasn't activated Boeing's overrun warning on its 737 MAX fleet.

"We want technology," said Capt. Dennis Tajer, a spokesman for American's pilot union, who flies that jet.

An American spokesman said the airline opted for a different technology for pilots' heads-up displays that was available for all its 737s, not

just newer MAX models, to achieve the same goal.

Airbus and Honeywell said they are working on other alerts, including one that could warn pilots of impending collisions on the ground.

The systems aren't panaceas: In June 2022, before a Boeing 757 cargo plane operated by FedEx landed in Tulsa, Okla., pilots didn't acknowledge one of the Honeywell system's alerts, according to the NTSB. After they incorrectly landed on a short runway, the system prompted the crew to brake hard. There were no injuries. FedEx said all its aircraft are outfitted with the Honeywell system.

In 2017, an Air Canada jet nearly landed on a taxiway at San Francisco's airport, where four planes with some 1,000 passengers were lined up. The NTSB found that Honeywell's system, had it been installed and activated on the Air Canada jet, might have alerted its pilots well before they nearly crashed into the other planes.

The following year, the NTSB called on the FAA to mandate a system that would alert pilots they were about to land on the wrong runway or on a taxiway.

"It's 2023, six years later," the NTSB's Homendy said. "They haven't taken action."

The FAA spokesman said the agency has rolled out ground-based safety systems at airports and is taking other steps. Air Canada said it is working to activate Honeywell alerts on compatible aircraft in its fleet by mid-2025.



Airbus offers a runway overrun protection system on its jets.



U.S. NEWS

# Oklahoma Law Makes Teachers Leery of Assigning Some Books

By ADOLFO FLORES

Three years ago, Oklahoma teacher Debra Thoreson requested copies of a book about the century-old murders of Osage people that took place about an hour from where her school is now. But she changed her plan to assign the book, "Killers of the Flower Moon: The Osage Murders and the Birth of the FBI," to her high-school English students after passage of a state law that she feared could endanger her license and her school's accreditation.

The 2021 law, one of several passed by states in recent years that placed greater curbs on classroom content, bars teaching students that they "should feel" psychological distress on account of their race or gender—or be held responsible for past actions by members of their race or gender.

In recent days, the law has come under specific fire in advance of the release of Martin Scorsese's film "Killers of the Flower Moon," which hit theaters nationwide on Friday and is based on the book by David Grann that Thoreson wanted to use in her classroom.

Supporters of the law, known as HB 1775, say it prohibits teachers from intentionally trying to make students feel anxiety or guilt, but doesn't prevent educators from teaching history such as that depicted in the film.

Critics of HB 1775, however, have said it is too vague and has resulted in a chilling effect on teachers. The American Civil Liberties Union and other organizations filed a lawsuit in 2021 on behalf of students and teachers challenging the law, arguing it was unconstitutional under the First and Fourteenth amendments. The lawsuit is pending.



Henry Roan was a victim.

The movie depicts the story of the murders of Osage people, which primarily took place in the 1920s, as part of a conspiracy to seize oil wealth from tribal members. Non-Osage men married into Osage families to gain their rights to oil royalties; Osage family members were then killed so whites could inherit the rights. The murder cases marked the first major criminal investigation conducted by what became the Federal Bureau of Investigation.

The movie was filmed in Oklahoma and was a big boost for the state, which has been promoting the film. It brought in more than \$127 million in revenue to the state and created about 470 crew opportunities for locals, according to Oklahoma's film office.

Former Osage Nation Principal Chief James Gray, a descendant of a man killed during what is known as the "reign of terror" depicted in the movie, said the law discourages educators such as Thoreson from teaching on issues involving race.

"If we're out here promoting this to an international audience and yet the contents of this film are not fit to be taught in public schools, we have a problem," Gray said.

Thoreson said teachers can't engage students if students don't get "a little, as the House bill says, discomfited. We would be making connections that might make people feel uncomfortable about gender or race."

Ryan Walters, Oklahoma's superintendent of public instruction, said the law is crystal clear. "Don't indoctrinate! Teachers should not tell kids they're racist," he said.

Teachers found to have run afoul of the law could lose their

teaching licenses, and their schools could face accreditation penalties. Two Oklahoma school districts have had their accreditation statuses downgraded.

Thoreson, who teaches in the small town of Dewey, said her fears were confirmed when the Tulsa school district had its accreditation downgraded in 2022 after an allegation by a high-school teacher that a training video shamed "white people for past offenses in history, and state[d] that all are implicitly racially biased by na-

ture." State education officials said they found no evidence to support the claim but that comments during the training were "more likely than not" based on concepts prohibited by the law.

The lawsuit against HB 1775 includes teachers and principals who say the law has forced them to change their approach to education.

Last year, the Inter-Tribal Council of the Five Civilized Tribes passed a resolution urging the Oklahoma Legislature to repeal HB 1775.

Rep. Kevin West, the Republican lawmaker who introduced the bill, said the law doesn't prohibit the teaching of topics that are aligned with the Oklahoma Academic Standards, which require that topics such as slavery, tribal relations and the civil-rights movement be taught.

For Gray, whose great-grandfather Henry Roan was one of the victims of the Osage killings, the law means the possible loss of Native American history.



Lily Gladstone, left, and Leonardo DiCaprio star in the Oklahoma-filmed movie about the murders of Osage people.



# GREEN JOBS

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# WORLD NEWS

## Northern Israel Prepares for Wider Conflict

### Border clashes with Hezbollah raise fears of second war front involving Lebanon

By SUNE ENGEL RASMUSSEN

KIRYAT SHMONA, Israel—The streets of this northern Israeli town 2 miles from the Lebanese border were deserted. Shopping centers, falafel shops and convenience stores were all closed. Explosions boomed from the hills to the west, followed by plumes of smoke.

Israeli authorities on Friday announced the evacuation of Kiryat Shmona, home to some 22,000 people, as the country prepares for the possibility of a two-front war: battling Hamas in the Gaza Strip to the south as well as its Islamist ally Hezbollah in Lebanon to the north. On Sunday, 14 more northern Israeli villages were evacuated.

Since the Oct. 7 assault on Israel by Hamas militants, in which 1,400 people were killed and around 200 were kidnapped, Israeli forces and Hezbollah have exchanged sporadic fire along this tense frontier. Hezbollah has said it is ready to intervene more forcefully if Israel carries out a ground invasion of Gaza.

Like Hamas, Hezbollah is backed by Iran, which for years has supplied it with weapons, including guided missiles, antitank weapons and man-portable air-defense systems, military analysts said, making it a dangerous adversary. Hezbollah can mobilize an estimated 30,000 fighters.

Israel's military has moved reinforcements, including tank



Israeli soldiers on Sunday manned positions along the Israel-Lebanon border, where towns on both sides have been evacuated.

units and infantry, to the north. Soldiers manned a checkpoint preventing civilians from traveling out of Kiryat Shmona toward the Lebanese border. Lines of armored vehicles were waiting to fuel up.

Israel's defense minister, Yoav Gallant, has threatened to "return Lebanon to the Stone Age" if Hezbollah escalates the conflict.

Qassem Kassir, a political analyst close to Hezbollah, said the group was already in a battle with Israel that could escalate depending on how the situation in Gaza evolved. The looming conflict

threatens to shatter the relative peace that communities in northern Israel and southern Lebanon have enjoyed since 2006, when Israel and Hezbollah faced off in a war that cost around 1,500 lives, the majority Lebanese.

A major widening of hostilities would risk a broader regional conflict that could draw in Iran as well as the U.S., which has moved two aircraft-carrier battle groups into the eastern Mediterranean Sea.

Many of Kiryat Shmona's 22,000 civilians were preparing to move into government guesthouses as far south as

Tel Aviv. Some said they would stay behind to feed soldiers and coordinate the evacuation.

"We have a solid, robust, truly Zionist population that chose to live on a border understanding fully well that we are the human shield of this country," said Avihay Shtern, the town's mayor, wearing a flak jacket as a drone buzzed overhead.

The walls of the municipal building are pockmarked by shelling from 25 years ago that killed two civilians.

Local officials fielded phone calls from residents unsure of the next steps. "I don't have

answers right now, I don't have any answers," council member Aviva Zrihan Weitzman told a caller asking how the evacuation would take place.

In a nearby kibbutz, HaGoshrim, residents were hunkering down. A dozen women spent the morning cooking food to be distributed to 500 soldiers on the front line. The commune was secured by gates but largely unarmed, and residents called on authorities to distribute weapons.

"We know the situation if Hezbollah decides to enter the war will be worse than what happened in the south," said 71-

year-old resident Yossi Baruch.

For HaGoshrim's residents, the Oct. 7 Hamas attack brought home a particular kind of horror. "When we grew up, we used to have weapons," said Mati Ashkenazi, 54. "But in the last decade, the government has preferred to give weapons to settlers rather than kibbutzim."

"I know it isn't a popular opinion, but I'm also sorry for the people in Gaza," he said. "Many Israelis don't think we need to kill everyone and destroy everything. But now, many people are full of revenge."

On the other side of the border, Lebanese civilians also fretted about the possibility of the conflict spilling over. A number of villages have largely emptied out. In the days after Israel attacked Gaza, the highway leading north toward Beirut was clogged with cars.

"I won't risk losing my family if things get out of control," said a resident of the Lebanese border town of Aita Al-Shaab who fled north. "We don't have the luxury of time since we are on the front line, and our village was heavily targeted during the 2006 war. This time, everything indicates that the scale of destruction and intensity will be greater."

—Adam Chamseddine in Beirut and Ari Flanzraich in Kiryat Shmona contributed to this article.

### Watch a Video

Scan this code for a video analysis of the Gaza hospital explosion.

## Israeli Forces Aim to Hunt Down Hamas's Gaza Chief

By RORY JONES AND SUMMER SAID

During two decades in Israeli prison, Yahya Sinwar learned Hebrew fluently and devoured local newspapers and television. Now, the most senior Hamas leader in Gaza is using that knowledge to fight a war against Israel.

Israel has accused Sinwar, alongside the commander of Hamas's military wing, Mohammed Deif, of coordinating the brutal Oct. 7 attacks that killed 1,400 Israelis, including 1,000 civilians. Hamas has taken about 200 people to Gaza as hostages.

The Israeli military says it is hunting him down as it targets senior Hamas officials in the Palestinian enclave. Israeli officials believe he is likely hiding in the labyrinth of tunnels used by Hamas militants in Gaza. This month, Israeli



Yahya Sinwar, seen in 2017, has been silent since the attacks.

military spokesman Lt. Col. Richard Hecht called Sinwar a "dead man walking."

"I do believe that Deif committed the plan but the real mind, the brain of this attack was mainly Yahya Sinwar," said Michael Milshtein, a former intelligence officer for Palestinian affairs in the Israeli army. "He really understands how the Israelis will behave, and how they think, and how they will respond."

As Hamas leader in Gaza, Sinwar is part of a complex

and secretive Hamas leadership structure that includes its military wing and a political arm. In all, there are roughly 15 people at any one time in the senior political leadership, which determines the direction of Hamas via consensus, said the European Council on Foreign Relations, a think tank.

"I think the tragic events over the last week and Hamas's brutal use of violence...reflects the dominance of the military movement over Hamas in a way that we haven't seen before," said Hugh Lovatt, a fellow at the ECFR.

Ismail Haniyeh, who led the group successfully in elections in 2006 for a legislature that fell apart, heads Hamas's council of leaders from Doha and helps manage its relationship with Gulf benefactor Qatar.

Another official, Saleh al-Arouri, is the deputy political chief based in Beirut, where

he helps oversee Hamas's relationship with Hezbollah and Iran as well as the group's operations in the West Bank.

For a time, Western officials considered whether the group was possibly moderating its position on Israel. In 2017, Hamas updated its charter of principles to indicate that it would be willing to recognize the establishment of a Palestinian state in Gaza and the West Bank—territories Israel captured in 1967—rather than the entirety of historic Palestine. Some viewed the move as effective recognition of Israel. Hamas's original 1988 charter vowed to destroy Israel.

But after the revised charter did little to alter the international community's hostile view of Hamas—the U.S. has designated the organization a terror group—Sinwar was elected leader in Gaza in 2017.

It was a sign of the more militant turn Hamas was tak-

ing. Israeli security officials consider Sinwar one of the more hawkish members of Hamas and a bridge between the political leadership and the militant wing, the Izz ad-Din al-Qassam Brigades, led by Deif.

Deif hasn't been seen in public for years but issued a statement as the Oct. 7 attacks unfolded, saying his army had launched an operation in response to Israel's occupation of Palestinian lands. Sinwar, who has a graying beard and is often pictured scowling, has been silent since the attacks.

Hamas spokespeople didn't respond to comment requests.

Akram Attallah, a Palestinian journalist from Gaza who has met Sinwar several times, said the attack on Israel suggests the group is using more violent methods to build possible leverage for any future negotiations.

## Bombing Campaign Intensifies

Continued from Page One aimed at preparing for a ground operation and to gather information about hostages that Hamas took during its attack on Oct. 7, Israeli military spokesman Daniel Hagari said Sunday. Hamas's armed wing said on its Telegram channel that Israeli soldiers were ambushed in southern Gaza. Neither side said whether Hamas was involved in the clash.

The Israeli military also said that as an Israeli tank fired back at what it called a terrorist cell, it accidentally hit an Egyptian post near a border crossing. A spokesman for the Egyptian military said an Egyptian watchtower was hit with shrapnel from an Israeli tank, resulting in minor injuries to some of its border watchmen. He said Israel said the firing was unintentional and apologized to the Egyptian side.

On Sunday night, a convoy of 14 trucks from Egypt delivered food, water and medicine into Gaza, in the second delivery since the war started, according to the United Nations' agency for Palestinian refugees and the Israeli army. On Saturday, 20 trucks filled with medical supplies, as well as some food and bottled water, crossed into Gaza.



A truck carrying humanitarian aid at the Rafah border crossing.

Hagari said the Israeli military continues to urge Gazans to move south from the northern part of the strip, where Israel is increasing its bombing campaign ahead of the expected ground assault. Israel has also struck the southern part of the strip in recent days, including a residential building in the Rafah area, killing 16 people, according to the United Nations.

Israel hasn't said when it would carry out a ground operation in Gaza with the aim of taking out Hamas, or how long its airstrike campaign in the strip would last.

"This should be our last maneuvering operation in Gaza, for the simple reason that afterwards there will be no more Hamas," Minister of Defense Yoav Gallant of Israel said on Sunday. "It may take a month, two or three."

The strike in Jenin was one of few airstrikes since 2006 in

the West Bank, where the Israeli military has recently tended to rely on ground troops to conduct raids, which have escalated in the past few years.

About 90 Palestinians have been killed in the West Bank since Hamas's Oct. 7 attacks on Israel, with two people killed in the Jenin airstrike, the Palestinian Authority's official news agency reported. The Israeli military said it has arrested more than 450 Hamas operatives in the West Bank.

Meanwhile, skirmishes between Israel and Hezbollah, an Iran-backed ally of Hamas, along the Israel-Lebanon border have displaced thousands of residents on both sides. The U.S. designates Hamas and Hezbollah as terrorist organizations.

Prime Minister Benjamin Netanyahu of Israel met with soldiers on the Lebanon border. "I cannot tell you right now if Hezbollah will decide to fully enter the war," Netanyahu said,

according to a statement from his office. "If Hezbollah decides to enter the war...it will be making the mistake of its life."

Eylon Levy, a spokesman for the prime minister's office, said more than 200,000 Israelis across the country have had to leave their homes. About half were ordered to evacuate by authorities, while others left of their own accord, he said.

A limited amount of humanitarian aid reached the Gaza Strip over the weekend for the first time since Hamas's Oct. 7 attack and the ensuing Israeli bombardment of the enclave.

Humanitarian agencies warned that the aid deliveries fell far short of what is needed to sustain Gaza's more than two million residents, about 1.4 million of whom have been displaced from their homes in the current war, the U.N. said.

Fuel hasn't been included in the convoys. A U.N. agency focused on humanitarian relief for Palestinian refugees said it would run out of fuel in three days, hindering its response.

Hamas fighters killed more than 1,400 people in Israel, and citizens of more than 40 countries were killed or disappeared during the attacks two weeks ago, the Israeli Foreign Ministry said. The Hamas-run Gaza Health Ministry said on Sunday that 4,651 Palestinians, including 1,873 children, have been killed in Gaza, though U.S. officials and some experts have disputed that total.

—Anas Baba, Summer Said and Shoshanna Solomon contributed to this article.

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FROM PAGE ONE

Lineman's Rodeo Is Electric

Continued from Page One circuit, from the Lone Star Lineman's Rodeo in Texas to the Gaff-n-Go Lineworker Rodeo in Virginia, to the pinnacle international contest.

The "electric cowboys," as some call them, especially treasure the rodeo diversion these days, when utility workers are dealing almost non-stop with wildfires and extreme weather events.

Relatives flock to watch, since rodeos are often the only time to see their loved ones practicing a job that can demand long hours in disaster conditions.

"My family doesn't get to see it, but now I have the opportunity to do it and showcase my abilities. I mean, that's pretty cool to me," said Brock Baker, a lineman with Xcel Energy in Amarillo, Texas.

Baker was among 1,316 journeymen and apprentice lineworkers who'd come to this Midwestern suburb on a drizzly fall weekend to pursue glory at the International Lineman's Rodeo. They made up 732 teams from the U.S., Canada and Brazil, many of

whom had qualified at smaller rodeos.

The air was electric as thousands milled around the sprawling rodeo grounds. Hard-hatted competitors tugged rolling carts of gear from event to event, with spectator entourage following behind. Tents featured exhibitors such as Huskie Tools, Gore-Tex and Youngstown Glove Co. Yellow rope cordoned off competition zones, where linemen toiled atop utility poles set up in row after row.

Judges—the powers that be—circulated, identifiable by their pink hard hats and bright safety vests.

In one dreaded event, linemen must carry an egg in a bag during a timed pole-climb, then descend with the delicate cargo in their mouths to demonstrate they are smooth and in-control.

"The egg is inspected by a judge at the end," said Dennis Kerr, co-chairman of the rodeo's board. "If there's a tooth mark in it, it's a two-point deduction, and if there's a crack in it, that's a 10-point deduction."

Clay Baxter, 38, and Bobby Akos, 30, in town from Florida as part of a Duke Energy team, carefully inspected the cartons of Best Choice Large Grade A eggs available for the pole-climbing event as their teammate Chris Clark, 31, looked on. Two members of every three-person journey-



Competitors at the 39th Annual International Lineman's Rodeo in Kansas this month.

man team make the climb.

"That's my perfect egg right there," Baxter said as he selected one on the smaller side. He eyed it to ensure it wasn't so small it might rattle round and crack on a canine tooth, as one did back when he was an apprentice.

Such infractions, known as gigs, can dash rodeo dreams. Judges can also dock points for wearing a hard hat wrong, "hot-dogging" down the pole in an uncontrolled manner

and other gaffes.

Also challenging: timed mystery tasks that teams learn about just before the competition. This year's surprises: For Mystery Event #1, they would need to change out the crossarm at the top of the utility pole, and for Mystery Event #2, replace the jumpers on the pole that had been de-energized and short-circuited to protect the lineworkers.

To get a perfect score, linemen must deploy all safety

procedures and best practices without a misstep, such as dropping a tool while working on a pole.

Garcia, who had talked about his pre-rodeo jitters, is on a Southern California Edison team along with Jacob Lybbert, 40, and Wil Robinson, 47. The trio has collected awards at this rodeo every year since 2014—including twice as the best of the best.

To prepare, they spend many after-work hours poring

over rulebooks, climbing poles for practice, and refining strategies for their best event, the "hurtman" rescue of the huge mannequin.

As they competed at the recent Kansas rodeo, they shouted instructions and encouragement at one another. Relatives and colleagues watching from the sidelines chimed in.

Despite all the prep, a gig (infraction) threw Garcia, Lybbert and Robinson on the hurtman rescue.

The trio questioned whether they would do well enough that day to even walk the awards stage. After their last event, the crossarm change out, the teammates assessed their effort.

"Still moving at 47, still running with these kids," Robinson said.

A few hours later, the three men slipped on their two championship rings and belt buckles and headed to the awards banquet.

Just after 9:30 p.m., an announcer called their team to the red carpet with four other teams who had placed high enough for an award on Mystery Event #2, the jumper replacement. The trio had taken the fifth spot and garnered another plaque for their trophy rooms back home.

"We got one!" Garcia exclaimed.

"By the skin of our teeth," replied Robinson. "Keeping the streak going."

Downtowns Search for A Fix

Continued from Page One homeless people, police and the occasional tourist. "It's spooky," she said.

For decades, downtown office districts across the U.S. powered local economies, generating commerce, tax revenue and an aggregation of ambition, talent and disposable income. Many cities riddled with half-empty office buildings hope to survive the new remote-work era without bulldozing swaths of downtown and starting from scratch.

Experts say American downtowns instead face the biggest urban makeover in 50 years. Even optimists estimate it will take years and cost billions to complete the large-scale changes to usher central-city office districts into a new role—busy neighborhoods where people live, work, raise families and find entertainment.

"The bottom line is we need to reinvent downtowns around the country," said Jacob Frey, the 42-year-old mayor of Minneapolis. "It's about having more people in the core of downtown doing something other than just working. It's about having fun."

The city has offered tax breaks to convert offices to apartments and is considering a pedestrian-only zone. Live piano music sounded on a recent workday along Nicollet Mall, a downtown street. People stood at food trucks and picked through racks of used shirts and dresses at a pop-up clothing exchange. Nearby, workers ripped asbestos from a century-old office building slated for residential housing.

The median drop in foot traffic across 52 major U.S. city centers since 2019 was 26%, according to an analysis of cell-phone data in June by the University of Toronto's School of Cities.

A sense of desolation discourages many downtown workers from showing up at the office, accelerating the closure of shops and restaurants. Failure to arrest the decline risks the loss of remaining residents and businesses, as well as tax revenue, in a downward spiral that could take U.S. cities decades to escape, said Stijn Van Nieuwerburgh, a real-estate professor at Columbia Business School. "This is a narrow path."

The remote-work era could reduce the value of New York City office buildings and nearby retail properties by 42.5%, potentially reducing city tax revenue by 6.2%, Van Nieuwerburgh and two other economists estimated in a recent study. Other cities with significant numbers of office towers face similar losses.

The central business district in Minneapolis, as in other cities, was mostly built to serve



An office-to-apartment conversion project in Minneapolis.

the 9-to-5 office economy. Hotels largely hosted business travelers. Nightlife was spare. Downtown foot traffic has fallen by 44% as of June compared with the same period in 2019, the University of Toronto found, the third-biggest drop among the 52 cities, putting Minneapolis behind only St. Louis and Louisville, Ky.

Some cities have been pushing to remake their downtown districts for years and know the many obstacles: Few office buildings can be converted to housing. Downtowns don't easily accommodate family life. Crime fears keep people in the suburbs. No one wants to be downtown if nobody else is.

Turning point

Experts say the U.S. is at a turning point similar to when factories disappeared from city centers during the 20th century's workplace transformation and left steel-and-glass office towers as the primary economic engines.

The revival efforts, both public and private, are so far small compared with the challenge of getting more people to live downtown. A half-century ago, Minneapolis bulldozed blocks of low-rise apartments adjacent to downtown and replaced them with parking lots for the new office towers.

"We're going to have to work on creating spaces down there that are appealing to people on weekends," said George Sherman, a longtime Minneapolis developer who is trying to convert downtown offices to apartments. "Right

now, that's hard to imagine. But part of our job is to imagine them 10 years out."

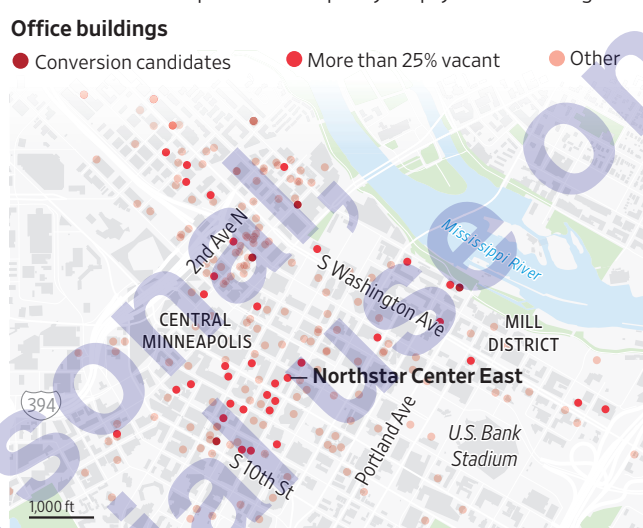
The Pillsbury office building was finished in 1916 and became a cornerstone for a new downtown Minneapolis. It wasn't far from the company mills and those operated by General Mills and others on the Mississippi River.

This year, Sherman bought the 13-story Pillsbury building, now called Northstar Center East, which he is betting will be at the forefront of the next downtown makeover. He estimates that it will cost \$91 million to carve up the 300,000-square-foot structure into more than 200 apartments with a gym and roof deck. The city agreed to contribute nearly \$7 million in tax subsidies.

The massively wide floors of the building create the same problem for every U.S. city trying to convert office towers to apartments. Many bedrooms won't have windows. "You've got to work with the structure you have," Sherman said.

Developers in Cincinnati have plans for or have already started converting 2.4 million square-feet of office space to apartments and other uses. That accounts for 7% of the city's office stock, the second-highest proportion in the U.S. behind Cleveland, according to the brokerage CBRE. Cleveland is laying the groundwork for new residents with public and private proposals to plant more trees, put up murals, add playgrounds and install better outdoor lighting in its office district.

Downtown Minneapolis is full of partly empty office buildings



Note: Conversion candidates are office buildings built before 1990 that are more than 50% vacant and have floors smaller than 15,000 square feet. Sources: CoStar, staff reports

Emma Brown/THE WALL STREET JOURNAL

plans to convert two historic downtown Minneapolis office buildings into apartments.

Price problem

Investors who paid high prices for skyscrapers before the pandemic are reluctant to sell at a discount. Michael Pestronk, chief executive of Philadelphia-based apartment developer and landlord Post Brothers, said that around nine out of 10 office buildings around the U.S. that the company looks at aren't suitable for converting to apartments, mostly because prices are too high or they still have too many tenants.

Some empty office buildings are destined for the wrecking ball because they can't be re-

fashioned into apartments or other uses. Others will fill up again when rents fall low enough, "but it's all going to take a long time," said Edward Glaeser,

chairman of Harvard University's economics department and author of the book "Triumph of the City."

In Minneapolis, Sherman plans to demolish the above-ground floors of a former Wells Fargo data center to build apartments, and is converting an office tower in St. Paul, Minn. He has proposed pickleball courts for the top floors of half-empty parking garages in Minneapolis.

Sherman made some of his fortune developing city properties no one else wanted. In 1985, he proposed building apartments on abandoned railroad land in the crumbling mill district.

"I went to a city council meeting and one of the city council members said, 'Why would anybody want to live there?'" he recalled. Thousands now live in the former industrial neighborhood, where land was cheap after the once-toxic soil was cleaned up. The office district, he said, was next.

As with other American cities, downtown Minneapolis didn't start off as an office dis-

trict. In the first half of the 20th century, sawmills and flour mills in the city operated on the banks of the Mississippi. Workers often lived nearby and shopped in downtown department stores.

Starting in the 1960s, mills and factories closed, and new glass office buildings sprouted. The first modern indoor shopping mall in the U.S. opened in a Minneapolis suburb in 1956. More malls followed nationwide, drawing shoppers from downtown stores.

Across the U.S., the growth of suburbs and the decline of manufacturing ushered in an era of office-dominated downtowns populated by commuters who drove or took a train to work and returned home at night.

As the workplace evolves, some downtowns will have an easier time navigating change, including cities with lots of university students and other young residents, Glaeser said.

Cities with economic centers outside of downtown office districts also have a comparable advantage, especially communities where people are willing to pay a premium to live and work.

In New York's Meatpacking District, the city more than a decade ago turned an elevated rail line into a pedestrian walkway and tourist draw called the High Line. Developers converted nearby warehouses into workspaces, shops and pricey apartments. The neighborhood's appeal draws visitors, celebrities and higher-income residents who support new restaurants, hotels and nightclubs.

Only 5% of the office space in the Meatpacking District was available for lease as of the second quarter, compared with 20% for Manhattan as a whole, according to Avison Young, and rents surpass the city average.

Minneapolis has had similar success in the North Loop neighborhood, where apartments, restaurants, breweries and high-end offices, all within walking distance, have taken over land once dominated by warehouses and a rail yard.

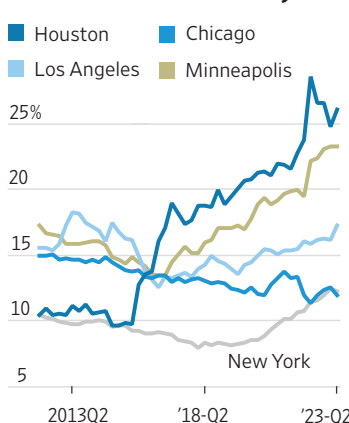
Hines, an international real-estate developer, is building an apartment tower with 450 units that will connect via an enclosed bridge to a 14-story office building.

To the east, in the former mill district, where Sherman built 816 apartment units, there is a weekend farmers market, coffee shops and a live-performance theater designed by prizewinning French architect Jean Nouvel.

Using the mill district as a measure, the makeover of downtown will be a long, costly process. It took decades for developers to replace mills with a lively 24-hour neighborhood, and much of it was done during a period of low interest rates. Rates are now at a two-decade high.

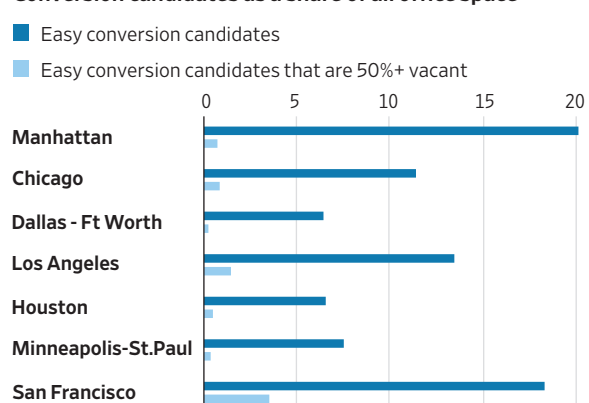
The Minneapolis mayor said the city has no choice but to try. "Downtowns are always going to be a centrifugal force," he said. "What's going to have to change is how we view it."

Downtown office availability rates



\*Easy conversion candidates are offices built before 1990, of lower quality and with floors smaller than 15,000 square feet. Sources: Moody's Analytics (availability rates); Avison Young (conversion candidates)

Conversion candidates as a share of all office space\*





# PERSONAL JOURNAL.

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THE WALL STREET JOURNAL.

Monday, October 23, 2023 | A11



**WORK & LIFE**  
**RACHEL FEINTZEIG**

**Y**ou like your job. You're over everything else that comes with it.

For a while there, we scored a pause. Sequestered at home, it was often just us and the work, office politics and gossip fading into the background.

Now the volume has been turned back up. Companies are renewing calls to spend more time at headquarters, while job cuts and uncertainty in some industries raise the pressure on workers and bosses. There's chitchat, meetings, busywork—stuff that feels outside our job descriptions, and beside the point.

"Everybody needs to leave me alone," says Ann Turi, a lawyer, summing up exasperation I've heard from all kinds of professionals recently. Heads down on a big project—or trying to be—she's felt the weight of hovering managers and constant interruptions.

We need to relearn to stay under the radar, without losing out on the work we actually like. It might just take subtle tweaks, like forming alliances with colleagues and shifting how we communicate with bosses. Or some of us might need to totally rethink what we do and where we do it, with autonomy in mind.

Rob Johnson switched to freelancing for startups to get what he wanted: the ability to get paid to actually produce something.

"I'm never gonna be like a super high-up in some company," says Johnson, a programmer based outside Austin, Texas. But "I have ultimate freedom."

In past jobs, Johnson says it often felt hard to carve out more than an hour or two to write code. He was called on to make random presentations to other departments, or would spend two weeks building a project that took three months to gain approval.

The switch helped. "By all means, go work," higher-ups would tell him when he pointed out they were paying him \$150 an hour to sit in a meeting.

Last year, he moved back to being a full-time employee, after a longtime freelance client asked him to come in-house. But he's still able to hold firm to his approach, skipping meetings to code and logging on from the mountains of Colorado or a park in England.

## Striving for autonomy

Not all of us can be living the fantasy remote worker life. But we can get close.



## Leave Me Alone to Do My Job

How to free yourself from office politics and bureaucracy, and get back to work

Start by picking the right size company, says Michael Solomon, co-founder of 10x Management, an agency that represents tech talent. He says somewhere between 25 and 500 employees is ideal—enough people to get the work done, but not too many to cause bottlenecks.

On the job, send your boss a weekly one-pager with the status of your projects, says Michael Gardon, who runs an online community about how to change your relationship with work. How far along are you on the assignment, and is your progress on track? What work did you wrap last week, and what are the upcoming milestones, or roadblocks you foresee? At the bottom, link to past installments.

You're demonstrating that "you're handling your world," says Gardon, who's based near Madison, Wis. "You're managing your boss's anxiety."

He used the approach while

working at an insurance company several years back and found it scored him both more freedom and the opportunity to lead a high-profile project.

## Trade-offs and balance

Of course, stay too far out of the fray and you'll have no idea what's going on. You could be at risk of a layoff when company strategy or industry dynamics change, or last in mind when that cool new assignment pops up.

"How would you even get your name out there as someone that could do it?" asks Joe Labianca, a professor at the University of Massachusetts Amherst who studies power and politics at work.

To build trust with colleagues, you have to chat and swap information, at least a bit, he says. Zero in on a couple key people. When there's some internal debate swirling, hold off on revealing where you stand until the end, Labianca suggests, both freeing

yourself from the constant back-and-forth and making your eventual vote more powerful, Joe Manchin-style.

## Minding your manager

Kate Martin, who recently retired from a decadeslong financial-technology career, realized she needed a strong network of colleagues if she wanted less interference from her bosses.

"Managers don't want you to go to them whining...about your problems," says the Wellesley, Mass., resident. At the first sign of trouble with a client, she'd convene a group of co-workers from around the company who had the tech chops to head off the issue. Then she'd go confidently to her manager, giving a heads-up on the situation and outlining her plan.

There are limits. Martin and others I spoke to for this column learned there's one role where you simply can't score much autonomy: being the boss. Accept the fact that

you'll be pulled in a million directions—or think about a new gig.

"You're like, oh my God, I can't do my job until these people go home at 5 o'clock," Martin says of an earlier stint managing a team. She switched back to being an individual contributor.

Try helping your boss first, suggests Paul Dircks, who works in financial services at Cityside Capital. In a recent job, he'd begin each Monday morning by reviewing the contours of his manager's schedule for the week. When might he be in meetings, or prepping for presentations?

Dircks would offer him recommendations, for example, a question to lob to company leaders or a report to give a client. Then, with the manager ready to go and tied up in his own busyness, Dircks could finally lose himself in the financial research and modeling he loved. "I could just be creative," he says. "I felt like I earned that freedom."

## Who Should Decide What Women Wear?



**OFF BRAND**  
**RORY SATRAN**

"**PHANTOM THREAD**," the 2017 movie about a midcentury male designer and his younger female muse, unfurls as a cautionary tale about control gone wrong. In an early scene, Reynolds Woodcock (played by Daniel Day-Lewis) fits a dress on Alma (Vicky Krieps) and remarks that she has no breasts. When she apologizes, he responds: "It's my job to give you some. If I choose to." Creepy! The film's writer and director, Paul Thomas Anderson, portrayed the fictional Woodcock as an uncompromising perfectionist who didn't care much about the humans wearing his creations.

Anderson based his exacting courier on an amalgamation of larger-than-life midcentury male designers, from Cristóbal Balenciaga to Charles James. "I would keep seeing pictures of these couture houses," Anderson told the British Film Institute, "and it was always a man with dozens of women behind him, in lab coats, doing his work."

The director picked up on a pattern that is deeply ingrained in the fashion industry: the male genius designing, and even revolutionizing, women's clothing.

Think of the visionary Christian Dior in the 1950s and 1960s; the louche, embattled Yves Saint Laurent from the 1960s to the 1990s; the bon mot-spouting workhorse Karl Lagerfeld from the 1970s to the 2000s; the provocateur Demna today. While many strong

female creative directors and brand founders have emerged, from Coco Chanel to Donna Karan to Phoebe Philo, they have been the exception rather than the rule. The fact that male creative directors often drive women's fashion is rarely questioned.

Until now. In the wake of the spring women's fashion shows in Paris, Milan, London and New York, the lack of female designers helming luxury brands is reaching a boiling point in the discourse.

"It's just weird that in an industry that's really centered on women's desires and women's glamour and beauty, that the top jobs are overwhelmingly male," said Jeremy Lewis, an independent fashion critic.

On Oct. 3, Alexander McQueen announced designer Sarah Burton would be replaced with Sean McGirr, formerly head of ready-to-wear at JW Anderson. McGirr's appointment meant that every major fashion house at Kering would be designed by a white man. A widely circulated graphic by fashion media company 1 Granary pointed out the homogeneity of Kering's designers. Kering declined to comment. This week, Davide Renne, another white male designer, formerly at Gucci, was named creative director of Moschino.

On social media, at design schools, at recruiting agencies, many are questioning the lack of di-



▲ Daniella Kallmeyer, shown here with models at her New York presentation this fall.

versity at the highest ranks of fashion, particularly when so many design students and lower-level designers are women.

"It's sexism," said Bianca Kuttickattu, the founder and creative director of New York clothing line Namai Studio. She noted that the design schools she attended, including Middlesex University in London and Institut Français de la Mode in Paris, had more women than men. Of her peers, she said, "What I've observed is that women's careers just stop at a certain point, normally around design-director level, and they just never get any further."

Floriane de Saint Pierre, the Paris founder of an eponymous advisory and executive search firm in Paris who has worked with many high-profile fashion clients, said that it's not as though fashion houses don't have women to select. If a brand is "ready to recruit a number two for the top

role, the pool of talented senior women designers definitely exists."

Meanwhile, appreciation for female designers has never been more fervent. Sarah Burton's last collection for Alexander McQueen garnered a standing ovation and warm embraces for the designer from Kering CEO François-Henri Pinault and Anna Wintour. Anticipation for Phoebe Philo's LVMH-backed return to fashion is high. Two New York exhibitions focus on female designers this fall: the Jewish Museum's "Mood of the moment: Gaby Aghion and the house of Chloé" opened last week, and the Costume Institute at the Metropolitan Museum of Art's "Women Dressing Women" opens Dec. 7. The Jewish Museum show ex-

plores Chloé, one of the first female-founded luxury houses, which has served as a launchpad for an astounding array of young female designers including Martine Sitbon, Stella McCartney, Philo, Hannah MacGibbon, Clare Waight Keller, Natacha Ramsay-Levi and Gabriela Hearst (and a few men, including most notably Lagerfeld).

As chronicled in the exhibition, Chloé was founded in 1952 and became an alternative to the more rigid haute couture houses of the postwar period, including Dior with its New Look.

Melissa Huber, the co-curator of "Women Dressing Women," cautions against too narrow a view of female designers. She said that the Costume Institute's coming exhibit would focus on the "range and plurality and richness" of female designers, from the avant-garde, sculptural work of Rei Kawakubo of Comme des Garçons to the punk glamour of Vivienne Westwood.

Huber spoke about the female designers throughout history who "created their own spaces, circumventing the broader system."

It's a tradition that endures today, with designers such as Daniella Kallmeyer of New York-based brand Kallmeyer, which has developed a following for its downtown-cool tailoring.

Kallmeyer said, "What we've built has worked so well because we've done so devoid of male gaze. I've seen how that has resonated with our female customer base and how Kallmeyer really becomes about a feeling of wearing clothes and not just a look...My approach to designing for women or for clothes in general starts with our bodies and how we're going to feel in those clothes."

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PERSONAL JOURNAL.



PERSONAL TECHNOLOGY  
NICOLE NGUYEN

# Unlock the Secrets Of Using a Passkey

Companies turn to more secure logins that require your face or fingerprint

The biggest tech companies want you to ditch passwords for passkeys. You're probably wondering: What even is a passkey? And do I have to use it?

It's a new type of login that uses cryptographic magic on your phone or laptop. Passkeys are safer than typing "password123," and more convenient, since all you do is scan your face or fingerprint, or click a button. After decades of basic passwords, this may sound intimidating, but the passkey era has arrived. More and more sites and apps will start pushing you to set them up.

Earlier this month, Google started to make passkey logins default. You may have already seen a prompt to "Create a passkey" after signing in to Gmail or YouTube. (If not, you soon will.) On Apple devices, if you're running the latest software, you'll see a new passkey option for logging into websites with your Apple ID. This past week, Amazon quietly enabled a passkey option for web logins.

What's great is that third-party password managers from Dashlane, 1Password and others now support passkeys on mobile devices as well as desktop browsers. I've long encouraged people to use these managers, and have myself for over a decade.

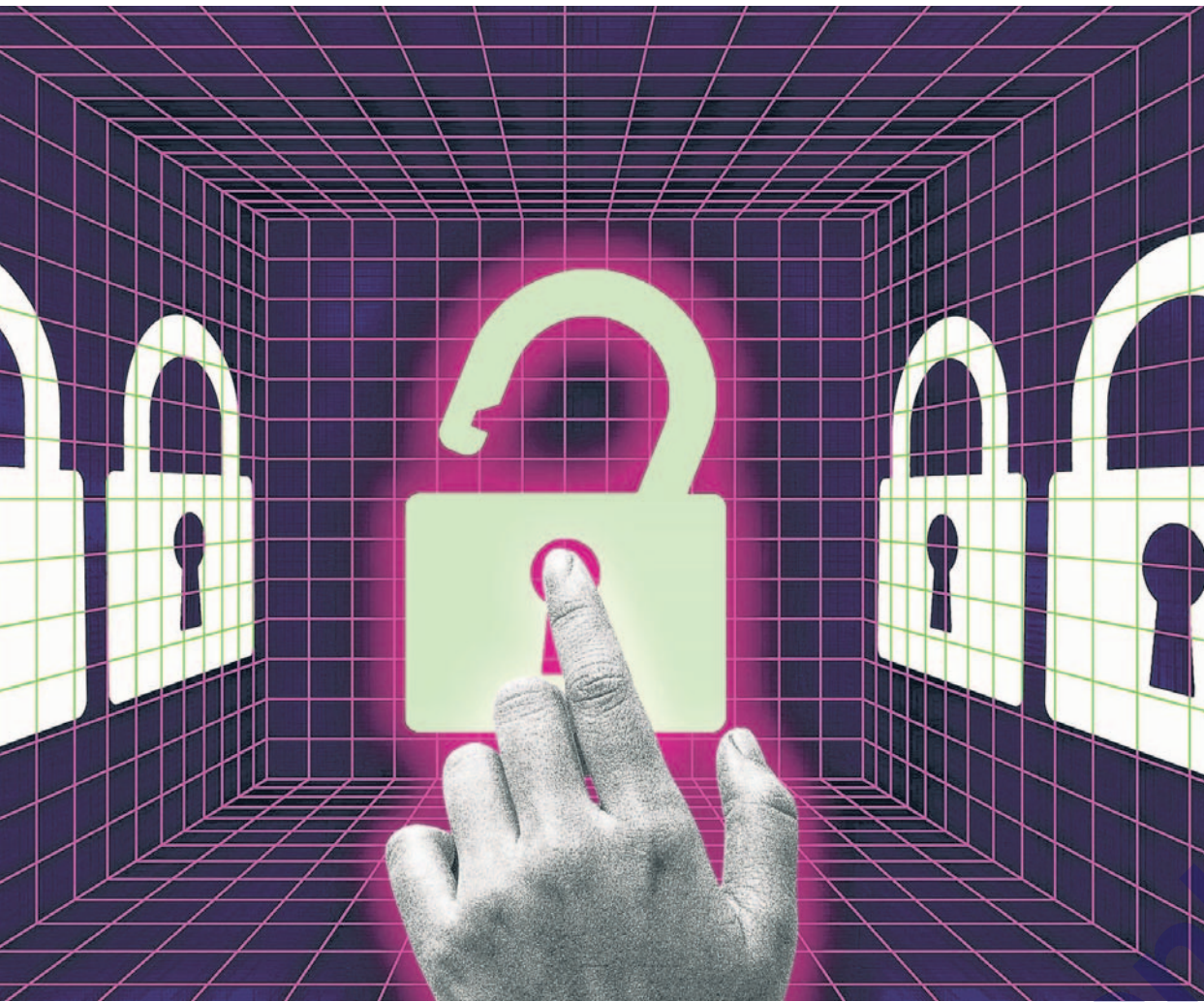
The new passkey availability and compatibility mean it's a good time to set up a few. Passwords—and all their failings—will be here for a while, but the long-term goal is to eliminate them in favor of more secure logins.

## What is a passkey?

Using a passkey is like unlocking a door. There's a bit of software code that lives on your device (the key), and another bit of code provided by the website (the keyhole). Each website has a keyhole that only your passkey can unlock.

Passkeys are easier to use for these reasons:

- ▶ You don't have to remember or type in complicated passwords.
- ▶ Passkeys can replace passwords and two-factor authentication codes that often come via text



as six-digit numbers.

Many people reuse passwords with multiple sites. Businesses hate this. Genetic-testing company 23andMe said hackers stole customer data by trying usernames and passwords from compromised websites. It's human nature to keep logins simple and memorable, especially when you have to type them in all the time.

The passkey approach doesn't play into this weakness:

- ▶ Each passkey is unique. There's no risk of reuse.
- ▶ Passkeys won't fall for fake websites designed to trick us.
- ▶ Hackers can't steal them from company servers—they'd need access to your personal device. Passkeys are designed to automatically sync everywhere your password manager is installed (though in some instances, you

need a separate passkey for each device). It's good to make sure you can access your passkeys from several devices (phone, laptop, tablet, etc.) in case you lose one.

## Password managers

Passkeys have to be stored in password managers.

You can set up passkeys using your device's built-in iCloud Keychain or Google Password Manager for Android. However, we don't recommend those because they can be an access point for criminals who steal your phone and your phone's passcode.

The safer bet is a third-party password manager like 1Password and Dashlane. Make sure it's set as your default for auto-filling passwords on your laptop and iOS or Android device. Just remember, if you later decide to get a third-

party password manager, you'll have to create new passkeys.

## Setting up in Google

If Google didn't prompt you to create a passkey already, go to your account security settings in a web browser. In a Google app, tap your profile picture, then "Manage your account," then Security.

In the "How you sign in to Google" section, tap Passkeys, then "Create a passkey." A pop-up from your password manager will ask you to confirm.

Next time you sign in with a Google account on that device, your password manager should prompt you to use that passkey. If you see a password field, click "Try another way" to use your passkey.

You will need to go through this passkey setup on each device you use. The upside: Once each

device is covered, signing in will be a breeze.

To sign in to your Google account on a device you don't own, enter your username then click "Use another phone or tablet" when prompted. A QR code should pop up. Scan that with your phone and your password manager should do the rest.

## Passkeys on other platforms

You can sign up for passkeys on other services, including DocuSign, GitHub and Uber. You might encounter some quirks. For instance, I couldn't get Uber passkeys to work in the app but they did work on the website. 1Password has a list of other passkey-eligible services.

Amazon's passkeys only work on its websites for now—not on its shopping or streaming apps. To set one up, go to your account settings, then Login & security. Where you see Passkey, click Edit. Tap "Add a passkey." Once set up, you can sign in with a passkey. If you have two-factor authentication turned on, Amazon may still ask you for a code.

Passkeys for Apple IDs are automatically set up. As long as you're running iOS 17, iPadOS 17 and macOS Sonoma, just click the "Sign In with iPhone" option instead of entering your password on Apple sites such as icloud.com.

Just be aware that Apple ID passkeys can't be saved in third-party password managers. If Face ID fails on your phone, the site will ask for your device passcode.

## Don't forget about your passwords

"The Achilles' heel of current passwordless technology is that many services still rely on traditional passwords," warned Trevor Hilligoss, director of security research at cybersecurity analytics firm SpyCloud.

Even if you have passkeys set up, your old passwords can still open your services' front doors. If you have passwords that are short, easily guessed or reused, hackers could exploit them.

Until passkeys completely take over, make sure your passwords are long, complicated and, of course, unique to each and every app, site and service.

MY RIDE | BY A.J. BAIME

# A Vintage Mercedes Evokes Memories

Praveen Asthana, 58, a co-founder of Accelsius, a startup specializing in liquid cooling technology for data centers, who lives in Austin, Texas, on his 1979 Mercedes-Benz 300 SD Turbo Diesel, as told to A.J. Baime.

My father was a teacher from India, and he moved to Africa when I was a year old. I grew up in Zambia, in a town called Mufulira. It was a calm, decent place, and there were social strata. All the businessmen and politicians drove Mercedes-Benz cars, and most others drove more affordable cars like the mustard-yellow Toyota Corolla my father drove. There was no Porsche or anything like that. Mercedes was the only fancy car you could buy.

People called a Mercedes a "Wa Benz." It was partly the local language, and partly a colloquialism.

In our town, the owner of the largest department store had a

white Wa Benz. We used to stare at the car when it went by. I remember how much my dad wanted a car like it.

I ended up at the California Institute of Technology, and I spent my career working in tech here in America.

I travel all over the world, and in certain cultures, you see that all the taxis are old diesel Mercedes-Benz cars like the ones I remember from when I was a kid. These cars run for hundreds of thousands of miles. They are survivors, built to last.

A few years ago, I took my wife and kids to Africa. We did the touristy things, visiting game parks and Victoria Falls. Then I took them to my hometown in Zambia.

It was so fun to show them where I grew up: "This is where I used to play, this is where I went to school, this is where my family used to shop." And then, I saw it:



Praveen Asthana feels 'instantly calm' in his 1979 Mercedes-Benz 300 SD Turbo Diesel.

the same white Wa Benz that we used to see when I was a kid, the one my father loved so much. It was still there.

When we returned to the U.S., I

decided to look for a Wa Benz. Earlier this year, I found a 1979 300 SD Turbo Diesel on the auction site Bring a Trailer, and I bought the car for \$37,000. [While Mercedes-Benz

has sold diesel-powered cars around the world for decades, the 300 SD was specifically made for the American market starting in model year 1978. The 300 stands for its 3.0-liter inline five-cylinder engine.]

Whenever I drive it, I feel instantly calm. There is something stately about it, and it reminds me of my father, who has passed away. He was a very calm, nice person.

When I drive my Porsche, and or my wife's Tesla, I can always go faster. The Wa Benz is slow. It feels good to not be in a hurry; it's an antidote to today's frantic life.

And then there is the sound. The car is loud, and it has this rattle. Anyone who knows the sound of the old Mercedes diesels can instantly recognize it.

People have seen my Wa Benz and offered to buy it, but it's not for sale. They are astonished when they see the interior.

It looks brand new. The car has about 60,000 miles. Which means will be driving it for a long time to come.





# ARTS IN REVIEW

ART REVIEW

## A German Artist's Several Selves

An exhibition reveals the many different aspects of Max Beckmann's work during a transformative decade



Max Beckmann's 'Descent From the Cross' (1917), left, and 'Christ and the Sinner' (1917), above

offended the Fascists when it was shown at the Venice Biennale; later included in the Degenerate Art show, it has disappeared.

There's nothing explicitly sinister about "Family Picture" (1920) but it hardly conjures up domestic bliss. The small, loaded interior includes several older women at a table, one of them Beckmann's mother-in-law, head in hands; the artist reclines and clutches a horn, while a child sprawls on the floor and his wife, in a red corset and with her back to us, gazes into a mirror. The fractured space and clashing planes of the room's furnishings make the tight domestic scene vibrate with resentments.

In a tongue-in-cheek autobiography written in 1924, Beckmann described himself as "not a very nice man," "wild about Mozart," and having "had the bad luck not to have been endowed with a moneymaking talent, but rather with a talent for painting." That's good luck for visitors to "Max Beckmann: The Formative Years."

**Max Beckmann: The Formative Years, 1915-1925**

Neue Galerie, through Jan. 15, 2024

*Ms. Wilkin is an independent curator and critic.*

BY KAREN WILKIN

New York

The name "Max Beckmann" evokes images of side-show stages crowded with ambiguous acrobats, Fisher Kings, mutilated women, bound and masked figures and the like, often in confrontational, oversized triptychs. Are these mysterious people actors or nightmare personages? Torturers or the tortured? Emblems of larger issues? Add lush paint and intense color, and it's not surprising that once seen, these works can haunt us.

Yet it turns out that there is another Beckmann or, perhaps, several other Beckmanns: a modern-day interpreter of religious themes, a painter of suave society portraits and images of a dapper self, a fierce draftsman, graphic artist and social critic. We meet them all in "Max Beckmann: The Formative Years, 1915-1925" at the Neue Galerie. Organized by Olaf Peters, professor at Martin-Luther-Universität Halle-Wittenberg, an expert in the period, the show brings together about 100 works in various media to examine a crucial decade in the artist's formation, when his work changed dramatically. It was also a time when Beckmann was greatly admired in Germany, before the Nazis made him the poster-boy of the 1937 Degenerate Art exhibition, forcing him and his wife into exile in the Netherlands. (Born in Leipzig in 1884, Beckmann died in New York in 1950, after finally obtaining a visa to come to the U.S. in 1947.)

During World War I, Beckmann served as a nurse and medical orderly, becoming so traumatized by the carnage that he suffered a nervous breakdown and was discharged. The Neue Galerie show begins with drawings and drypoints triggered by his harrowing experiences, including wartime images made in 1915. The unlovely, emaciated bodies in paintings such as "Descent From the Cross," "Christ and the Sinner," and "Adam and Eve" (all 1917) attest to Beckmann's interest in severe Northern Renaissance woodcuts, while the tipped space and crowded compositions anticipate his packed, compressed later works.

The show continues with the elegantly painted portraits and incisive drawings and prints of male sitters that made the Frankfurt-based Beckmann the

painter of choice for what we learn was a circle of "collectors, friends, intellectuals, and publishers" in the Weimar Republic of the early 1920s. There's also a fleshy reclining nude who threatens to burst the confines of the canvas; still lifes as crowded as the religious scenes; and "Paris Society," a densely painted, angry canvas of half-length men and women in evening dress, some handsome, some grotesque, pressed together in a shallow space. Unlike everything else we've seen, it's the most familiar kind of Beckmann image—raw, intense, stagey and

dissonant, like Kurt Weill's music before he came to the U.S. The date "1925/1931/1947" explains the apparent anomaly. "Paris Society," which began as a tribute to an Austrian aristocrat who supported Beckmann's work during a sojourn in Paris, accompanied him into exile and was transformed over the years, possibly in response to the social and political upheavals of the era.

The next gallery is devoted to drypoints and lithographs published between 1914 and 1919, along with their preliminary drawings. Titles such as "Hell," "Hun-



'Paris Society' (1925/1931/1947), right; installation view at the Neue Galerie, above right; 'The Martyrdom' (1919), from the series 'Hell,' above left

CLOCKWISE FROM CENTER: LEFT, MOMA, NY/ARS, NY; (2) ST. LOUIS ART MUSEUM/ARS, NY; NELLE GALERIE, SOLOMON R. GUGGENHEIM FOUNDATION/ARS, NY



# SPORTS

## In the NBA, It's Geezers Vs. Gen Z

Kevin Durant, LeBron James and Stephen Curry still loom large over the rest of the league

By ROBERT O'CONNELL

After his Los Angeles Lakers lost a two-point game to the Denver Nuggets, ending their season in the Western Conference Finals last May, LeBron James considered his place in the sport and his relationship to the passage of time.

At a podium in L.A.'s Crypto.com Arena, James ran his fingers over his beard and raised the specter of retirement. "Just for me, personally, going forward with the game of basketball," he said, "I've got a lot to think about."

To nobody's surprise—the media-stirring sign-off is as much a hallmark of James's career as the tomahawk jam—the 38-year-old four-time MVP has returned for his 21st season, which will open Tuesday night in Denver with a rematch of the series that sent the Lakers home. Why wouldn't he? If James isn't quite at his peak, he's enjoying a luxurious descent; oddsmakers have pegged Los Angeles as the fifth-likeliest 2024 champion.

There has never been a better time to get old in the NBA—and never a more daunting time to be young. Joining the Lakers among title favorites are the Golden State Warriors, led by 35-year-old cornerstone Stephen Curry, and the Phoenix Suns, who in February traded a trove of young players and draft capital for the now-35-year-old Kevin Durant. The Gen Z stars who expected to inherit the league have instead spent the first chapters of their careers trying to wrestle it out of their predecessors' grips.

"It's unbelievable, to be honest," said longtime shooting guard and current TNT Sports analyst Jamal Crawford, of the way his contemporaries have wrecked the aging curve. "The game is a little less physical—a lot less physical—than it was, but it's the way they take care of their bodies: hiring coaches, doing yoga, things the last generation wasn't privy to."

Durant and Curry aren't "old" by any conventional metric. (Were they elected to the House of Representatives, they would be the seventh- and ninth-youngest of its 435 members.) In the NBA, though, they're part of a new gerontocracy.

Well into his mid-30s, by which point smaller guards once downshifted to complementary roles or retired altogether, the 6-foot-2 Curry still sets the standard for long-range marksmanship. In April, he rang up 50 points in a Game 7 to bounce the Sacramento Kings, led by 25-year-old De'Aaron Fox, from the playoffs. Durant has a torn Achilles tendon on his medical ledger, an injury that almost always turns NBA players into blurred Xeroxes of their former selves. He has averaged more points since the surgery to repair it than he did before.

When Ray Allen, the shooter whose 3-point record Curry broke in 2021, was 35, he was in his final All-Star season. When Kobe Bryant returned after an Achilles tear, he did so without his trademark burd. At James's current age, Michael Jordan was a Washington Wizard.

The staying power of the aughts' icons comes in part from the same outlier status that made them so effective to begin with.



As the 2023-24 NBA season begins, Kevin Durant, LeBron James and Stephen Curry remain dominant.

Curry does most of his work far from the cluttered area around the rim; the way he crisscrosses from spot to spot makes him a cardiovascular marvel and spares him the bumps and crashes that add up to knock guards out of the sport. Durant stands nearly 7 feet tall, and his go-to move—a fading, full-stretch jump shot—doesn't suffer for slight losses of athleticism.

James, not only the leading scorer in NBA history but also fourth on the league's all-time assist list, simply has skill to spare. In a slower and slightly more ground-bound state, he remains strong enough to shoulder through most any opponent and keen enough to knife a pass against the grain of a rotating defense.

"I prepare my mind, my body and my soul to go out there and be available to my teammates," James said earlier this month.

This generation of stars is also the first to benefit fully from an evolved understanding of nutrition and performance science. Crawford, 43, recalled his wife, midway through his career, introducing him to the notion that drinking

water might be beneficial. "She did it with those flavor packs," he said, laughing, "and I was like, 'Oh, this tastes like Kool-Aid.'" Among top players, the revolution has spread to advanced biomechanical monitoring and individualized training programs designed to strengthen what needs it and rest what risks overuse.

Warriors coach Steve Kerr has called Curry's care for his body—his building up of a layer of protective muscle, his commitment to conditioning—the key to his longevity. Maverick Carter, James's business partner, has said James spends more than a million dollars annually on the high-tech upkeep of his frame. (The players also benefit from a basketball culture more accepting than it used to be of time off; none of James, Curry or Durant played in 60 games last season.)

If the endurance of these geriatric millennials is a boon to nostalgic fans, who have recently watched James and Curry trade championships with late-20s stars Giannis Antetokounmpo and Nikola Jokic, it coincides with a Gen Z logjam. The Dallas Maver-

icks' Luka Doncic and the Memphis Grizzlies' Ja Morant, two 24-year-olds slated for superstardom from their first highlights, each backslid on the court in 2023, Morant to a first-round playoff loss to the Lakers and Doncic out of the postseason entirely. Morant will serve a suspension during the Grizzlies' first 25 games this season following a second Instagram video in which he flashed a handgun.

Zion Williamson entered the league in 2019 drawing comparisons to James, for the force with which he blasted off from the floor. He has labored through four injury-plagued seasons and hasn't yet appeared in the playoffs.

This month, David Griffin—the one-time general manager of James's Cleveland Cavaliers and now the executive vice president of basketball operations for New Orleans—gave a compliment to Williamson that James never would have qualified for. Of Williamson's offseason health regimen, Griffin said, "This was the first summer where we've seen Zion take his profession seriously like that."

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

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- 25 Like some "Stranger Things" scenes
- 26 Alternatives to Wranglers
- 27 Least dependable
- 32 Oil-producing grp.
- 34 Salon option
- 35 Unit of electrical resistance
- 36 Craze
- 38 Broad
- 39 Kept an online journal
- 40 Be second in a pitching lineup, say
- 41 Like the simplest instructions
- 43 Memory malady
- 44 Farm crowder
- 45 Boar's mate
- 51 Bustling center
- 52 Takes vacation time
- 53 Diamond game for tots
- 54 Covered in suds
- 56 Bull, in Bolivia
- 60 Paper with offices on Eighth Ave.
- 61 Early auto
- 62 Coating on a lawn
- 64 Quirky

### EXTREME RIDES | By Sean Ziebarth

<b>Across</b>	30 Ruby of "Jungle Fever"	59 "Join the team," or what you might do to the ends of the starred answers	9 Connections with powerful people
1 Crumbly Greek salad topping	31 Detestable person	63 Regarding	10 Pot puff
5 Part of a Halloween costume	33 How some FM stations broadcast	65 All-inclusive word	11 Gather with difficulty
9 "Who's there?" reply	36 Plotted	66 Hightail it	12 French artist Henri
14 Villain's hideout	37 *Celebration of a life, with drinks and dancing	67 Blotchy in a colorful way	13 Chosen for a seat
15 Castaway's home	39 "Jane Eyre" novelist	68 Bus station	19 Golf goal
16 Lighter than "lite"	42 Hot Wheels or Matchboxes	69 Feng shui concern	21 Relative of a rip current
17 Caterers' coffee dispensers	46 Slow, in musical scores	70 Gridiron unit	24 Longtime CBS franchise
18 *Overly frugal sort	47 It's spotted in Yahtzee	<b>Down</b>	
20 Ten benjamins	48 Cattle call?	1 Seasonal bug	
22 Double helix makeup	49 Soccer call	2 Like much pottery	
23 Idle of Monty Python	50 *At extreme risk of burning at the beach	3 Doughboys' helmets	
24 *Browse through TV options	55 Basic idea	4 Illegal firework?	
28 Id ___ (that is)	57 Computer cable standard	5 Karaoke need	
29 Group of games, in a tennis tournament	58 Low digits?	6 By-product of 4-Down	
		7 Winter gliders	
		8 Name on "John Wick" posters	

**Previous Puzzle's Solution**

D	O	H	I	P	O	S	C	H	O	P	R	A		
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R	E	A	R	E	D		T	L	O	V	E	L	U	C
I	M	L	A	T	E		D	E	A	D		U	Z	O
C	O	M	M	I	X		E	A	T	S		E	U	R

The contest answer is **EIGHT IS ENOUGH**. Each theme answer can add a letter to form a nine-letter TV show: SHAKE IT UP, DARK ANGEL, MIAMI VICE, PARTY DOWN, EMPTY NEST and I LOVE LUCY. Those ninth letters spell PLENTY, suggesting the contest answer, since each theme show has been shortened to eight letters.



Michigan coach Jim Harbaugh said he was unaware of any attempts to illegally steal signals.

## Off-Campus Scouting Ban Puts Focus on Michigan Football

By LAINE HIGGINS

On Thursday, Michigan disclosed that its No. 2-ranked football team is under investigation by the NCAA for allegedly stealing the play-signal signs of their opponents. The alleged infraction, however, is rooted in an obscure NCAA bylaw prohibiting a practice that is perfectly legal in most major American sports: sending scouts to the games of future opponents.

The details of what Michigan allegedly did haven't been disclosed by the university or the NCAA. On Friday afternoon, Michigan suspended with pay one of its football analysts, Connor Stalions, pending the result of the outcome of the NCAA probe. Stalions is a United States Naval Academy graduate hired by Michigan full-time in May 2022 after serving as a volunteer coach there since 2015.

signals and had not directed "any staff member or others to participate in an off-campus scouting assignment."

A spokesman for Michigan didn't respond to inquiries from The Wall Street Journal into whether the football team ever sent representatives to opponents' games.

The allegation of sign-stealing suggests that Michigan was attempting to crack encoded hand signals or written signs that today's college coaches use to instruct players from the sidelines.

One way to decode those signals, in theory, would be to send scouts to the games of future opponents, to study or even film the signals they use.

But in college football, live scouting—a bedrock of how teams in many sports prepare for future opponents—has been banned since 1994. The unexpected reason: cost savings.

Three decades ago, when the digital era was just dawning, teams would send staffers to a future opponent's game to shoot film from the press box and exchange other game tape from the opposition.

Coaches at the time feared that this practice put schools with smaller budgets at a disadvantage and negatively impacted competitive balance.

So the scouting ban was adopted in football, basketball and volleyball. In 2013, the NCAA extended it to all sports.

"The cost associated with traveling someone to those games, having media credentials and all of the things that used to be a part of that was substantial," said Todd Berry, executive director of the American Football Coaches Association who once scouted in his assistant days in the '80s.

**In college football, live scouting has been banned since 1994.**



# OPINION

## War Destroys Leftist Orthodoxies



**INSIDE VIEW**  
By Andy Kessler

Wars are times of transition, when old ideologies are discredited: slavery, isolationism, appeasement, socialism. Now, like the 1,200 health professionals

who claimed during 2020's protests and riots that racism was a bigger health concern than Covid, another set of progressives touting tired orthodoxies are being discredited before our eyes.

After Hamas's attacks on Israeli civilians, a director of diversity and inclusion at Cornell's business school glorified terrorism, writing about "the resistance being launched by Palestinians." Remind me why we have DEI departments? At Harvard more than 30 students groups signed a letter claiming Israel was "the only one to blame." Rep. Alexandria Ocasio-Cortez is worried about "the ethnic cleansing of Palestinians." Twitter is littered with tweets saying "this is decolonization in action." All these support an oppression narrative.

Where did these people get such ideas? The universities. Here's an introductory-level EMR (Ethnicity, Migration, Rights) class at Harvard: "Global Rebellion: Race, Solidarity, and Decolonization." The course discusses how "to rebel against global white supremacy." I found similar courses at Yale, Princeton, Stanford, Duke and other top

schools. Another Harvard colonialism course studies "decoloniality"—which sounds like a made-up academic term that turns out to involve "anti-oppression" and "de-Westernizing." Notice how so many grievances mimic Marxist class struggles. Why does radicalizing and dividing students over identity take precedence over, well, real inclusion?

The attacks were "in light of the orgy of occupation." Those are the words of Mohammed Deif, military commander of Hamas. Iran's (drone-stricken) Gen. Qassem Soleimani included Hamas in the "Axis of Resistance." The United Nations has a Special Committee on Decolonization. Sound familiar? Occupation, resistance, decolonization—progressive talking points all.

The economist Ludwig von Mises wrote in 1947 that the Soviet's agenda was aided by *korisne budale*—useful fools, which has since morphed into "useful idiots." While an over-used expression, it fits this time. Those speaking of occupation, resistance and decolonizing are pure and simple useful idiots for terrorism, running interference and providing a rationale for depraved behavior. These witless nitwits have also aided Iran's attempt to stop Saudi Arabia from joining the Abraham Accords. While many university presidents have since come out against the barbaric attacks, the damage has been done. A Great Discrediting has begun.

Jon Huntsman Jr., a former ambassador to China, emailed the University of Pennsylvania's

president saying his family foundation will "close its checkbook" based on Penn's "moral relativism" and "race to the bottom." I've heard of alumni of Harvard and elsewhere mailing \$1 bills to their alma maters—as in, "That is all you're going to get." Hedge-fund manager Bill Ackman asked Harvard for the names of terrorist supporters

### Those defending Hamas in the name of anticolonialism are being discredited.

so his firm could avoid hiring them. Boston University last month had an anti-racist backlash. "Defund the police" is becoming a distant memory.

Why, in a since deleted tweet, did Black Lives Matters Chicago promote a picture of a paraglider with a Palestinian flag? Probably because of the group's misplaced belief in "intersectionality," which means that progressives gleefully agree with everything seen through that Marxist oppressor lens. This includes phrases like "open-air prison" describing the Gaza Strip, forgetting that Hamas has run the place since 2007. This lens conveniently ignores real human-rights abuses around the world, including in many Middle-east countries, and instead targets successful democratic capitalism.

You could cut the hypocrisy with a knife. Progressives use

the technology produced by capitalism to call it evil. Feminists side with countries that force women to wear head coverings. Many Middle Eastern countries aren't known for tolerance, and in some places gay people are tossed from rooftops. But intersectionality demands conformity of thought. Add to this that crypto enthusiasts have been silent on jihadists' financing terror through \$93 million in cryptocurrencies. Even Sen. Elizabeth Warren is upset about that. The intersectional cracks are widening.

The knee-jerk cheerleading of terrorist acts, along with the bankruptcy of many anti-democratic and anticapitalist beliefs, is why a progressive schism is growing. Long-held views are being questioned. Pompous progressive pieties are dying. It's about time. This is how ideologies land on the ash heap of history.

I was on a Zoom call last week getting updates from a venture-capital friend in Israel. Halfway through, I saw an arm reach in and tap him. He stood up and hugged his son, who came to say goodbye because his reserve unit had been called up. I held it together long enough to tell the soldier to be safe. Is he part of the last line of defense against terrorism? Beyond railing against occupation, Hamas's Mr. Deif also declared, "in light of American and Western support . . . we've decided to put an end to all this." He may get his wish, though probably not as he intended.

Write to [kessler@wsj.com](mailto:kessler@wsj.com).

BOOKSHELF | By Allan Massie

## Queen For a While

### Hunting the Falcon

By John Guy and Julia Fox  
(Harper, 624 pages, \$35)

Divorced, beheaded, died, divorced, beheaded, survived." So were schoolchildren once taught in order to remember the fate of Henry VIII's six wives. Anne Boleyn, the second one (that would be "beheaded"), was by far the most interesting and intelligent, the only one of the six who engaged actively in politics, and the only one whom the monstrous Henry ever loved.

To understand Anne's story it is necessary first to understand Henry, and John Guy and Julia Fox, husband-and-wife authors who have each published previous works of Tudor-era history, give a compelling portrait of Henry in "Hunting the Falcon," an absorbing chronicle of the king's marriage to Anne Boleyn.

As a young king, Henry was intelligent and glamorous but "over-indulged by a doting mother and over-protected by an autocratic father," the authors write. He grew into "a narcissist who saw exercising control as his birthright, a man who never accepted blame for his own actions and always looked for scapegoats." The Golden Boy became a sullen, terrifying brute, England's Stalin.

Anne was neither royal nor noble. She belonged to the rapidly rising gentry class. Her father, Sir Thomas Boleyn, was a greedy and ambitious public servant, employed sometimes on diplomatic missions, an able man who later proved despicable when

his daughter's fate hung in the balance. In her youth, Anne was sent to France—a sort of finishing school. There she joined the retinue of Henry's sister Mary, who had, for reasons of state, been affianced to the "gouty, toothless, libidinous" widower Louis XII. Anne would end up spending seven years in France, much of it at the royal court. She became an accomplished young lady and was always a Francophile, encouraging Henry to ally England with France rather than Spain.

Henry fell in love with Anne not long after her return to England in 1522. Her elder sister Mary had already been Henry's mistress—Mary is the headliner in Philippa Gregory's 2001 novel, "The Other Boleyn Girl"—but Anne held out for marriage and would do so for several years, a remarkable feat.

As we know from the many popular treatments of this story, a marriage between Anne Boleyn and the king would be possible only if Henry's marriage to Catherine of Aragon could be annulled. When the king's chief minister, Cardinal Wolsey, failed to achieve this end, Anne urged Henry to dismiss him. He needed little urging, but readers of Hilary Mantel's Thomas Cromwell novels will remember that the royal adviser's loyalty to the fallen cardinal made him Anne's enemy—even though, in politics and religion, they were as one. Anne favored religious reform, like Cromwell, though she was never a Protestant. She is better described as an evangelical Catholic. According to Anne's chaplain, the authors write, "her apartments were hives of evangelical piety with her ladies reading the English Bible and sewing clothes for the poor."

The break with Rome, engineered in part by Cromwell's management of Parliament, finally made the marriage possible. In sure anticipation of the annulment—delivered by the new archbishop of Canterbury, Thomas Cranmer—Anne had at last gone to bed with Henry. She was already pregnant when the marriage took place, in January 1533, when the still doting Henry arranged a magnificent coronation for his true and only queen. "Anne was determined," the authors write, "that everyone who mattered should attend," though Thomas More chose to stay away, feeling that he couldn't grace the coronation of a queen "he believed to be living in adultery." The child proved to be a disappointment, a daughter (the future Elizabeth I), not the son Henry craved.

### Anne, briefly hysterical on first being admitted to the Tower, recovered her spirit, but the trial was a grisly farce, a well-managed show trial.

Anne, the authors stress, was never popular. Some called her a whore and were hanged for their impudence. She was a political power as no previous queen had been, but the security of her position and influence depended on her giving birth to a son. Two miscarriages made her position perilous, all the more so because Henry was wearying of her public activity—she "pushed hard for her people," Mr. Guy and Ms. Fox write, aiming to fill posts and secure preferments. The adored mistress was becoming a tiresome wife. Henry already had his eye on a replacement, a demure girl named Jane Seymour. He wanted to be rid of Anne.

Cromwell was ready to oblige. Anne had been careless, allowing men to mingle with women in her apartments in the style of the French court. Cromwell first seized Mark Smeaton, a young musician reported to have looked longingly at the queen. Cromwell sent him to the Tower to be tortured. Naturally a confession followed. There were other suspects, among them Anne's brother, George. Materials for a trial were quickly assembled. Anne's contemptible father, Sir Thomas, escaped the purge by, as the authors put it, "consenting to condemn her." Anne, briefly hysterical on first being admitted to the Tower, recovered her spirit, but the trial was a grisly farce, a well-managed show trial.

In the Tower, Anne told the governor that she thought the king was testing her, but she can't have believed this; surely she knew her husband too well. She died bravely, having defied the convention that required those about to die to confess their guilt. A skilled swordsman had been imported from Calais to cut her head off. Since it might take seven to 14 days to bring a man from the French coastal town, the swordsman may well have been recruited before the death sentence was pronounced. He did his work efficiently in any case. Nine days later, Henry married Jane Seymour. What a disgusting brute Henry was. It is hard to understand why the English hold him in such regard.

"Hunting the Falcon" is a wonderfully rich book, thoroughly researched, with a wealth of detail and a fair-minded approach to its story. We are told that Anne chose a falcon as her heraldic insignia; it was crowned and holding a scepter. Anne "could have sent out no stronger signal of her belief that Henry would share his crown with her." A misplaced belief, in the end. Mr. Guy and Ms. Fox have done Anne justice—justice she didn't receive in life.

Mr. Massie is the author of "The Royal Stuarts."

## A Latin Win for U.S. Security Interests



**AMERICAS**  
By Mary Anastasia O'Grady

With all eyes on the Gaza Strip and Israel last week, some good international news out of South America deserves attention: In Ecuador's runoff presidential election, center-right candidate Daniel Noboa emerged victorious. In a country with weak institutions that has been battered by narco-trafficking, this is a triumph for democracy and U.S. security interests.

Ecuador is desperately trying to contain a spike in violence driven by heavily armed cartels. The U.S. war on drugs is a failure because the American user epidemic is a demand

Mr. Noboa faced off against Luisa González, of the socialist Citizen Revolution Movement, the party of former authoritarian leftist President Rafael Correa. Mr. Correa ruled Ecuador with an iron fist for 10 years (2007-17), and Ms. González, who is a lawyer, worked for his administration. In the race for president, she was widely viewed as a Correa puppet.

This is the second consecutive Ecuadorean presidential contest in which voters rejected the politics of *caudillo* Correa in favor of a more democratically minded candidate. In the runoff campaign, Ms. González narrowed her polling deficit by toning down her relationship with Mr. Correa. But she was unable to catch Mr. Noboa, who won 52% of the vote to her 48%.

The outcome suggests an aversion to dictatorship, even during a wave of criminal mayhem that has made Ecuador one of the region's most dangerous countries. In 2022 the murder rate was around 26 per 100,000 inhabitants, up from less than 6 per 100,000 in 2018. Violent crime has exploded in Guayaquil. In August, presidential candidate Fernando Villavicencio was gunned down leaving a political rally in Quito. He hadn't been a favorite to win the election but had made a name for himself first as an investigative reporter and later as a politician fighting corruption. Mr. Correa was one of his many targets.

The decade of Correa rule was hard on Ecuadorean democrats. Like Venezuela's Hugo Chávez, he rewrote the constitution, consolidated power in the executive branch, heav-



Ecuador's Daniel Noboa

ily indebted the country to China, and used his office to jail media critics or ruin them financially.

Ecuadoreans feared they might never get rid of him. But in 2017, obeying term limits, he stepped aside to let his former vice president, Lenin Moreno, run for office. Mr. Moreno won and many—including yours truly—expected him to do Mr. Correa's bidding from the presidential palace. Once in office Mr. Moreno surprised supporters and critics by distancing himself from Mr. Correa and the former president's political apparatus. He moved to the right on fiscal and economic policies. He also threw off the anti-Americanism of Mr. Correa, re-engaged with the U.S. on security matters, and took Ecuador out of Venezuela's Bolivarian Alliance for the Americas.

Mr. Moreno left office unpopular, but he had broken the *corrista* stranglehold on power. In 2021 Mr. Lasso defeated Correa candidate Andrés Arauz in a runoff.

Mr. Lasso's pro-market cre-

dentials raised hopes that the reforms necessary to make the dollarized economy hum might materialize. But that hasn't happened. He doesn't control Congress. It dug in its heels against his agenda aimed at fiscal balance and a more open economy. The opposition went beyond blocking his initiatives. It got up a posse inside the chamber to impeach the former Guayaquil banker.

When Mr. Lasso realized that his opponents in Congress had the votes to remove him, he invoked a constitutional tool known as "mutual death." It allows a president threatened with impeachment to close the legislature and rule by decree—with oversight by the constitutional court—until a new president and Congress are elected and sworn in.

Mr. Lasso chose not to run again, which brings us to Mr. Noboa, who will be inaugurated on Nov. 25 and will serve out Mr. Lasso's term until 2025. By the middle of next year he's expected to be in campaign mode again.

Mr. Correa now lives in Belgium. In 2020 an Ecuadorean court sentenced him in absentia to eight years in prison for bribery. But he remains politically active and by all appearances wants to return to power.

He might succeed but first he has to get a proxy back in the presidency who is willing to pardon him and strong enough to influence the courts. His party's defeat at the polls last week suggests the nation, for now anyway, is pinning its hopes instead on the promise of democratic capitalism and the rule of law with the U.S. as an ally.

Write to [OGrady@wsj.com](mailto:OGrady@wsj.com).

## Hamas Mortally Threatens Israel's Existence

By Michael Oren

Tel Aviv

Israel has to destroy Hamas because the attack of Oct. 7 threatens the country's existence. If the conflict ends in stalemate or cease-fire, the terrorists will have gotten away with mass atrocities on Israeli soil. We will never be secure from future onslaughts. Tourism and foreign investment will vanish, and many Israelis will raise their children elsewhere.

Victory is necessary to re-establish Israeli deterrence. The attack informs our enemies that our borders are porous and that the Israel Defense Forces, for all their power, lack the ability to defend the country.

Most critically, though, victory is necessary to preserve

the idea of Israel, the reason for our existence.

Founded in May 1948, three years after the end of the Holocaust, modern Israel promised to prevent its recurrence. The state, its government and security services, would protect Israelis from further atrocities.

### If the state is unable to protect Jews, as it was on Oct. 7, it has lost its purpose.

Nowhere in the world would Jews be safer than in Israel. Based on that pledge, generations of Israelis sent their children to the army and spent months each year in the reserves. We put up with some of

the world's highest taxes and costs of living, and a political system that was seldom stable.

We believed the state would always be there in our hour of need, whether to rescue Israeli hostages in Entebbe, Uganda, in 1976 or to airlift Ethiopian Jews in the 1980s. This was our social contract, and despite wars, terror attacks and domestic upheavals, it hung together—until Oct. 7.

That day, the state failed to anticipate the massive Hamas attack and failed to respond in time to save hundreds of civilians. Our borders, beaches and skies were penetrated without detection or even minimal response. Contacting the families of the kidnapped and the missing, caring for the displaced and traumatized, taking responsibility for the disaster—in every essential area

the state fell short.

In its place came Israel's civil society, with hundreds of thousands of citizens devoting their time and resources to the needy soldiers and civilians alike. But volunteerism can't make up for the breakdown of the Israeli state.

Only by destroying Hamas can Israel secure our borders and deter our enemies. Only when we have freed ourselves from the threat of Hamas barbarism can we begin restoring our faith in our governing institutions and armed forces. We can believe, as we once did, in the idea of Israel, and preserve its essential soul.

Mr. Oren has served as Israel's ambassador to the U.S., a Knesset member and deputy minister in the prime minister's office.



REVIEW & OUTLOOK

LETTERS TO THE EDITOR

The Auto Makers Cry for EV Mercy

General Motors last week said it is delaying electric pick-up truck production in Michigan, citing slowing demand for EVs and the need to make them more profitable. But the Biden Administration's back-door EV mandate is ironically causing trouble for its plans for green-vehicle investment.

The Big Three tell Biden his fuel-economy rules will 'devalue' their EVs.

On Sept. 14, the day before the United Auto Workers launched its strike, the Energy Department sent letters to Ford, General Motors and Stellantis asking for help understanding "specific challenges" to its proposed rule that would reduce the credits under the corporate average fuel economy (Cafe) standards for producing electric vehicles.

The issue is technical, but bear with us because this is a tale of regulation at crazy cross-purposes. Congress's 1979 Chrysler bailout required the Energy Department to impute a "petroleum equivalency factor" for EVs they might produce to give Detroit auto makers a means of complying with Cafe standards besides making more fuel efficient trucks.

In 2000 the Clinton Administration sweetened the regulatory subsidy for EVs by assigning them a fuel economy multiplier of 6.67. Ergo, an EV calculated to get 40 miles per gallon would receive credit for 266.8 mpg under the Cafe standards.

Although Congress had limited this multiplier credit to cars that run on biofuels, natural gas and hydrogen, the Clinton Administration said it was only fair to give the bonus to EVs too. Subsequent Presidents kept this EV fillip because it has let Detroit auto makers churn out profitable gas guzzlers while meeting ever-rising fuel economy mandates.

Enter the Sierra Club and Natural Resources Defense Council, which petitioned the Biden Administration in 2021 to scrap the 6.67 multiplier for EVs. They note that its legal justification "is questionable, as the statute expressly provides for different treatment" between electric vehicles and those that run on so-

called alternative fuels. They're right.

But their real goal is to force auto makers to manufacture more EVs to meet Cafe standards, which the Administration has also proposed ratcheting up. "Excessively high imputed fuel economy values for EVs means that a relatively small number of EVs will mathematically guarantee compliance," they noted.

The Energy Department in the spring proposed to eliminate the 6.67 multiplier while softening the impact with other changes. As a result, a Ford-150 Lightning would only be credited with 67.1 mpg, down from 237.7 mpg. But taken altogether, the Administration's proposed revisions would in effect mandate that EVs make up 100% of new vehicles by 2032.

Detroit auto makers would be slammed harder than foreign competitors by the regulatory changes because pick-ups and SUVs make up a larger share of their fleet sales. "The average projected compliance cost per vehicle for the D3 is \$2,151, while non-D3 auto manufacturers only see an increase of \$546 per vehicle," the Big Three recently told the Energy Department.

They add that the proposed rule would "devalue" their EV investments. This gives away that complying with government mandates, not satisfying consumers, is their chief preoccupation. GM's strategy has been to produce just enough EV pick-ups to meet the Cafe standards. But under the Energy Department's proposal, it could make more sense to pay the government penalties than to increase production of EVs that don't sell. This may be why GM is now throttling EV production, as Ford has also done.

Unrealistic fuel economy standards combined with inflated credits for EVs have let auto makers pretend that their cars are more efficient than they are. It's nice that the Administration is showing concern about the costs of its EV mandate, but it would be far better if it set fuel economy rules that were realistic and honest.

No Labels Should Stop Before It Elects Trump

Regarding Joe Lieberman's op-ed "No Labels Won't Help Trump" (Oct. 13) and your editorial "Democrats Try to Knock Out No Labels" (Oct. 5): The goal of Citizens to Save Our Republic, the group I lead and helped found, is clear: America can't afford to allow Donald Trump to return to the Oval Office. We are neither pro-Biden nor opposed to the other Republicans. We simply oppose any effort—including the No Labels effort to field a third-party candidate—that runs the unthinkable risk of returning former President Trump to the White House.

In a different campaign cycle, we would encourage any and all candidates to offer themselves up via a third-party or independent run. But these aren't normal times. Our bipartisan organization believes strongly that if Mr. Trump is returned to the White House, democracy isn't merely at risk but destined to fail. Those are strong words, but we believe them to be true.

No Labels and other organizations seeking to run third-party or independent candidates are composed of good people and faithful Americans. They simply underestimate the risks

they pose and may inadvertently put Mr. Trump back in power.

No Labels has pledged not to sponsor a candidate who would play the role of spoiler. We take that concept one step further. We believe that the presence of a viable third-party candidate would increase the probabilities associated with a Trump victory. That is why we are working to prevent this, including by encouraging candidates considering a run to do so as a member of one of the two leading political parties.

No Labels has every right to run a third-party ticket—and Citizens to Save Our Republic has every right to warn the American people that No Labels risks helping Mr. Trump return to the White House. We call on No Labels and former Sen. Lieberman to promise that if Mr. Trump is the presumptive nominee prior to the No Labels April convention, it won't register a candidate.

RICHARD A. GEPHARDT  
Citizens to Save Our Republic  
Naples, Fla.

Mr. Gephardt, a Missouri Democrat, served in the U.S. House, 1977-2005, and was majority leader, 1989-95.

Kari Lake Responds on New Campaign Theme

Kudos to the editorial board for recognizing my focus on fighting Bidenflation and the Democrats' reckless border policies in my run for U.S. Senate, albeit in a backhanded manner ("Kari Lake Quits Stopping the Steal," Oct. 14). Our campaign, which is unifying the Republican Party in Arizona and attracting independents sick of President Biden's failures, provides a roadmap for U.S. Senate candidates around the country: Pair conservative outsider candidates with common-sense solutions for fixing our economy, securing the border and restoring energy independence.

I encourage the editorial board to

focus on how Arizona is likely to be the difference between a Republican-controlled U.S. Senate and one that is controlled by Sen. Chuck Schumer and the Democrats. Surely a Senate majority that believes in like-minded policies takes priority over disagreements we may have had in the past. The alternative, leaving Mr. Schumer in charge, is a gamble I am not willing to take.

KARI LAKE  
Phoenix

Ms. Lake is a candidate for the Republican nomination for U.S. Senate in Arizona. She was the Republican candidate for governor of Arizona in 2022.

When 'Critical Social Justice' Rules on Campus

Let me put a finer point on Barton Swaim's argument in "The Marxian Roots of Campus Anti-Semitism" (op-ed, WSJ.com, Oct. 13): DEI drives anti-Semitism on the college campus.

I say this as a former diversity, equity and inclusion director who was fired by California's De Anza College earlier this year. When I started in 2021, I made it a priority to create an inclusive learning environment for all students, including Jews, only to be stymied by some colleagues and administrators who were fully bought

The Movement to Sacrifice Palestinians to Fight Israel

Your editorial "Palestinian Lives Matter, Except to Hamas" (Oct. 17) rightly points out that Hamas is responsible for the deaths of Palestinian civilians. But the list of those who callously disregard Palestinian lives is much longer than only Hamas.

It includes Iran, which is happy to sacrifice Palestinians in its war on Israel, as well as Iran's proxies, Hezbollah and Palestinian Islamic Jihad; it includes the United Nations, whose schools and agencies for Palestinians have been fostering hate against Israel and Jews for generations; it includes dozens of countries where tens of thousands gather to celebrate the deaths of civilians on both sides as a victory against Israel; and critically, it includes Egypt, which has the ability to take in refugees for the duration of this conflict and save many, many lives.

Unfortunately, it would seem a better title to your editorial would have been "Palestinian Lives Matter, but to Whom Remains Unclear."

MARK LIS  
New York

Job Growth in Washington

Buried in the abundant wisdom of Andy Kessler's "Beware Market Complacency" (Inside View, Oct. 16) is an incomplete observation that should be clarified and shouted from the rooftops. Adding 73,000 government jobs in a month isn't a mark of economic improvement but evidence of colossal failure. It would make sense to deduct the nongovernmental job number from the top-line employment-change number and report that adjusted figure as the monthly improvement in employment. Any bureaucrat can "improve" government job numbers. Only risk-taking employers in a favorable economic environment can increase jobs that improve or reflect improvement in the economy.

TIM TORNGA  
Grand Rapids, Mich.

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.

Echoes of Beirut 1983 in Israel Today

Monday is the 40th anniversary of the worst day of Ronald Reagan's Presidency, when Islamic terrorists used truck bombs to kill 307 people, including 241 Americans, at the Marine barracks in Beirut. The echoes of that assault can be heard in the debate over how Israel should respond to the Oct. 7 slaughter of some 1,400 innocents on its soil, including at least 31 Americans.

Iran-backed terrorists killed 241 Americans without paying a price.

A group called Islamic Jihad, a predecessor to the Iran-backed Hezbollah militia in Lebanon, took responsibility for the bombing. Many U.S. officials believe Iran was behind the suicide bombings, though the Reagan Administration never fixed specific blame. It also didn't respond militarily, and Reagan withdrew U.S. soldiers from Beirut.

The bombing was a strategic victory for the jihadists and Iran, and to this day many believe it persuaded Iran and its proxies that they could get away with killing Americans. Iran learned a similar lesson during the second Iraq war when Iran's "shaped" IEDs killed hundreds of GIs before the 2007 surge of forces defeated the insurgency. Iran's proxies continue to target Americans, and Hamas now holds several American hostages in Gaza.

Like the Reagan Administration at the time, President Biden says the U.S. lacks de-

finite evidence that Iran planned or knew in advance about the Oct. 7 massacre. But surely the U.S. knows Iran bears some complicity given its arming and financing of Hamas. Will Iran again pay no price for killing Americans?

Voices in the West are now counseling Israel to show similar restraint and not enter Gaza with ground forces. Mr. Biden says Israel shouldn't make the mistakes the U.S. made after 9/11. But the war on terror, whatever its excesses, largely succeeded in keeping the U.S. homeland safe from attack.

Israel has the same duty to its citizens, and the lesson of Beirut applies as much as does 9/11. What would Hamas, Hezbollah and Iran conclude if Hamas is allowed to murder hundreds, kidnap as many as 200, and survive in power in Gaza? It is likely to be that they can do the same again because Israel has lost its will to fight for its self-preservation.

The U.S. could afford to remove its troops from Beirut in 1983 because its survival wasn't at stake. Israel doesn't have that luxury. Israel may decide that there are better ways than a ground invasion to destroy Hamas and eliminate its threat. But that choice is up to Israeli leaders, whose people will endure the consequences. As the U.S. learned in Beirut, failing to respond is far from cost-free.

Why Bidenomics Isn't Popular

Voters in swing states disapprove of Bidenomics by a two-to-one margin, according to a poll last week. And Democrats keep wondering why more black and Hispanic voters are showing interest in the GOP. A possible explanation arrived last week in a new Federal Reserve report showing how minorities in particular have struggled in the Biden years.

Minority families have fallen behind, a new Fed report says.

News coverage of the Fed's Survey of Consumer Finances has noted that the typical family's net worth increased 37% between 2019 and 2022 amid the run-up in equity and housing prices. But while Americans overall have become wealthier during Mr. Biden's tenure, many don't feel that way because they are cash poorer.

After adjusting for inflation, the typical white family's income rose 1.3%, the report says. But it shows declines for black and Hispanic families of 1.6% and 1.1%, respectively. Wages for minorities didn't keep up with inflation, and those for whites barely did.

Black and Hispanic households "benefited more from government support, including extraordinary pandemic-era programs," such as sweetened food stamps, stimulus checks, rental assistance, enhanced unemployment benefits, and larger child-care tax credits. But Covid relief is now in the rearview mirror, and Congress's spending binge on those benefits fueled the high inflation that has hurt consumers whose real earnings have stagnated.

"While families can also cover expenses using wealth, particularly for Black and Hispanic families the gains in wealth were concentrated in housing, which is somewhat illiquid," the Fed report adds. "Real average liquid wealth, which in-

cludes assets such as cash, checking, and savings accounts, did not grow much for Hispanic families and fell for Black families." The fact a family's home might be worth 20% to 30% more than before is no consolation in the grocery checkout line.

All of this explains why Americans, and especially minorities, are sour on Mr. Biden's economic policies. "We see a broad-based increase in economic pessimism that was especially strong for non-White families," the Fed says. Americans of every race report more uncertainty about their incomes than they did in 2019, but "the step-up in uncertainty for Black and Hispanic families was especially strong—14.2 percentage points and 10.9 percentage points."

The share of Americans who expect the economic future to be worse "skyrocketed in 2022 across all races and ethnicities" and was "at or near record highs," surpassing levels "in the aftermath of the Great Recession." While unemployment is relatively low at 3.8%, people's bills have increased at the same rate or faster than their paychecks. They might also worry that economic downturns tend to follow rapid rises in housing and stock prices.

Mr. Biden's poor marks on the economy are driven by reality. The enduring mystery is why Mr. Biden won't change. His climate and energy policies are raising costs for consumers and employers, and a regulatory avalanche is creating business uncertainty. This is one reason that polls keep showing Mr. Biden losing to Donald Trump in 2024 swing states. Americans might not miss Trump the man, but they miss the Trump-era economy.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Remember all that shade last summer? It's time to pay the piper."



OPINION

DeSantis Isn't at Home Abroad

By Barton Swaim

Murrells Inlet, S.C. Richard Nixon was famously bored by domestic policy. "I've always thought the country could run itself domestically without a president," he once told an interviewer. "All you need is a competent cabinet to run the country at home. You need a president for foreign policy." Ron DeSantis might say the opposite. Ask him any question on domestic policy and he can offer a seminar. Foreign policy clearly bores him.

His book, "The Courage to Be Free," treats the major issues of his years as Florida's governor—crime, education, corporate activism, public health—with technical mastery and rhetorical sophistication. His few remarks on foreign affairs suggest a

The governor is strong on domestic policy, but is he up to the challenge of a suddenly menacing world?

need for intellectual clout. He calls George W. Bush's foreign policy "Wilsonianism on steroids." When Mr. Bush said in his Second Inaugural that "the survival of liberty in our land increasingly depends on the success of liberty in other lands," Mr. DeSantis, then 27, reports asking himself: "Does the survival of American liberty depend on whether liberty succeeds in Djibouti?"

As a presidential candidate, he has talked more about what the U.S. shouldn't be doing than what it should. Hamas's invasion of Israel made that approach impracticable.

Nikki Haley, who has emerged as Mr. DeSantis's chief rival for the coveted position of Donald Trump's leading challenger, likely benefits most from the sudden salience of foreign policy. She was United Nations ambassador for two years, and unlike most U.N. ambassadors performed memorably.

On a swing last week through South Carolina—which holds its primary on Feb. 24—Mr. DeSantis began every talk by discussing Israel, although he mostly confined himself to points of domestic significance: the media's perfidy in falsely characterizing an explosion in a Gaza hospital as an Israeli attack, the threat of terrorists' crossing the U.S. southern border, the unwisdom of "importing" Gaza refugees.

Mr. DeSantis believes the greatest threat to U.S. national security is China. On Thursday at Anderson University, he acknowledged that the war in Israel could inflame the Middle East, and that the "conflict in Europe"—he prefers not to say "Ukraine"—could expand westward. But "we have one true global threat to this country, and that is the Chinese Communist Party." Yet even his discussion of the Chinese threat had mainly to do with homeland policies: barring the Chinese government from purchasing U.S. land, "dissenting" the American and Chinese economies.

Mr. DeSantis is a gifted rhetorician. There are few domestic-policy questions on which he isn't prepared to give a coherent multipart answer. Only on foreign policy does he rely on ham-fisted conventional-wisdom talking points.

At a Thursday town hall in Rock Hill, a questioner asked why the governor had said in March that aiding Ukraine in its war with Russia was strategically unimportant. Mr. De-



Ron DeSantis campaigns in Anderson, S.C., Thursday.

Santis interrupted with a correction: What he said was that it was of "secondary or tertiary" importance. (The questioner had it right. In a response to a candidate survey from Tucker Carlson, Mr. DeSantis wrote that "while the U.S. has many vital national interests . . . becoming further entangled in a territorial dispute between Ukraine and Russia is not one of them.")

Mr. DeSantis then told the questioner that President Biden has given Ukraine a "blank check"—the most shopworn metaphor in this debate—and that "a lot of Republican senators don't articulate, you know, how do you have an endgame in a conflict?" He went on: "Because what they're doing is not gonna get where their rhetoric is. . . . Look, some of our Republican senators, they want to bomb everywhere. That's their view."

Later that night, in an onstage interview at a gathering of Republican women in Rock Hill, Mr. DeSantis was asked about aid to Israel. "We

support their right to defend themselves," he said. "But it's their war, it's not our war." Part of what he meant was that the U.S. shouldn't constrain Israel's response. He's right about that. But had he forgotten that Hamas murdered Americans on Oct. 7, and that some of the hostages now held by Hamas are Americans?

As for the war in Ukraine, Mr. DeSantis recited the usual objection: "They haven't put a clear objective to it. It's kind of a stalemate." That's true as far as it goes, but the result of that haphazard policy is that the Russian military is grinding itself to dust in Ukraine.

To be fair, avoiding substantive discussions of foreign policy may be the smarter political play. The GOP is badly divided on the Ukraine question; most voters don't hold strong, consistent views on foreign policy; and campaign positions are often overtaken by events, both before and after the election.

Home Sellers Take On the Realtors Cartel



LIFE SCIENCE By Allysia Finley

The 1.5 million-member National Association of Realtors spent \$81.7 million on political lobbying in 2022, more than any other business group. Behind the teachers unions, it ranks as the most powerful special interest in the country. Though it claims to help consumers, it is a cartel that seeks primarily to enrich its members by expanding government control over middle-class Americans' largest source of wealth: their homes.

Consider *Burnett v. NAR*, a federal class-action suit that Missouri home sellers have brought against the association. The case, which went to trial last week, presents an existential threat to the cartel. If the plaintiffs prevail, home buyers and sellers could save \$120 billion in fees each year. Half of the country's real-estate agents who work as buyer brokers might have to find another, more economically productive line of work.

Home sellers are challenging the association's anticompetitive rule that requires them to make a blanket offer of compensation to buyer

brokers to list their homes on its affiliated local multiple-listing service, or MLS, databases. These databases serve the same function as a stock exchange—without the competition.

That's because the organization has restricted members' ability to list homes elsewhere. Since MLS databases are de facto monopolies, sellers have no choice but to pay inflated commissions to buyer brokers even when they do little or no work. Total commissions have averaged 6% for decades, split evenly between both sides, and they get baked into the price of a home.

Studies show that buyer brokers don't show homes to clients if sellers offer lower commissions. Were it not for the association's rule, the plaintiffs argue, many buyers either wouldn't use a broker or would negotiate much lower commissions, as they do in other developed countries.

Commissions in the U.S. are two to three times as high as in Australia, Canada, Ireland, the Netherlands and the U.K. According to economist Craig T. Schulman, an expert witness for the plaintiffs, buyer agents are used in as few as 1 in 100 real-estate sales in Australia, which has a similar homeownership rate to the U.S.

The Realtors say buyers shouldn't be "forced to go it alone." But elimi-

nating the blanket-compensation rule wouldn't force buyers to find homes and negotiate sales on their own. They could still pay brokers a commission if they chose. The association's suggestion that low-income minorities need help is an insult.

Buyer brokers also lack a financial incentive to get the best deal for their clients, given that they're paid by sellers. The interests of the buyer and seller brokers are

An antitrust lawsuit challenges anticompetitive rules that inflate fees and drive up housing costs.

aligned: to close home sales at higher prices to make bigger commissions. Similarly, the cartel's members have a shared interest in advocating government policies that inflate home prices.

This includes relaxed mortgage-underwriting standards that enable uncreditworthy buyers to buy more-expensive homes. In January, when the Federal Housing Financing Agency proposed increasing fees that Fannie Mae and Freddie Mac charge borrowers with higher debt-

to-income ratios, the Realtors immediately mobilized.

When the FHFA scrapped the change in May, then Realtors President Kenny Parcell boasted: "We are pleased that our advocacy efforts on behalf of our 1.5 million members and their clients were successful." The Realtors deftly work both sides of the aisle. Weeks later, House Republicans introduced a bill to prohibit the FHFA from imposing fees based on a buyer's debt-to-income.

The association has also urged the Supreme Court in friend-of-the-court briefs to uphold the Consumer Financial Protection Bureau's overreaching regulations, which it claims "promote financial stability"—in other words, support housing prices by making it harder for lenders to foreclose on owners who can't afford their mortgages.

The Realtors' rules harm consumers, but the cartel also lobbies for government policies that cost taxpayers. On Dec. 4, 2020, the association sent a letter to Congress urging members to dish out more rental assistance, sweetened unemployment benefits, state and local government aid and broadband subsidies.

More Covid welfare, the association claimed, would ensure "the fi-

On Friday morning, some 300 people crammed into a small VFW in Murrells Inlet, south of Myrtle Beach. Some were turned away, as per fire-marshall regulations. Mr. DeSantis was running more than an hour late, so I had time to canvas listeners on why they'd come. About half said they supported Mr. Trump, chiefly because prosecutors had targeted him so relentlessly that to vote against him didn't feel right. "He's been needled over and over," one woman said. "It's wrong, and I just think I can't let them do that." Her presence at a DeSantis event though, suggested her mind wasn't made up.

Mr. DeSantis spoke for nearly an hour and took questions for another 30 minutes. Ukraine didn't come up. Nobody asked what he'd do if China invaded Taiwan on his watch. They asked about woke companies, rogue school boards, DEI and prosecutors backed by George Soros. Mr. DeSantis, standing on a dais in his usual blue suit, tieless white shirt and black cowboy boots, kept the room rapt.

On the way out, the woman who'd spoken of prosecutors needing Donald Trump grabbed my elbow. "I've changed my vote," she said. "That was incredible." Another person said the same, in almost the same words.

Mr. DeSantis's impatience with foreign policy may alienate some donor-class friends. I find it frustrating. But I wouldn't discount his ability to talk uncommitted voters into joining his side. You need a president for foreign policy, as Nixon said, but Ron DeSantis's message—that he's done it in Florida and he can do it in Washington—may hold more appeal than simple poll questions can foretell.

Mr. Swaim is a Journal editorial page writer.

Another Black Monday May Be Around the Corner

By John Greenwood And Steve H. Hanke

The Federal Reserve's policies are threatening U.S. financial markets and the economy. They are in danger of a steep recession and the risk of a repeat of 1987's Black Monday.

Early in the pandemic, the volume of U.S. dollars in circulation soared. For two years starting in March 2020, the M2 money supply—a measure of the cash and checkable deposits in circulation plus savings deposits and other easily convertible assets—grew at an unprecedented annual rate of 16.5%. That is more than three times the appropriate rate for hitting the Fed's 2% inflation target.

Then, in March 2022, the Fed changed course, first tightening the

money supply by increasing the federal-funds rate and then introducing quantitative tightening. Between July 2022 and August 2023, the M2 supply contracted by 3.9%, the most extreme contraction since 1933.

The first factor contributing to the contraction of the money supply is the Fed's quantitative tightening. In June 2022, the Fed started to reduce its balance sheet by \$45 billion a month. In September 2022, it doubled its monthly balance-sheet reduction to \$90 billion. This balance-sheet runoff by the Fed requires the public to buy an equivalent amount of securities, reducing their deposits as they buy the bonds.

Quantitative tightening has already produced a dramatic selloff in the bond market. But just as

they did ahead of the September 2019 crunch in the repurchase-agreement market, Fed officials keep repeating their mistaken mantras that quantitative tightening can operate "in the background" and "on autopilot," implying minimal market effect. But basic balance-sheet accounting shows that unless commercial banks are creating enough "new money" through their lending activity to offset the Fed's balance-sheet shrinkage, quantitative tightening has a contractionary effect on the money supply.

The second factor contributing to shrinking M2 is the decreased availability of commercial bank credit—the sum of loans and bank holdings of securities. With the steep rise in rates, bank lending has slowed, and banks have been selling off securities. In September 2022, U.S. commercial banks held \$17.36 trillion, but by September this year the total had fallen to \$17.28 trillion. Within that total, bank holdings of securities have fallen nearly \$600 billion over the same period.

This brings us to the stock-market crash of 1987. In that year the key 10-year bond yield rose steeply from January onward (from 7% in January to 10% by Black Monday in October) and the money supply slowed sharply.

In 1987 growth of M2 declined by almost half, from 9.7% year-over-year in January to 4.9% in September, while M3—no longer published by the Fed—slowed from 8.7% to 3.6% over the same period. A bond-

market crunch and monetary squeeze together led to a sudden, drastic reassessment of equity-market valuations. The same could happen today, particularly since the current jump in bond yields and monetary squeeze are much more pronounced than in 1987.

Because of the sustained decline in the money supply, the economy is in real danger. So far, only the remaining excess money the Fed created between 2020 and 2021—

The Federal Reserve's policies threaten the American economy and financial markets.

the cumulative excess savings from the Covid handouts—has been keeping businesses hiring and consumers spending. The effects of the excess money are still giving the economy a lift, but that extra fuel is almost exhausted. When it dries up, the economy will run on fumes.

In all of this, an appreciation for time lags is critical. The Fed ignored the huge acceleration in the quantity of money and thus failed to anticipate the ensuing inflation. When inflation struck in early 2021, Fed officials tried to argue it was "transitory," caused by supply-chain disruptions.

The Fed continues to ignore the money supply, and we now face the opposite problem. The money supply has been contracting for 18

months, and soon, after the overhanging extra money from 2020-21 has been used up, spending will plunge and inflation will fall, not simply to 2%, but below—and perhaps even into deflation in 2025.

Since Fed officials pay no attention to either monetary aggregates or their credit counterparts, they are overlooking these signals, and the risks are intensifying each day. Instead, we hear Fed leaders talk about being "data-dependent"—keeping their eyes firmly on lagging economic indicators such as the labor market and the composition of the consumer-price index, not the monetary causes for their movement.

Monetary analysis tells a very different story than the measures the Fed follows. The first effect of a monetary contraction is higher market interest rates for a brief period. Then comes an economic slump. The economy goes into recession and inflation falls. This results in a second and more permanent effect of subpar money growth, namely lower interest rates and a weaker currency.

When the stock market crashes, "higher for longer" will become a thing of the past as the Fed makes an abrupt pivot. Then the 10-year yields and U.S. dollar will come tumbling down.

Mr. Greenwood is a fellow at the Johns Hopkins Institute for Applied Economics, Global Health and the Study of Business Enterprise. Mr. Hanke is a professor of applied economics at Johns Hopkins University.

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WORLD NEWS

# U.S.-Venezuela Thaw Gives Prisoners Hope

Maduro's regime freed five political detainees after oil sanctions were lifted

By RYAN DUBÉ AND KEJAL VYAS

Thirteen months ago, on the day she celebrated her retirement, Elaine Cristella received a text message with a mug shot of her son and the news that the former Florida resident had been jailed in Venezuela.

Security forces arrested her son, Joseph Cristella, in September 2022 shortly after he had crossed into Venezuela from Colombia to visit his fiancée, a Venezuelan. The charge: conspiracy against the Venezuelan state, his mother said.

Now, Elaine Cristella says she is hopeful that a new diplomatic opening between the Biden administration and Venezuela's regime will lead to the liberation of her son, a former manager for a solar company who turned 40 on Thursday, as well as other Americans the U.S. classifies as wrongfully detained in Venezuela.

"He said that was the best birthday gift he could hope for," Elaine Cristella said in an interview from her home in Meridian, Idaho, a day after talking by phone with her son. "It is something to look forward to. Hopefully, they will be home before Thanksgiving."

Around the world, a rising number of Americans have been wrongfully detained. They include Wall Street Journal reporter Evan Gershkovich, who was arrested in Russia in March while on a reporting trip and charged with espionage, which the newspaper and the Biden administra-



Pedro Martinez prayed in Washington in July for the release of his son, Eyvin Hernandez, a U.S. citizen who was seized last year.

tion vehemently deny.

From Russia to Iran to Venezuela, Americans have been snatched and used as bargaining chips in negotiations with Washington, U.S. officials and hostage-advocacy groups said.

After the U.S. announced a six-month suspension on its economic sanctions against Venezuela last week, President Nicolás Maduro's autocratic regime released five Venezuelan political prisoners, including former opposition lawmaker Juan Requesens, who had been jailed since 2018 on terrorism charges that his family and lawyers have said are false.

The Maduro government still holds 270 political prisoners, most of them Venezuelans, said Foro Penal, a Caracas group whose lawyers represent many people they say are arbitrarily detained.

Releasing prisoners is among the concessions U.S. officials say they expect after the "partial" deal leading to sanctions relief. Another is free and fair presidential elections late next year in which the regime permits opposition politicians who have been barred from holding office to participate. On Sunday, Maduro's adversaries held a pri-

mary election in Venezuela and about 30 other countries to choose who would run against the government's candidate, with organizers using paper ballots and Venezuelans casting their votes at schools and parking lots.

Ten candidates participated, but Maria Corina Machado, a 56-year-old conservative, pro-business hopeful from a prominent industrial family, was expected to easily win, polls showed.

But the government barred Machado in June from holding office, and even after the sanctions deal on Wednesday,

the regime's top negotiator, Jorge Rodríguez, said not all opposition candidates would necessarily be allowed to run.

U.S. officials have told Maduro's negotiators that, by the end of November, they expect the release of some of the Venezuelan political prisoners and at least some of eight Americans jailed in the country. The State Department considers three of them wrongfully detained, meaning U.S. officials have checked out the circumstances of their detention. Of the other five, two are former U.S. servicemen convicted of participating in a botched

2020 incursion by dissident Venezuelan soldiers who wanted to seize power; three were arrested under circumstances that remain unclear.

Venezuela's Information Ministry didn't respond to calls and an email seeking comment about the detaining of Americans and the jailing of Venezuelan political prisoners.

Some critics of rapprochement with Maduro say his government has shown little interest in ceasing rights violations. A United Nations fact-finding mission in September reported that crackdowns by state security services against dissidents are intensifying.

Henry Martínez's brother, Eyvin Hernández, had no intention of going to Venezuela when he took a vacation to Colombia last year. While near the border with Venezuela with a friend in March 2022, Hernández was grabbed by masked men after they found out he was a U.S. citizen, Martínez said.

The 45-year-old, an avid traveler and public defender in Los Angeles County, was tossed into the back of a pickup truck, said his brother, recounting the circumstances of a case that led U.S. authorities to classify Hernández as "wrongfully detained."

A lawyer in Venezuela who was assigned to Hernández's case later got in touch with family members, telling them he had been jailed and accused of conspiracy to commit crimes against the state.

Hernández is now being held at a detention center in Caracas run by Venezuela's military-intelligence unit, his brother said. "My brother has been in a dungeon for 19 months now," Martínez said. "He shouldn't have to wait another day."

—Patricia Garip contributed to this article

# Peronist Leads in Argentina Vote's First Round

By RYAN DUBÉ AND SILVINA FRYDLEWSKY

BUENOS AIRES—Sergio Massa, the ruling party's candidate for president, came out on top in the first round of a presidential election Sunday, beating out a libertarian economist, Javier Milei, who had promised to lay waste to Argentina's political establishment.

With 83.2% of the votes counted, Massa took 36.1% of the votes, defying polls that had predicted Milei would be the victor.

Massa, the economy minister for the Peronist movement that has governed this country for most of the last 77 years, had in September eliminated the income tax for nearly all Argentines while showering people with cash bonuses, in what analysts said was a desperate attempt to gain traction against a surging Milei. Electoral authorities said Milei took 30.3% of the votes, and 23.7% went to Patricia Bullrich, from the establishment



Economy Minister Sergio Massa speaks to supporters Sunday.

conservative coalition.

The results mean that Massa and Milei will face each other in a Nov. 19 runoff to decide who will lead this country of 46 million.

Massa's first-place finish came despite overseeing a merciless economic crisis marked by 138% inflation, a collapsing currency and growing poverty that has reached 40%. Anger over the government's eco-

nomics management had fueled support for Milei, who despite not leading an established movement had surged with his pledge to dismantle the "political caste" he asserted had taken Argentina to ruin.

"We never expected Massa to do so well," said Sergio Berensztein, a political analyst in Buenos Aires. He attributed his strong showing to the grass-roots resiliency of the

Peronist coalition and fear over the rise of Milei. "In the last two weeks, we had a sort of panic. Massa was able to capitalize on that."

In his rollicking campaign, Milei waved around a chain saw at events and promised that if elected he would replace the battered Argentine peso with the dollar, close the central bank and other ministries, and break ties with communist regimes, even China, a major trading partner. Those proposals, along with plans to slash spending to bring inflation to heel, would be painful for ordinary Argentines dependent on government assistance.

"Milei is crazy," said Alejandro Vizconti, a 53-year-old bank employee, who said he voted for Massa even though he doesn't think inflation would improve under the Peronist's watch. "But I think he's the only one who can govern," Vizconti said.

Massa had his own problems. He has served under an unpopular president, Alberto Fernández, who has overseen

a country unable to pay its bills or deal with the dramatic loss of purchasing power for informal sector workers, economists say.

Since Fernández took office in 2019, the peso's black-market rate has weakened to about 1,000 to the U.S. dollar from about 70 to the greenback. The economy is expected to contract 2.5% this year, according to the International Monetary Fund. Economists say Argentina is on the verge of hyperinflation as the government ramps up money printing.

Despite Massa's strong performance, Milei is still the front-runner to win the presidency after the opposition received more than half of the votes, said Benjamin Gedan, an Argentina expert and director of the Latin America program at the Wilson Center, a think tank in Washington.

"There is understandable exuberance among his supporters right now," said Gedan. "But running for president as the economy minister of a collapsed economy is a hard slog."

# Philippine, Chinese Vessels Collide

By NIHARIKA MANDHANA

A Chinese coast guard ship collided with a Philippine vessel it was seeking to block in the South China Sea, the Philippines said, marking an escalation in tensions between Beijing and the U.S. ally in a volatile area.

The Philippine boat was on its way to deliver supplies to an outpost the country maintains at Second Thomas Shoal, about 100 nautical miles off its coast. A small detachment of marines lives there, on a dilapidated World War II-era ship the Philippines deliberately ran aground in 1999 to assert its rights. China claims Second Thomas Shoal, and calls the presence of the long-grounded ship illegal.

To sustain its troops, the Philippines periodically sends supplies on two small boats its armed forces contract for the job, with two Philippine coast guard ships escorting them. Each time, China's coast guard and maritime militia mobilize and maneuver to try to obstruct them.

In the early hours of Sunday, that led a Chinese coast guard ship to collide with one of the boats carrying supplies, the Philippines said. A video released by the Philippine armed forces shows the Chinese vessel briefly hitting the Philippine boat, causing a clanging sound. The Philippines called the action provocative, irresponsible and illegal, and said it imperiled the safety of the boat's crew.

China's coast guard said it intercepted the boat after issuing many warnings, leading to what it called a slight collision. Beijing says the Philippines is trying to transport construction materials to carry out major repairs on the grounded ship, called BRP Sierra Madre, and has vowed to stop those efforts.

The Philippines also said a Chinese maritime militia vessel bumped into a Philippine coast guard ship a short distance from Second Thomas Shoal. The Chinese coast guard said the Philippine ship caused the collision by reversing into the Chinese vessel.

## AUSTRALIA China Wine Dispute To Be Reviewed

Australia will suspend a dispute with China before the World Trade Organization over antidumping duties on Australian wine after Beijing agreed to an expedited review of the measures, another sign of improving ties between the two countries.

Beijing's review of its duties on Australian wine imports is expected to take five months and Canberra will resume its dispute at the WTO if the duties aren't removed at the end of the review, Australia's Prime Minister Anthony Albanese said on Sunday.

Albanese also said he plans to meet with President Xi Jinping in China next month, the first visit to China by an Australian prime minister since 2016.

Beijing imposed hefty antidumping duties on Australian wine in 2020, saying an investigation found Australian exporters had dumped cheap wine into the Chinese market, hurting its domestic industry.

Canberra rejected the findings and, in 2021, requested the WTO establish a panel to examine the matter.

—Rhiannon Hoyle

## CONGO Boat Capsizes, 28 People Drown

At least 28 people drowned after a boat capsized in the Congo River in Congo's Equateur province, local authorities said Sunday.

The boat was traveling from Ngondo and crashed Saturday night in Bolomba village, Didon Ifete, the administrator for the territory, said on state radio.

Some 200 passengers were rescued and an unknown number of others were missing, he said.

This is the second boat wreck on the Congo River in Equateur province within a week. On Oct. 14, another boat capsized, killing at least 47 people and leaving more than 70 missing.

In January, at least 145 passengers went missing after a motorized boat overloaded with goods and animals sank on the river in northwestern Congo.

Boating mishaps are common on the Congo River and on the nation's lakes because of the use of often-overloaded makeshift boats. The government has banned nighttime river travel, although many defy the directive.

—Associated Press

## WORLD WATCH



SHEAR MADNESS: A flock of sheep congregated Sunday at Puerta del Sol square in Madrid, as shepherds brought their livestock on a traditional migration route to winter grazing land.



# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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Last Week: **S&P** 4224.16 ▼2.39% **S&P FIN** ▼2.93% **S&P IT** ▼3.13% **DJTRANS** ▼1.69% **WSJ\$IDX** ▼0.20% **2-YR. TREAS.** yield 5.082% **NIKKEI** 31259.36 ▼3.27% [See more at WSJ.com/Markets](#)

## Food Makers Pitch Specials Again

Consumers balk at high prices: 'I almost had a heart attack' at cereal for \$8.99

By **JESSE NEWMAN** AND **HEATHER HADDON**

Unlimited wings. Endless pasta. Buy-one, get-one-free sauce.

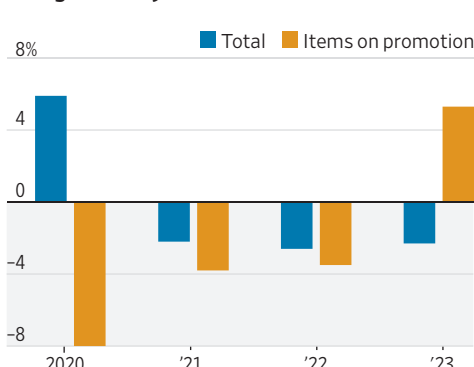
Food is on sale again—from the soaring prices over the past two years, that is.

In grocery stores, the portion of food sold on promotion has reached a level not seen since 2019, according to research firm NielsenIQ, but shoppers are still paying more than one-third more than they did then.

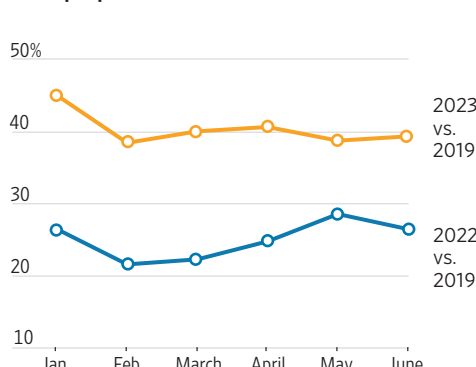
According to research firm Circana, restaurant visits benefiting from deals this year have returned to prepandemic levels for the first time, though diners are still paying about 40% more on average per fast-food order than they did in 2019, industry consulting firm Revenue Management Solutions said.

"I almost had a heart attack the other day when I saw a box of cereal for \$8.99," said Rachel Pelletiere, an Illinois housecleaner who estimated that she spends around \$600 a month on food for her family

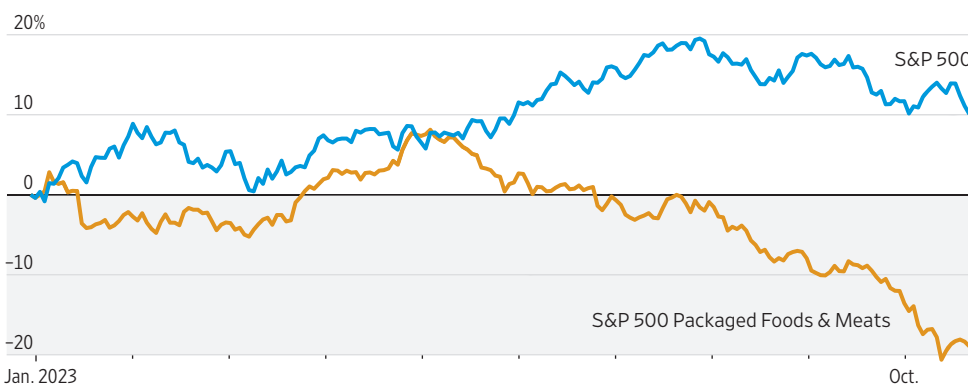
Unit sales of food at U.S. grocery stores, change from a year earlier\*



Change in prices at U.S. fast food restaurants from prepandemic levels



Index performance, year to date



\*For the 52 weeks ending early- to mid-October of each year  
Sources: NielsenIQ (food sales); Revenue Management Solutions (fast food); FactSet (performance)

of six. "I was like: 'Does that come with a gallon of milk too?'"

After absorbing skyrocketing price increases, consumers

are growing more cautious, pressuring sales of everything from frozen meals to pet food.

For the 52 weeks ended Oct. 7, overall U.S. food sales by unit

are down 2% from a year earlier, NielsenIQ data show.

**Conagra** Chief Executive Sean Connolly said consumers are responding to mounting fi-

nancial pressure by cooking more meals from scratch, working down pantry inventories and eating more leftovers.

"When consumers are flush, they throw their leftovers in the garbage," Connolly said. "When they're stretched, they keep their leftovers and they try to avoid spending money on the next meal."

Pelletiere said she shies away from trying new products and flavors these days, to avoid throwing away food if her husband and children aren't fans. "Luckily, the dog is really good with fruits and vegetables," she said.

Concerns over declining sales volumes are weighing on food companies' stock prices. The S&P 500 Packaged Foods & Meats subindex has dropped 19% so far this year, while the S&P 500 has climbed 10%. A subindex of U.S. restaurants is down 11% in the past three months.

Food makers are responding with deals. Family dining chain **Cracker Barrel Old Country Store** has launched an all-day brunch starting at \$8.99, aimed at consumers turned off by rising restaurant menu prices. KFC has promoted eight Hot and Spicy Wings for

**◆ High orange-juice prices expected to continue..... B9**

## High-Tech Earnings To Test The Market

By **KAREN LANGLEY**

Investors are about to see whether the stock market has more fuel in the tank.

A group of tech stocks known as the Magnificent Seven has powered the S&P 500's 2023 rally. Most of those companies will open their books in the coming days, allowing investors to gauge whether big tech and the broader market have room to run.

The S&P 500 has risen 11% on a total-return basis, including dividends, this year through Friday. Without Google parent **Alphabet**, **Amazon.com**, **Apple**, Facebook parent **Meta Platforms**, **Microsoft**, **Nvidia** and **Tesla**, that return would be 0.6%, according to S&P Dow Jones Indices.

Big tech has long been a winning trade for U.S. stock investors, though one punctuated by pullbacks such as the one in 2022. This year, excitement about artificial intelligence helped spark another rush into tech shares. Investors bracing for economic uncertainty also have been drawn to the perceived safety of some of the market's largest businesses.

Technology is often seen as a bet on growth, but the megacap tech names are already delivering big profits. The seven companies accounted for 17% of S&P 500 per-share earnings in 2022, a portion that analysts expect to grow to 24% by 2025, according to Goldman Sachs Group.

"The growth rates that these companies deliver is incredibly important to the perception of the health of the overall equity market," said Bryant Van-Cronkhite, senior portfolio manager at Allspring Global Investments.

Microsoft and Alphabet are expected to report on Tuesday, followed by Meta Platforms on Wednesday and Amazon on Thursday. Apple is slated to share its results the following week, followed by Nvidia on Nov. 21.

Some money managers think weak results from big tech would prompt investors to reconsider what they are willing to pay for stocks generally.

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## Apple Reliance on China Firm Complicates Path

By **YANG JIE**

At a time when **Apple** is generally trying to depend less on China, the company is relying more on one Chinese firm whose skill at assembling the tech giant's products has proved too valuable to dismiss.

Many Apple customers may not be familiar with **Luxshare Precision** or its leader Grace Wang, but they likely own its handiwork. Along with other Apple contractors, Luxshare manufactures AirPods, the Apple Watch and the recently released iPhone 15, including the top-of-the-line iPhone Pro Max. Luxshare is also an assembler of Apple's first mixed-reality headset, due to reach consumers next year.

That list of products shows the challenges facing Apple

chief Tim Cook in trying to ease back from producing in a U.S. adversary and lean more on nations such as India and Vietnam.

On Wednesday, Cook made a surprise visit to Luxshare's Apple Watch factory near Shanghai and praised the assembler's work in making Apple's most advanced products. In a video posted on social media, Cook smiled and nodded as he spoke to Wang, Luxshare's chairwoman, and viewed solar panels powering the factory.

"Thank you, Grace and team, for sharing our commitment to protecting the planet," he wrote on social media.

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Luxshare manufactures AirPods, the Apple Watch and the recently released iPhone 15.

## Meta in Internal Debate On Gaza War Content

After Hamas stormed Israel and murdered civilians on Oct. 7, hateful comments from the region surged through Instagram. Meta Platforms manag-

By **Sam Schechner**, **Jeff Horwitz** and **Newley Purnell**

ers cranked up automatic filters meant to slow the flood of violent and harassing content.

But still the comments kept appearing—especially from the Palestinian territories, according to a Meta manager. So Meta turned up its filters again, but only there.

In an internal forum for Muslim employees, objections poured in.

"What we're saying and what we're doing seem completely opposed at the moment," one employee posted internally, according to docu-

ments viewed by The Wall Street Journal. Meta has publicly pledged to apply its policies equally around the world.

The social-media giant has been wrestling with how best to enforce its content rules in the midst of the brutal and chaotic war. Meta relies heavily on automation to police Instagram and **Facebook**, but those tools can stumble: They have struggled to parse the Palestinian Arabic dialect and in some cases they don't have enough Hebrew-language data to work effectively.

In one recent glitch, Instagram's automatic translations of users' profiles started rendering the word "Palestinian" along with an emoji and an innocuous Arabic phrase as "Palestinian terrorists."

And when Meta turns to human employees to fill the

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### INSIDE



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## Nike Is Trying to Catch Up After Falling Behind in Innovation Race

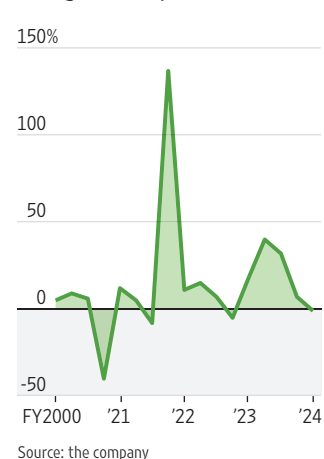
By **INTI PACHECO**

**Nike** made a swift comeback earlier this month in the super-shoe fight when marathon runner Kelvin Kiptum set a world record while wearing a new iteration of the company's Alphafly 3. But the sneaker maker is losing steam in other races.

Competitors such as Hoka and On are gaining a foothold among runners and with people who are looking for something comfortable to wear to work or school. **Adidas** and **New Balance** also are making headway in the market for streetwear by bringing back old models in dozens of colorways, moves similar to those from Nike's own playbook.

Nike said sales of footwear in North America—its largest market—fell 2% in the latest quarter. Higher prices for Nike shoes weren't enough to offset a 10%

Nike footwear sales in North America, change from a year earlier



Source: the company

decline in sales volume, the first drop in over a year.

The footwear maker and other consumer-goods companies have been hurt by rising

prices that are causing consumers to rethink their spending plans. Nike remains the world's largest seller of athletic footwear and apparel, generating \$48.7 billion in revenue from its namesake brand in the year ended May 31.

Still, Nike executives have said they are working to improve product marketing and assortments and also drive more meaningful connections with everyday runners.

"We are focused and mobilized to address areas where we need to raise our game," said Chief Executive John Donahoe in late September during an earnings call with analysts.

Del Shaffer, a Realtor in Charleston, S.C., used Nike running shoes for decades but last year traded his Free RN Flyknit for a pair of Hoka Mach 4 because he wanted something

*Please turn to page B2*

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## Grocers Bring Back Specials

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\$4.99, while Applebee's offered unlimited wings for \$12.99.

Shoppers at an **Albertsons'** Jewel-Osco store in Chicago who buy a bottle of Dave's Gourmet Pasta Sauce for \$9.99 can get a second one free. Kroger's Mariano's stores in the same city recently featured \$2 off on Land O' Lakes butter, **Kraft Heinz's** mayonnaise and Miracle Whip products when customers bought three or more items.

The deals can be relative. For the 52 weeks ended Oct. 7, the average price for pretzels sold in supermarkets on promotion—in a featured display or with price reductions or deals such as buy one, get one free—was \$4. That was 47% higher than the same period ended in 2019, according to NielsenIQ. Prices for on-sale peanut butter were 21% higher than the average pre-pandemic sale price and for pancake mix, 33%.

Overall, about 33% of food sales by unit were on promotion in the latest 52 weeks, versus 36% four years earlier, NielsenIQ data showed.

Olive Garden in late September brought back its never-ending pasta-bowl promotion, as industry data show casual-dining chains are serving fewer diners compared with last year. The eight-week promotion offers unlimited plates of noodles, sauce and a topping starting at \$13.99. When Olive Garden offered the deal in 2019, the price was \$10.99.

**Darden Restaurants**, Olive Garden's parent, said the unlimited-pasta special also cost \$13.99 last year when it

brought the deal back for a limited time.

The pasta deal attracted **Katrina Cannon**, a 50-year-old hospital clinical supervisor from Colorado. She and a friend ordered plates of noodles and breadsticks and left with a bag full of leftovers.

"I thought they were pulling our leg," Cannon said. "This was the real deal."

Food-industry executives said promotions declined during the pandemic, when shortages and supply-chain problems curbed production and left fewer products available to be put on sale.

Conagra at the time scaled back promotions on items such as Birds Eye frozen vegetables between Thanksgiving and Christmas because the company didn't have the supply. The company rejected deals on

frozen fish during Lent last year because of a fire in one of its plants.

"Now that our supply chain is clicking on all cylinders again, we have the ability to responsibly add some promotion into our mix," Connolly said.

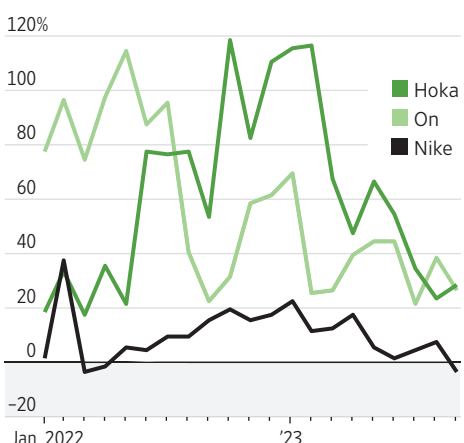
Conagra said this month that before the pandemic, 24% of the company's sales were typically on promotion during its first fiscal quarter, compared with 21% in the three months ended Aug. 27.

Consumers' food bills continue to climb. U.S. supermarket prices were up 2.4% in September from a year prior, the Labor Department said earlier this month, while restaurant prices climbed 6%.

Food executives have said consumers will get used to higher prices. Steve Cahillane, CEO of **Kellanova**, formerly part of Kellogg, said in September that sales volumes will gradually improve next year as consumers' wages increase and companies roll out new products and offer more promotions.

"Right now, it's still a little bit of sticker shock," Cahillane said.

### Direct-to-consumer sales, change from a year earlier



Source: Earnest Analytics

## Nike Trails In Race for Innovation

Continued from page B1  
softer with more cushioning. The 44-year-old runs every day and said he felt a huge change once he switched to Hoka because of the shoe's materials.

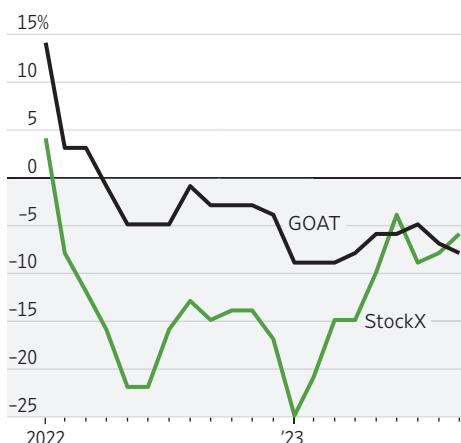
"They give me that cushion, and I'm kind of looking forward to not having knee surgery when I'm older," Shaffer said.

Sales of the **Deckers Outdoor**-owned Hoka reached \$1.4 billion in the year ended March 31, up from \$223 million in 2019, when the company first reported sales of the brand. In 2021, the company moved away from saying the shoes were made only for "ultra runners and athletes" and included "world champions" and "taste-makers."

**On Holding**, owner of the On brand, reported sales of about \$1.3 billion for the year ended Dec. 31, 2022, a 69% increase from a year earlier. The Swiss maker of the Cloudmonster and the Cloudfly said it plans to generate \$1.9 billion in revenue for 2023 and expects to double

## BUSINESS & FINANCE

### Average transaction value at checkout on sneaker resale platforms, change from a year earlier



that number by 2026.

"They are all taking share from Nike," said footwear industry analyst Matt Powell. "If you can capture the fashion side of the business, that is really where the money is."

Nike in a statement said that it has an innovation pipeline that spans more than 50 years and that its products "will bring the innovation, performance, style and comfort consumers will be excited about for years to come."

Some consumers and industry analysts say the pace of innovation coming from Oregon-based Nike is slowing. The company in 2017 introduced the lightweight Vaporfly sneaker, which became a lightning rod in elite running competitions amid concerns it granted wearers an unfair advantage. Its first Alphafly sneaker launched in 2020. The sneakers were perceived as groundbreaking years ago, analysts said, but they are also made for runners willing to spend more than \$200 and not necessarily for people just looking for something comfortable to wear.

Nike, during the Covid-19 pandemic, also leaned into delivering new color and design variations for some of its most popular franchises, the Air Force 1, Air Jordan 1 and Dunk. Those releases have delighted some

fans, but annoyed others, including sneakerheads who built businesses on hawking products with limited availability.

"Nike is really, really good at innovating but they keep innovating the wrong things," said James Hesse, who has dedicated a chunk of his decade-old YouTube sneaker channel to finding the most comfortable casual running shoe.

From design concept to store shelves, footwear development at Nike can take about 18 months. The pandemic and subsequent supply-chain snarls messed with Nike's production pipeline.

Nike also is working through inventory problems that resulted from the pandemic—initially not having enough goods to sell but later carrying too many.

To help boost sales, the company has opted to return to some retail partners it had dropped just over a year ago.

Investors haven't lost faith in the company. Shares are up 16% over the past year, compared with a roughly 13% gain in the S&P 500.

Nike boss Donahoe said last month that the company was giving priority to the everyday runner looking for something new—and reaching that customer whether at a Nike store or not.

## Shipping Container Lessor Is Bought

BY LAURA COOPER

Infrastructure investor **Stonepeak** has struck a deal to purchase shipping-container lessor **Textainer** for more than \$2 billion.

Textainer investors are expected to receive \$50 a share, valuing the company at about \$2.1 billion. Factoring in Textainer's debt, the deal is valued at about \$74 billion.

Shares of Textainer closed at \$34.15 on Friday.

The company unveiled the news on Sunday night.

Bermuda-based Textainer buys, manages and leases marine-cargo containers. With about 200 customers, the company is a longstanding supplier to the U.S. military, according to its website.

Founded in 1979, Textainer went public in 2007. In August, it reported net income of \$51.3 million for the second quarter, compared with \$78.5 million a year earlier, as the shipping industry resets following record demand during the Covid-19 pandemic.

Infrastructure funds, which focus on utilities, toll roads, ports and the like, are often seen as safe investments during times of economic uncertainty because the assets they back tend to have predictable income streams.

Stonepeak, which is based in New York, which has more than \$57 billion of assets under management, backs companies in communications and digital infrastructure, energy and the energy transition as well as transportation and logistics.

## Tech Stocks To Test The Market

Continued from page B1

A selloff in Tesla's stock last week showed the market is ready to punish tech heavyweights whose results disappoint. The electric-car maker's shares slumped 9.3% Thursday after it missed analysts' sales and earnings estimates and Chief Executive Elon Musk warned of problems producing the long-delayed Cybertruck.

"When you have names like Tesla come in with disappointing margins, disappointing revenue growth and disappointing asset efficiency it will bleed into valuations not just for Tesla but for the entire market," said James Abate, chief investment officer at Centre Asset Management.

The S&P 500 traded late last week at 17.8 times projected earnings, in line with its 10-year average. Still, many observers think the stock market looks expensive considering that government-bond yields have jumped to levels not seen in more than a decade, offering investors a lower-risk alternative to equities. The yield on the benchmark 10-year U.S. Treasury note rose Thursday to 4.987%, its highest 3 p.m. yield since July 2007.

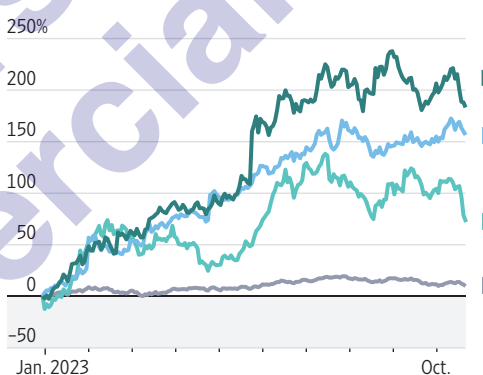
Wall Street isn't expecting much from the earnings season that kicked off in earnest in recent days. Analysts are forecasting that profits from S&P 500 companies slipped 0.4% in the third quarter, according to FactSet.

Projections for most of the big tech companies are higher, by varying degrees. Analysts think Apple will report 4.8% earnings growth and Microsoft will report 13% growth. For Meta Platforms and Nvidia, those forecasts are 116% and 468%, respectively.

Investors will be looking for signs that the tech titans can turn enthusiasm about artificial intelligence into profits. Generative AI tools are expensive to operate, and companies including Microsoft and Google have been experimenting with approaches to the products.

Some of the big tech names are grappling with high-profile challenges. Last month the Federal Trade Commission and 17 states sued Amazon, claiming the retailer illegally uses mo-

### Share-price and index performance, year to date



Alphabet, Amazon.com, Apple, Meta Platforms, Microsoft, Nvidia and Tesla

### Market value of Magnificent Seven stocks\*



nopoly power to keep prices high and harm its rivals.

Lawyers for Google are defending the search giant in an antitrust case brought by the Justice Department. Apple is confronting restrictions on its business in China, an important market.

The Magnificent Seven stocks account for 30% of the S&P 500's market value, up from 22% at the end of last year,

according to Dow Jones Market Data. That means swings in their share prices, up or down, can sway the index.

Many investors think the stocks look expensive relative to company earnings, leaving them vulnerable to a pullback.

Tesla traded late last week at about 55 times its projected earnings over the next 12 months, according to FactSet, giving it the richest valuation of

the big tech stocks. Apple was priced at 26 times forward earnings and Microsoft at 28 times, higher than 10-year averages of about 18 and 23, respectively.

"These stocks are currently trading at high valuations that don't leave much room for disappointment," Carin Pai, head of portfolio management and equity strategy at Fiduciary Trust International, said.

**From Recession Fears to Too Good? What This Week's GDP Figures Will Tell Us**

JUSTIN SULLIVAN/GETTY IMAGES

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BUSINESS NEWS

# Taylor Swift, Scorsese Films Top Box Office

The two films drew moviegoers during a typically quieter period for theaters

By Sarah Krouse

Taylor Swift's concert film proved untouchable at the domestic box office this weekend, becoming the first such movie in history to gross more than \$100 million and out-earning the Martin Scorsese-directed "Killers of the Flower Moon."

"Taylor Swift: The Eras Tour" was the top-performing movie in the U.S. and Canada for the second weekend, grossing an estimated \$31 million. That haul increased its domestic box office total to \$129.8 million, AMC Theatres Distribution said.

Paramount, which distributed Apple Original Films' R-rated western crime film "Killers of the Flower Moon," said it grossed \$23 million domestically and \$44 million globally.

The movies collectively made for a strong October weekend of moviegoing, a period that is typically quieter

for theaters than the summer. Theater owners are hopeful that some of the momentum built by "Barbie" and "Oppenheimer" will continue into the fall.

Apple's "Killers of the Flower Moon" is the iPhone maker's biggest foray yet into original films and part of a plan to release more movies in theaters. It was released theatrically before a streaming debut on Apple TV+.

Scorsese said he worked on the film, starring Leonardo DiCaprio, Robert De Niro and Lily Gladstone, for six years. Set in 1920s Oklahoma, the 3½-hour movie tells the story of the murders of Osage people by outsiders trying to take oil wealth from tribe members. It is based on David Grann's bestselling book, "Killers of the Flower Moon: The Osage Murders and the Birth of the FBI."

Swift's concert movie was a late addition to the October movie release calendar and has provided "a nice box office boost for the month, thus proving 'alternative' content should become a part of the regular moviegoing diet," said Paul Dergarabedian, a senior media analyst at Comscore.

## Estimated Box-Office Figures, Through Sunday

Film	Distributor	Sales, In Millions		
		Weekend*	Cumulative	% Change
1. <b>Taylor Swift: The Eras Tour</b>	Variance Films	\$31.0	\$129.8	-67
2. <b>Killers of the Flower Moon</b>	Paramount	\$23.0	\$23.0	—
3. <b>The Exorcist: Believer</b>	Universal	\$5.6	\$54.2	-49
4. <b>Paw Patrol: The Mighty Movie</b>	Paramount	\$4.6	\$56.1	-35
5. <b>The Nightmare Before Christmas (1993)</b>	Disney	\$4.1	\$4.1	—

\*Friday, Saturday and Sunday in North American theaters

Source: Comscore



'Taylor Swift: The Eras Tour' has grossed over \$100 million.

# Guild Faulted for Lack Of Statement on Gaza

By Joe Flint and Sabrina Siddiqui

The entertainment industry is grappling with the same debates over Hamas's Oct. 7 attacks and Israel's response that are playing out on college campuses, in offices and among friends.

Last week, **Walt Disney** Chief Executive Bob Iger was part of a group of industry executives, actors and writers who gathered at the Bel-Air home of Daniel Loeb, chief executive of the hedge fund **Third Point**, to discuss antisemitism.

Other attendees included the journalist Bari Weiss, who spoke to the gathering, "Euphoria" creator Sam Levinson, playwright David Mamet and actor Chris Pine, people familiar with the event said. Loeb also was a sponsor of an antisemitism conference held in Los Angeles last week hosted by the entertainment publication Variety.

Both events were planned before the Oct. 7 attack on Israel, motivated by growing concern about the rise of antisemitism in the U.S.

The conflict has sowed division among movie and television writers who were united for months in demanding new contract protections from studios—and celebrating hard-fought concessions. Several prominent Jewish writers have expressed anger and disappointment at the Writers Guild of America for not issuing a statement condemning the attacks.

On Friday, more than 75 Hollywood writers met over Zoom to further discuss the guild's approach on the matter and what steps should be taken to show the anger that has been stirred up, people familiar with the meeting said. Among the suggestions: potentially withholding dues until the organization explains its rationale for not making a statement, one meeting participant said.

Members critical of WGA said the union in the past has commented on political and social issues from hate crimes against Asian-Americans to the 2022 reversal of Roe v. Wade by the Supreme Court and President Trump's 2017 travel ban on people from seven predominantly Muslim countries.

"When terrorists invaded Israel to murder, rape, and kidnap Jews...the Guild stayed silent," dozens of prominent Hollywood figures, including Jerry Seinfeld and Sacha Baron Cohen, wrote in an open letter published on Medium last week. Other signatories included "Modern Family" co-creator Steven Levitan and Amy Sherman-Palladino, creator of "Gilmore Girls" and "The Marvelous Mrs. Maisel."

Meredith Stiehm, president of Writers Guild of America West, emailed some members on Saturday saying that the board shares their anguish from recent weeks and that they "wish there had been a simple answer here."

A spokesman for the WGA didn't respond to requests for comment.

# Actors and Studios to Restart Talks

By Joe Flint

The Hollywood actors union and major studios and streamers said Saturday they are returning to the negotiating table in an effort to end a monthslong strike that has brought TV and film production to a halt.

Talks are scheduled to restart Tuesday, nearly two weeks after the Alliance of Motion Picture and Television Producers—which negotiates on behalf of companies such as **Warner Bros. Discovery**, **Walt Disney** and **Netflix**—walked away from the table because of a revised union demand to share in streaming revenue.

The Screen Actors Guild-American Federation of Television and Radio Artists is facing pressure from some of its members, including high-profile talent such as George



SAG President Fran Drescher during a July news conference.

Clooney and Emma Stone, to strike a deal and get the industry back to work. The Writers Guild of America ended its nearly five-month strike against the AMPTP in late September.

The planned negotiations

are expected to include senior leadership from entertainment industry giants, the AMPTP and SAG-Aftra said in a joint statement.

Executives who have been active in negotiations include Disney Chief Executive Bob

Iger, Netflix Co-Chief Executive Ted Sarandos, NBCUniversal Studio Group head Donna Langley and Warner Bros. Discovery Chief David Zaslav.

Several major stars led by Clooney last week offered to pay more in dues to the union and restructure how royalties are distributed so that less successful performers are compensated first.

SAG President Fran Drescher said in an Instagram video that while those offers were generous, it wouldn't pass muster with regulators nor solve the long-term issues that performers are facing.

The strikes have wreaked havoc on movie and television production schedules and caused significant economic harm to Los Angeles and other parts of the country that are reliant on the entertainment industry for jobs and revenue.

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TECHNOLOGY

# Beijing Probes Key Apple Supplier

Foxconn says it is cooperating; state media reports taxes, land use scrutinized

BY YANG JIE AND JOYU WANG

**Foxconn Technology Group**, one of **Apple's** biggest suppliers, said it is cooperating with Chinese authorities after Chinese state media said the Taiwan-based contract electronics maker, whose founder is seeking the Taiwan presidency, is subject to tax and land-use investigations across China.

China's state-backed **Global Times** reported on Sunday that Chinese tax authorities are scrutinizing Foxconn's facilities in southern Guangdong province and eastern Jiangsu, while natural-resources authorities are conducting on-site investigations into the company's land use in Henan and Hubei provinces.

According to Apple's latest supplier list, Foxconn manufactures for Apple in three of the provinces cited.

The **Global Times** article, which didn't offer specifics of the investigations, cited a China-based expert on Taiwan relations, who said that if any violations are found, Foxconn should acknowledge its mistakes, accept penalties, and make necessary corrections. He said Taiwanese companies, including Foxconn, should embrace their social responsibilities and actively contribute to fostering peaceful cross-strait relations.

Foxconn, known formally as **Hon Hai Precision Industry**, issued a statement Sunday responding to media reports of probes by Chinese authorities and affirming its commitment to abide by the law. "We will actively cooperate with the relevant units on the related work and operations," the statement said.

China's State Taxation Administration and the Ministry of Natural Resources couldn't



The company, which has a large presence in China, has been putting distance from its founder. A Foxconn plant in Henan province.

be reached Sunday evening for comment.

In August, Terry Gou, Foxconn's founder who started building the company's giant facilities in China in 1988, announced his candidacy for the Taiwanese presidency as an independent in a race with implications for the democratically ruled island's relationship with Beijing.

Gou has cast himself as someone capable of bringing Taiwan's opposition groups together and challenging the incumbent Democratic Progressive Party, which has strengthened its relationship with the U.S. and whose candidate, current front-runner Lai Ching-te, is seen in Beijing as an advocate for Taiwan independence.

Gou's critics say his business interests in China make him susceptible to pressure from Beijing. Gou also consid-

ered a presidential bid in 2019, but withdrew in a surprise decision.

Known for running the world's largest iPhone-making site in China's central Henan Province, Foxconn has a significant presence in China, with operations focused on making consumer electronics and more. The group also runs a Shanghai-listed entity. Gou and Foxconn have both repeatedly sought to create distance between each other. In September, Gou resigned from the board of directors of the company days after announcing his presidential bid.

Asked about Gou's presidential bid in September, a

spokesman for China's Taiwan Affairs Office said that China hopes the election results will help maintain peace and stability and promote the return of cross-strait relations to a path of peaceful development.

Lee Cheng-hung, chairman of a group that says it represents Taiwanese entrepreneurs in mainland China, said in September that Gou's independent candidacy could potentially harm opposition candidates by creating disunity in the camp. The group has close ties with Beijing, with Chinese officials handling Taiwan affairs serving as advisers.

Taiwan's Nationalist Party,

**Company founder Terry Gou is running for president of Taiwan.**

# Three Tied To WPP's China Unit Detained

BY PATIENCE HAGGIN

Shanghai police detained one current and two former employees of GroupM, a unit of London-based advertising giant **WPP**, citing suspicions that they accepted bribes.

Late Saturday, the Shanghai police's economic crimes investigation division said that three suspects at an unnamed advertising company had been detained on criminal charges of accepting bribes as nonpublic officials. That statement referred to GroupM, said a person familiar with the matter.

The detentions come as concerns grow among foreign companies in China over police raids, detentions, moves to block employees from leaving the country and various investigations involving foreign firms. Part of the worries have been driven by China's updated anti-espionage law enacted in July.

The government hasn't invoked espionage in the GroupM situation but described the case as one concerning commercial bribery.

Shanghai police, in a post from a verified account on social-media platform Weibo, identified the three suspects by only their surnames—Di, Yao and Hong—alleging that they accepted large bribes while they were at the advertising company. The police said preliminary investigations found that the bribery took place from 2019 to February 2023. They didn't specify the amounts or frequency.

When *The Wall Street Journal* reached the Shanghai police Sunday to ask about the GroupM raid and detention, an officer referred to the Weibo post for information.

GroupM China, didn't respond to requests for comment.

—Yoko Kubota contributed to this article.

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Photo: WFP/Abdullah Bahumaid/2023/Yemen

## Apple's Path Gets Trickier

Continued from page B1

It was a follow-up to a visit Cook paid to another Luxshare factory in 2017 when the relationship was beginning to take off. Cook then praised the supplier's "phenomenal precision and care" and said, "Chairman Grace Wang has built a culture of excellence."

Apple has been hitting headwinds in China recently as the government orders officials not to use the iPhone or other foreign devices at work and cracks down on foreign apps. Yet most iPhones are made in the country and it would likely take years to change that.

One reason: Chinese CEOs such as Wang are experts at doing what Apple wants.

Her story is intertwined with that of Taiwan-based **Foxconn Technology**, which long dominated iPhone assembly at its "iPhone city" in central China. Luxshare started by taking orders that Foxconn couldn't fulfill and now is eating into Foxconn's Apple share, according to analysts.

Wang Laichun, who goes by Grace Wang among Westerners, was born in 1967 in a part of southern Guangdong province famous for nurturing entrepreneurs, including Hong Kong tycoon Li Ka-shing. She didn't attend college, instead going to work in factories as a teenager.

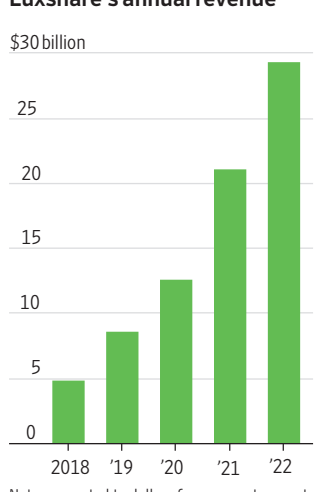
Wang was among the first cohort of workers hired when Foxconn opened a factory in the boomtown of Shenzhen in 1988. Starting with rote production work, Wang spent 10 years at Foxconn and rose to be a team leader.

In 1998, she struck out on her own. With her brother, she set up a factory to make products such as electric cords and the cases of television sets.

Wang admired Foxconn founder Terry Gou and tended to quote him when speaking to employees, especially in the early years, according to Luxshare employees.

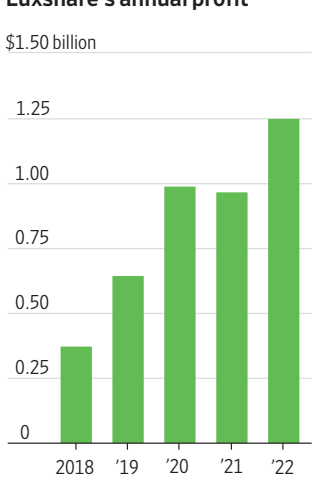
Foxconn was also Luxshare's biggest customer, standing one notch above it on the electron-

Luxshare's annual revenue



Note: converted to dollars from yuan at current rate. Source: the company

Luxshare's annual profit



ics food chain. A Luxshare prospectus in 2010, when it went public, said about half its operating revenue in the previous three years came from Foxconn.

Soon after going public, Wang and her brother, Wang Laisheng, went on an acquisition spree, earning the company the nickname "octopus" due to its many arms grasping for new business lines. One of its new purchases made cables for Apple's iPad.

According to Luxshare, Wang used her favorite motto to describe the Apple relationship: "Flying with phoenixes will nurture outstanding birds."

A 2016 acquisition brought in expertise that helped Luxshare secure orders for AirPods, a product that requires intricate manufacturing skills to pack hundreds of components into a tiny space.

Apple sent engineers to help Luxshare and found that the contractor could make AirPods without losing many to defects. Wang showed her intimate knowledge of Apple products, effortlessly reciting details about MacBook models and their charging interfaces, according to a company account.

"Apple's stringent requirements have profoundly impacted Luxshare," Wang said during Cook's 2017 visit. "Over the years, we have closely followed Apple, and this alignment has propelled Luxshare towards growth and prosperity."

Wang is the type of person to pore over the latest proposed specs for USB ports and make sure Luxshare masters them, say people familiar with her approach. Unlike her flam-

boyant mentor, Foxconn founder Gou, who is running for president of Taiwan, Wang keeps a low public profile.

However, like many Chinese CEOs, she concurrently holds a political post as a member of the Chinese People's Political Consultative Conference, a national advisory body.

Luxshare didn't respond to requests to make Wang available for an interview.

Another set of acquisitions propelled Luxshare to the top of the Apple supplier ranks. In 2020, the company took over iPhone manufacturing facilities in China from Taiwan-based assembler Wistron.

In the past several years, Apple's Taiwanese suppliers, including Foxconn, have grown unhappy about the low profit margins in their Apple business and the heavy capital investment required, according to people at the suppliers.

On Apple's side, the risks of relying too much on one company were highlighted in late 2022 when worker unrest hit Foxconn during the final days of China's Covid-19 lockdowns.

The answer: more reliance on Luxshare. Last year, Luxshare's biggest customer accounted for more than 73% of its revenue, according to the company's annual report, which didn't name Apple.

That dependency has caused some concern among Luxshare investors because it, too, tends to earn low margins on its assembly business.

Wang has said Luxshare shouldn't rely too much on a few large customers and it has begun investing in suppliers to electric-vehicle makers.



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**unlocking possibilities.**  
*for the love of progress*

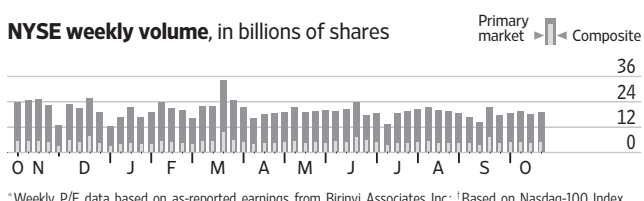
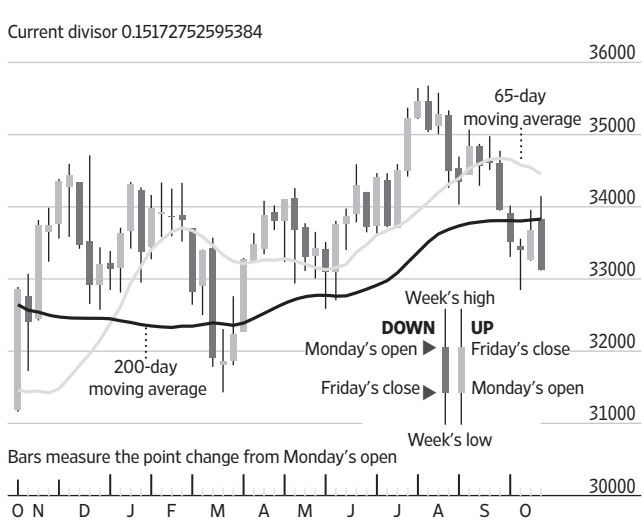




# MARKETS DIGEST

## Dow Jones Industrial Average

**33127.28** ▼543.01, or 1.61% last week  
 Trailing P/E ratio 23.01 19.32  
 P/E estimate \* 18.47 16.77  
 High, low, open and close for each of the past 52 weeks  
 Dividend yield 2.20 2.31  
 All-time high 36799.65, 01/04/22



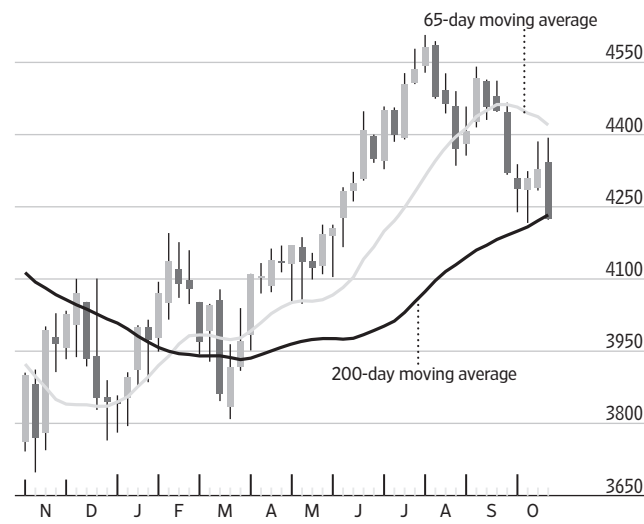
## Major U.S. Stock-Market Indexes

Index	High	Low	Close	Net chg	% chg	52-Week Low	52-Week High	% chg	YTD	3-yr. ann.
<b>Dow Jones</b>										
Industrial Average	34147.63	33118.12	<b>33127.28</b>	-543.01	<b>-1.61</b>	31082.56	35630.68	6.6	-0.1	5.4
Transportation Avg	15231.42	14378.12	<b>14450.41</b>	-249.02	<b>-1.69</b>	12692.75	16695.32	13.8	7.9	6.8
Utility Average	836.26	806.89	<b>807.15</b>	-17.41	<b>-2.11</b>	783.08	1002.11	-6.6	-16.6	-2.9
Total Stock Market	43738.14	41923.38	<b>41936.90</b>	-1036.41	<b>-2.41</b>	37494.26	45969.67	11.2	8.9	5.9
Barron's 400	972.33	926.98	<b>927.21</b>	-24.54	<b>-2.58</b>	881.58	1036.97	4.1	0.7	7.1
<b>Nasdaq Stock Market</b>										
Nasdaq Composite	13602.25	12977.43	<b>12983.81</b>	-423.43	<b>-3.16</b>	10213.29	14358.02	19.6	24.1	4.1
Nasdaq-100	15209.50	14552.12	<b>14560.88</b>	-434.24	<b>-2.90</b>	10679.34	15841.35	28.7	33.1	7.6
<b>S&amp;P</b>										
500 Index	4393.57	4223.03	<b>4224.16</b>	-103.62	<b>-2.39</b>	3719.89	4588.96	12.6	10.0	7.1
MidCap 400	2528.33	2391.10	<b>2393.28</b>	-49.52	<b>-2.03</b>	2312.21	2728.44	3.5	-1.5	6.4
SmallCap 600	1155.25	1093.03	<b>1093.47</b>	-19.29	<b>-1.73</b>	1093.47	1315.82	-3.0	-5.5	6.0
<b>Other Indexes</b>										
Russell 2000	1779.85	1680.09	<b>1680.79</b>	-38.92	<b>-2.26</b>	1680.79	2003.18	-3.5	-4.6	1.3
NYSE Composite	15618.90	15031.64	<b>15033.31</b>	-290.39	<b>-1.90</b>	14144.05	16427.29	6.3	-1.0	4.7
Value Line	539.58	513.02	<b>513.17</b>	-10.42	<b>-1.99</b>	513.17	606.49	-0.3	-4.3	1.9
NYSE Arca Biotech	5026.87	4756.64	<b>4762.75</b>	-210.10	<b>-4.22</b>	4682.02	5644.5	1.7	-9.8	-4.0
NYSE Arca Pharma	921.68	876.03	<b>884.04</b>	-29.81	<b>-3.26</b>	771.49	925.61	14.6	1.9	10.9
KBW Bank	79.17	73.09	<b>73.33</b>	-2.86	<b>-3.75</b>	71.96	115.1	-25.8	-27.3	-2.1
PHLX <sup>5</sup> Gold/Silver	119.32	113.51	<b>116.33</b>	1.98	<b>1.73</b>	96.97	144.37	12.2	-3.7	-7.3
PHLX <sup>5</sup> Oil Service	97.76	92.14	<b>93.61</b>	-1.22	<b>-1.29</b>	69.29	98.76	22.7	11.6	47.6
PHLX <sup>5</sup> Semiconductor	3512.99	3312.25	<b>3316.14</b>	-136.83	<b>-3.96</b>	2292.85	3861.63	41.9	31.0	11.6
Cboe Volatility	21.83	16.97	<b>21.71</b>	2.39	<b>12.37</b>	12.82	29.85	-26.9	0.2	-9.6

<sup>5</sup>Nasdaq PHLX  
 Sources: FactSet; Dow Jones Market Data

## S&P 500 Index

**4224.16** ▼103.62, or 2.39% last week  
 Trailing P/E ratio \* 19.15 18.27  
 P/E estimate \* 19.48 16.57  
 High, low, open and close for each of the past 52 weeks  
 Dividend yield \* 1.61 1.79  
 All-time high 4796.56, 01/03/22

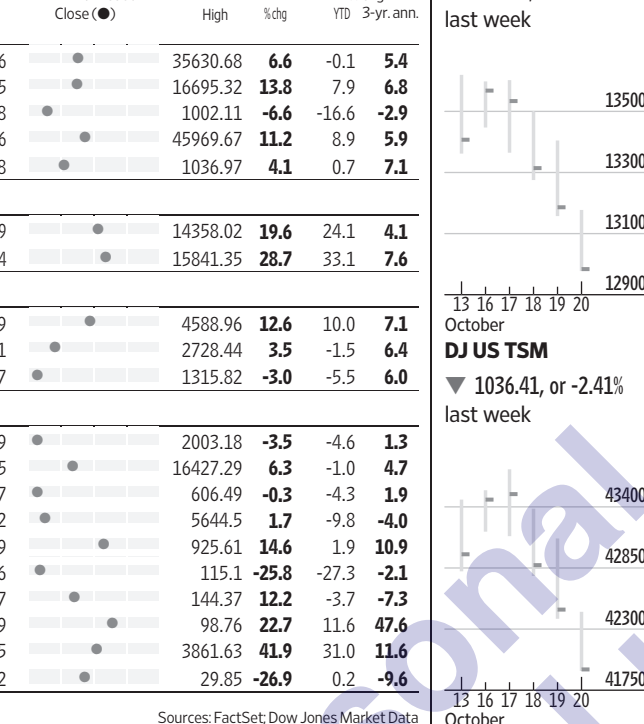


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## Nasdaq Composite



## New to the Market

### Public Offerings of Stock

Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Expected pricing date	Filed	Issuer/business	Symbol/primary exchange (mil.)	Shares Range(\$)	Pricing Range(\$)	Bookrunner(s)
10/24	9/22	Mach Natural Resources Upstream oil and gas company.	<b>MNR</b>	<b>10.0</b>	19.00/21.00	Stifel, Raymond James & Associates

### Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Lockup expiration	Issue date	Symbol	Offer price(\$)	Offer amt	Through Friday (%)	Lockup provision	
Oct. 24	April 27, '23	Forme	<b>TRNR</b>	8.00	10.5	-87.1	180 days

Sources: Dealogic; Dow Jones Market Data

### IPO Scorecard

Performance of IPOs, most-recent listed first

Company	SYMBOL	IPO date/price	Friday's close (\$)	Offer price	1st-day close	% Chg From	Company	SYMBOL	IPO date/price	Friday's close (\$)	Offer price	1st-day close	% Chg From
Northann Corp.	<b>NCL</b>	Oct. 19/\$5.00	6.00	20.0	30.4	30.4	Klaviyo	<b>KVVO</b>	Sept. 20/\$30.00	29.01	-3.3	-11.4	-11.4
Webuy Global Ltd.	<b>WBUY</b>	Oct. 19/\$4.00	3.15	-21.3	-41.0	-41.0	Davis Commodities	<b>DTCK</b>	Sept. 19/\$4.00	2.71	-32.3	-46.3	-46.3
Birkenstock Holding	<b>BIRK</b>	Oct. 11/\$46.00	38.70	-15.9	-3.7	-3.7	Instacart (Maplebear)	<b>CART</b>	Sept. 19/\$30.00	24.85	-17.2	-26.3	-26.3
Global Mofy Metaverse	<b>GMM</b>	Oct. 10/\$5.00	5.50	10.0	7.8	7.8	Neumora Therapeutics	<b>NMRA</b>	Sept. 15/\$17.00	10.48	-38.4	-35.5	-35.5
La Rosa Holdings	<b>LRHC</b>	Oct. 10/\$5.00	2.34	-53.2	-33.1	-33.1	RayzeBio	<b>RYZB</b>	Sept. 15/\$18.00	19.97	10.9	-16.8	-16.8
Primech Holdings	<b>PMCH</b>	Oct. 10/\$4.00	1.61	-59.8	8.8	8.8	SIMPPL	<b>SPPL</b>	Sept. 13/\$5.25	5.18	-1.3	5.7	5.7
Quetta Acquisition	<b>QETAU</b>	Oct. 6/\$10.00	10.12	1.2	0.3	0.3	CourtSide Group	<b>PODC</b>	Sept. 8/\$8.00	2.20	-72.5	-49.9	-49.9
Spark I Acquisition	<b>SPKLU</b>	Oct. 6/\$10.00	10.12	1.2	0.3	0.3	Solowin Holdings	<b>SWIN</b>	Sept. 7/\$4.00	2.25	-43.8	-63.0	-63.0
Maison Solutions	<b>MSS</b>	Oct. 5/\$4.00	8.26	106.5	-7.8	-7.8	Inspire Veterinary Partners	<b>IVP</b>	Aug. 30/\$4.00	0.97	-75.7	-68.4	-68.4
VS Media	<b>VSME</b>	Sept. 28/\$5.00	1.04	-79.2	-95.5	-95.5	99 Acquisition Group	<b>NNAGU</b>	Aug. 18/\$10.00	10.33	3.3	1.7	1.7

Sources: Dow Jones Market Data; FactSet

## Public and Private Borrowing

**Treasuries**

Monday, October 23	Tuesday, October 24
Auction of 13 and 26 week bills; announced on October 19; settles on October 26	Auction of 2 year note; announced on October 19; settles on October 31
Wednesday, October 25	Thursday, October 26
Auction of 17 week bill; announced on October 24; settles on October 31	Auction of 4 and 8 week bills; announced on October 24; settles on October 31
Auction of 2 year FRN and 5 year note; announced on October 19; settles on October 31	Auction of 7 year note; announced on October 19; settles on October 31

## A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA lost 543.01 points, or 1.61%, on the week. A \$1 change in the price of any DJIA stock = 6.59-point change in the average. To date, a \$1,000 investment on Dec. 31 in each current DJIA stock component would have returned \$30,458, or a gain of 1.53%, on the \$30,000 investment, including reinvested dividends.

The Week's Action		Pct		Stock price		Point chg		\$1,000 Invested (year-end '22)	
chg (%)	change	in	average	Company	Symbol	Close	\$1,000	YTD chg	YTD chg
3.95	9.80	64.59	<b>McDonald's</b>	MCD	\$258.11	996			
3.18	1.68	11.07	<b>Coca-Cola</b>	KO	54.57	878			
2.93	0.90	5.93	<b>Verizon</b>	VZ	31.57	861			
2.76	2.76	18.19	<b>Nike</b>	NKE	102.67	886			
2.32	3.36	22.14	<b>Procter &amp; Gamble</b>	PG	148.05	1,002			
1.69	2.77	18.26	<b>Chevron</b>	CVX	166.83	956			
-0.32	-1.06	-6.99	<b>Microsoft</b>	MSFT	326.67	1,371			
-0.42	-0.86	-5.67	<b>Salesforce</b>	CRM	203.73	1,537			
-0.67	-1.07	-7.05	<b>Walmart</b>	WMT	158.76	1,133			
-0.94	-1.30	-8.57	<b>IBM</b>	IBM	137.16	1,011			
-1.22	-2.24	-14.76	<b>Honeywell</b>	HON	181.32	860			
-1.29	-1.34	-8.83	<b>Merck</b>	MRK	102.67	944			
-1.49	-0.74	-4.88	<b>Dow</b>	DOW	48.99	1,011			
-1.56	-0.84	-5.54	<b>Cisco</b>	CSCO	52.93	1,145			
-1.60	-2.62	-17.27	<b>Travelers</b>	TRV	161.59	877			
-1.81	-4.29	-28.27	<b>Visa</b>	V	233.38	1,130			
-1.86	-5.29	-34.87	<b>Amgen</b>	AMGN	278.81	1,090			
-1.89	-5.51	-36.32	<b>Home Depot</b>	HD	286.41	926			
-2.02	-1.70	-11.20	<b>Walt Disney</b>	DIS	82.65	951			
-2.29	-12.37	-81.53	<b>UnitedHealth Group</b>	UNH	527.03	1,006			
-2.40	-2.13	-14.04	<b>3M</b>	MMM	86.55	754			
-2.45	-3.85	-25.37	<b>Johnson &amp; Johnson</b>	JNJ	153.00	885			
-2.63	-4.87	-32.10	<b>Boeing</b>	BA	180.04	945			
-2.92	-1.05	-6.92	<b>Intel</b>	INTC	34.92	1,348			
-2.99	-9.25	-60.96	<b>Goldman Sachs</b>	GS	300.05	894			
-3.34	-5.97	-39.35	<b>Apple</b>	AAPL	172.88	1,336			
-3.41	-5.05	-33.28	<b>JPMorgan Chase</b>	JPM	142.95	1,098			
-6.31	-9.53	-62.81	<b>American Express</b>	AXP	141.57	973			
-6.99	-18.74	-123.51	<b>Caterpillar</b>	CAT	249.20	1,062			
-8.56	-1.99	-13.12	<b>Walgreens</b>	WBA	21.26	596			

\*Based on Composite price. DJIA is calculated on primary-market price.  
 Source: Dow Jones Market Data; FactSet

## International Stock Indexes

Region/Country	Index	Close	Latest Week % chg	Low	52-Week Range	High	YTD % chg
<b>World</b>	<b>MSCI ACWI</b>	642.07	<b>-2.50</b>	569.93	569.93	707.11	6.1
	<b>MSCI ACWI ex-USA</b>	279.96	<b>-2.58</b>	248.34	248.34	314.69	-0.5
	<b>MSCI World</b>	2791.24	<b>-2.48</b>	2462.42	2462.42	3064.30	7.2
	<b>MSCI Emerging Markets</b>	925.58	<b>-2.70</b>	842.76	842.76	1052.46	-3.2
<b>Americas</b>	<b>MSCI AC Americas</b>	1598.39	<b>-2.43</b>	1417.92	1417.92	1742.64	9.7
Canada	<b>S&amp;P/TSX Comp</b>	19115.64	<b>-1.78</b>	18860.95	18860.95	20767.38	-1.4
Latin Amer.	<b>MSCIEM Latin America</b>	2177.06	<b>-2.28</b>	2043.57	2043.57	2570.27	2.3
Brazil	<b>BOVESPA</b>	113155.28	<b>-2.25</b>	97926.34	97926.34	122560.38	3.1
Chile	<b>S&amp;P IPSA</b>	3175.33	<b>-2.53</b>	3069.81	3069.81	3629.67	0.1
Mexico	<b>S&amp;P/BMV IPC</b>	48275.91	<b>-2.24</b>	47120.08	47120.08	55534.68	-0.4
<b>EMEA</b>	<b>STOXX Europe 600</b>	433.73	<b>-3.44</b>	396.29	396.29	471.74	2.1
	<b>STOXX Europe 50</b>	3823.09	<b>-3.03</b>	3414.27	3414.27	4079.60	4.7
Eurozone	<b>Euro STOXX</b>	421.98	<b>-2.94</b>	378.77	378.77	470.38	2.9
	<b>Euro STOXX 50</b>	4024.68	<b>-2.69</b>	3476.63	3476.63	4471.31	6.1
Austria	<b>ATX</b>	3034.48	<b>-3.59</b>	2775.09	2775.09	3557.01	-2.9
Belgium	<b>Bel-20</b>	3352.93	<b>-4.40</b>	3352.93	3352.93	3954.16	-9.4
France	<b>CAC 40</b>	6816.22	<b>-2.67</b>	6035.39	6035.39	7577.00	5.3
Germany	<b>DAX</b>	14798.47	<b>-2.56</b>	12730.90	12730.90	16469.75	6.3
Greece	<b>Athex Composite</b>	1174.91	<b>0.45</b>	854.99	854.99	1345.95	26.4
Israel	<b>Tel Aviv</b>	1669.43	<b>-2.</b>				



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FRIDAY	OCTOBER 27	11:00AM – 6:00PM
SATURDAY	OCTOBER 28	11:00AM – 6:00PM
SUNDAY	OCTOBER 29	11:00AM – 4:00PM



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CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-end funds generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. NA signifies that the information is not available or not applicable. NS signifies funds not in existence for the entire period. 12 month yield is computed by dividing income dividends paid (during the previous 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Source: Lipper

Friday, October 20, 2023

Table with 3 columns: Fund (SYM), NAV, Close/Ret

General Equity Funds

Table of General Equity Funds with columns: Fund (SYM), NAV, Close/Ret, 52 wk Prem Ttl Ret

Specialized Equity Funds

Table of Specialized Equity Funds with columns: Fund (SYM), NAV, Close/Ret, 52 wk Prem Ttl Ret

World Equity Funds

Table of World Equity Funds with columns: Fund (SYM), NAV, Close/Ret, 52 wk Prem Ttl Ret

High Yield Bond Funds

Table of High Yield Bond Funds with columns: Fund (SYM), NAV, Close/Ret, 52 wk Prem Ttl Ret

Table of funds with columns: Fund (SYM), NAV, Close/Ret, 52 wk Prem Ttl Ret

Income & Preferred Stocks

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Convertible Sec's Funds

Table of Convertible Sec's Funds with columns: Fund (SYM), NAV, Close/Ret, 52 wk Prem Ttl Ret

World Domestic Taxable Bond Funds

Table of World Domestic Taxable Bond Funds with columns: Fund (SYM), NAV, Close/Ret, 52 wk Prem Ttl Ret

World International Bond Funds

Table of World International Bond Funds with columns: Fund (SYM), NAV, Close/Ret, 52 wk Prem Ttl Ret

U.S. Mortgage Bond Funds

Table of U.S. Mortgage Bond Funds with columns: Fund (SYM), NAV, Close/Ret, 52 wk Prem Ttl Ret

Investment Grade Bond Funds

Table of Investment Grade Bond Funds with columns: Fund (SYM), NAV, Close/Ret, 52 wk Prem Ttl Ret

Local Participation Funds

Table of Local Participation Funds with columns: Fund (SYM), NAV, Close/Ret, 52 wk Prem Ttl Ret

High Yield Bond Funds

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Table of World Domestic Taxable Bond Funds with columns: Fund (SYM), NAV, Close/Ret, 52 wk Prem Ttl Ret

World International Bond Funds

Table of World International Bond Funds with columns: Fund (SYM), NAV, Close/Ret, 52 wk Prem Ttl Ret

U.S. Mortgage Bond Funds

Table of U.S. Mortgage Bond Funds with columns: Fund (SYM), NAV, Close/Ret, 52 wk Prem Ttl Ret

Investment Grade Bond Funds

Table of Investment Grade Bond Funds with columns: Fund (SYM), NAV, Close/Ret, 52 wk Prem Ttl Ret

Local Participation Funds

Table of Local Participation Funds with columns: Fund (SYM), NAV, Close/Ret, 52 wk Prem Ttl Ret

High Yield Bond Funds

Table of High Yield Bond Funds with columns: Fund (SYM), NAV, Close/Ret, 52 wk Prem Ttl Ret

Cash Prices

Table of Cash Prices for Energy and Metals

Friday, October 20, 2023

Table of Cash Prices for Bonds

Friday, October 20, 2023

Table of Cash Prices for Metals

Friday, October 20, 2023

Table of Cash Prices for Metals

Friday, October 20, 2023

Table of Cash Prices for Metals

Friday, October 20, 2023

Table of Cash Prices for Metals

Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by Refinitiv on October 20, and year-to-date stock performance of the company

Biggest weekly individual trades

Based on reports filed with regulators this past week

Table with columns: Date(s), Company, Symbol, Insider, Title, No. of shrs in trans (000s), Price range (\$), \$ Value (000s), Close (\$), Ytd (%)

Buyers

Table of Buyers with columns: Date(s), Company, Symbol, Insider, Title, No. of shrs in trans (000s), Price range (\$), \$ Value (000s), Close (\$), Ytd (%)

Sellers

Table of Sellers with columns: Date(s), Company, Symbol, Insider, Title, No. of shrs in trans (000s), Price range (\$), \$ Value (000s), Close (\$), Ytd (%)

Buying and selling by sector

Based on actual transaction dates in reports received this past week

Table of Buying and selling by sector with columns: Sector, Buying, Selling

Friday, October 20, 2023

Table of Cash Prices for Bonds

Friday, October 20, 2023

Table of Cash Prices for Bonds

Friday, October 20, 2023

Table of Cash Prices for Bonds

Friday, October 20, 2023

Table of Cash Prices for Bonds

Friday, October 20, 2023

Table of Cash Prices for Bonds

Notice to Security Holders of NUVEEN VARIABLE RATE PREFERRED & INCOME FUND (NPFD)

The following Fund is making generally available to its security holders an earnings statement for the twelve-month period ended July 31, 2023, in connection with a Registration Statement of the Fund:

Nuveen Variable Rate Preferred & Income Fund: No. 333-256744, with respect to 22,000,000 Common Shares, \$0.1 par value, of the Fund, which was filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, and which became effective on December 15, 2021.

Copies of each such earnings statement will be furnished upon written request directed to: Mark L. Winget, Secretary, (Attn: Fund Name), 333 West Wacker Drive, Chicago, IL 60606.

Date: 23 October 2023

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\* Half the transactions were indirect \*\* 12 day transaction p - Pink Sheets

Source: Refinitiv, Dow Jones Market Data

\* Half the transactions were indirect \*\* 12 day transaction p - Pink Sheets

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Source: Refinitiv, Dow Jones Market Data

\* Half the transactions were indirect \*\* 12 day transaction p - Pink Sheets

Source: Refinitiv, Dow Jones Market Data

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MARKETS

# Private Equity Stays Bullish on Pay

By CHRIS CUMMING

Private equity has had a bad year, but that doesn't mean lower pay for people in the industry.

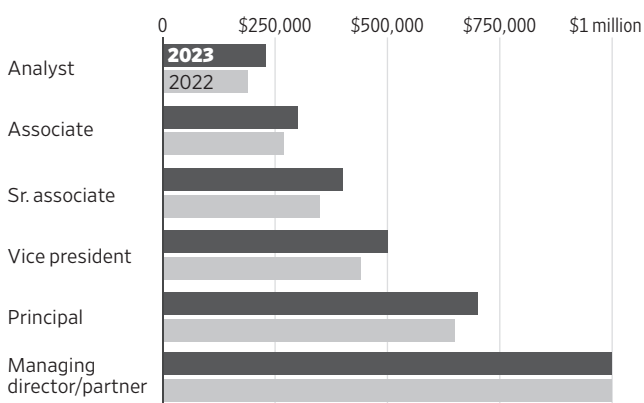
With about two months to go until annual bonuses, private-equity employees are optimistic their pay will at a minimum match last year's, despite a slow year for making deals and raising money.

Private-equity investment professionals expect their total cash compensation to be 13% higher this year than last year, according to a survey by Odyssey Search Partners, a New York firm that assists asset-managers with employee search and hiring.

Nearly half of survey respondents either have contractually guaranteed bonuses or have been told what their payout will be, so they have good reason for optimism, said Anthony Keizner, an Odyssey managing partner.

Bonuses in private-equity don't follow the feast-or-famine dynamic seen in investment banking or hedge funds, where pay falls sharply in down years and inflates in good, he said. Private-equity salaries and bonuses are paid

Median total cash compensation of private-equity professionals, by position



Note: 2023 figures reflect employees who have had their bonuses communicated to them. Source: Odyssey Search Partners

from management fees, generally a steady income source that is locked in and predictable over several years.

"In some parts of the corporate world, a tough year would immediately translate to lower compensation. It's different in private equity," Keizner said.

For the long term, "there is more uncertainty than people are letting on," he said, noting there is a cloud over prospective profits from carried interest—private-equity managers' share of deal proceeds—because of a

slowdown in mergers and acquisitions. Keizner said some employees are trying to negotiate higher guaranteed cash compensation, reflecting the uncertainty of carried interest.

"Nobody's getting carry checks. But if we're just talking about cash compensation, you're fine," said John Rubineti, a partner at executive-search firm Heidrick & Struggles.

Private equity has long been one of the most highly paid sectors of the U.S. economy.

In 2021, a year of blowout

pay across the financial sector, the chief executive of Blackstone, the world's largest private-equity manager, took home \$1.1 billion, while the CEO of JPMorgan Chase, the largest U.S. bank, earned \$34.5 million.

But private equity entered a new era when the Federal Reserve began raising interest rates in March 2022. The buyout business model has depended on financing deals with cheap debt for more than a decade. Many in the industry now wonder whether future results can match those of the past.

Buyout firms struggled to raise money and sell assets over the past 18 months. Private-equity fundraising had its worst three-month period this year in five years, and asset sales in the third quarter approached their lowest level in more than a decade.

Asset sales are the big question mark for future pay, said Keizner, because the biggest income stream for top private-equity staff flows from carried interest rather than salary and bonus.

For senior firm management, median carried interest pay can be nearly nine times total salary and bonus, according to

the Odyssey survey. Much of the industry's pay levels depend on whether the assets firms hold can be sold as profitably as in the past, or whether profit projections have become unrealistic.

Cash compensation—how people in the industry refer to salary and bonus—has remained remarkably steady through a downturn stretching to a year and a half.

Bonuses are handed out at the end of the calendar year but often communicated in advance. Among private-equity professionals who know what this year's bonus will be, the biggest gains have shown up among those in more junior roles, the Odyssey Search Partners survey shows.

Analysts expect a median pay bump of 21%. Higher-ranking workers expect less, with principals anticipating an 8% increase. Managing directors and partners expect pay to be flat—though at a median of \$1 million.

The reason for the discrepancy is that lower-level employees typically have fixed, negotiated compensation, while upper-level management pay depends more on fee streams, which ebb and flow.

# Goldman Veteran to Head Asset Manager

By CARA LOMBARDO

Goldman Sachs veteran Luke Sarsfield, one of several executives to leave the bank recently, is set to become chief executive of asset manager P10.

Dallas-based P10, which specializes in so-called alternative investments, plans to announce the move Monday, people familiar with the matter said.

P10 manages \$22 billion for investors including wealthy families, giving them access to private equity, venture capital and more through brands including Bonaccord Capital Partners and TrueBridge. It went public in 2021 and has a market value of \$1.1 billion.

The firm has been an active acquirer and has plans for further expansion, including through deals that could add new geographies or investment offerings, the people said. Its co-founders and current co-CEOs, Robert Alpert and Clark Webb, will remain on the board, and Webb will work with Sarsfield on potential deals.

Sarsfield spent 23 years at Goldman and rose to sit on the firm's management committee. He held a variety of leadership roles, including global head of the investment bank's financial-institutions group, co-head of its health-care group in the Americas and several in the bank's asset-management unit.

In early 2022, Sarsfield was named co-head of the asset-management business, which Goldman has been betting on to revive its stock price. But he left earlier this year following a companywide reorganization last fall that merged asset management with wealth management, effectively demoting him to chief commercial officer of that segment.

Goldman CEO David Solomon at the time put Marc Nachmann, then co-head of trading, in charge of running the asset- and wealth-management unit and made Sarsfield's co-head, Julian Salisbury, chief investment officer.

Salisbury left over the summer to become a partner and co-CIO of investment firm Sixth Street Capital.

Another senior Goldman leader, Dina Powell McCormick, left in May for BDT & MSD Partners, the investment and advisory firm run by former star Goldman bankers Byron Trott and Gregg Lemkau. She had been global head of Goldman's sovereign business and in charge of its sustainability efforts.



DAVID LIBARSKY  
Luke Sarsfield

# Internal Debate At Meta

Continued from page B1  
gaps, some teams have different views on how the rules should be applied, and to whom.

A Meta spokesman said that there were more comments in Palestinian territories that violated its rules, so it had to lower the threshold to achieve the same effect produced elsewhere. Meta has also apologized for the translation glitch.

The company handles relations with Israel from Tel Aviv, led by an executive who once worked for Israeli Prime Minister Benjamin Netanyahu. Meanwhile, a Dubai-based human rights policy team covers the Arab world including Palestinian territories. Those teams often disagree on content in the region, according to people familiar with the matter.

User comments have been a battleground. Following Hamas's deadly Oct. 7 invasion of Israeli border towns, Meta detected a surge on Instagram of hateful comments between five and 10-fold in Israel, Lebanon and Palestinian territories. The company decided to hide a higher percentage of comments that might violate its policies, the documents show.

Normally, Meta only begins to hide such comments when its systems are 80% certain that they qualify as what the company calls hostile speech, which includes things such as harassment and incitement to violence.

As part of "temporary risk response measures"—emergency calming efforts of the sort that Meta has previously deployed in wars, potential genocides, and the Jan. 6, 2021, U.S. Capitol riot—Meta cut that threshold in half over a swath of the Middle East, hiding any comment deemed 40% likely to be inflammatory, the documents show.

That change reduced the



A man records a video with his mobile phone of rockets being fired from Gaza City toward Israel on Oct. 7

hateful comments in Israel, Lebanon, Syria, Egypt and several other countries enough to make Meta's safety staff comfortable, according to a post on an internal message system by a product manager involved with it. But in the days following, comments from the Palestinian territories that met Meta's definition of hostile speech remained high on Instagram.

"Therefore, the team decided to temporarily further reduce the threshold," the product manager wrote, lowering the bar to hide comments from users in Palestinian territories if Meta's automated system judged there was at least a 25% chance they violated rules.

By Thursday, Meta's internal content moderators had deleted the lengthy discussion thread on the forum that included both the description of Meta's intervention and the comments responding to it.

Meta and other social-media companies have come under scrutiny from multiple camps beginning with the Oct. 7 attacks, in which Hamas killed at least 1,400 people and took about 200 hostage, according

to Israeli authorities. Footage of the raids and victims spread virally across social media and were rebroadcast in the news—with some social-media companies setting and reversing policies about what would be allowed.

The European Union on Thursday sent Meta and TikTok formal requests for information about what measures it took to stem the spread of such material, which may be illegal in many EU countries, something it did the prior week for X, formerly known as Twitter.

Meta has blocked hashtags, limited livestreams and restricted images of hostages.

Meta has long had trouble building an automated system to enforce its rules outside of English and a handful of languages spoken in large, wealthy countries. The human moderation staff is generally thinner overseas as well.

Arabic-language content has been a sore point—particularly in the Palestinian territories. That is in part because the company's system wasn't initially trained to understand the differences between different Arabic dialects, and performed more poorly for the Palestinian

dialect, according to a 2022 report Meta commissioned from outside consultants.

Meta has also until recently lacked an automated system to detect Hebrew-language content that might be against its rules, something that the 2022 report said led to less enforcement against Hebrew posts.

In response to the report, Meta committed to building an automated system for catching violations in Hebrew, as well as improving its ability to detect Arabic dialects.

In September, the company told its Oversight Board that the goal of "having functioning Hebrew classifiers" was "complete." But earlier this month the company internally acknowledged that it hadn't been using its Hebrew hostile speech classifier on Instagram comments because it didn't have enough data for the system to function adequately, according to a document reviewed by the Journal.

Despite the system's limitations, the company has now deployed it against hateful comments given the current conflict. The Meta spokesman

said that the classifier was already at work elsewhere on the company's platforms.

Palestinian photographer Motaz Azaiza, who has been posting graphic videos of wounded or dead Gaza residents to Instagram along with his emotional reactions, said Meta closed his account twice during the conflict. But he managed to get those decisions reversed upon appeal—and as of Friday his account, which had 25,000 followers two weeks ago, has grown to over five million.

In a separate incident, Meta internally declared a site event—an urgent problem requiring immediate remediation—because Meta's automated systems were mistranslating certain innocuous Arabic language references to Palestinians, including one that became "Palestinian terrorists," another document shows.

An investigation found the problem was due to hallucinations by a machine learning system.

—Salvador Rodriguez contributed to this article.

## THE TICKER | MARKET EVENTS COMING THIS WEEK

Monday	Tuesday	Wednesday	Thursday	Friday
<b>Earnings expected</b> Estimate/Year Ago	<b>Earnings expected</b> Estimate/Year Ago	<b>EIA status report</b> Previous change in stocks in millions of barrels	<b>Durable-goods orders</b> Aug., previous up 0.2% Sept., expected up 2.0%	<b>Personal spending</b> Aug., previous up 0.4% Sept., expected up 0.5%
Alexandria Real Estate Equities 1.14/0.70	Boeing (3.15)/(6.18)	Crude oil down 4.5	<b>EIA report: natural gas</b> Previous weekly averages	<b>Personal income</b> Aug., previous up 0.4% Sept., expected up 0.4%
Brown & Brown 0.62/0.50	IBM 2.12/1.81	Gasoline down 2.4	30-year fixed 7.63%	<b>U.Mich. consumer index</b> Oct., prelim. 63.0
Cadence Design Systems 1.20/1.06	Meta Platforms 3.64/1.64	Distillates down 3.2	15-year fixed 6.92%	Oct., final 63.2
Logitech International 0.60/0.84	ServiceNow 2.56/1.96	<b>Mort. bankers indexes</b> Purch., previous down 6.0%	<b>GDP Deflator</b> 2nd qtr., final up 1.7%	<b>Earnings expected</b> Estimate/Year Ago
Packaging Corp. of America 1.93/2.83	Thermo Fisher 0.95/0.96	Refinan., prev. down 10.0%	3rd qtr. adv. est. up 2.5%	AbbVie 2.87/3.66
W. R. Berkley 1.18/1.01	Scientific 5.63/5.08	<b>New-home sales</b> Aug., previous 675,000	<b>Gross domestic product</b> Percentage change, annual rate	Aon 2.21/2.02
		Sept., expected 682,000	2nd qtr., final up 2.1%	Charter Communications 8.06/7.38
		<b>Earnings expected</b> Estimate/Year Ago	3rd qtr. adv. est. up 4.5%	Chevron 3.65/5.56
		Amazon.com 0.58/0.28	<b>Initial jobless claims</b> Previous 198,000	Colgate-Palmolive 0.80/0.74
		Comcast 0.95/0.96	Expected 206,000	Exxon Mobil 2.37/4.45
		Intel 0.22/0.59	<b>Earnings expected</b> Estimate/Year Ago	
			Amazon.com 0.58/0.28	
			Comcast 0.95/0.96	
			Intel 0.22/0.59	

\* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) ◆ Adjusted for stock split  
Note: Forecasts are from Dow Jones weekly survey of economists

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

### Money Rates

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

Inflation		Federal funds		Other short-term rates	
Sept. index level	Chg From (%) Aug.'23 Sept.'22	Latest	Week ago	Latest	Week ago
U.S. consumer price index	307.789 0.25 3.7	5.3400	5.3400	7.25	7.25
Core	310.817 0.23 4.1	5.6500	5.6500	7.25	5.00
International rates		Treasury bill auction		Commercial paper (AA financial)	
Latest	Week ago	4 weeks	5.305	90 days	n.a.
U.S.	8.50	13 weeks	5.340	Secured Overnight Financing Rate	
Canada	7.20	26 weeks	5.335	5.30	5.31
Japan	1.475			5.33	3.01
Prime rates		Secondary market		DTCC GCF Repo Index	
U.S.	Week ago	30 days	7.424	Treasury	5.327
U.S.	8.50	60 days	7.464	MBS	5.361
Canada	7.20				
Japan	1.475				
Policy Rates		Fannie Mae			
Euro zone	Week ago	30-year mortgage yields	Value		
Euro zone	4.50	30 days	7.424		
Switzerland	2.25	30 days	7.076		
Britain	5.25	60 days	7.102		
Australia	4.10				
Overnight repurchase		Notes on data:			
U.S.	Week ago	U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective July 27, 2023. Other prime rates aren't directly comparable; lending practices vary widely by location. Discount rate is effective July 27, 2023. Secured Overnight Financing Rate is as of October 19, 2023. DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Federal funds rates are Tullett Prebon rates as of 5:30 p.m. ET.			
U.S.	5.34				
U.S. government rates		Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; FactSet; Tullett Prebon Information, Ltd.			
Discount	Week ago				
Discount	5.50				

October 20, 2023



# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

## Housing Affordability Remains an Economic Burden

Residential real estate has probably been boosting growth—but hurting the economy as a whole

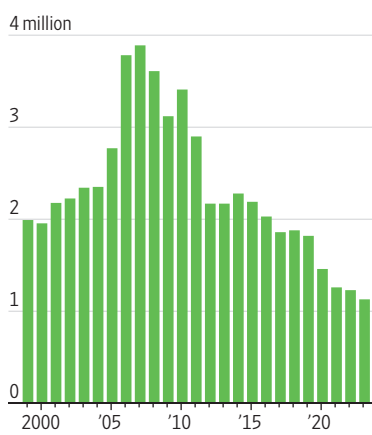
The Commerce Department's report on gross domestic product coming on Thursday will probably show that housing helped boost economic growth in the third quarter. That shouldn't mask the fact that what is happening in the housing market is utterly and horribly bad and that the economy is worse off for it.

This past Thursday, the National Association of Realtors said 3.96 million previously owned, or existing, homes were sold in September at a seasonally adjusted annual rate. That was down from 4.68 million a year earlier, and even lower than the levels plumbed right after the pandemic hit.

It is a symptom of the rapid rise in mortgage rates which, in addition to making it much harder to afford a home, has made people who own homes reluctant to sell since that would entail their financing the purchase of their next home at much higher rates. The report showed that there were just 1.13 million homes on the market last month, which is the fewest for a September on record.

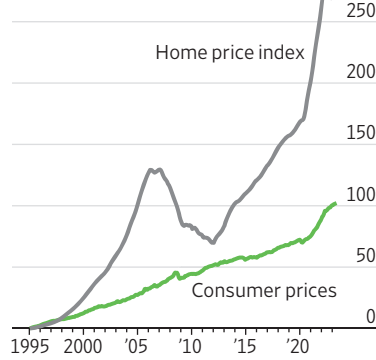
It gets worse: Existing-home sales are counted only once they close, as opposed to when they go into contract. So, while the rate on a 30-year fixed mortgage averaged 7.2% in September, according to

**Inventory of existing homes for sale in the month of September**



Sources: National Association of Realtors, via FactSet (inventory); S&P Dow Jones Indices (home price); Labor Department (consumer prices)

**Cumulative change in the S&P/Case-Shiller U.S. National Home Price Index and consumer prices since January 1995**



government-controlled mortgage giant Freddie Mac, September's sales were probably largely financed when mortgage rates were still below 7%. With Freddie Mac reporting that mortgage rates averaged 7.63% in the week ended last Wednesday, existing-home sales seem destined to keep slumping.

When it comes to GDP, existing-home sales don't have much direct influence. The Commerce Department includes brokers' commissions on sales in its calculation, but

these are small in comparison with the money generated by the building and selling of new homes.

And high rates have helped support the sale of new homes since the extremely limited inventory of existing homes has driven some customers to buy new ones instead. As a result, the residential investment component of GDP looks as if it started growing again last quarter. The Federal Reserve Bank of Atlanta's GDP-tracking model estimates the gains in residential in-

vestment added an inflation-adjusted 0.2 percentage point to annualized growth in the third quarter.

A naive assessment of this dynamic might conclude that because housing added to GDP in the third quarter, it is effectively less sensitive to interest-rate increases than in the past. The conclusion might be that mortgage rates need to go even higher to effectively constrain the economy.

But the combination of existing homeowners effectively locked in their homes by high rates, scarce inventory and low affordability isn't doing the economy any favors. Instead, it is damaging its prospects.

In many cases, homeowners who are reluctant to move because doing so would be very expensive might be forgoing opportunities. Someone might not accept that plum job in another state, for example, settling for a lower salary and diminished career prospects. And this isn't just bad for them—it is bad for the economy: When people move to jobs where they can maximize their well-being and contributions to the economy, it enables GDP to grow more quickly.

It also is damaging that would-be first-time home buyers are priced out of the market. The National Association of Realtors' af-

fordability index, based on mortgage rates, family incomes and single-family existing home prices, showed housing affordability at its worst levels in August since 1985. With mortgage rates higher, homes are probably even less affordable now.

Lower rates would help the housing market, unlocking inventory and making homes a little more affordable, but they would hardly be a cure-all.

Prices are a problem, too. They have outstripped inflation by a long shot, especially since the pandemic set in. If the price of a home bought for \$115,000 in 1995, when mortgage rates were about as high as they are now, had risen in line with consumer prices, it would be valued at about \$230,000 now. But it probably fetches something north of \$400,000.

Home prices rarely decline by much nationally—the housing bust that helped precipitate the 2008 financial crisis was something of an exception—so affordability will likely continue to be a problem, resolved only if Americans' incomes rise faster than housing values.

If that does happen, it will probably be a yearslong process. Until then, housing will be a problem for the economy.

—Justin Lahart

## For American Express, Rewards Get a Little Less Costly

The cost of credit-card rewards has risen a lot since the pandemic, as card companies looked to find ways to encourage people to keep swiping. That threatened to become a problem for card issuers, especially because people haven't been borrowing quite as much as they used to.

But things are improving on this front for **American Express**.

Variable customer-engagement expenses—which include rewards and other perks—represented about 40% of revenue in the third quarter,

Amex reported on Friday. That is down from 41% a year before.

While 1 point might not seem like much, it can translate into hundreds of millions of dollars in additional profit annually. The company said on Friday that it expects those expenses to represent 42% of revenue overall this year, versus its guidance of 43% at the beginning of the year.

Amex said Friday that as it adds new points-redemption partners, this is changing the weighted average cost per point.

In plain English, this means that retailers or other merchants that want to be a place where people can spend their points are willing to do it on terms that are a bit more favorable to Amex.

When asked by analysts on Friday about the impact of the recent flap over the frequent-flyer program at Amex partner **Delta Air Lines**, Amex Chief Executive Officer Stephen Squeri said “we haven't seen anything from a card spending...or from a card acquisition” point of view.

Squeri said Delta card spending grew almost 20% year over year.

Delta had sparked customer complaints when it changed its program to reward bigger spenders rather than the most-frequent fliers. As part of Delta's changes to the program in response to customer concerns, some Amex cardholders will get a boost in airport lounge access.

On Friday, broader worries about the economy and interest rates hit bank stocks, with Amex falling around 5% alongside peers. But re-

wards costs are a longer-term trend to keep an eye on, not just for card companies but for merchants as well.

If companies that facilitate purchasing, such as Amex or a buy-now-pay-later provider like **Affirm**, show they can help direct more spending to a partner merchant as well as help keep spending through them growing faster than spending overall, they would have some leverage going into a more challenging economy.

—Telis Demos

### MARKETS

## Record Orange-Juice Prices Poised to Continue

At the grocery store, prices are up more than 10% due to disease, weather

By **HARDIKA SINGH** AND **KIRK MALTAIS**

Al Underwood used to drink a glass of orange juice almost every day with his breakfast at a diner before the pandemic. After the price shot up to about \$3 a glass last year, he cut back to once or twice a week.

“Now it's like, ‘forget the orange juice.’ That money will go toward the tip,” said Underwood, a 69-year-old optical wholesaler from Ridgeland, Miss. “Some things you just don't need like you used to because prices are up.”

Orange-juice prices have been climbing as citrus groves have faced a spreading greening disease and extreme weather. Prices for frozen concentrate orange-juice futures have more than tripled since late 2021 and emerged as one of this year's top-performing commodities, with prices setting records week after week. On Friday, they jumped to a record of \$3.91 a pound, up from \$2.11 last October, according to FactSet.

In grocery stores, a gallon of orange juice on average cost \$9.18 during the four-week period ended Oct. 7, up more than 10% from the same time last year, according to data from the Florida Department of Citrus and Nielsen.

Rising prices could drive away shoppers, analysts say, deepening the yearslong slide in orange-juice demand as Americans reach for a growing variety of alternatives in the beverage aisle, including those with less sugar.

This year, orange produc-

tion from the Sunshine State is expected to increase from 2022's hurricane-marred output but is down more than 50% from two years ago, according to the Agriculture Department.

Brazil, the world's largest orange producer and the source for roughly 70% of the world's orange juice, has been hit by the citrus-greening disease and won't be able to fill much of the supply gap, analysts said.

“It became clear once the harvest started, because now you're seeing a direct impact on the crop as fruits are just falling off the trees prematurely,” said Harry Campbell, a fruit-and-vegetable analyst at price-reporting agency Mintec.

In Florida, farmers say trees are slowly recovering from Hurricane Ian's devastation, but that there are no signs of relief from the disease, which can render fruit from infected trees bitter and impossible to use for juice.

“There probably isn't a tree that's not infected with greening,” said Steve Johnson, a citrus farmer with a 600-acre grove in Hardee County, Fla. He said his yields plummeted from about 500 to 600 boxes of oranges an acre in previous harvests to just 150 to 200 boxes this year.

Many Florida farmers left the business, Johnson said, with some pivoting to growing other fruits or raising cattle. Those still growing oranges are struggling to keep trees healthy.

Christian Spinoso, a fifth-generation citrus farmer in Polk City, Fla., said he has had to double the applications of fertilizer for his citrus to ensure it gets the nutrients it needs.

“You're just fighting the symptoms of greening, and



Oranges collected in Arcadia, Fla. Orchards in Florida were hurt by a citrus tree disease and extreme weather.

trying to relieve that stress,” said Spinoso, who has about 1,000 acres of trees.

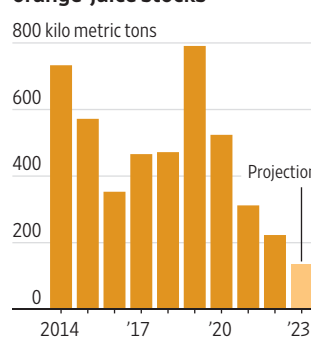
Higher labor costs also are hurting bottom lines; farmers say the break-even price for oranges has grown to \$3 a pound or above, which they say is the highest they have seen.

Still, hedge funds and other speculative investors are betting that prices will keep rising. Commodity Futures Trading Commission data show there have been more wagers on prices gaining than on losing for 95 consecutive weeks.

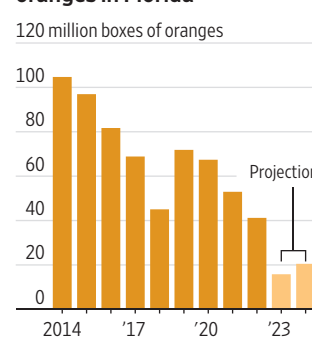
Some traders think prices have neared their peak, given the volatility in wider markets that has weighed on commodity prices. Despite the pressure from the greening disease, Florida farmers say the state's orange groves are being replenished by new plantings.

“I do see a future in Florida citrus, without a doubt,” said Spinoso.

**Global frozen concentrate orange-juice stocks**



**Production of oranges in Florida**



**Change in frozen concentrate orange-juice futures prices over the past two years, most-actively traded contract**



Sources: Department of Agriculture; Rabobank (stocks, production); FactSet (futures)



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