

Last week: DJIA 33507.50 ▼ 456.34 1.3% NASDAQ 13219.32 ▲ 0.1% STOXX 600 450.22 ▼ 0.7% 10-YR. TREASURY yield 4.572% OIL \$90.79 ▲ \$0.76 EURO \$1.0573 YEN 149.37

What's News Business & Finance
◆ PG&E chief Patti Poppe is fighting to salvage a plan to bury power lines to reduce wildfire risk weeks before regulators are expected to decide to significantly restrict the number of underground lines in favor of other, cheaper, ways of mitigating the danger. A1
◆ September passed with little news about Tesla starting deliveries of its long-delayed Cybertruck, after CEO Elon Musk had stoked hopes of its arrival in the third quarter. B1
◆ Small-business bankruptcy filings are rising this year, a signal that higher interest rates, tighter lending standards and greater operating costs are straining entrepreneurs. B1
◆ Bill Ackman's Pershing Square received regulatory signoff for a novel investment vehicle, which he said he would consider for a transaction with X, formerly Twitter. B1
◆ China's economy is showing signs of perking up after months of anemic growth, offering a glimmer of hope for the global economy. A8
◆ The labor union for West Coast dockworkers filed for bankruptcy to fend off a judgment holding it liable for what a federal jury found to be illegal slowdowns and work stoppages at the Port of Portland in Oregon. B3
◆ Many Walmart corporate staff are getting new titles and pay packages in the coming weeks as the company works to manage labor costs and simplify the structure of its workforce. B3

McCarthy Faces Ouster Threat

Speaker's deal to avoid shutdown with Democratic support upsets some in GOP
BY KRISTINA PETERSON AND LINDSAY WISE
WASHINGTON—House Speaker Kevin McCarthy faced a direct threat to his leadership a day after crafting a deal to avoid a government shutdown, as his most prominent

Republican critic said he would seek to oust him from the post. The challenge Sunday from Rep. Matt Gaetz (R., Fla.) sets up an unpredictable and fast-paced political fight in the Capitol this week between McCarthy and a band of GOP rebels who have threatened for months to topple him if he brought up legislation that required Democratic support to pass. McCarthy, having gotten Democrats to support his short-term funding bill over the weekend, might need their

help again to remain in his post. "Bring it on," McCarthy said Sunday on CBS, predicting he would survive the challenge from Gaetz. "If he's upset because he tried to push us in a shutdown and I made sure government didn't shut down, then let's have that fight." In dramatic weekend developments, McCarthy pushed aside Gaetz and other GOP hard-liners to pass bipartisan legislation funding the government through mid-November,

with the support of more than half of Republicans and all but one Democrat. The deal excluded any Ukraine aid or border provisions. The coming days could show whether the speaker has shaken up the balance of power sufficiently to sap the hard-liners' influence or has only served to rile them more. The fight between McCarthy Please turn to page A4
◆ Fights over border, Ukraine intensify..... A4

Funding Fight Over Ukraine Rattles U.S. Allies

Worry over America's role in world grows after deal in Congress lacks any aid for Kyiv
U.S. political fights and presidential-election campaign rhetoric are casting a shadow over battlefields in Ukraine. Kyiv's fight to beat back invading Russian troops depends on U.S. equipment, training and intelligence. President Biden has led a global campaign to rally support for

By Daniel Michaels in Brussels, Lindsay Wise in Washington and Laurence Norman in Berlin

Ukraine and to impose sanctions on Russia. Now a growing number of U.S. politicians, mainly Republicans led by former President Donald Trump, are criticizing U.S. backing for Ukraine. Aid to the country has been a focal point in House fights over averting a government shutdown on Sunday.

Such arguments—and the prospect of Washington stepping back from its leadership role—are prompting unease among U.S. allies, many of whom view helping Ukraine defend itself as critical to global security.

The West has stood together against Russia because of U.S. leadership, said Foreign Minister Gabrielius Landsbergis of Lithuania, but "in order to win, the demand for U.S. leadership is even greater, especially in the scope and speed of military assistance."

A rift among Western allies would benefit President Vladimir Putin of Russia, European officials argue, if it allows him to outlast the West in a war of attrition. "We have all invested a lot and must finish the job now by ensuring Ukraine's victory," Landsbergis said.

Ukraine's ambassador to the North Atlantic Treaty Organization, Natalia Galibarenko, said her government is monitoring developments in Washington and so far doesn't see any change in assistance. Please turn to page A9

◆ Polish town thwarts Russia spies to help Ukraine..... A9



Avery Guzman-Mendez, left, and Matthew Melancon died 20 years apart after being treated at the same emergency room in Texas.

Children Are Dying in Unprepared Emergency Rooms Across America

Hospitals and regulators have done little to ensure E.R.s are ready to treat children

BY LIZ ESSLEY WHYTE AND MELANIE EVANS
Hundreds of children die or are left severely injured around the country each year after they are rushed to hospital emergency rooms that are poorly prepared to treat them. Only about 14% of emergency departments nationwide have been certified as ready to treat kids, or are children's hos-

pitals specializing in treating young patients, The Wall Street Journal found. Many emergency doctors don't treat enough children to be able to spot life-threatening illnesses obscured by run-of-the-mill symptoms, or conditions more common in kids. Some E.R. staff default to drug doses and protocols meant for adults and either don't have or don't know where to

find child-size gear in a crisis. Doctors, health authorities and policy makers have known and warned of these failures for decades. Research in recent years has quantified the lack of readiness and number of child deaths that could have been avoided, and pointed to basic steps to solve the problem. Yet most hospitals haven't taken ac-

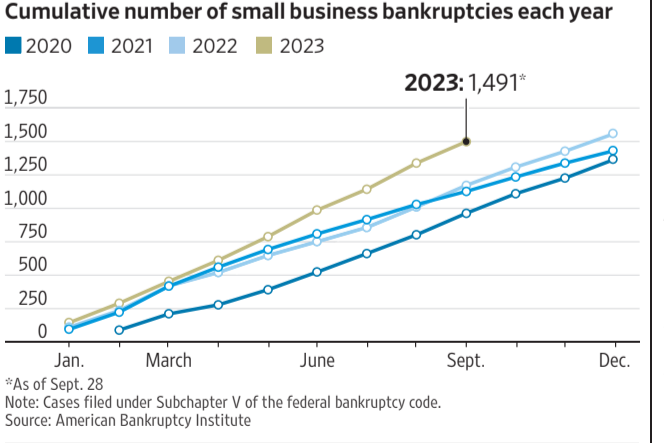
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World-Wide
◆ House Speaker Kevin McCarthy faced a direct threat to his leadership a day after crafting a deal to avoid a government shutdown, as his most prominent Republican critic said he would seek to oust him from the post. A1, A4
◆ A growing number of American politicians are criticizing U.S. backing for Ukraine, potentially jeopardizing the support that has been central to Kyiv's fight to beat back invading Russian troops. A1
◆ The Supreme Court returns to the bench Monday for a term that conservative activists hope will bring new constraints on federal power, from the regulation of financial institutions to environmental protection to which revenue sources Congress can tap to replenish the Treasury. A3
◆ Trump begins a months-long courtroom battle in New York this week that could cost him several hundred million dollars in penalties and deal a blow to the business-titan persona on which he built his political identity. A4
◆ California Gov. Newsom is poised to appoint Emily's List president Laphonza Butler to succeed the late Sen. Dianne Feinstein, potentially altering the 2024 race for the seat. A4
◆ U.S. officials sought to defuse rising tensions in the Balkans, as a surge in violence there pushed NATO to boost its presence in the area and threatened to trigger a broader conflict between Serbia and Kosovo. A9

PG&E Plan To Lessen Fire Peril Sputters

BY KATHERINE BLUNT
Patti Poppe has staked her legacy at California utility PG&E on a pledge to bury power lines to reduce wildfire risk. Now, her plan is in jeopardy. Poppe, who became chief executive in 2021 following a series of deadly wildfires ignited by the company's equipment, said PG&E would bury 10,000 miles of power lines to stem the risk of them sparking blazes. She began appearing on TV commercials and social media to make the case that spending billions of dollars on the effort was necessary. Two years later, California regulators are likely to significantly restrict the number of power lines PG&E can bury in the coming years in favor of other ways to reduce fire risk. They argue that the burial process, known as undergrounding, is too expensive when customers are paying larger bills as a result of inflation and other investments to bolster the power grid. Poppe is openly challenging Please turn to page A2

Small Firms Under Pressure



U.S. Military Weighs Response To 'Skinny-Fat' Recruits

BY BEN KESLING
Twice a year, all members of the U.S. armed forces must pass a physical fitness test. When tape measures meet bellies, though, things can get complicated. Can fit people have large waists? Are skinny people automatically in shape? Is it OK to suck in the gut? These matters have been prompting considerable navel-gazing in the nation's military, along with such questions as: where should the tape measure go, and is it the right tool? The Pentagon hasn't been able to conclusively decide where a person's waist is, which presents one problem. The Army says it is at a sol- Please turn to page A6

Trial's Star Witness: A Top FTX Insider Who Dated Founder

BY CORINNE RAMEY AND JAMES FANELLI
When FTX founder Sam Bankman-Fried's crypto empire teetered on the brink of collapse, top lieutenant Caroline Ellison addressed a group of employees. One part of the empire, trading firm Alameda Research, had made risky bets using customer deposits from its sister crypto exchange FTX and now the money was gone. When an employee asked who decided to take customer funds, Ellison hesitated, then said, "Sam, I guess." She is set to be a star witness at Bankman-Fried's fraud trial, which is scheduled to begin this week. The prosecutors have called the collapse one of the biggest financial frauds in U.S. history. Ellison, 28 years old, will join two other members of his onetime inner circle—FTX cofounder Gary Wang and engineering director Nishad Singh—in taking the stand to tell the exchange's behind-the-scenes story. The testimony from Ellison has the potential to be partic- ularly personal and raw. In her writings, she has detailed her complicated and sometimes romantic relationship with her boss and her interest in polyamory. These topics could provide fodder for cross-examination. "At bottom, every fraud case is just a human drama," said Jordan Estes, a former federal prosecutor. "Caroline is the likely vehicle for getting a lot of that out." The trial, which is scheduled to start Tuesday, will mark the first time Ellison has spoken publicly about FTX since its collapse. She drew attention this summer after 31-year-old Bankman-Fried shared her private writings with a reporter. The move kicked off a process that ultimately led to the judge presiding over Bankman-Fried's criminal case to jail the FTX founder while he awaits trial. Ellison has pleaded guilty to seven criminal counts—more than Wang or Singh—and agreed to cooperate with the government. Prosecutors have said that she not only Please turn to page A6

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U.S. NEWS

THE OUTLOOK | By Amara Omeokwe

Inflation Is Down but Prices Still Sting



Inflation has fallen sharply in the past year. The economy remains strong. Yet Americans remain deeply unhappy about the economy, often citing inflation. It continues to weigh on President Biden's approval and re-election hopes.

What gives? One big reason: While economists and the Federal Reserve focus on inflation, which is the rate of change in prices, Americans in their everyday lives usually focus on the absolute price of the things they need and want. On that front, prices for many items, though rising more slowly this year than last, remain well above their levels just before or at the onset of the Covid-19 pandemic and aren't likely to return to where they were.

Inflation as measured by the Labor Department's consumer-price index was 3.7% in August compared with a year earlier, down sharply from the 9.1% recent peak in June 2022, thanks in part to a series of aggressive interest-rate hikes from the Fed.

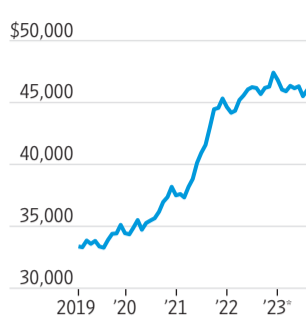
Using the Fed's preferred gauge—the price index of personal-consumption expenditures—the Commerce Department said Friday that inflation was 3.5% in August, a slight uptick from 3.4% in July. Core prices, which exclude volatile food and energy, rose just 0.1%, and 2.2% at an annual rate in the past three months, providing the

U.S. Consumer Price Index, change from a year earlier

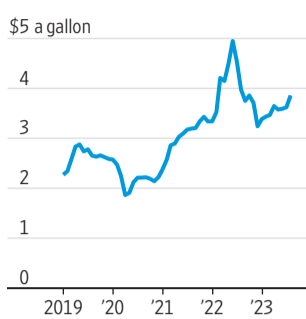


*September 2023 figure is preliminary

Average U.S. new-vehicle retail transaction price

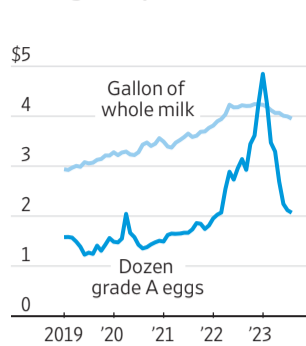


Average U.S. unleaded gasoline price



Sources: Labor Department via St. Louis Fed (CPI, milk, eggs); J.D. Power (vehicles); OPIS (gasoline)

Average U.S. price



Fed evidence of continued cooling of price pressures.

Despite easing inflation, consumer confidence is low. U.S. consumer sentiment in September fell slightly compared with August, as Americans' assessment of current economic conditions re-treated, a University of Michigan survey found.

Behind the dichotomy: For consumers, prices at the grocery store, gas station and car dealership are noticeably higher than in recent memory. A gallon of whole milk in August cost \$3.93 on average in the U.S., according to the Labor Department. Though lower than earlier in 2023, it was still nearly \$1, or 29%, more than in August 2019.

A gallon of regular unleaded gasoline cost \$3.84 on average in August, according to data provider OPIS, 46% higher than the roughly \$2.63 a gallon four years earlier.

While the average price of a new vehicle declined over the summer from earlier in the year, it was \$45,516 in September, initial estimates from J.D. Power show, compared with \$33,822 the same month in 2019.

"The fact that inflation has come down doesn't mean prices have come down," said Tim Quinlan, senior economist at Wells Fargo. "For consumers, as long as prices remain elevated, which is what they are from their perspective, it still kind of weighs on confidence."

Joanne Hsu, director of the University of Michigan survey, said Americans are still adjusting to higher price levels after enjoying roughly a decade of low inflation leading up to the pandemic.

"Consumers understand that we're not going back to 2019, but they're still trying to figure out what this new normal looks like," Hsu said. "People are still trying to

figure out, Can their incomes keep pace with inflation or is inflation just going to keep eroding their living standards?"

Economists typically don't view deflation, or outright declines in prices, as desirable for an economy, said Joe Brusuelas, chief economist at RSM. Still, consumers are "angry that the price level has reset higher on a permanent basis" for many items, he said.

Prices for some food items might fall back to near previous levels if they rose in response to a specific shock that resolves, said Jayson Lusk, dean of agricultural sciences at Oklahoma State University. For example, a dozen eggs jumped from about \$1.93 in January 2022 to \$4.82 in January 2023, reflecting an avian flu outbreak, but was down to \$2.04 by August.

Prices for groceries and dining out are likely to remain elevated for some time, Lusk said, as those industries

deal with higher costs, such as workers' pay. While wages are rising a bit more slowly in 2023 than 2022, in some industries, including leisure and hospitality, they continue to grow briskly as the demand for such workers remains high. And wages—unlike some prices, such as those for commodities—rarely go down.

"It is true that what happens on the farm affects food prices, but it generally is a small part of the overall cost of food," Lusk said. "The labor market continues to be tight and that's putting pressure on prices."

Biden's hopes for re-election next year rest in part on inflation fading as a concern. Yet the fall in inflation to date hasn't helped him much. Roughly 63% of voters in a Wall Street Journal poll conducted at the end of August said they disapprove of Biden's handling

of inflation, and nearly 3 in 5 said the U.S. economy has gotten worse over the past two years. That might reflect the failure of prices to actually decline, rather than simply rise more slowly.

Still, the downbeat mood hasn't affected Americans' willingness to spend, given plentiful jobs and low unemployment.

"That permanent shock to the price level has resulted in sour consumer sentiment. However, it does not exactly square with consumer behavior," said Brusuelas.

At Martin Chevrolet Buick GMC, a car dealership in Cleveland, Texas, demand is especially strong for vehicles with price tags in the high \$20,000s because of their relative affordability, said President Janet Martin-Clark.

"We actually have waiting lists on these low-price vehicles because people want them because the prices have gone up so much," she said.

Martin-Clark said she doesn't foresee that vehicle prices overall will go back near where they were before the pandemic, because supplies are still choppy. Another reason: She herself is dealing with higher costs of doing business, such as workers' pay and insurance, that eat into the dealership's profitability.

"I'm trying to think of one area where prices have eased and I can't think of anything," Martin-Clark said.

U.S. WATCH



JOINING THE FLOCK: The Blessing of the Animals at the Cathedral of St. John the Divine in New York City on Sunday drew many owners and their pets, including this feathered friend.

CONNECTICUT New Gun Control Law Takes Effect

Connecticut's most wide-ranging gun control measure since the 2013 law enacted after the Sandy Hook Elementary School shooting took effect Sunday.

The new law, signed by Democratic Gov. Ned Lamont in June, bans the open carrying of firearms and prohibits the sale of more than three handguns within 30 days to any one person, with some exceptions for instructors and others.

Immediately after it was passed, the law was challenged in court by gun rights supporters. Connecticut's landmark 2013 gun law, passed in response to the 2012 elementary school shooting in Newtown that claimed 26 lives, is also being contested in court.

Besides Connecticut, which has some of the strictest gun laws in the country, other politically liberal-leaning states including California, Washington, Colorado and Maryland also have passed gun laws this year that face legal challenges.

—Associated Press

OBITUARY Wakefield, Red Sox Pitching Star, 57

Tim Wakefield, the knuckleballing workhorse of the Red Sox pitching staff who bounced back after giving up a season-ending home run to the Yankees in the 2003 playoffs to help Boston win its curse-busting World Series title the following year, has died. He was 57.

The Red Sox announced his death in a statement Sunday that detailed not only his baseball statistics but his charitable endeavors. Wakefield had brain cancer, according to ex-teammate Curt Schilling, who revealed the illness last week—drawing an outpouring of support for Wakefield.

"I know the world was made better because he was in it," Red Sox Chairman Tom Werner said.

Drafted by the Pittsburgh Pirates as a first baseman, Wakefield converted to pitcher after mastering the knuckleball. He went on to win 200 major league games, including 186 with the Red Sox—behind only Cy Young and Roger Clemens in franchise history.

—Associated Press

GEORGIA Jimmy Carter Turns 99 at Home

Jimmy Carter has always been a man of discipline and habit. But the former president broke routine Sunday, putting off his practice of quietly watching church services online to instead celebrate his 99th birthday with his wife, Rosalynn, and their children, grandchildren and great-grandchildren in Plains, Ga.

The gathering took place in the same one-story structure where the Carters lived before he was first elected to the Georgia Senate in 1962. Tributes poured in from around the world.

Celebrating the longest-lived U.S. president this way was inconceivable not long ago. The Carters announced in February that their patriarch was forgoing further medical treatments and entering home hospice care after a series of hospitalizations. Yet Carter, who overcame cancer diagnosed at age 90 and learned to walk after having his hip replaced at age 94, defied all odds again.

—Associated Press

PG&E Tries To Preserve Fire Plan

Continued from Page One regulators weeks before they are expected to make a final decision on the company's proposed undergrounding investment, which it says would add, on average, \$3.40 to a typical residential bill each month through 2026.

"I made a promise: We're going to make it safe," Poppe said in an interview. "There

are lots of places where we can and will work on affordability, but having a compromise on safety and a willingness to accept risk at a \$3.40-a-month cost seems dangerous to me."

In total, PG&E has proposed spending \$5.9 billion to bury about 2,000 miles of power lines between 2023 and 2026, the first step in Poppe's broader plan. Undergrounding lines pose almost no fire risk. Burying 2,000 miles of lines would reduce wildfire risk in high-threat areas by up to 20%, the company said.

But the California Public Utilities Commission is considering two modified proposals that would reduce costs, allowing the company to bury

either 200 miles or 973 miles of lines between 2023 and 2026. Each proposal directs the company to insulate the remainder with material that would reduce, but not eliminate, the risk of them sparking wildfires. If approved, the proposals would imperil the 10,000-mile goal.

PG&E's spending plan, all of which would be paid for by customers, is part of a larger proposal by the company that would add, on average, a total of \$44.26 to residential bills each month over the four-year period. The CPUC proposals seek broad cost-cutting in the spending plan.

PG&E's request comes as utilities across the country propose record capital investments to replace aging equipment, prepare for a surge in power demand driven by electric-vehicle adoption and strengthen their systems to withstand severe weather linked to climate change. Edison Electric Institute, an industry trade group, expects that utilities will invest about \$168 billion in 2023, more than any year since 2000, when the group began tracking the data, and \$167 billion in 2024.

The sharp spending increase has sowed concern among regulators about customers' ability to foot the bill as the prices of other goods and services escalate. The pressure is particularly acute in California—where utility rates are among the highest in the country.



Contractors prepare to move PG&E electrical wire underground.

Neither proposal pending before the CPUC would prevent PG&E from seeking to bury more lines in the future, and the agency is working to establish a program to expedite undergrounding efforts as part of a state law implemented last year. But both proposals would likely result in PG&E burying far fewer than 10,000 miles in total.

The Utility Reform Network, a consumer-advocacy group known as TURN, has argued in support of the plan that allows PG&E to bury 200 miles of power lines and insulate the remaining 1,800 at an estimated cost of about \$2.1 billion. The group contends that insulating a mile costs about \$800,000, while burying a mile costs about \$3.3 million.

TURN has argued that by using insulation in conjunction with other technologies, the company can reduce fire

risk at a similar level to what it outlined in its undergrounding proposal.

PG&E once considered undergrounding prohibitively expensive. It now argues that undergrounding, though expensive upfront, is the most cost-effective means of risk reduction long term because it will allow the company to spend less on maintenance and trimming or removing trees that could strike power lines. Burying 2,000 miles of conductor would ultimately save nearly \$5.7 billion, the company says.

"I did it myself as a utility executive—we told everyone it was too expensive," Poppe said. "We have to unteach them, and show them how the map has changed because the conditions have changed."

The company says undergrounding will also curb power outages by reducing the need

for technology that causes power lines to shut off on contact with trees and other objects, as well as proactive shut-offs when winds pick up.

After more than a decade at General Motors, Poppe headed a Michigan utility before becoming CEO at PG&E in January 2021. The company was in turmoil following wildfires that killed more than 100 people and destroyed more than 15,000 homes in Northern California, including the 2018 Camp Fire, which killed 84 people and destroyed the town of Paradise.

PG&E emerged from bankruptcy court months before Poppe's arrival with a reorganization plan that involved paying \$25.5 billion in wildfire-related claims.

Regulators have expressed doubt about PG&E's ability to complete the undergrounding work at the speed and scale it has proposed, as well as its ability to significantly cut costs. The company is targeting roughly \$2.8 million per mile by 2026.

Poppe says PG&E needs to invest heavily up front to line up labor and achieve economies of scale necessary to hit the 10,000-mile goal. The CPUC's spending proposals, she said, reflect a "fundamental misunderstanding" of the long-term affordability of the plan.

"I have never publicly spoken out against a regulator like this, ever," Poppe said. "There is so much at stake."

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U.S. NEWS

Agency Power To Be a Focus Of Court Term

By Jess Bravin

WASHINGTON—The Supreme Court returns to the bench Monday for a term that conservative activists hope will bring new constraints on federal power, from how it regulates financial institutions and environmental protection to which revenue sources Congress can tap to replenish the Treasury.

The justices will also consider whether Second Amendment gun rights extend to domestic abusers under restraining orders, whether South Carolina discriminated against Black voters in drawing its congressional districts, and whether Purdue Pharma's \$6 billion settlement of opioid lawsuits can move forward.

While none of the cases on the docket so far packs the visceral—or political—punch of issues that dominated recent terms such as affirmative action and abortion rights, the focus on federal power could have far-reaching consequences. Conservative justices are skeptical of 20th-century precedents that gave federal agencies broad discretion to adopt regulations furthering protections for consumers, workers and the environment, typically at the expense of business interests.

"It's really about the breadth of power being exercised at the federal level across the board, but in particular with administrative agencies in the executive branch," Jennifer Mascott, a professor at Antonin Scalia Law School, said at a recent panel discussion at the American Enterprise Institute.

A different constellation of cases involves constitutional rights in social media, most significantly in cases granted Friday challenging state laws in Texas and Florida that restrict platforms such as Facebook, TikTok and X, formerly Twitter, from removing or modifying user posts they find objectionable. Social-media companies have challenged those laws as violating their First Amendment rights, a position backed by the Biden administration.

The court will also consider whether public officials violate the First Amendment when they block individuals from following their social-media accounts. The current cases involve local officials, a city manager and a school board member, but the issue arose when President Donald Trump blocked people from following him.

Trump figures elsewhere in the coming docket; the court will consider whether the term "Trump too small" can be reg-

istered as a trademark. Some of Trump's many legal problems could reach the court, potentially stemming from two federal criminal trials; state criminal trials in Georgia and New York; and a civil lawsuit by the state attorney general in New York.

A case on whether Trump's actions related to the Jan. 6, 2021, attack on the U.S. Capitol disqualify him from the ballot under a 14th Amendment provision barring individuals involved in an insurrection from federal office is moving quickly through the Colorado courts and could reach the Supreme Court early next year, said Kent Greenfield, a Boston College law professor.

For now, though, administrative law is in the center ring.

With partisan gridlock often sidelining Congress, executive agencies have often moved to fill in the policy-making gap by extrapolating their existing authorities to new conditions. The Supreme Court has made clear its distaste for such practices, from pandemic emergency measures to Environmental Protection Agency regulations.

This term, the court plans to reconsider a landmark precedent that has undergirded regulatory decisions, *Chevron U.S.A. v. Natural Resources Defense Council*. The 1984 ruling directs courts to defer to agencies when their interpretation of their powers is plausible under the statute's terms—a doctrine called *Chevron* deference.

Although initially celebrated by the right, many conservatives now complain that the Biden administration and its Democratic predecessors have used executive powers to advance policies beyond those contemplated by Congress. Later this term, in a case involving a regulation applying to herring boats, the commercial-fishing industry is asking the court to overrule the *Chevron* decision and give federal courts greater discretion to decide the extent of agency power.

The court has also agreed to consider whether Congress can tax unrealized capital gains as income, a case stemming from the 2017 tax-cut law signed by Trump.

The court's review of agency power will begin Tuesday, when it hears the Biden administration's appeal of a lower-court ruling that would effectively neuter the Consumer Financial Protection Bureau. Siding with payday lenders unhappy with CFPB regulations, a federal appeals court in New Orleans last year found the bureau's independent funding mechanism unconstitutional.



A pipe pulled and transported sediment from the Mississippi River south of New Orleans last week.

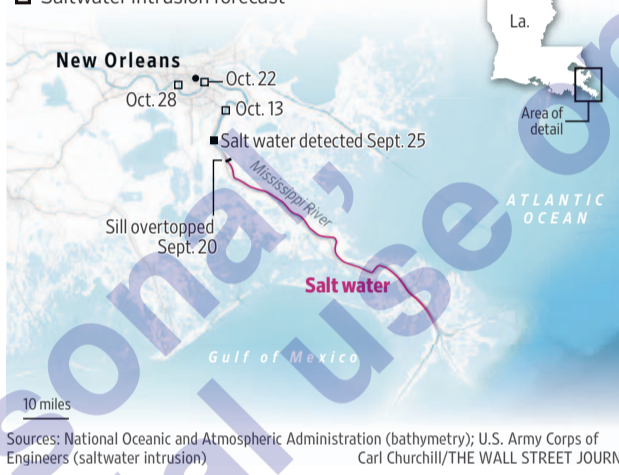
Saltwater Flows Up the Mississippi, Imperils New Orleans Drinking Supply

Saltwater creeping up the Mississippi River from the Gulf of Mexico threatens drinking water supplies in

Salt water from the Gulf of Mexico is moving up the Mississippi River and could threaten New Orleans's water supplies in October.

Mississippi River saltwater intrusion

■ Saltwater intrusion forecast



Sources: National Oceanic and Atmospheric Administration (bathymetry); U.S. Army Corps of Engineers (saltwater intrusion)

By Shannon Najmabadi, Scott Calvert and Rachel Wolfe

southeast Louisiana, including New Orleans, and has set off a scramble by officials to avert a crisis.

Freshwater in the Mississippi River, which courses through 10 states, is a source of drinking water for many Louisiana communities.

The U.S. Army Corps of Engineers built an underwater barrier called a sill to slow the movement of saltwater upriver in July. But saltwater spilled over the top of that barrier on Sept. 20. The Corps is now making the sill 25 feet taller to give local officials another 10 to 15 days to prepare for saltwater to arrive.

"It is a means of buying additional time," said Ricky Boyett, public affairs chief for the U.S. Army Corps of Engineers' New Orleans district. "It's not going to stop it."

The saltwater is forecast to reach Belle Chasse, slightly downriver of New Orleans, in mid-October.

The new saltwater barrier will reach a height of 30 feet below the river's surface.

A navigation channel will remain deeper to allow ocean-bound vessels to keep moving. Ship traffic in that area will be reduced to one lane, which will impede the flow of goods from the heartland to ports during harvest season, Boyett said.

The Corps previously constructed saltwater barriers in 1988, 1999, 2012 and 2022,

when low-water conditions grounded barges along the Mississippi.

Big storms such as hurricanes can help alleviate the saltwater intrusion. But Joshua Lewis, a professor of river and coastal studies at Tulane University's ByWater Institute, said this year's incident could last longer than the one in 1988, given that there is little rain in the forecast.

The flow of freshwater down the Mississippi typically stops the saltwater from flowing upstream. But a second year of dry conditions has reduced the Mississippi's flow to about half the rate needed to keep saltwater in the Gulf.

The Corps has begun using barges to transport freshwater

and eventually wants to move 36 million gallons downriver each day. It used barges to move water in 1988 and 2012, Boyett said.

The water will be mixed with river water at the intake points of water treatment plants to reduce overall salinity, said Mike Steele, a spokesman for the Louisiana Governor's Office of Homeland Security and Emergency Preparedness. If salinity levels exceed the EPA's maximum standard of 250 milligrams per liter, it would risk corroding water distribution systems, machinery and appliances, state officials said.

The Carrollton Water Treatment Plant serving the east bank of New Orleans treats about 150 million gal-

lons of water daily, and a second plant serving the west bank treats roughly 15 million gallons a day, according to the Sewerage and Water Board of New Orleans.

A comprehensive plan to move more freshwater to the area is still taking shape.

The most likely option for the east bank plant will be to pipe in as much as 100 million gallons of freshwater a day from upstream, said Steve Nelson, deputy general superintendent of the water board. That would require laying about 10 miles of pipe, plus installing booster pumps.

Nelson said his agency is still in talks with contractors to do that work.

For the smaller west bank plant, Nelson said the Corps has told the board it can deliver by barge enough dilution water. Elevated salinity levels in the Mississippi are expected to reach the west bank plant around Oct. 22, and the east bank plant six days later.

The Mississippi has careened between floods and low-water levels in recent years. Samuel Muñoz, a Northeastern University professor, attributed this in part to El Niño and La Niña climate cycles and a changing climate that has made droughts and floods more extreme.

Lewis said the way the lower Mississippi has been engineered to make it more navigable also increases the intensity and duration of saltwater intrusions. Barges carry loads of crops and other commodities to Louisiana, where the goods are loaded onto ocean-bound vessels.

"Centuries of modifications to the lower river make these types of events more likely," he said.

Carbon-Burying Pipeline Projects Face Growing Opposition

By Benoît Morenne and Joe Barrett

Oil and gas pipelines have been stymied for years by environmentalists and landowners. Now those groups are blocking CO₂ pipelines too.

In the Midwest, a coalition of environmental groups and farmers have teamed up to stop plans to erect thousands of miles of pipelines that would carry climate-warming carbon emissions to underground storage locations.

The projects are vital to President Biden's plans to drastically curtail emissions, but the groups question their green credentials, safety and use of eminent domain to seize private property.

Regulators in North and South Dakota recently rejected permit applications by developers after local opposition, injecting uncertainty into the companies' multibillion-dollar plans to shuttle and store CO₂ deep under the surface.

The roadblocks are reminiscent of those faced in recent years by proposed crude pipelines. Energy executives and analysts said they expected some turbulence given the projects' scale, but that significant delays would send a neg-



Sabrina Jones and her husband rejected an offer to let a company store CO₂ on their property.

ative signal to companies and investors looking to invest in carbon capture.

"You need a larger scale project to go forward and prove it" can be built, said Katherine Zimmermann, decarbonization director for the Americas at engineering firm Wood.

If the U.S. is to reach net-zero emissions by 2050, it will have to build about 60,000 miles of conduits to connect

industrial sites where carbon dioxide is emitted and captured to burial spots, according to a Princeton study.

Environmental groups acknowledge that piping carbon for underground storage sounds good in theory, but they argue the process is energy- and water-intensive and would only delay conversion to green energy sources.

"When you look at it more closely, you realize it's really

giving a lifeline to the fossil fuel industry," said Pam Richard, co-founder of the Illinois-based Coalition to Stop CO₂ Pipelines.

Tax subsidies included in Biden's climate bill allow companies to receive \$85 per metric ton of CO₂ captured directly from emitters and stored—an appealing proposition in the Corn Belt, where ethanol plants spit out a concentrated carbon stream that

can be collected at a low cost. But developers of CO₂ pipelines have faced hurdles—from having to negotiate easements with landowners to navigating complex regulations.

"The kind of pipeline we most need to see built, in my view, is CO₂ pipelines," said John Holdren, a former director of the White House Office of Science and Technology Policy in the Obama administration and now a Harvard University professor.

Renewable-energy projects such as wind and solar farms have also faced pushback from local governments.

Summit Carbon Solutions has a \$5.5 billion plan to gather millions of tons of carbon emissions from more than 30 ethanol plants every year and pipe them through a 2,000-mile network to be buried in North Dakota.

But regulators in North Dakota denied an application in August for a siting permit after opposition from environmentalists and landowners. The state's Public Service Commission said Summit had failed to prove its pipeline would have minimal effect on the environment and state residents. South Dakota's Public Utilities Commission fol-

lowed suit in September.

Lee Blank, Summit's CEO, said he expected the project would be delayed by several months. The company is engaging with county commissioners, he said.

Biofuel producer Poet has signed agreements with Navigator CO₂ Ventures to capture waste at 18 plants in South Dakota, Iowa and Nebraska, and ferry it to Illinois to be sequestered. But staff for the Illinois Commerce Commission has recommended the project be rejected; a final decision is expected early next year.

Sabrina Jones, a special-education program coordinator in Nokomis, Ill., and her husband, Ralph Jones, who farms and installs drainage systems, have a sign in their front yard that reads, "Protect Illinois Aquifer—No CO₂ Pipeline."

Navigator recently drilled at all hours across the road from the couple's home to test the area's geology, disrupting much of the summer for the Joneses and their five children.

The couple, both 36, rejected an offer from the company to pay them for the right to store CO₂ deep below their land, Sabrina Jones said.

"We didn't want anything to do with it," she said.

U.S. NEWS



Immigrants passed a U.S. Border Patrol agent and entered Eagle Pass, Texas, last week after crossing the Rio Grande from Mexico.

Shutdown Averted, but Fights Over Border, Ukraine Intensify

By SIOBHAN HUGHES

WASHINGTON—Republicans and Democrats set aside sharp policy differences to avoid a government shutdown. Now, they have just weeks to resolve fights over aid to Ukraine, heading off a surge in border crossings and the overall size of the federal government.

The surprise weekend votes to fund federal operations through mid-November avoided a partial closure that would have furloughed workers and risked delaying paychecks. But Congress did nothing to resolve the country's pressing fights on spending levels, aid to Kyiv or immigration policy—it merely deferred them. Complicating matters, House Speaker Kevin McCarthy (R., Calif.) is set to face an effort this week to oust him from his leadership role, after his harshest critic, Rep. Matt Gaetz (R., Fla.), said he would pursue a motion to vacate.

President Biden, in remarks at the White House on Sunday, touted the deal to keep the government open, but chastised Republicans for getting close to a lapse in appropriations. "Quite frankly, I'm sick and tired of the brinkmanship, and so are the American people," he said. "Enough is enough is enough. This is not that complicated."

Rather than the calm before the storm, Congress could be facing the storm before the storm.

"Pushing the snooze button solves nothing, because these same losers will try to pull the



Speaker Kevin McCarthy faces a challenge to his leadership.

same s—in 45 days," said Sen. John Fetterman (D., Pa.) of hard-line Republicans.

The pause in political fighting now enters more pressured territory, particularly over support for Kyiv and government spending.

"It's the same message I've had for a long time, which is no security, no funding," said Rep. Chip Roy (R., Texas), a leader of the House Freedom Caucus. "That's particularly true with Ukraine. And so if we don't have border security, under no circumstances should a single dollar go to Ukraine." Roy had worked with McCarthy on a failed GOP bill that would have cut overall government spending and forced tighter immigration measures.

Meanwhile, Congress will be

facing a new deadline of Nov. 17 to come up with full-year government funding levels—or perhaps fall back to another short-term deal loathed by conservatives. The House has passed four of the 12 overall full-year appropriations bills to fund the government, while the Senate has passed none. Crucially, the parties remain far apart on the top-line discretionary number, with Republicans seeking levels far below those reached in the debt-ceiling deal with President Biden in June.

Many Republicans are pushing for deep cuts to social programs and regulatory agencies, saying such reductions are needed to get the nation on a more stable fiscal footing, with the national debt now above

\$33 trillion. GOP lawmakers, who wanted to exclude the military and veterans programs from any cuts, have seen this fight as their best chance to reduce the size of government. But they also want to reduce the reach of what they see as an uncontrolled regulatory state, with dissidents hoping to wage a battle over defunding special counsel Jack Smith, who has investigated former President Donald Trump.

"We've negotiated, we'll negotiate on now the details to carry out the plan," said Shalanda Young, director of the White House's Office and Management and Budget, on MSNBC. "But why would we violate the deal we've already struck?"

A prolonged impasse risks triggering a 1% cut in discretionary spending in January under the terms of a debt deal enacted into law this spring.

Lawmakers have signaled that their first order of business will be to provide aid for Ukraine. In August, President Biden requested an additional \$24 billion for Ukraine, focused on defense, energy and humanitarian funding. But McCarthy omitted any aid for Ukraine from the continuing resolution that Biden signed into law, and lawmakers are figuring out how to respond after more than half of House Republicans voted last week against appropriating even \$300 million to replenish a fund that was started years before the 2022 hostilities.

—Andrew Restuccia contributed to this article.

McCarthy Threatened With Ouster

Continued from Page One

and his critics is part of a drama playing out in the Republican Party as a whole as it seeks to define itself and what it stands for heading into the 2024 presidential election.

Gaetz said that McCarthy, who made pledges to win the speakership after 15 rounds of voting in January, broke his word to conservatives by striking the short-term deal. Gaetz was among 20 Republicans who voted against McCarthy as speaker back then.

"We need to move on with new leadership that can be trustworthy," Gaetz said Sunday on CNN in announcing he planned to file a motion to vacate the chair this week.

A handful of hard-right members have suggested they could support ousting McCarthy. The number of House Republicans expected to vote with Gaetz could roughly range from six additional dissidents to closer to the 20 holdouts who initially voted against McCarthy for speaker, according to a House GOP lawmaker.

The GOP has a 221-212 margin in the House, meaning McCarthy could fall shy of a majority if he loses more than four members and no Democrats back him.

But many GOP lawmakers are frustrated with Gaetz, whose actions they view as simply a ploy for attention.

"Matt Gaetz is a charlatan," Rep. Larry Bucshon (R., Ind.) said Sunday on social media. "At least 200 House Rs will be voting to support the Speaker, including me."

The animosity runs deep. McCarthy has charged that Gaetz is making threats to try to influence a continuing probe of Gaetz by the Ethics Committee. Gaetz said that isn't the case.

Once Gaetz brings up a motion to vacate, the speaker has to schedule it for a vote within two legislative days. McCarthy allies would then likely seek to block it by offering a "motion to table." At that point, McCarthy allies could fall short of a majority of the full House, currently 217 votes if all current members are present, to sink the proposal.

Rep. Hakeem Jeffries of New York, the House's Democratic leader, hasn't said how the Democratic caucus would respond if McCarthy needed his party's votes, or even for Democrats to simply vote present, to remain House speaker. A House Democrat said Sunday

that there were discussions under way and that McCarthy would only be able to secure Democratic support were he to offer them concessions.

Some Democrats have poured cold water on helping McCarthy. "We're not saving McCarthy because then everything McCarthy does after that, we get blamed for and he's not reliable," said Rep. Pramila Jayapal (D., Wash.), chairwoman of the Congressional Progressive Caucus, last week. In a concession McCarthy made this year, any single lawmaker can trigger a vote on whether to oust him.

Following votes last week aimed at placating the party's far-right wing, a political reality emerged: McCarthy could never get enough dissidents on board. With the government's funding set to expire on Sunday at 12:01 a.m., he brought to the floor Saturday a measure keeping the government open through mid-November without conservative demands attached.

"I tried every possible way," McCarthy said after the vote.

The motion to vacate has come up for a vote only once in the House, and not successfully. In 1910, allies of then-Speaker Joseph Cannon (R.,

Ill.) brought up the motion in order to vote it down, as a show of strength. In 2015, Rep. Mark Meadows (R., N.C.) took the initial step of filing a motion to vacate against Speaker

John Boehner by dropping a resolution in a wooden hopper on the House floor. But Meadows never took the next step to call it up for a vote.

McCarthy's action on Saturday took the Hill by surprise. Many lawmakers believed he would be willing to bring up legislation that needed bipartisan support only after a shutdown had begun and the real-world pain had set in.

But votes on Thursday and Friday left a swath of House Republicans frustrated with their hard-right colleagues and eager to avoid a shutdown.

—Siobhan Hughes and Andrew Restuccia contributed to this article.

A motion to vacate has come up for a vote only once in the House.



Rep. Matt Gaetz of Florida

Trump Expected to Appear as Civil Trial Starts

Donald Trump begins a monthslong courtroom battle in New York this week that could cost him several hundred million dollars in penalties and deal a blow to the business-titan persona on which he built his political identity.

By Corinne Ramey, Peter Grant and James Fanelli

The civil trial pits Trump, who plans to attend the opening day in Manhattan on Monday, against New York Attorney General Letitia James, who filed suit a year ago accusing the former president of inflating his net worth by billions of dollars in a scheme to obtain favorable terms on bank loans and insurance policies. James, a Democrat, could call 50 or more witnesses, including ac-

countants, bankers and Trump Organization employees, who will provide an inside look at business practices that James says constituted a decadelong financial fraud.

Trump, the front-runner for the 2024 Republican presidential nomination, has repeatedly denied the allegations and says James is pursuing him for political reasons. His defense lawyers have said the transactions in question were profitable, with no indication of defaults or late payments on loans. They indicated they could put more than 100 people on the stand.

The parties have also named as potential witnesses Trump himself and two of his sons, Eric Trump and Donald Trump Jr., who are co-defendants.

The case took a dramatic turn last week when the presid-

ing judge, New York State Supreme Court Justice Arthur Engoron, ruled that James already had proved that Trump and some of his family members falsely valued many properties, including his flagship Manhattan building Trump Tower, his Mar-a-Lago residence in Florida and golf courses. The judge ordered the cancellation of certificates that allow Trump to operate in the state, potentially leading to him losing control of some New York properties—and perhaps their liquidation.

The attorney general is seeking \$250 million in penalties, a figure that she says represents Trump's ill-gotten gains. She also wants Trump and his company barred from entering into New York state commercial real-estate acquisitions and applying for loans with state-registered lenders

for five years.

There are six claims remaining for trial, relating to insurance fraud, conspiracy and falsifying documents. Engoron said the remaining claims require the attorney general to demonstrate some component of fraudulent intent by Trump and proof that the false valuations mattered.

James wants an order that compels the Trump Organization to provide a true accounting of Trump's net worth that has been vetted by an independent auditor. Her office has said they are prepared to show at trial that in any year between 2011 and 2021, Trump's net worth was overvalued by as much as \$3.6 billion. During that period Trump has stated his net worth was as much as \$6.1 billion in a year, according to her office.

California Labor Leader Set to Succeed Feinstein in Senate

By Christine Mai-Duc and Eliza Collins



Laphonza Butler

California Gov. Gavin Newsom is poised to appoint Emily's List president and labor leader Laphonza Butler to succeed the late Sen. Dianne Feinstein, according to people familiar with the matter.

The governor's office confirmed the choice.

Butler, 44 years old, heads Emily's List, which funds female

candidates who support abortion rights. The Democrat would be the first openly gay U.S. senator from California and the only Black woman in the Senate, following Kamala Harris's resignation in 2021 to become vice president. Butler is expected to be sworn in as early as this week.

Butler didn't respond to a request for comment.

Feinstein, who died Thursday, had previously announced she would retire at the end of

her 2024 term. Democratic Reps. Adam Schiff, Katie Porter and Barbara Lee were all running for the seat. It wasn't clear if Butler would run for a full term, but there were no conditions set by Newsom that she sit out the race, according to two people familiar with the discussions.

Newsom had also appointed Alex Padilla to the Senate vacancy left when Harris became vice president.

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U.S. NEWS

Amtrak Embarks on Long-Delayed Makeover

By TED MANN

BALTIMORE—The concrete and steel rising all summer beside Baltimore’s Pennsylvania Station is a sign: Amtrak is on a long-delayed spiffing spree at its venerable stations, many of which have gone decades without major renovations.

The national passenger railroad, flush with cash after a historic infusion from 2021’s \$1 trillion infrastructure law, is accelerating efforts to overhaul and expand some of its busiest stations, as it pursues a goal to double overall ridership nationwide by 2040.

That means more projects like the one at Baltimore’s 112-year-old station. It’s one piece of the portfolio of real-estate assets Amtrak was bequeathed when it was formed out of the ashes of America’s great passenger rail carriers more than 50 years ago.

Officials say the station improvements will enhance safety and help attract more riders.

“Amtrak is making significant investments to modernize our stations,” said Laura Mason, the railroad’s executive vice president for capital delivery.

Amtrak is trying to take ad-

vantage of potential profit centers that were historically an asset to railroads. Around the world, real-estate clusters around central train stations have enjoyed high values and reliable tenants including apartment dwellers, restaurants and hotels.

“It’s a tremendous opportunity to lure new residents from D.C. and other locations to live in a neighborhood where they are steps from hopping a train to virtually anywhere,” said Baltimore community leader David Lapidus.

In Philadelphia, Amtrak and its developer partner, Plenary

Group, are at work on a \$400 million renovation of 30th Street Station that will overhaul seating areas, add new restaurants and retail, and rebuild pedestrian infrastructure around the landmark building.

Planned overhauls at Chicago Union Station are part of a broader project that also includes major track improvements for Amtrak, freight trains and the Metra commuter rail system, for which Amtrak has sought a \$873 million federal grant from funds authorized by the bipartisan infrastructure law.

Even more complicated and ambitious projects loom. At

Penn Station in New York, a group of stakeholders—including Amtrak, the Metropolitan Transportation Authority, Gov. Kathy Hochul and the owners of Madison Square Garden—are jockeying over plans to finally redevelop that notoriously disliked station. Major developers are hoping that postpandemic bets on real estate around the stations will pay off.

Amtrak is fighting in federal court to evict the holders of a retail lease at Washington’s Union Station—the first step in what the railroad says is a series of station improvements and renovations that

are also aimed at improving security and service on the Northeast Corridor.

The leaseholders counter that Amtrak didn’t negotiate in good faith when it first sought to take over the lease and are attempting to challenge the company’s eminent domain rights, which Amtrak has under federal law, in court.

Similar still-unfunded visions have been floated for Philadelphia and Sunnyside, Queens—decking over rail yards to provide space for dozens of new residential towers, parks and pedestrian byways.

Schools Scramble To Address Bus Driver Shortage

By JOSEPH DE AVILA

Philadelphia schools are coping with a bus-driver shortage by paying parents to drive their children to class.

The School District of Philadelphia is paying families \$300 a month to opt out of the school bus system and transport their children to and from school. More than 8,500 families have signed up for the program for the current school year, said Monique Braxton, a spokeswoman for the district. The move is expected to cost the district \$31.2 million this school year.

The program helps relieve the strain on the school’s bus system, Braxton said. The district employs about 200 bus drivers but has about 100 open positions, she said. The district had nearly 200,000 students last year. “If your child’s school is on the way to your work, this is a win-win,” Braxton said.

Staffing for school bus drivers, like many other professions, fell during the Covid-19 pandemic and has yet to bounce back in many parts of the country. Some districts are cutting bus routes to deal with the shortages, while others are trying to recruit more drivers.

Another pressure on the industry is job hopping, which has become more common, especially since the pandemic, said Molly McGee-Hewitt, executive director of the National Association for Pupil Transportation, a trade association for the school-bus transportation industry. “People don’t seem to stay in positions as long as they used to,” she said.

In Kentucky, school bus service for Jefferson County Public Schools got off to a chaotic start this year. The district was forced to cancel classes for more than a week after a disastrous first day of school on which some students got home as late as 10 p.m. due to bus delays. It has 578 bus drivers, nearly half what it did eight years ago.

The district now has an app that allows parents to track their children’s buses in real time, a spokesperson said. The district, which includes Louisville, has put in place short-term fixes that are getting a majority of students to their bus stops by 6:30 p.m., the spokesperson said.

The district is considering slashing bus service. The district’s school board also approved a measure that would pay parents of preschool students \$5 a day, or about \$100 a month, to transport their children to school.

The shortages have been uneven across the U.S., said Curt Macysyn, executive director of the National School Transportation Association, which represents school bus contractors. Some districts are faring better, often due to favorable local job market conditions and concerted efforts to recruit and retain drivers, Macysyn said.

This school year, the Boston Public Schools district is fully staffed with 740 bus drivers for the first time since the pandemic, said Max Baker, a spokesman for the district. Baker attributed the recruitment success to higher wages and better working conditions.



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FROM PAGE ONE

Military Has a Waist Conundrum

Continued from Page One
dier's belly button. The Navy says it is at the iliac crest, which makes sense, if one has heard of an iliac. The Air Force and Space Force says it is between the lowest rib and the top of the hip bone. And the Marine Corps, when measuring female Marines, uses an intricate formula that takes into account the sternum—which even a person without a Ph.D. in physiology knows is closer to the shoulders than to what most people consider to be the waist.

"There was a whole meeting on this," said Dr. Karl E. Friedl, a senior research scientist for the Army, recalling a 1998 National Institutes of Health gathering. "It was just a hilarious talk."

The military definition of a waist is a weighty topic. A few extra inches of girth around the midsection can mean a person has to start a remedial exercise program or can even get kicked out for being overweight.



Female Marine Corps recruits stand in platoon order after swim training in Parris Island, S.C.

The only real guidance the Department of Defense gives the services is to come up with standards "consistent with established scientific principles of physical training," according to a Pentagon official. Every branch of the armed forces is supposed to figure it out for itself.

The tape measure has loomed large over military life as something that many soldiers, no matter how fit, have to stomach.

Jarred Rickey has been an infantryman, Black Hawk helicop-

ter pilot and currently serves as spokesman for the Rhode Island National Guard. Rickey, 44, is just over 6-feet tall and regularly tips the scales at more than 200 pounds, he said. He's always breezed through the Army's fitness tests, but for decades has had to face the tape measure.

"It doesn't matter if your boss is cool," he said, because the tape-measuring system prevents playing favorites.

European militaries in the 1800s made sure a fellow's chest

was in good proportion to the rest of his body. In the U.S. during the Civil War era, a doctor only checked to make sure a soldier's gut didn't stick out too far, according to a statistics the military published in 1875.

By the advent of World War I, the military was more concerned with keeping underweight and weak soldiers out of uniform than screening out overweight ones, although there was guidance that overweight people weren't suitable

for cavalry service.

Over time, as Americans got heavier, concern shifted from scrawny soldiers to their leftier counterparts.

"Each soldier is a representative of the United States Government," said a 1976 revision of physical-fitness and weight-control regulations. "Waistlines that stretch the front of an otherwise well-fitting blouse or shin, and 'pot-bellies' detract from good military appearance."

In recent years, fitness has gotten wrapped up in measuring tape, and the top brass is wondering if that is the best we can do. The military measures waistlines to determine its version of a body-mass index, or BMI, an estimate of how much excess flesh a person is carrying. The calculation typically involves gauging a service member's height against waist girth.

While waistline measurements, when done correctly, can be pretty accurate for estimating BMI, it is hard to make sure people aren't holding in their guts or that tape measures are applied to the correct place.

Expanding knowledge about fitness—and the American physique—is also changing things. A former football linebacker with a large waistline might be the fit-

test person in a unit.

One problem the Army faces these days, according to Friedl, a specialist in physiological performance, is a high number of "skinny-fat" recruits. These people don't look out of shape but, indeed, are because of sedentary lifestyles that have left them with low muscle mass and frail bones and connective tissue. At Ft. Moore in Georgia, new soldiers are given calcium supplements to counter a recent uptick in broken feet and bones in the legs, according to several senior soldiers in charge of training.

"It's guys who look good in skinny jeans, but they have high fat because there's no muscle," Friedl said.

Further confusing matters is the growing number of women in uniform. For men, a chest-to-waist ratio is a decent determinant of body composition, but women carry weight differently than men, according to Friedl.

The U.S. is now turning to technology. The Marine Corps still uses tape measures, but as of this year, if someone is thought to be overweight they are given either a "bioelectrical impedance analysis" or "dual energy X-ray absorptiometry" scan to figure out if the person is, technically speaking, overweight.

FTX Trial To Hear a Top Insider

Continued from Page One
was involved in criminal activity ranging from bribery in China to defrauding FTX customers of billions of dollars but also acted at Bankman-Fried's direction. Her lawyer declined to comment.

Bankman-Fried has pleaded not guilty. His lawyers said that prosecutors haven't adequately established that Ellison acted at his direction. His spokesman declined to comment.

Ellison met Bankman-Fried at the trading firm Jane Street Capital and joined Alameda as a trader in 2018. The daughter

of two MIT professors, she grew up in the suburbs of Boston and graduated from Stanford with a math degree.

"Before I did any trading, I didn't really consider myself a, like, trader-y person," Ellison said on an FTX podcast. "It's sort of something I've learned more on the job and had, like, a super strong natural instinct towards."

Ellison's testimony could include Signal and Slack messages, her handwritten notes from meetings, and lists she made, such as one titled "Things Sam Is Freaking Out About." That list includes Ellison's understanding of Bankman-Fried's concerns about subjects including Alameda's trading and bad press coverage, prosecutors said.

Bankman-Fried shared a similar background with Ellison, growing up on Stanford University's campus, where

his parents taught at the law school. He founded Alameda in 2017.

Bankman-Fried named Ellison and another colleague, Sam Trabucco, as co-CEOs of Alameda in 2021, saying he wanted to focus on his new project, the crypto exchange FTX. Ellison, who was known by employees as a smart and kind boss, handled day-to-day operations and trading at Alameda.

Prosecutors said that while Bankman-Fried distanced himself publicly, he privately maintained control and directed the trading firm's criminal activity.

At work, Bankman-Fried was often the decision maker when Ellison didn't have a strong opinion, people familiar with them said, describing Ellison as not one to push back.

Bankman-Fried and Ellison's on-again, off-again romantic relationship dates back

to at least 2021 and ran into 2022, according to people who know them.

Bankman-Fried, Ellison, Singh and Wang misappropriated more than \$1 billion between 2020 and 2022, buying luxury real estate, bankrolling pet projects and financing large loans and bonuses, FTX's new management has alleged in federal bankruptcy court.

Prosecutors said there were two ways that executives moved billions of dollars of FTX customer money to Alameda: by secret code and by having FTX users deposit funds in bank accounts controlled by Alameda.

One big-ticket purchase that allegedly involved customer funds was a \$30 million, six-bedroom penthouse in a resort community in the Bahamas. Bankman-Fried, Ellison, Wang and Singh lived together in the luxury apart-

ment while running FTX and Alameda. According to people who know them, the four would spend some evenings eating vegan meals and playing bughouse chess, a variation of the game involving two boards and four players.

Alameda and FTX also used the customer money for speculative investments in technology companies and cryptocurrencies.

The risky bets caught up with Alameda when the crypto market slumped in the summer of 2022. After lenders demanded the firm repay outstanding loans, Bankman-Fried authorized the trading firm to draw down billions in FTX customer assets, according to the indictment.

On Nov. 2, the crypto website CoinDesk published what purported to be a leaked Alameda balance sheet, causing a run on customer funds.

As pressure mounted, Bankman-Fried directed Ellison to reassure customers on Twitter, prosecutors said. They said Alameda began liquidating its assets at Bankman-Fried's direction.

"I just had an increasing dread of this day that was weighing on me for a long time, and now that it's actually happening, it just feels great to get it over with one way or another," Ellison wrote in a message to a former co-worker.

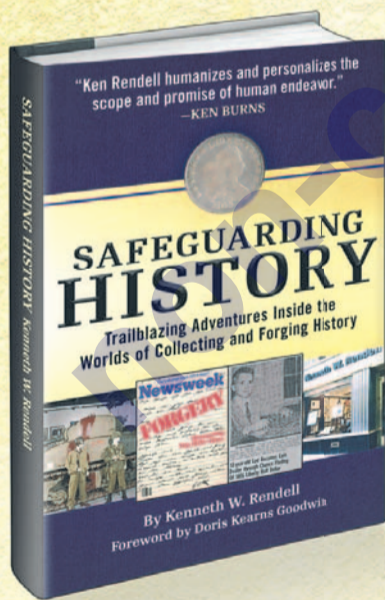
On Nov. 11, FTX filed for bankruptcy.

—Hannah Miao, Alexander Osipovich and Caitlin Ostroff contributed to this article.

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WORLD NEWS

Property-Sector Woes Press Beijing

Forceful steps urged as probe intensifies into the founder of indebted developer

By LINGLING WEI

Pressure is building on Beijing to intervene more forcefully to restore confidence in its reeling property market.

In the latest sign of stress for the market, people with knowledge of Beijing's decision-making said authorities are investigating whether Hui Ka Yan, the billionaire founder of heavily indebted property developer **China Evergrande Group**, attempted to transfer assets offshore while the company was struggling to complete unfinished projects.

The company had disclosed an investigation into its founder last week, but offered little explanation. It didn't respond to questions over the weekend.

Evergrande, whose plans to restructure billions of dollars of debts have collapsed, is one of many property developers struggling to regain their footing three years after the popping of China's housing bubble. As bad news in the sector piles up, economists and investors are increasingly calling for more coordinated measures to restore confidence and help developers clear up their debts.

Ultimately, many say, it could require significant government intervention, much as the U.S. was forced to step in during the property-induced financial crisis in 2008.

"The government should take more decisive steps to clean up the troubled property sector, allowing losses to be allocated among developers, banks and other stakeholders," said George Magnus, former chief economist of UBS and an associate at Oxford University's China center.

The deepening gloom over



An Evergrande residential complex in Beijing. Evergrande is one of many property developers struggling to regain their footing three years after the popping of the housing bubble.

the property market is threatening to offset recent improvements in manufacturing and other sectors, jeopardizing a hoped-for economic recovery.

Longer term, many economists warn, a prolonged property downturn could contribute to an extended period of stagnation in China's economy. That could spill over into the global economy in the form of weaker demand for commodities and depressed Chinese spending on items such as fashion from the U.S. and Europe.

Property investment in the year through August fell 8.8% versus the same period last year. Home sales by value by China's top 100 developers declined 29% in September compared with a year earlier. Other developers in trouble include Country Garden, which once was considered among China's healthiest.

"Property is a mess," said Leland Miller, chief executive of the China Beige Book, an economic-research firm. "That's why we're seeing the duldest cyclical recovery in China ever."

The State Council Informa-

tion Office, which handles media inquiries for China's leadership, didn't respond to questions. In the past, Chinese officials have said that Western politicians and media have exaggerated the country's economic challenges, and that they are working to bring stability to the property industry.

To date, Chinese officials have mainly tried to muddle through the downturn. President Xi Jinping's government has focused on modest steps to keep the market from falling apart, while holding off on addressing many of the worst problems.

Ad hoc efforts to make developers clean up their debts and finish stalled projects have met with only limited success. Other measures, such as price floors imposed in many cities to help keep home values stable, have masked the depths of the distress.

China's real-estate troubles escalated to their current level in part because of decisions made earlier, when the leadership repeatedly leaned on housing to goose growth.

Decades ago, most Chinese people lived in homes pro-

vided by their Communist Party work units. Authorities started liberalizing the market in the 1990s, setting off one of the biggest investment booms in history.

By the time Xi came to power in late 2012, a property bubble had already formed in many Chinese cities. Xi and his advisers at times tried to curb speculative activities.

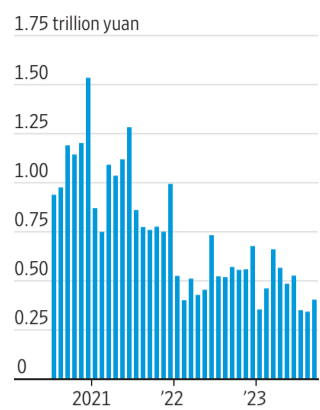
But whenever growth appeared threatened, his leadership took steps to keep the property market humming. In Beijing policy-making circles, property became known as a countercyclical tool for economic management.

In 2015, with a housing glut dragging down prices, Beijing rolled out new policies to stimulate speculative buying and launched a slum-redevelopment program that expanded demand for private housing.

When the Covid-19 pandemic struck in 2020, authorities initially stood aside as the market took off again, inflating the bubble even more.

By mid-2020, Xi was worried the boom was drawing credit away from economic sectors he considers crucial to

New home sales at China's top 100 property developers, monthly



Note: 1 trillion yuan=\$137.1 billion
Source: China Real Estate Information Corp.

China's future, especially high-end technology. With the economy rebounding from initial Covid lockdowns, the leadership decided it was finally time to rein in the market.

"The plan was to grab the window with lower growth pressure to push ahead with changes," recalled a policy adviser in Beijing.

Guided by the top leader's instructions, China's financial regulators put in place a policy dubbed "three red lines" that imposed strict debt and cash-flow targets on property developers, all but choking off liquidity for many of them.

While some analysts applauded the idea of deflating the bubble, many feared the measures were too blunt, adding to financial and economic risks by making defaults more likely.

The market stalled and developers started to collapse. That led to a sharp slowdown in construction activity, which triggered protests by homeowners furious that units they had already started paying for weren't being finished. Sales of new properties plunged.

—Cao Li in Hong Kong contributed to this article.

◆ Heard on the Street: China can avoid bank crisis.... B10

China's Economy Picks Up Amid Risk

By JASON DOUGLAS

SINGAPORE—China's economy is showing signs of perking up after months of anemic growth, offering a glimmer of hope for the global economy as higher interest rates squeeze consumers and businesses in the U.S. and Europe.

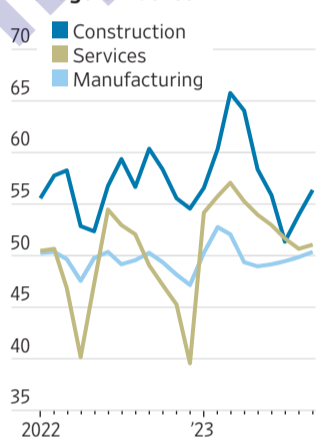
Factories in September reported their first expansion in activity since the spring, while railway and flight bookings point to a bumper week ahead for tourism as China takes a break to celebrate its week-long National Day holiday.

The economy is far from full health, though, and economists say it is too early to say if a major turnaround is ahead.


A big problem is real estate: A drawn-out downturn in the property market shows few signs of abating and troubles at major developers are mushrooming.

Many economists say Beijing will need to step up its stimulus efforts to underpin a stronger and more durable recovery.

China's Purchasing Managers Indexes



Source: CEIC




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Lisa, adopted 16-year-old Allison



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WORLD NEWS

U.S. Seeks to Calm Tensions in Balkans

U.S. officials sought to defuse rising tensions in the Balkans, as a surge in violence there pushed NATO to boost its presence in the area and threatened to trigger a broader conflict between Serbia and Kosovo.

By Bojan Pancevski in Vienna and Gordon Lubold in Washington, D.C.

Long-simmering tensions between Serbia and Kosovo escalated into violence in September when Kosovo police and well-armed Serbian gunmen engaged in a fierce battle. At the same time, the U.S. warned that Serbia has deployed troops on the border with Kosovo.

The area has long been a tinderbox on Europe's periphery. Kosovo broke away from Serbia in 1999 following a NATO bombing campaign that expelled Serbian forces. Kosovo declared independence nine years later.

Serbia enjoys staunch Russian support, and Western officials have been voicing con-

cern in recent months that Moscow could try to further inflame the tensions in the Balkans to draw Western resources away from Ukraine.

The White House declassified intelligence to show that Serbia was conducting an "unprecedented" staging of advanced Serbian artillery, tanks and mechanized infantry units on the border of its former province, said John Kirby, the leading spokesman for the National Security Council at the White House. He added that it was unclear exactly what the purpose or motive of the buildup was.

The Serbian government denied it had conducted any troop deployment. A spokesperson said Serbia had halved the number of troops stationed near Kosovo to 7,500.

One Kosovar police officer was killed along with three Serbian gunmen in recent fighting in the northern part of the country, which is predominantly populated with ethnic Serbs. The majority of the population in the rest of the country is ethnic Albanian.

The attack was launched by about 30 people in nearly two



Kosovo police officers searched a restaurant and building in northern Serb-dominated part of Mitrovica on Friday.

dozen sport-utility vehicles that were used to transport a weapons cache of "alarming quantity and sophistication," said Kirby. Much of that weaponry was military grade, including antitank rocket launchers, mortar rounds, explosives and tactical gear, he said.

The gunmen fled to Serbia, Kosovo police and Western representatives there said. A

former leader of a Kosovo Serb political party, who is now in Serbia, issued a statement saying he had orchestrated the attack on police without help from Serbian authorities.

The Serbian government said the gunmen involved in the attack on Kosovo police were all residents of Kosovo with no links to the Serbian government.

Secretary of State Antony Blinken called President Aleksandar Vucic of Serbia late Friday to urge him to de-escalate tensions with his neighbor. Blinken "underscored that those responsible for the attacks who are now in Serbia must be held accountable," a State Department spokesman said.

Britain on Saturday said it had allocated a fresh battalion to boost the NATO peacekeeping force in Kosovo. "Serbia must immediately reduce its troops at the border," Germany's foreign office said on Saturday.

Also on Friday, national-security adviser Jake Sullivan spoke with Albin Kurti, Kosovo's prime minister, to discuss the growing crisis. Kurti has refused to implement an agreement reached by his predecessor with Serbia that would grant the ethnic Serb minority greater rights at communal level—an agreement aimed at easing tensions.

"Our commitment to protect all citizens is unshakable," Kurti said on X, formerly known as Twitter, following the call with Sullivan.

The U.S. and many Western allies recognize Kosovo, while Serbia doesn't. Kosovo has since been in a legal limbo and unable to join the United Nations because Russia, which is a member of the organization's executive body, also refuses to recognize Kosovo's independence.

Vucic called on NATO to replace Kosovo police in the Serb-populated northern part of the country to avoid further tensions among the two ethnic groups.

The Biden administration is increasingly alarmed at the violence in Kosovo, pointing to a "worrying cycle of rising tension" coupled with sporadic violence over the last few months as talks have failed, a senior White House official said on Saturday.

Kirby said the amounts and types of arms found at the site represent a threat to Kosovo's security but also to NATO troops stationed there. Investigations led by local officials are under way, Kirby said.

"We believe that this is a very destabilizing development," he said.

Polish Town Thwarts Russian Spies to Help Arm Ukraine

By Sharon Weinberger

RZESZÓW, Poland—Polish authorities first got wind of a Russian-organized espionage operation targeting a crucial logistics hub for Ukraine's war from an unexpected source: an inebriated man stumbling along spotted a suspicious camera pointed at railroad tracks not far from the local airport.

The discovery sparked an organized search that led to the discovery of more cameras at rail stations and rail crossings. In March, the country's security services said they had dismantled a spy ring that was planning to derail trains used to transport weapons destined for Ukraine.

The spy ring, and the effort to stop it, speaks to the critical role of the logistics hub at Rzeszów—or J-Town as many

in the Polish and American military now call it. The hub, located in the vicinity of Rzeszów-Jasionka Airport, around 60 miles from the Ukrainian border, is a critical link in a supply chain that moves billions of dollars in weapons through Poland that Western countries have sent to help Ukrainian forces to beat back Russian troops now dug in behind heavily fortified lines.

The role of J-Town in Ukraine's war hinges not only on counterespionage operations to fend off potential attacks, but also on delicate diplomacy. Ties between Ukraine and Poland, normally close, have grown strained over a dispute that began over grain shipments but snowballed into weapons deliveries.

The logistics hub emerged

in the space of just 48 hours after Russia's full-scale invasion of Ukraine in February 2022. The Ukrainians requested a hub that was close to the border, with good infrastructure and transportation connections. Rzeszów fit the bill.

Soon after, Ukrainian authorities were notifying suppliers to deliver weapons to a warehouse in Rzeszów, a previously sleepy town that had a rail hub and a commercial airport.

When Rzeszów proved difficult for many U.S. military personnel to pronounce, they started calling it J-Town and the name stuck (Rzeszów is

pronounced zhes-oof, with the zh sounding roughly like a J in English). Some in the Polish military have also embraced the J-Town moniker, and use it themselves.

"It's fantastic," said Col. Radosław Sulek, the facility's commander, a logistics officer with prior experience in Afghanistan.

Though Poland doesn't provide numbers, officials say most Western support that flows into Ukraine goes through the logistics hub at Rzeszów. From there, the deliveries are unloaded, and then depending on the priority, prepared for truck convoys or other ground

transport traveling to the border, where Ukrainian authorities take over.

The presence of a wartime logistics hub has brought changes—and concerns—to what had been a civilian airport. There are several layers of air-defense systems, provided by the U.S., U.K. and Poland. American Patriot batteries are clearly visible from the airport.

The protection isn't just the visible uniformed police and military, but also intelligence and special forces personnel operating quietly in the area.

The airport may be the best protected area in Europe, but it is also among the most targeted, at least for espionage.

The Russian Embassy didn't respond to a request for comment about espionage allegations related to Rzeszów, but officials in Moscow have pre-

viously denounced Poland for its role in supporting Ukraine.

In the city of Rzeszów, less than 10 miles from the airport, there is little visible sign of those espionage concerns. In the cobblestoned main square, someone was operating a small drone equipped with a video camera that swooped above the buildings, filming the city.

But local residents are on alert, according to a Polish official who described how the first Russian spy camera was found with the help of a "completely drunk" man. "In Poland, they are aware of the risks and especially in the south of Poland," he said. "And in the area of Rzeszów-Jasionka, they are really hyperaware."

—Thomas Grove, Karolina Jeznach and Drew Hinshaw contributed to this article.

When Rzeszów proved difficult to pronounce, Americans called it J-Town.

Allies Fear Fight Over Kyiv Aid

Continued from Page One

While armament deliveries are steady now, Ukraine and other U.S. allies are concerned by political trends. A Wall Street Journal poll in August found that 62% of Republican voters thought the U.S. was doing too much to support Ukraine, up from 56% in April.

In a major setback for pro-Ukraine lawmakers, Congress didn't include any Ukraine aid in a short-term spending bill that passed on Saturday, as the House and Senate raced to avert a partial government shutdown on Sunday.

Senate Majority Leader Chuck Schumer (D., N.Y.) and GOP Leader Mitch McConnell of Kentucky had been pushing to include \$6 billion for Ukraine in the stopgap legislation, but dropped that effort after the House voted for a version without any aid in it.

Schumer said he and McConnell have agreed to continue fighting for more economic and security assistance for the country. "We support Ukraine's efforts to defend sovereignty against aggression," Schumer said.

McConnell said: "I'm confident the Senate will pass further assistance to Ukraine later this year."

A White House official said on Saturday that while the Defense Department has exhausted much of its security-assistance funding for Ukraine, there is enough funding under the presidential drawdown authority available to meet Ukraine's battlefield needs for a bit longer.

"We will have another PDA soon on the normal cadence," the official said. "However, we will need a Ukraine funding bill to pass soon and it's imperative that Speaker [Kevin] McCarthy keep his commitment to the people of Ukraine to ensure that happens."



President Volodymyr Zelensky placed flowers at the Wall of Remembrance of the Fallen Defenders of Ukraine in Kyiv on Sunday to honor the Day of the Defenders.

Recent House funding votes show broad bipartisan support for Ukraine aid—311 lawmakers in the 433-member House voted last week to pass a measure appropriating \$300 million in security assistance for the embattled country—but the number of Republicans opposed is growing and now makes up more than half the GOP conference.

During the Republican presidential primary debate on Wednesday, views on Ukraine were split. "We're driving Russia further into China's arms," said biotech investor and entrepreneur Vivek Ramaswamy, who opposes further aid to Ukraine. Former Vice President Mike Pence countered: "If you let Putin have Ukraine, that's a green light to China to take Taiwan."

Trump, the frontrunner for the Republican presidential nomination, has said he wants to end the war.

"Ukraine will not lose as

long as America remains committed to its defense," said John Nagl, a retired U.S. Army lieutenant colonel who teaches warfighting at the U.S. Army War College. "Ukraine faces its biggest threat now not from Russia but from political dysfunction in Washington."

Biden administration officials said a central aspect of their foreign policy is harnessing a resilient economy and stable political system at home to counter the influence of Russia and China.

Congressional deadlocks and fights around the 2024 presidential election could allow international rivals to paint a very different picture of the U.S.

On the sidelines of the United Nations General Assembly recently, diplomats from countries that look to the U.S. for leadership said they worry that domestic pressures are prompting Biden to pull back from wholehearted sup-

port for Ukraine's fight.

Allies' concern goes beyond wanting Kyiv to prevail. The deeper anxiety is that if the U.S.—having thrown significant political and military weight behind Ukraine—doesn't emerge on the winning side, its credibility and power of persuasion will suffer grave damage with global consequences.

Faith in U.S. dedication to its allies and its international pledges has been shaken in recent years by its chaotic exit from Afghanistan, threats to quit NATO and several other sharp shifts in U.S. foreign policy.

Uncertainty about Washington's commitment to Ukraine is rising despite Congress having approved more than \$100 billion in military, economic and humanitarian assistance since Russia's large-scale invasion.

In recent days, American M1 Abrams tanks—among the

world's most advanced—have started arriving in Ukraine. Biden, a Democrat, has promised Ukrainian President Volodymyr Zelensky to deliver a small number of long-range ATACMS missiles, which he had requested repeatedly.

U.S. military assistance has helped Kyiv stave off and beat back a Russian invasion that many initially thought would quickly succeed. Western assistance has helped significantly degrade Russia's military, the world's second-largest, which boasted a formidable reputation before the war.

Still, allies worry that current U.S. military assistance isn't sufficient for Ukraine to defeat and eject Russian forces occupying roughly 20% of its country.

Among the gloomier scenarios that diplomats are extrapolating from recent trends is a world where Washington struggles to cajole or compel

other countries to back it. Some see signs of that already. "Unfortunately, the current wave of instability spreading around the globe shows that our actions might not be seen as sufficiently persuasive," Lithuania's Landsbergis said, citing conflicts in the Sahel region of Africa, the South Caucasus and the Western Balkans.

A further erosion of U.S. global sway would ultimately undermine the rules-based international order, which Washington spent years and vast political capital building after the Second World War.

—William Mauldin and Andrew Restuccia contributed to this article.

Watch a Video

Scan this code for a video on how Russia is building up its drone arsenal.

WORLD NEWS

SPAIN Nightclub Fire Leaves 13 Dead

A fire broke out in a nightclub in the southeastern Spanish city of Murcia on Sunday, killing 13 people and injuring several others, authorities said.

The fire started around 6 a.m. in the popular Teatre nightclub and quickly tore through the venue, according to Spain's state news agency EFE. It wasn't immediately clear what caused the fire.

A video shared by Murcia's fire service showed firefighters trying to control flames inside the nightclub.

Police and emergency services worked to secure the interior of the club to avoid a possible collapse and were trying to locate and identify bodies.

Officials said the death toll could increase.

—Associated Press

SLOVAKIA Populist Ex-Prime Minister Wins

A populist former prime minister and his leftist party have won early parliamentary elections in Slovakia, staging a political comeback after campaigning on a pro-Russian and anti-American message, according to complete results announced Sunday.

Former Prime Minister Robert Fico and the leftist Smer, or Direction, party had 22.9% of the votes, or 42 seats in the 150-seat Parliament, the Slovak Statistics Office said.

Fico won relatively big after his campaign—considered aggressive and the most radical of his career—attracted voters who favored the far-right.

He served as prime minister in 2006-2010 and again in 2012-2018.

—Associated Press

TURKEY Suspected Kurdish Militants Targeted

The Turkish defense ministry said its warplanes carried out raids on suspected Kurdish rebel targets in northern Iraq on Sunday following a suicide attack on a government building in the Turkish capital, Ankara. A ministry statement said some 20 targets of the Kurdistan Workers' Party, or PKK, were destroyed in the operation.

Earlier, a suicide bomber detonated an explosive device near an entrance of the Ministry of Interior Affairs in Ankara, injuring two police officers. A second assailant was killed in a shootout with police Sunday, the interior minister said.

A news agency close to the PKK said the group has claimed responsibility for the suicide bombing.

—Associated Press

WORLD WATCH



Members of Turkish police special forces secure the area after a suicide bomber detonated an explosive device near the Ministry of Interior Affairs in Ankara, injuring two police officers.

FROM PAGE ONE

ERs Aren't Prepared to Treat Kids

Continued from Page One

tion, according to the Journal's investigation of certification levels in all 50 states, reviews of medical records and interviews with doctors, health officials and researchers.

Parents in many places can't make an informed decision about where to take a child in a medical emergency. More than 70% of emergency departments have completed a federally funded assessment gauging whether they are ready for kids, but results for individual hospitals are confidential. Meanwhile, 25 states don't check E.R.s' pediatric preparedness at all, and even some that do check don't publish names of the hospitals that earned recognition for being prepared.

The Journal put together the first comprehensive list of hospitals nationwide that have received state certification of some level of readiness for pediatric emergencies, or are children's hospitals or pediatric trauma centers expert in taking care of young patients.

The fraction of hospitals that are deemed ready have varying levels of requirements. Some haven't done much more than identify weaknesses and promise improvements, the Journal found.

The lack of preparedness costs lives, research shows. About 1,440 children died from 2012 to 2017 because the emergency rooms that treated them weren't well prepared, according to a study of 983 E.R.s published in January by JAMA Network Open.

Children are four times as likely to die in less-prepared emergency rooms, a 2019 study published in the journal Pediatrics found. In addition to avoidable deaths, large numbers of children have been left with severe long-term health conditions, doctors and researchers said.

"All E.R.s are not created equal," said Phyllis Rabinowitz, who started a foundation to improve emergency care for children. Her infant daughter died of Coxsackie B virus in 2006 after an E.R. sent her home. "This is a real crisis. I am living proof."

Dr. Chris DeRienzo, chief physician executive of the American Hospital Association trade group, said hospitals are committed to treating young patients well, and the doctors who most often staff E.R.s have some pediatric training.

He said it is unreasonable to expect every emergency room to have the pediatric expertise of a state-of-the-art children's hospital.

Emergency rooms don't need to have the resources of a children's hospital to take good care of kids, according to pediatric-emergency experts. Rather, studies have recommended simple steps that all hospitals can and should take.

Among them: assign a doctor and a nurse to coordinate improvements, stock appropriate supplies and train emergency staff to ensure they keep pediatric skills.

But most hospitals haven't done enough. Nationwide, they scored a median 69.5 on a 100-point test measuring pediatric readiness, according to a study

published in JAMA Network Open in July. The assessment was developed by a group of doctors, health researchers, government officials and professional societies including the American Academy of Pediatrics. A score of 88 is considered well prepared.

Avoidable deaths

The first breathing tube that staff handed the doctor treating Avery Guzman-Mendez was too large for the 37-pound toddler.

Three-year-old Avery, who was epileptic, had been suffer-

and the doctor told lawyers. The doctor tried again multiple times with smaller tubes and failed, finding it difficult to spot Avery's airway.

Avery began losing too much oxygen, and her heart stopped.

The team attempted CPR at least six times. A nurse recorded their efforts by hand on a hospital record that displayed adult drug doses, which the team gave to Avery.

The nurse found the adult record in the drawer of the trauma room. She said later she wasn't sure if there were pediatric versions available.

U.S. Senate staffer's child received poor treatment in an emergency room, Congress began funneling some funding to address the shortcomings. Since then, medical groups including the American Academy of Pediatrics, the American College of Emergency Physicians and the National Academy of Medicine (formerly the Institute of Medicine) have issued reports bemoaning the state of children's emergency care.

Yet hospitals have had little incentive to improve care for kids because many government agencies and professional

standards for hospitals, apply to people of all ages, rather than children specifically.

CMS does regulate confining or restraining children, an agency representative said. The Joint Commission discussed adding pediatric-equipment requirements in 2019. Some hospitals criticized the standards, and the organization decided that emergency departments needed a stronger consensus, a spokeswoman said.

About 700 out of 5,085 emergency rooms nationwide either specialize in children or have been recognized by states for their efforts to improve

applies to major hospitals. A state official said about 40% of hospitals there don't take part in the readiness program. And two New Jersey doctors involved with efforts to improve children's emergency care there said the state doesn't enforce its requirements. A state agency spokeswoman said the federal government has signed off on its verification program.

Twenty-two states have programs that are voluntary. Among the states without a program is Michigan.

Severe injuries

On the outskirts of Detroit, emergency staff gave 4-year-old Mason Seitllari apple juice and Tylenol after his parents brought him to an emergency room for vomiting and stomach pain.

It took four hours for the St. Mary Mercy Livonia emergency department to order an X-ray of Mason's bowel.

A dangerously crumpled bowel is more common in kids than adults. The condition, known as intussusception, can be easily missed by emergency rooms that lack experience treating children, pediatric specialists said. It can be easily confused with constipation or a stomach bug. Yet if caught early, an enema can treat it.

This account of Mason's treatment is based on depositions, medical records and other documents that were part of the family's lawsuit against St. Mary Mercy and others. It is also based on interviews with Mason's parents.

Mason's parents, who moved to the U.S. from Albania, took him to St. Mary Mercy in April 2017 because it was close to their home in Livonia. "I thought every hospital in U.S.A. is good," said Nisjeta Seitllari, Mason's mother.

St. Mary Mercy, which is owned by Trinity Health, had discussed sending Mason home before it got the X-ray results. Mason was rushed to the University of Michigan Health C.S. Mott Children's Hospital. Doctors there quickly diagnosed his intussusception.

Mason's oxygen dropped. He went into septic shock. Doctors rushed him to emergency surgery. In the operating room, Mason's heart stopped.

"It was a nightmare," Nisjeta Seitllari said. "That is the worst thing that can happen to a parent."

Mason needed about a dozen surgeries and procedures on his bowel and lungs. He spent nearly four months in the hospital. When he finally left, he had one tube in his throat to get oxygen and needed another tube through his nose for feeding.

The negligence lawsuit filed by Mason's family is scheduled for trial in March.

The hospital and doctors denied the lawsuit's allegations in court documents. A Trinity Health representative declined to comment, citing ongoing litigation.

Mason's lungs suffered long-term damage.

Now 10 years old, he depends on inhalers and is shaken by a device to keep his lungs clear.

He has been hospitalized several times for pneumonia, a complication from the lung damage. His parents won't go to St. Mary Mercy, now named Trinity Health Livonia, and instead take him to Mott Children's.

"We just don't want to take the risks," Nisjeta Seitllari said.



Mason Seitllari with his mother, Nisjeta Seitllari, and father, Dorjan Seitllari, outside their home in Livonia, Mich.

ing a seizure when an ambulance brought her in March 2020 to the emergency room at Ascension Seton Highland Lakes hospital in Burnet, Texas. There, the doctor moved to install the tube to make sure neither the girl's seizing nor a seizure medicine stopped her lungs from getting oxygen.

Intubating a child is just one of the procedures that can be especially tricky for doctors who don't treat kids often.

Children's airways are smaller than adults' and positioned differently. Doctors also must do the work more quickly in kids because children lose oxygen faster than adults do, pediatric specialists said.

In 2000, 20 years before Avery arrived at the hospital, 6-year-old Matthew Melancon had died from lack of oxygen after the Highland Lakes emergency team tried but failed to intubate him, according to his mother and court records.

The hospital hasn't been certified under a Texas program that recognizes facilities working to upgrade their crisis care for kids.

The following account of Avery's care is from the recollections of her aunt, medical records and court records in the family's lawsuit against the hospital, the doctor and two physician staffing agencies.

The sides settled the lawsuit earlier this year. Terms weren't disclosed.

Ascension, the health system that owns Highland Lakes, didn't respond to requests for comment, but in court records issued a blanket denial of all the lawsuit's allegations.

After staff handed the doctor a breathing tube sized for a small woman, the doctor attempted to intubate with the large tube, medical records said

The team finally stabilized Avery. But her oxygen had dipped to life-threatening levels at least five times. Avery was flown to the children's hospital about 50 miles away in Austin, and doctors there intubated her on their first attempt. But her brain was already damaged. She died six days later.

Most pediatric-readiness programs require hospitals to have the equipment, training and protocols necessary for intubating kids and other emergency procedures.

groups haven't required action. State efforts to help hospitals have limited federal funding, and child emergency care isn't in as high demand or as lucrative as other services.

Federal funding to states for improving child emergency care amounts to about \$190,000 per state each year—enough to pay for one or two staffers and some free training for hospitals and emergency responders, state program officials said.

Most of the safety standards set by the Centers for Medicare and Medicaid Services, the nation's primary hospital regulator, and the Joint Commission, a private organization that sets

emergency care for kids, according to the analysis by the Journal, which surveyed all 50 states, Washington, D.C., and more than 600 hospitals.

Some states, local agencies and nonprofits have designated pediatric trauma centers, which are meant to be staffed with experts able to treat the most critical patients, but these are limited in number so they see enough child emergency cases to maintain their skills.

Only Tennessee, Illinois and New Jersey require and check that the rest of hospitals are equipped to provide emergency treatment to the youngest patients.

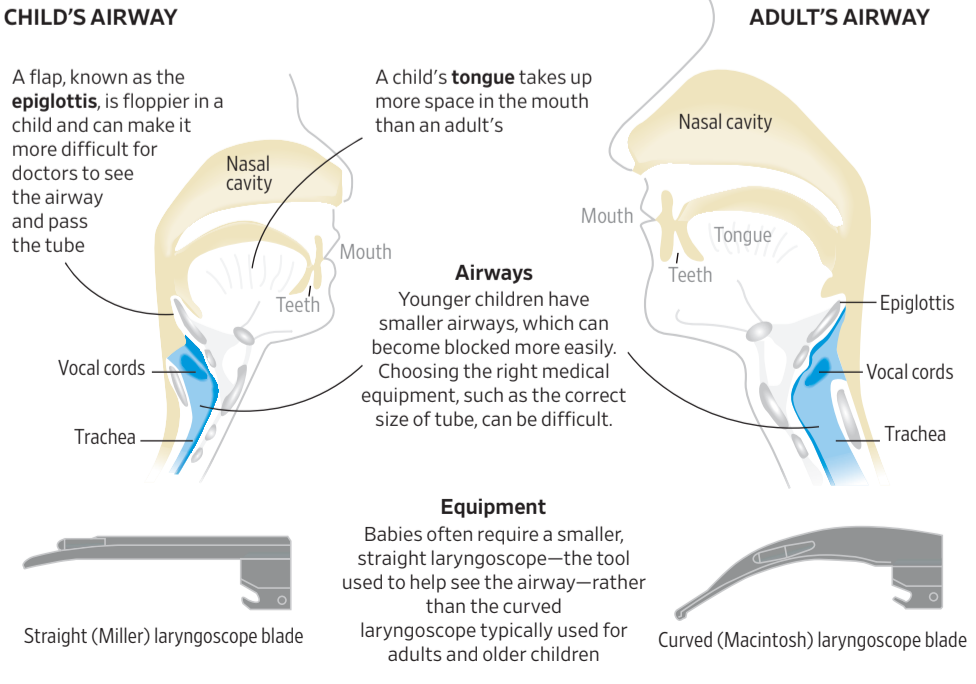
The Illinois mandate only

Federal help

As long ago as 1984, after a

The Complexity of Intubating a Child

Doctors must use special techniques and equipment to insert a breathing tube into a child's airway—and do so more quickly, since children lose blood oxygen rapidly.



Note: Not to scale. Sources: Harvard Medical School; The Royal Children's Hospital Melbourne; Dr. Marc Auerbach; Dr. Joshua Nagler

PERSONAL JOURNAL.

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THE WALL STREET JOURNAL.

Monday, October 2, 2023 | A11

A Dating App Based Off Facial Profiles

The face holds personality clues, but is it the key to determining romantic compatibility?



FAMILY & TECH

JULIE JARGON

Can artificial intelligence find your perfect romantic match—just by examining your face?

SciMatch thinks it can. The dating app runs photos of users' faces through its algorithm to determine their personality traits, such as outgoing, neurotic or conscientious. It then recommends potential mates who have compatible characteristics.

AI is playing an increasingly larger role in our daily lives, providing medical diagnoses, homework help and meal-planning. And it promises to reshape millions of other tasks.

When it comes to online dating, AI has already seeped into some aspects, such as helping people optimize their profile pictures and start conversations. But some relationship experts doubt AI can effectively play matchmaker.

SciMatch, which launched in early 2022, has about 5,000 active monthly users. It's free to use. People can pay for extras like the ability to be paired with someone who resembles their celebrity crush.

Lilia Mahmoudi and Anirudh Mallick met on SciMatch two months ago when the app showed they were an 87% match. Mah-

moudi, a 33-year-old investment banker in New York, previously went on one date with a SciMatch user who was a 51% match, but it didn't go anywhere.

After messaging each other on the app for four days, Mahmoudi and Mallick met for coffee and walked around Bryant Park. They've been dating ever since.

"That 87% turned out to be pretty accurate," Mahmoudi said. "SciMatch said I was passionate and bossy, which is me to a T. Ani balances me out."

Mallick, a 32-year-old software engineer in New York, said Mahmoudi is the only woman he's dated from the app. Its description of him as someone who prioritizes stability and security are words he's previously used about himself. "It's kind of scary how accurate it was," he says.

Put on your best face

Once the SciMatch app scans your face, it spits out a description that you can use in your profile. The algorithm doesn't focus on specific facial features but studies the face as a whole. For example, people with heart-shaped faces are considered by face-reading experts to be creative and have a fiery temperament.

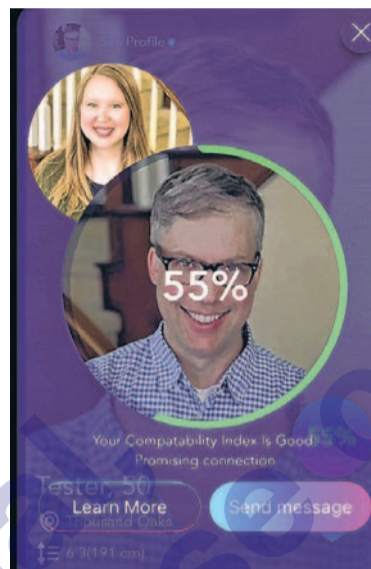
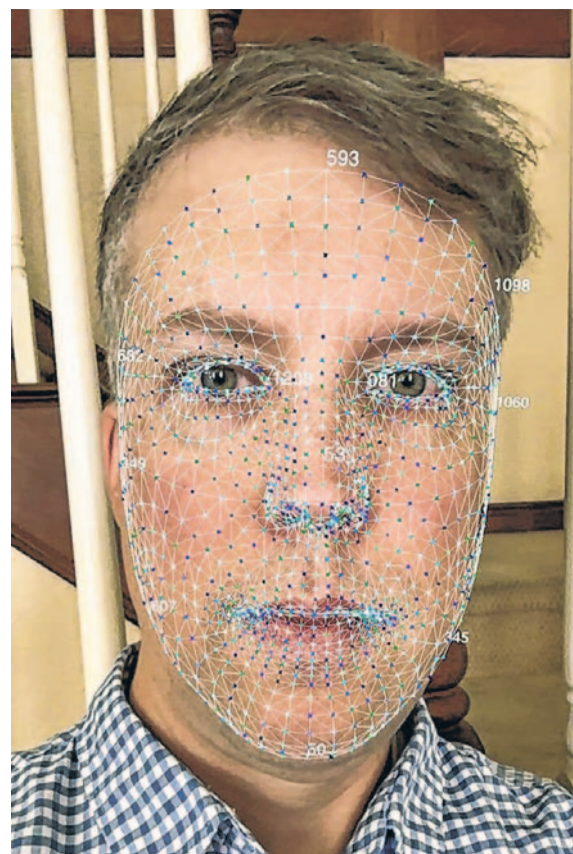
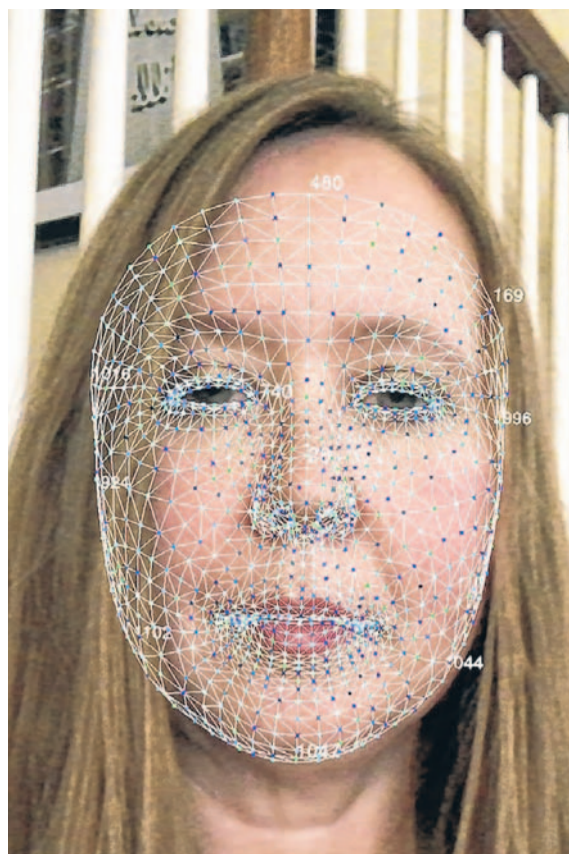
The app's developers, Yanina and Viktoryia Strylets—sisters with degrees in data science and computer science from Northwestern University and Stony Brook University, respectively—

say their algorithm factors in both personality similarities and differences. "If you're neurotic, you probably want a partner who's less neurotic than you," Yanina says.

After the scan, you can scroll through profiles of other daters and check your compatibility as a percentage. The Strylets say a match of 50% or more is considered "good." The app ranks pairings from "poor" to "excellent."

The Strylets sisters say they were inspired by research conducted at Northwestern Polytechnical University in China, which

Mike Sepulveda tried SciMatch after striking out on other dating apps.



Dating app SciMatch uses artificial intelligence to help bring couples together. Columnist Julie Jargon and her husband, Craig Robertson, tested SciMatch to see how compatible they are—55%, according to the app.

found that the big five personality traits—neuroticism, extroversion, openness, agreeableness and conscientiousness—could be predicted from facial images with an accuracy rate of more than 70%.

Not everyone agrees. "I think this is complete wizardry," says Paul Eastwick, a psychology professor at the University of California, Davis, who studies attraction and romantic relationships.

He says he doesn't think any dating app can predict compatibility—that a good match can only be determined by two people meeting face-to-face and having ongoing interactions. Proving it would require a randomized, controlled trial, Eastwick says.

55% match

I wondered whether the app would consider me and my hus-

band, Craig Robertson, to be a good match. So we each signed up with test accounts.

As soon as the app was done scanning my face, I received an accurate description, even if it read like a fortune cookie. The app said I'm self-reliant, am always seeking new experiences and am determined to achieve big dreams. The app told Craig that he's deeply connected to his emotions and that he's likely to be very romantic and to indulge in sensory experiences (is it getting hot in here or is it just me?).

When I clicked on Craig's profile and asked it to calculate our compatibility, it said we had a promising connection—a 55% match. But it said we might be better business partners than romantic ones. Whether that says something about the app's accuracy or us, I don't know, but we've

been happily married for 23 years.

Mike Sepulveda, a 35-year-old truck driver in Harrison, N.J., was fed up with other dating apps, where he said men far outnumber women.

Although SciMatch's description of him could apply to a lot of people—you're a warm caring person who gives intimate relationships a lot of care and attention—he said it was better than anything he could have written.

The third woman he saw on the app was an 86% match. He has been dating her for three months (she declined to comment other than to say she's very happy and felt the app worked well).

Sepulveda says it's hard to believe an app can serve up a match based on a facial scan. But he's not questioning it.

"As far as I'm concerned, it may as well be magic," he says.



FROM TOP: THE WALL STREET JOURNAL (2); SCIMATCH; MIKE SEPULVEDA

Science-Backed Tips For Healthy Habits

By ALEX JANIN

Any healthy choice seems doable for a day. Building consistent good habits around exercise, sleep and nutrition in the long term is harder.

Recent research is uncovering how long it takes to cement different kinds of habits—and gives fresh insight into how to make them stick. Simple health habits like handwashing, for instance, take a couple of weeks to develop, while more complicated ones like going to the gym take four to seven months, according to a recent study.

"You can't mindlessly go to the gym the way you mindlessly shampoo your hair," says Katy Milkman, a professor at the University of Pennsylvania's Wharton School and co-author of the study, which was published in Proceedings of the National Academy of Sciences.

One big lesson if you're trying to establish a new healthy habit: You will have better luck if you can simplify the process and repeat it often. Finding ways to make it fun and setting realistic expectations about how long it will take to establish the habit will help, too, other research has found.

Cheryl A. Johnson struggled for decades to keep a consistent exercise routine before she moved to Greenville, N.C., and invested in a swimming pool. She estimates it took more than a year to adopt a regular swimming routine after the

pool was installed, working on breathing techniques and getting over the fear of putting her face in the water. Now, she has been swimming consistently for seven years.

"I learned that if you don't give yourself grace, you feel like you're failing every day," says Johnson, 63 years old.

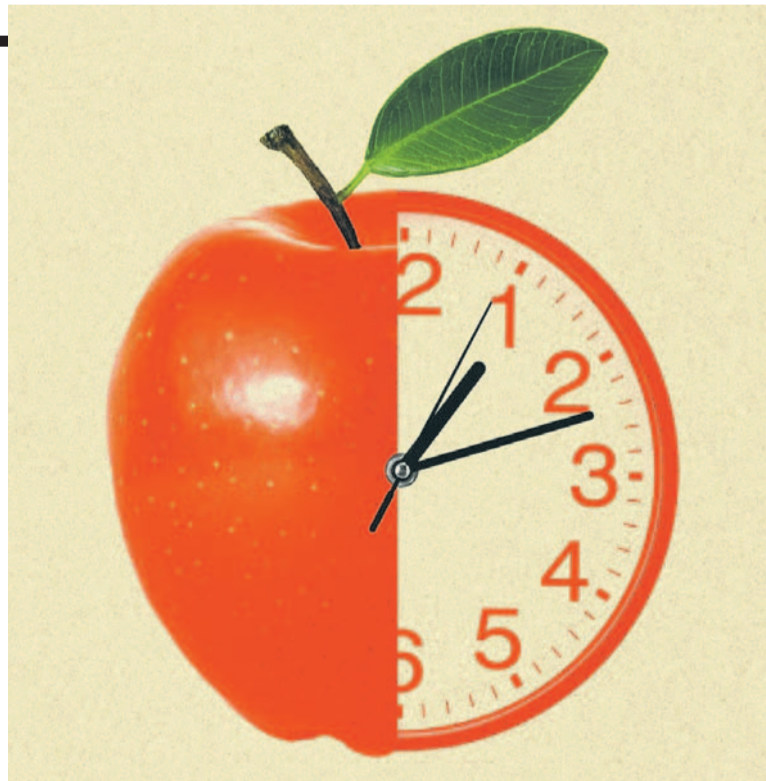
Here are some of the best science-backed strategies that can help you build healthy habits more efficiently.

Simplify and repeat

A landmark 2009 study by researchers in the U.K. found that simple health habits, such as eating a piece of fruit with lunch or running for 15 minutes before dinner, took an average of 66 days to form. Two to three months is a safe bet on average, behavioral researchers say, but the more complex the behavior, the more difficult it is going to be to put on autopilot.

Habits likely develop more quickly the more often they are repeated, says Milkman, and lessening your decision-making helps, too.

If you are trying to go to the gym regularly, reduce the amount of time and effort required by incorporating it into your work commute. That could mean choosing a gym between your home and workplace and keeping a bag with workout clothes in the back of your car, says Wendy Wood, a professor of psychology and business at the University of South-



ern California, whose research focuses on habit formation.

Eliminating the chances of making decisions that could tempt you from your desired path can be helpful. If you want to cook healthier meals, fill your fridge with fresh produce. If you want to stop doomscrolling at night, ditch the charging cable next to your bed and replace it with a good book.

For those hoping to use social media less, keeping Facebook and Instagram apps on their phone's home screen is akin to "having an open bag of Skittles in your pocket at any given time," says Brad Stulberg, adjunct professor at the University of Michigan's School of Public Health and an executive coach.

Plan, but be flexible

Repetition and planning are essential tools in developing habits efficiently, behavioral researchers say. But rigidity can make follow-through harder in the long run.

When a team of researchers conducted a study of gymgoers who were paid to work out on a consistent schedule versus a variable schedule, they were surprised to find that those with more variable schedules went to the gym more overall once the payments stopped, says Milkman, who co-wrote the study.

Those participants had backup plans, such as going to the gym in the evening if they missed the morning slot. The lesson, she says, is to avoid a rigid, "7 a.m. or bust"

schedule that doesn't allow for different ways to achieve your habit if your original plan falls through.

Expect to feel worse at first

We expect healthy habits to make us feel better—more energetic, sated, stronger or calmer—but those feelings don't often come right away.

Starting a new behavior, such as cutting out screen time before bed or exercising before work, prompts the body and brain to cycle through a state of order, disorder and reorder, known as allostasis, says the University of Michigan's Stulberg.

This is what leads us to feel worse before we feel better, he says. Starting a new gym habit, for example, might lead to muscle soreness, hunger and fatigue before we start to feel the benefits and adapt to the new routine.

"If you don't expect it to be hard, then when it is hard you freak out and you quit," says Stulberg.

Make it fun

If the habit itself isn't enjoyable, finding other ways to make it fun can help make the habit stick, researchers suggest.

Wood, the USC professor, enjoys trashy novels but only allows herself to read them when she is working out on her elliptical machine. Milkman calls this strategy "temptation bundling," or encouraging an action by letting yourself enjoy something only while doing it. Thinking about the long-term value of a habit often does little to motivate us at present, she says.

"We should spend more time focusing on the instant gratification we get from the activities we want to put on autopilot," she says. "It needs to be rewarding in the moment."

PHOTO ILLUSTRATION BY ELENA SCOTTI/THE WALL STREET JOURNAL (STOCK)

PERSONAL JOURNAL.

By JACOB PASSY

Airports Become Travel Hot Spot

Forget the mall. Programs allow non-fliers to spend time eating and shopping inside a terminal.

The latest airport gambit: Find people who want to slog through security, pay for pricey food and sit in crowded seating areas. But not actually fly anywhere.

Orlando-based flight attendant Aubrey Hendershot is one of the non-fliers.

She recently spent a day off at the airport with her pilot husband and their 2-year-old son. Their boy is obsessed with planes, and the couple wanted to see how he would handle going through a major airport with an eye on taking him on a longer trip soon.

"It kind of went against my intuition," Hendershot says. She says she enjoyed exploring the terminal without pressure to reach a gate at a specific time. Hendershot's son loved watching the planes take off and waving to the ground crew.

"My husband and I have talked about wanting to go back—maybe while we have a babysitter—to sit down and enjoy a beer or glass of wine," Hendershot says.

Hendershot's visit was part of Orlando International Airport's Experience MCO Visitor Pass Program, which launched last month. The program grants access to visit the airport's new terminal, which opened in 2022. It follows similar programs at other airports, including those in Seattle and Pittsburgh.

These visitor-pass programs enable people to go through security checkpoints and visit terminals without a plane ticket. In essence, they sell the airport as a mall.



How it works

Airports have long allowed people to request gate passes for specific purposes such as aiding an unaccompanied minor. The idea of allowing non-travelers past the security checkpoints just to enjoy what's on the other side is newer.

Kevin Thibault, chief executive of the Greater Orlando Aviation Authority, says the program lets the airport showcase restaurants and shops. Universal Orlando Resort and Walt Disney World have retail locations there that sell theme-park merchandise.

Since the program launched, around 1,000 people have applied for the passes, Thibault says. While about 160,000 people travel through all of the airport's terminals daily, it allows no more than 15 people to take advantage of the program each day. The program is free.

The Orlando airport



invited social-media influencers and content creators to try the program to help generate publicity. Mike Haffner, who runs a TikTok account with more than 26,000 followers, got a taste of it that way. Though he enjoyed ex-

ploring the terminal, he said the experience felt kind of surreal.

"I kept feeling like I was supposed to have luggage or something," he says.

Pittsburgh International Airport piloted a public visitor pass program in 2017 in cooperation with the Transportation Security Administration. Several airports across the country have adopted similar programs since, including major airports such as Orlando or Seattle-Tacoma International Airport, and smaller ones serving Flint, Mich., and Pasco, Wash. Some of the programs have stayed on hiatus since the start of the pandemic.

The TSA handles regulatory oversight of the programs in coordination with local airport authorities, an agency spokesman says. Airports set daily limits on pass-holders and sometimes restrict the hours they can go through security to slower times of day to avoid putting a strain on TSA checkpoints.

Seattle-Tacoma International Airport's visitor program accommodates around 300 people a day,

▲ Aubrey Hendershot and her two-year-old recently watched planes at Orlando International Airport.

says Rosa Johnson, the airport's aviation customer communications manager. The program is particularly popular among aviation geeks, given its proximity to Boeing's operations, she says.

Visitors must apply for passes in advance, which allows the TSA to vet them. Upon arrival, people must show a pass they receive from the airport to security screeners, along with a valid government-issued ID. They then must go through the standard screening process, even if they have TSA PreCheck.

A coveted table

Nipuna Dasi, a parenting coach and doula who lives in Bellevue, Wash., says she uses the visitor-pass program at Sea-Tac about twice a year when she drops off visiting friends or family.

Part of the draw for her, aside from spending more time with loved ones, is dining at the airport eateries.

She sometimes indulges on cheese curds from the airport location of Beecher's Handmade Cheese, rather than the more famous and crowded location at the Pike Place Market. Dasi also frequents Floret, a vegetarian restaurant located at the airport. It

▲ Orlando International Airport allows 15 people daily to get day passes to visit its new terminal.

serves many of the same dishes as its sister restaurant, Cafe Flora, which is a favorite of hers.

"I like to take my friends there, because it's more convenient" than schlepping to Seattle and trying to find parking, Dasi says.

When Angela McCoy's son was returning to Los Angeles after visiting her and the rest of his family in Oklahoma this summer, she decided to surprise him by accompanying him past security at Tulsa International Airport. She didn't tell him that she and her husband had gotten the passes until they reached the TSA checkpoint.

"He was like, 'I've been freaking out thinking y'all had lost your minds,'" McCoy says. Once past security, the family grabbed a few drinks at the Chili's in the terminal and watched the planes come and go. The roughly 90-minute visit ended soon after her son boarded. They waited until the plane left the gate, waving goodbye.

McCoy says she plans to do it again. "It was nice to be with him that whole time, and a little less emotional actually than it typically is," she says.

Retiree Takes On Britain's Rap Scene

By JAMES HOOKWAY

Manchester, England

In the movie "8 Mile," Eminem's character breaks free from the trailer park to duel with the biggest names in Detroit's underground battle-rap scene, rattling off put-downs and rhymes until he is eventually accepted as one of their own.

Retired schoolteacher Joy France is doing much the same.

Now 66 years old, France is a familiar sight on the battle-rap circuit in Britain and Ireland. She rails at anyone who brushes her off as a gimmick, dissing them back and insisting her rightful place is in their face, as she puts it. Some come from as far as Canada and the U.S. for the privilege.

"I'm going full-on grief. Going to make you forget all your beliefs," she warned Toronto-based rapper Omar during a face-off in Dublin. "Gonna make you choke till you can't breathe, gonna pull the plug, put you to sleep, leave your family and friends bereaved."

Irish contender Rapthor didn't fare much better: "Gonna chop you up and burn you to cinders," France rapped. "And you won't see me coming 'cos I'm an old fat nanny ninja."

Some see it as an odd way for a senior to spend her time. Sitting with a pint of IPA after another performance, she described how secu-

rity guards and audiences often thought she was in the wrong place when she first turned up at battle-rap nights.

"I'd get to the security on the door and they'd say, 'Sorry, love, the toilets are around the corner,'" she said.

But France says her adventures on the battle-rap circuit have helped her overcome the death of her partner a few years ago. Crucially, the people she met on the scene provided a way for her to punch back against the creeping invisibility and loneliness many people experience as they get older, especially women.

It's a common problem. Vivek H. Murthy, the U.S. Surgeon General, recently released a paper saying one in two Americans reported experiencing loneliness, and it was more significant for their health than simply feeling a bit cut off. He wrote the effects were similar to those of smoking up to 15 cigarettes a day, and worse than obesity or sedentary lifestyles.

In Britain, where suicide rates in recent years have hit their highest levels in nearly two decades, there is now a government minister for loneliness to tackle the problem. Japan followed suit during the pandemic. Other countries are looking at establishing similar initiatives to come up with community outreach programs and other projects.

France said she has been swamped by messages of support after taking matters into her own hands. Some wrote to say how she inspired them to step out into the unknown after she appeared at Edinburgh's arts festival this summer and later on a morning TV show.

"It's turned into something I could never have expected," she said.

France first broke out of her comfort zone by joining local spoken-word nights around her home in



▲ A 66-year-old former teacher, Joy France has become a fixture on England's battle-rap circuit.

northern England, where people would read out poetry or short pieces they had written. On her first time, she won a contest, overcoming her longstanding fear of speaking in public.

Her confidence growing, France later took a year out from work to fill a role at Afflecks, a community space in Manchester where young creatives shelter from the rain and browse vintage clothing stalls.

When two teenagers heard her perform one of her poems, a rhythmic, syncopated piece called "Running," one of the boys said she should be a rapper.

"Then the other said, 'No—she should be a battle rapper,'" France said. "I thought, yes, I can try that."

Since then, she has found a network of younger people who have coached and supported her, opening up a world she initially thought to be full of anger and hate but that turned out to be more diverse and nuanced than she realized.

It helps that France spent much of her teaching career working with children from troubled backgrounds,

scribed France as the one person he'd want in his corner if he was ever in trouble.

He credits the strong sense of community lying beneath all the cussing for helping him to stay sober after years of substance abuse, and France is a big part of it. "Joy was there waiting for me when I came out of detox," he said. "They've been working together ever since."

The battle-rap format is simple and is much like the bouts featured in the Eminem film. Each rapper takes turns to mock or taunt their opponent, with the crowd response determining who wins the battle of wits. Today, full-blown leagues can be found from the Philippines to New Jersey.

France's posse helps her size up potential opponents, identifying weak spots like a sports coach might. "You want to give yourself the best preparation," said Bombshell as France prepared for a bout with her next opponent, New York-based Spider J.

A veteran of New York City's battle-rap leagues, Spider J said France had been on his bucket list of opponents for some time. "I think people are intimidated by her," he said.

France's main line of attack was that Spider J had challenged her to battle, making her the star attraction. "I know you're here to worship at my altar, so I've got something to say: You're a little lamb to be slaughtered, so get down on your knees and f—ing pray," she rapped as they began to take shots at each other.

Spider J was having none of it, and hit back, hard. "You're making a mockery of the culture, you know nothing of it. You're basically the Jamaicans in 'Cool Runnings,'" he rapped, "A Triscuit-dunking, old, pasty biscuit dumpling."

With the crowd whooping, France giggled and stumbled over her words for once, acknowledging defeat. "Spider was amazing," she said afterward, licking her wounds. "I see I'm going to have to up my game."

'I'm going full-on grief. Going to make you forget all your beliefs,' Joy France raps.

ARTS IN REVIEW

ART REVIEW

Louise Nevelson: Artist of the Shadows

By Lance Esplund

The flamboyant American sculptor, modern dancer and movie extra Louise Nevelson (1899-1988) was among the mid-20th-century pioneers of environmental and installation art. When many sculptors were working with industrial metals, Nevelson, in the 1950s, created her signature high-relief wooden assemblages—monumental abstract works evoking mysterious wall units or altars whose dark, reticent forms dissolve in shadow. These enigmatic bric-a-brac tableaus were usually constructed out of stacked, gridded liquor crates that Nevelson filled with found wooden objects, carved fragments and household debris—bowling pins, balusters, driftwood, finials, wheels, table legs, chair spindles—all painted matte black. (Less successful were the works in stark white or garish gold.)

About two dozen of Nevelson's large, monochromatic shadow-box sculptures are the meat of the Amon Carter Museum of American Art's "The World Outside: Louise Nevelson at Midcentury." These include the remarkable, roughly 9-foot-wide "Cascade" (1964), which advances on viewers, expanding like a multiwinged altarpiece; and the puzzling "Dream House XXIII"



(1972), evocative of a folding screen, confessional booth, carved stele and child's fort.

Curated by the Carter's Shirley Reece-Hughes, the thematically organized show—which glosses over Nevelson's beginnings and omits her paintings and late works, including her paper collages—com-

prises more than 30 sculptures and over 30 prints and drawings. It emphasizes Nevelson's breakthrough sculptural work from the 1950s and '60s, as well as prints she produced at Los Angeles's Tamarind Lithography Workshop (now Tamarind Institute). On view in Fort Worth through Jan. 7, 2024, it opens in February at the Colby College Museum of Art in Waterville, Maine.

Born Leah Berliawsky, in present-day Kyiv Oblast, Ukraine, Nevelson immigrated with her family to Rockland, Maine, when she was around 4 or 5 years old. She studied at the Art Students League in New York, and with Hans Hofmann in Munich and New York, where she also assisted the Mexican muralist Diego Rivera. Nevelson cited Modernism, American folk art, dance and Mayan ruins as influences in her own art, but other inspirations seem to have been the readymade, the woodpile and the hardscrabble city street. "I love to put things together," she said in 1975. "I've come to recognize that the way I think is collage." She also referred to herself as a "scavenger." As a child, Nevelson observed her lumberjack father (who owned a junkyard and made his fortune in timber) converting scrap metal into bullets and collecting old clothes, buttons and rags. "I feel that what people call by the word 'scavenger,'" she said in 1972, "is really a resurrection."

Nevelson's alchemistic approach to materials is vividly evident at the Carter. The show opens with one of several experimental, geometric, abstract lithographs, all "Untitled" (most from

1967, in combinations of red, black, gray and white), in which cheesecloth and lace create transparent textural patterns. Here, Nevelson acknowledges both Russian Constructivism and her father's rummaging, but rarely do her flat shapes push toward the front plane of the picture.

More engaging are Nevelson's nude figure drawings from the 1930s, which are spare, taut and lithe. Compelling, too, are her black-and-white abstract lithographs, all "Untitled" (1963), resembling pictographs, rebuses and stone rubbings; and her abstract black-and-white etchings, the dreamy "Jungle Animals" (1953-55) and the visceral, primeval "Figure at Mid-noon" (1952-54). These—and the fantastical untitled lithograph from 1963 in which a lace doily reads as a starburst and a Ferris wheel—are images from the hand of a sculptor.

But it is Nevelson the sculptor who is of most interest here. Her accomplished early sculptures were inspired by Constantin Brancusi, Isamu Noguchi and Henry Moore. "Untitled" (c. 1935), a black, etched-plaster head-and-shoulders or sprawled body, merges landscape and dancer Martha Graham. "First Personage" (1956)—a roughly 8-foot-tall, black, wooden abstract self-portrait and allusion to her failed marriage to shipping magnate Charles Nevelson—evokes a deconstructed iron maiden.

In the mid-to-late 1950s, however, Nevelson—who referred to herself, in 1971, as "an architect of shadow and reflection"—became a sculptor of darkness, dawn and dusk. Inspired by the compartmentalized grid sculptures of the Uruguayan Constructivist Joaquín Tor-

res-García and the box sculptures of Joseph Cornell, Nevelson began to harness and shape form and shadow. In "Untitled" (1958), black forms invoke gearwork, pressed flowers, a nest of birds. "Black Moon" (1959) resembles a grandfather clock, a standing casket. The small "End of Day XXXV" (1973)—in which tiny objects inhabit little cells—suggests a game board, abacus and Advent calendar.

This exhibition establishes Nevelson's singular voice, flair and oeuvre. But it also reveals the repetitions and shortcomings of her process. Some of these sculptures are extraordinary; others feel manically accumulated, rambling—their found objects confined and homogenized through monochromatic black, white or gold.

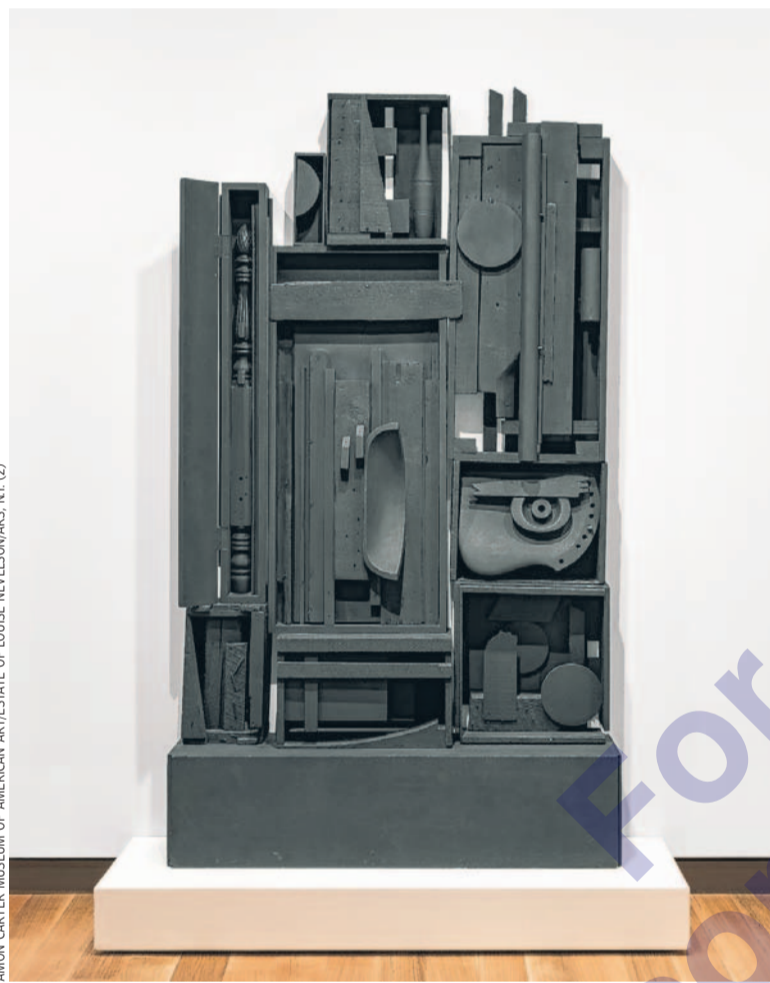
Nevelson, to great acclaim, sometimes exhibited several of her black sculptures, barely illuminated, as dramatic installations—a challenging environment re-created in a gallery here, where eight such works are bathed in dim blue light. Though historically commendable, it transforms Nevelson's sculptures from introverted and secretive to indecipherable and mute. Her theatrics occasionally eclipsed her art.

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The World Outside: Louise Nevelson at Midcentury

Amon Carter Museum of American Art, through Jan. 7, 2024

Mr. Esplund, the author of "The Art of Looking: How to Read Modern and Contemporary Art" (Basic Books), writes about art for the Journal.



▲ Louise Nevelson's 'Lunar Landscape' (1959-60)

MUSIC REVIEW

A Solo Trip Through the Standards

By Larry Blumenfeld

At the start of his new solo-piano release, "Borrowed Roses" (Top Stop Music), Gonzalo Rubalcaba takes a straightforward approach to the first dozen notes of Billy Strayhorn's "Chelsea Bridge." By the second phrase of this time-honored classic—Strayhorn himself played piano on the Duke Ellington orchestra's 1941 recording of it (and 20 years later, recorded a solo-piano version)—Mr. Rubalcaba thickens and darkens harmonies that have become familiar since Ellington's day. He staggers the song's rhythm here and there, notably elongating some silences between notes.

Halfway through, he plays graceful yet irregular improvisations that alter Strayhorn's structure—itsself a delicate balance of jazz conventions and popular song—without disrupting its flow. Mr. Rubalcaba honors Strayhorn's creation and its history, yet makes a personal statement for the present moment.

Of course, this is what savvy jazz and pop musicians have long done. (In the case of "Chelsea Bridge," the list of interpreters includes pianists Ahmad Jamal and Keith Jarrett, trumpeter Wynton Marsalis and, most memorably of all and in several versions, tenor saxophonist Ben Webster, who soloed brilliantly on that 1941 Ellington recording.) The dozen songs on Mr. Rubalcaba's new release—which also include three George Gershwin classics, Chick Corea's "Windows" and Bill Evans's "Very Early"—have by now become well-known, at least among jazz musicians.

Mr. Rubalcaba was born in Havana, Cuba, in 1963. His father, the pianist, composer and bandleader Guillermo Rubalcaba, played in the orchestra of Enrique Jorrín, a pioneer of cha-cha-cha; his grandfather Jacobo Rubalcaba was the composer of classic Cuban *danzones*. Gonzalo trained at storied Cuban conservatories. For most Cuban musicians of his generation—even those in privileged circles—the repertoire of jazz, pop and the Great American Songbook arrived from a certain remove, often serendipitously, owing to the cultural policies of the Castro regime in Cuba and the U.S. embargo on the island nation.

Recently, Mr. Rubalcaba recalled for me first getting his hands on a copy of "The Real Book," the volume of transcriptions that serves as basic repertoire for jazz musicians. He was mesmerized by the beauty suggested through the notation of Ellington's "In a Sentimental Mood," which he plays here in a spacious, nearly out-of-tempo manner. He can't remember when or how he discovered the Lennon-McCartney song "Here, There and Everywhere," but it captivated him right away. That fascination comes through in his version, played in tender, breath-like passages with glowing overtones.

His take on Gershwin's "Summertime" is mostly a study in gently



▲ Cuban jazz pianist Gonzalo Rubalcaba, whose new release is 'Borrowed Roses'

swaying rhythm and ominous chord voicings. He toys with the five-beat meter of Paul Desmond's "Take Five," beginning much as Dave Brubeck's quartet did on the 1959 original. But soon, if fleetingly, that meter shifts to suggest a different five-beat pattern, the *clave* essential to Cuban music. Now Mr. Rubalcaba digs in, with slashing runs and crashing basslines. Yet, like a once-turbulent sea suddenly settling, he returns to Brubeck's pleasing groove.

By 2006—when Mr. Rubalcaba released "Solo," his first album recorded alone at the piano, 15 years after he left Cuba—he had estab-

lished himself as a leading carrier of his homeland's legacy, and one who balances that inheritance and American jazz tradition with rare elegance and invention.

His late 1980s recordings with his Cuba-based Grupo Proyección revealed a forceful bandleader and an original composer. His early 1990s releases, mostly in trios with American jazz masters, including bassist Charlie Haden and drummers Paul Motian and Jack DeJohnette, displayed thorough fluency in swinging jazz as well as the spark that invigorates its continuing evolution. "Antiguo" (1998) blended as acoustic quartet and electronics did it bridged folkloric elements and Afro-futurism is prescient ways.

Mr. Haden, who first heard Mr.

Rubalcaba at a Havana jazz festival in the early 1980s, was instantly taken with his playing. The two musicians formed a close bond. For Mr. Haden's 2001's "Nocturne," the first of two Grammy-winning collaborations, Mr. Rubalcaba arranged boleros, a ballad-like form that originated in Cuba. That recording signaled a shift in focus, even of sound, in Mr. Rubalcaba's playing—markedly restrained, and devastatingly intense.

"Twenty years ago, I wanted to play everything," Mr. Rubalcaba told me upon the 2011 release of "Fé . . . Faith," his second solo-piano album. "Ten years ago, I still wanted to leave most of it in. Now, I can make more mature decisions about the music—about its balance, about what it really needs. About who I really am."

That clarity has infused his recent collaborations—three stirring releases with Cuban singer Aymée Nuviola, and two trio albums: the elegant (and Grammy-winning) "Skyline," with elder masters Mr. DeJohnette and bassist Ron Carter; and the fiery "Trio D'été," alongside bassist Matt Brewer and drummer Eric Harland.

As recorded here, alone at the Bösendorfer grand piano in his living room, Mr. Rubalcaba sounds at home within these dozen songs, ready to reveal his truest self.

Mr. Blumenfeld writes about jazz and Afro-Latin music for the Journal and is the editorial director for Chamber Music America.

SPORTS

Slow Start Doomed U.S. In Ryder Cup

Team Europe withstood a late U.S. push to reclaim the Cup with a 16.5 to 11.5 victory

By ANDREW BEATON

Guidonia Montecelio, Italy

The most anticipated moment of the Ryder Cup's final day arrived when American golfer Patrick Cantlay and his caddie stepped into the amphitheater for the final session. Less than a day earlier, Cantlay's long putt delivered the Americans a dramatic victory on the 18th hole, and his caddie's celebration stirred up altercations with Rory McIlroy.

The fans greeted Cantlay with jeers and by waving their hats at him—mocking his decision to not wear a cap this week, and referencing how his caddie waved his own hat at the crowd during the controversial celebration. The question facing the Americans was whether the fiery conclusion to Saturday could spark a record comeback on Sunday.

But after an inspired effort on the final day, the Americans failed to erase their struggles to begin the competition.

Europe withstood a late U.S. push to reclaim the Ryder Cup with a 16.5 to 11.5 win here at Marco Simone Golf Club, continuing their dominance on home soil in this biennial event. The Americans haven't won on this continent since 1993 and have more broadly watched as their counterparts have come to own this competition: Europe has now won eight out of the last 11 Ryder Cups.

"At one point I was looking at the board trying to figure out how we get to 14.5 points," European captain Luke Donald said. "But in the end, we got there easily."

How Europe eventually clinched was peculiar. The deciding moment came when Rickie Fowler conceded

a putt to Englishman Tommy Fleetwood on the 16th green—a decision that quickly drew scrutiny given the stakes. That didn't matter to the jubilant fans here, whose supercharged energy went up another notch. One gray-haired fan celebrated by taking a plunge into one of the ponds on the course.

Down by five points entering Sunday, the U.S. needed the biggest final day comeback ever in order to win. There were moments when that didn't seem entirely unreasonable, as a half dozen of Americans charged ahead in their matches while others were tied. Until late, a draw was also in play and that practically would have been a win for the visiting side. In the case of a tie, the team that last won the Ryder Cup—in this case, that was the U.S. after its big win in 2021—retains it.

But the Americans failed to capitalize on the opportunities that they needed to convert on to pull off something improbable. World No. 1 Scottie Scheffler, in the opening pairing against Spanish golf star Jon Rahm, grinded his way back from two down and was ahead heading into the 18th hole. Yet when Rahm's putt from 90 feet away gave him a mere tap-in for birdie, that left Scheffler needing to chip-in from a short distance away to maintain his lead.

Instead, Scheffler's ball scooted right of the hole, delivering Rahm a draw that felt like a win for Europe, which needed only four of 12 points going into the day to prevail. Once Englishman Tyrrell Hatton topped British Open champion Brian Harman, Europe had 14 of the 28 points and the Americans' only option was to do something distinctly



Rory McIlroy of Team Europe celebrates during his singles match against Sam Burns of the U.S. on Sunday.

European: play for a draw.

But after Fowler went into the water on the par-4 16th, while Englishman Tommy Fleetwood drove the green, Fowler eventually conceded the hole. The Europeans could safely say *veni, vidi, vici*.

The Americans ultimately doomed themselves on the first day of the event with a performance that was nothing short of a disaster. They didn't win one of the eight matches, allowing Europe to race out to an early five-point lead that ultimately proved insurmountable.

Europe built on that lead early on Saturday, but the Americans soon had their first burst of hope when they won three out of the four afternoon matches.

In the final four-ball match of that day, Cantlay sunk a long putt on the 18th hole to deliver the U.S. a dramatic, comeback win over a pairing including McIlroy, sending the American team and its fans into a frenzy of hat waving. (Cantlay said the U.S. hats didn't fit him, and that an unsubstantiated report that claimed he was not wearing a hat over compensation was completely false. He didn't directly answer whether it had to do with not

wanting a tan line when he gets married on Monday.)

Those celebrating included Cantlay's caddie, Joe LaCava, whose antics got in the way of McIlroy, who still needed to putt. McIlroy could be seen asking LaCava to move before the two got into it, and soon Irishman Shane Lowry was shouting at the caddie.

That wasn't the end of it. Later, video showed McIlroy shouting and pointing in the direction of Justin Thomas's caddie before McIlroy was restrained by Lowry and got into a car.

Everyone leaned into the controversy on the final day. European fans mocked Cantlay relentlessly. U.S. fans embraced it and chanted "no hat pat!" Some American players, including Justin Thomas, played hatless like Cantlay. After holes during his win against Austrian Sepp Straka, Thomas celebrated by pretending to tip a cap that wasn't on his head.

And players on both sides said the incident motivated their teams. "We needed to rally around something," Scheffler said.

"I let it fuel me," McIlroy said. But even though the Americans showed pluck in the singles

matches, there was no overcoming how their star players were utterly dominated over the first couple of days. Scheffler finished without having won a match while suffering the most lopsided defeat in the event's history. That happened on Saturday morning when he and Brooks Koepka lost to Norwegian Viktor Hovland and Sweden's Ludvig Aberg down by nine with seven holes to play. Afterward, television footage showed Scheffler appearing to wipe away tears.

Although some Americans such as Homa and Cantlay, who both won on Sunday delivered strong performances, the U.S. ultimately got clobbered by Europe's stalwarts. McIlroy's win on Sunday gave him an event-leading four points. Hovland also won his singles match, giving him 3.5 points.

The defeat will lead to inevitable soul searching for the Americans about why they lost an away Ryder Cup yet again. Captain Zach Johnson indicated after their early struggles that there was an illness running through the team.

Whatever the reason, the U.S. still hasn't won a Ryder Cup on this continent in 30 years. And now it will be at least another four more.

The WSJ Daily Crossword | Edited by Mike Shenk

13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65

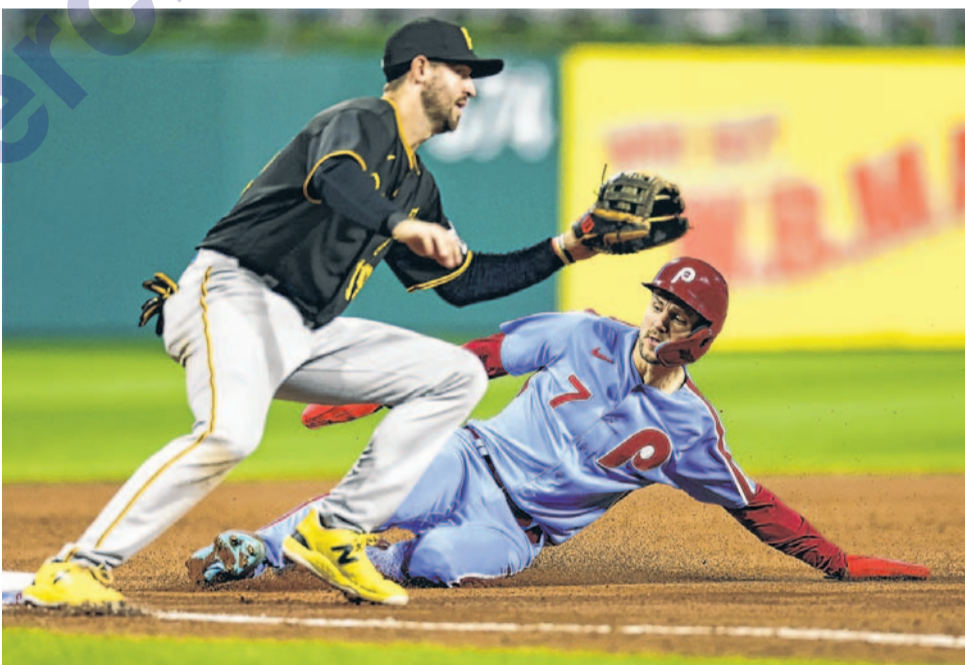
- 26 Bare minimum
27 Surname in a Brontë title
29 Move stealthily
30 Keep out of sight
31 Monte ___
32 Be a cast member of
33 Beginner
35 Sounds from sots
36 Key above D
37 Book genre for do-it-yourselfers
38 Court decisions
43 Pool table feature
44 Carnival ride?
45 Cook via convection
48 Cook via hot vapor
49 Puzzlers do it
50 Frequently
52 Frozen desserts
53 Part of a cathedral
54 Show off, as one's biceps
55 "Finger lickin' good" chain
56 Pronoun paired with "she"
57 Munched on

JUMPING THE QUEUE | By Jeff Jerome & Andrea Carla Michaels

Across
33 Peter, Paul and Mary, for one
34 Lawyers pass it
35 Cliché
39 Subway line in NYC
40 Gratis
41 Throw out of office
42 Carriage horse sound
45 Piercing tool
46 Mexican state or Southwestern desert
47 Reply to "Not true!"
51 Annoy by jumping the queue, and a hint to the circled words
55 Material for military uniforms
58 Farm newborn
Down
1 Have faith in
2 Target of campaign ads
3 Elegantly charming
4 Give back
5 Graph line
6 Jam containers
7 Reply from the pews
8 "Cheerio, old chap!"

Previous Puzzle's Solution
AHEM ADFEE THAI
NAPA SEDAN RIFT
THINK SFAST ALES
SACFLRY YELLOWY
RURALARREA
STEM NES ALOFT
WOOD INF SPACER
ABS BESTFIT MARY
NECTAR OUT MANY
TRAIT IFS SINS
CHINFESTS
DARKKENS MUFASA
EPEE LISTENINON
POET EDSSEL REFI
PDFS TENET EWAN

The contest answer is DISCONTINUED. Reparsing the central Down answer LEFT OFF as LEFT OF F suggests looking at the letters to the left of the F's in the grid. In top-to-bottom order, those letters spell the contest answer.



Philadelphia Phillies shortstop Trea Turner is 30-for-30 on stolen base attempts this year.

Been Caught Stealing? You Aren't Trea Turner

By JARED DIAMOND AND LINDSEY ADLER

With the playoffs beginning this week, it's clear that the sweeping rule changes Major League Baseball made this season had a significant impact on the sport: Games are nearly 25 minutes shorter. Batting averages are up. And Trea Turner is now the fastest man in cleats. Turner, the star shortstop who signed a \$300 million free-agent contract with the Philadelphia Phillies in December, has sprinted his way into the speedster record books. He has stolen 30 bases this season. He's been caught exactly zero times. No player had ever swiped that many bags in a single campaign without being thrown out, a mark previously held by Chase Utley, who went 23-for-23 for the Phillies in 2009.

"It's an unbelievable feat," said Bryce Harper, Turner's superstar Phillies teammate. Turner learned only a week or so ago that he had a chance to set a record if he avoided being thrown out on the bases. The news sur-

prised him. "I don't know why—I would have thought that it would have been higher," he said.

Regardless, Turner's pursuit of perfection is a crowning example of what has been a renaissance on the base paths. Players across the league have stolen just shy of 3,500 bases this season, the most since 1987 and, perhaps more telling, an unprecedented 40% more than last year. Prospective base-stealers have been safe more than 80% of the time, the highest success rate in history.

This surge of steals is a dream result for MLB, which desperately needed to inject more action and athleticism into a product that had become bloated and plodding. Attendance in 2023 has increased 9% from last year and is up about 3% from 2019, the last year before baseball's pandemic shutdown.

"It's definitely better for fans, more exciting," Turner said.

When MLB announced its new rules last September, two of them received the vast majority of the attention: the pitch clock and the ban of

dramatic infield shifts, innovations that had long been discussed and debated among baseball fans. But there were two other, mostly unheralded tweaks that might have seemed like an afterthought, but MLB believed could help create a new generation of Rickey Hendersons.

The first was MLB's decision to enlarge the bases from 15 inches to 18 inches, a move designed to promote player safety by limiting collisions around the bag. The upshot is that second base is now 4½ inches closer to first base. MLB for the first time also placed limitations on how often pitchers can attempt pickoff throws. MLB's research suggests that the disengagement rule has had an even bigger impact on steals than the larger bases.

"Under the old rules they could pickoff 100 times and there were so many divebacks, and it was a lot harder to steal," Turner said. "Now with the limited pickoffs, I think that's helped a lot of people run more."

All of this has combined to achieve MLB's goal of resurrecting the stolen base.

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

OPINION

The Rise and Fall of SBF



INSIDE VIEW
By Andy Kessler

I first got to know author Michael Lewis, then of “Liar’s Poker” fame, when in the mid-1990s I took him around Silicon Valley in an old beat-up convertible. I told stories and showed him where the first transistor and microprocessor were invented, plus Xerox Parc and its beanbag chairs, Hewlett Packard and Intel. As we drove around, I shared my history with entrepreneur Jim Clark, his time at Silicon Graphics and early days with Netscape, and of the venture capitalist Glenn Mueller, who committed suicide after being denied access to invest.

I then watched in awe as a seed of an idea bloomed. Mr. Lewis practically moved in with Mr. Clark while writing his terrific book “The New Thing.” As his time with Oakland A’s executive Billy Beane of “Moneyball” and Michael Oher of “The Blind Side” proved, he has a bloodhound’s nose for putting himself in the epicenter of gripping drama. When I first heard that my friend was embedded with crypto wunderkind Sam Bankman-Fried of FTX, I thought, “Of course he is.” The result is “Going Infinite: The Rise and Fall of a New Tycoon,” out Oct. 3.

I recently had lunch with Mr. Lewis in Larkspur, Calif., to learn more. “Before Covid,” he explains, “I decided my next book would be extremely character-based.” In October

2021, after a friend asked him to check out SBF, “Sam tumbles out of an Uber and I took him for a hike,” Mr. Lewis recalls. “I think it was the first hike he’s ever been on even though he wears a crumpled T-shirt and shorts every day.” SBF, then worth maybe \$20 billion and, it turns out, a fan of “Moneyball,” unloaded his story. “He was gasping the whole time and talking a mile a minute.” Mr. Lewis realized, “I had my character.”

Michael Lewis’s new book hits the stores Tuesday, as the FTX founder goes on trial.

After Mr. Lewis arrived in the Bahamas in early February 2022, SBF apologetically announced that plans had changed. Then the entourage got on a jet to the Super Bowl in Los Angeles. This was the Crypto Ad Bowl—Mr. Lewis says FTX paid Larry David \$10 million—and though no one quite knew it yet, crypto prices would soon implode.

It was brunch with Shaq and then, Mr. Lewis recalls with amazement, an “exclusive party with Hillary, Leonardo, Chris Rock, four Kardashians, Katy Perry, Jeff Bezos, the owners of the Rams and Cowboys.” SBF was dressed in his crumpled T-shirt and shorts. “By the end of the evening, all anyone wanted to talk to was Sam”—a benefit of throwing money around.

All in, Mr. Lewis spent

more than 70 days in the Bahamas on a dozen different trips. That’s commitment. Plus journeys with SBF to Washington to wave cash at political celebrities. Along the way, FTX and its sister company Alameda—to which many investors unknowingly sent wire transfers thinking it was FTX—allegedly invested customer funds as their own, often taking out loans backed by hot-air-inflated crypto coins.

Mr. Lewis had all access. “I would stay in spare bedrooms, so I had codes to every room including the penthouse” where the FTX “effective altruism” believers stayed. Mr. Lewis told me that SBF didn’t sleep well and often needed others nearby—maybe the reason for the famous beanbag chair by his desk. He was incredibly disorganized, would pull all-nighters, and didn’t have a chief risk officer, CFO, or even an org chart. A company psychiatrist assembled a version of the latter—look for it inside the cover of the book—simply to understand who worked for whom. SBF has never seen it.

“In a previous life,” Mr. Lewis says, FTX employees “would have been socially awkward high-school math and physics teachers.” Visits to the penthouse at 2 a.m. would reveal chess matches rather than raging parties.

In November 2022, Mr. Lewis sought advice on his story from a famous Hollywood producer who told him, “It’s great but not a movie. You have a third act problem.” There was no real ending. Within days FTX and Alameda

collapsed and filed for Chapter 11 bankruptcy. Gone were almost \$9 billion of those customer assets they had used to buy other things with. Fraud? SBF over his head? Stupidity? Probably all the above.

I asked Mr. Lewis what went through his head when FTX imploded. “This is horrible. This is true. Oh my god, I have my third act.” Mr. Lewis spent several more weeks in the Bahamas, “mostly with Sam and his parents and the psychiatrist.” With all the room codes, he explored. “It was like the aftermath of Pompeii. Clothes and belongings left behind, frozen in time. Many headed to the airport leaving company cars with the keys inside at the curb.”

SBF was eventually extradited to the U.S., where prosecutors let him spend house arrest at his parents’ home in Palo Alto. That turned out to be a huge favor to Mr. Lewis, who spent eight to 10 hours there most weekends until a judge revoked bail. “Nothing he said was untrue,” Mr. Lewis says of his time with SBF. “If you asked him the right question, you got the answer,” although often as a strange word salad.

SBF was so disorganized that Mr. Lewis says most top FTX employees he interviewed tell him they can’t wait to read the book to find out what actually happened to FTX. His trial starts Tuesday. I wonder if jurors will be allowed to read it—especially about how a crumpled SBF, for a brief moment, outshone four Kardashians.

Write to kessler@wsj.com.

BOOKSHELF | By Edward Kosner

What News To the Front?

The War of Words

By Molly Guptill Manning
(Blackstone, 274 pages, \$25.99)

One of the pleasures of popular history is the retrieval of fascinating but forgotten episodes that reanimate an epic era. One might think that every aspect of World War II has been scrutinized by now, but there are always welcome surprises. Molly Guptill Manning’s “The War of Words,” a compact account of how America’s soldiers, sailors and airmen got the news, is one of them. The global effort to sustain the morale of U.S. combatants—and to counter the enemy’s energetic efforts to dishearten Allied forces—by keeping them informed was a crucial element of the war.

Deeply researched and crisply written, the book is a compelling social history of the four-year conflict as told through military-produced publications. Along the way, Ms. Manning, a

historian and law professor at New York Law School, covers the treatment of the 800,000 African-Americans and 20,000 Japanese-Americans serving in units that were segregated from white troops—except during combat; the hostile initial reaction by conservative elements in the military to the formation of the Women’s Army Corps; the differences in concerns for the troops as demonstrated by Gen. Dwight Eisenhower in Europe and the imperious Gen. Douglas MacArthur in the Pacific; and much more. “In their newspapers,”

Ms. Manning writes, “troops dismantled hate, explored the causes of the hostilities, exposed the imperfections of their democracy, and recorded their experiences. In the process, they saw how publishing free words was the most powerful counterattack they could unleash.”

American units, whether training stateside, or fighting the Nazis among the ruins of Europe or the Japanese on the sweltering islands of the Pacific, devoured the 59th Latrineogram, the Hospital Gazette, the Iwo Jima Inquirer, the Railsplitter, the Ramp-Age, the Scars and Gripes, and the Screamer—to name a few of the 4,600 military newspapers that were often turned out on hand-cranked presses or mimeographs.

The military newsstand boasted 30 regional editions of the Army’s daily paper, Stars & Stripes, circulated from Algiers to Tokyo; Outfit, for the wounded who were convalescing at military hospitals; and Yank, the Army weekly, which counted two million subscribers. The Yank’s masthead included Harold Ross of the New Yorker, Alexander Woollcott of Algonquin Round Table fame, the columnist Franklin P. Adams and the sports scribe Grantland Rice. Servicemen and women—some with journalistic experience, most without—put out the news sheets.

There were also country guides for G.I.s serving in North Africa and other foreign fronts; special service editions of hometown newspapers sent to the war zones; and countless copies of miniaturized magazines like Newsweek’s “Battle Baby,” Time’s “Pony Edition” and other popular American slicks.

Gen. George C. Marshall, the Army’s chief of staff, was the driving force behind the war of words. It was Marshall, we are told, who commanded the crash effort to upgrade America’s neglected military for World War II. He knew that keeping his fighting men informed was as vital as their arms, transport and supplies—and so what might have been called

In addition to Stars & Stripes and Yank, American G.I.s devoured publications like the 59th Latrineogram and the Hospital Gazette.

Operation News got under way in 1942 with crates filled with publishing equipment and supplies shipped to units at home and abroad. Even so, many of the papers had to improvise, carving stencils with unbent paper clips and fashioning ink by mixing shoe polish with insect repellent.

Along with the news, the G.I. press ran sentimental poetry, pinups and satire, including a parody of the wartime hit “Don’t Fence Me In” called “Don’t Send Me In.” After a photographer snapped a Stars & Stripes staffer riding a donkey to deliver papers to troops on a beachhead, the paper ran the photo with the headline, “Circulation Man Gets His Ass Up to the Front.”

There was crusading journalism, too. Yank published a letter to the editor describing how, in Louisiana, escorted German prisoners of war were served at a railroad-station lunchroom while black American G.I.s had to eat out of sight in the kitchen.

The G.I. press was designed to help counter Hitler’s skillful and relentless propaganda aimed not only at U.S. forces in North Africa and Europe but on the home front as well. Ms. Manning writes that in the years leading up to U.S. intervention in World War II, nearly 20 German-controlled publications—with patriotic-sounding names like Crusaders for Americanism, American Guards and Facts in Review—spread lies around the country. Later, overseas G.I.s were showered with Nazi leaflets. “Hello, suckers,” began one, purportedly from a veteran of World War I describing how “stay-at-home” shirkers were taking their jobs and stealing their women.

One star of the military press was neither a uniformed reporter nor editor but the cartoonist who created “Willie and Joe,” the bearded dogfaces beloved of troops everywhere for evoking their lives at war. Bill Mauldin’s work first appeared in the 45th Army Division’s News while the unit trained at Fort Sill, Okla. “Willie and Joe” then followed the force to North Africa and Italy. Stars & Stripes quickly picked up Mauldin’s cartoons, which later won him a Pulitzer Prize. Mauldin’s images of bedraggled G.I.s infuriated Gen. George Patton, the master of spit-and-polish. In Italy, we are told, Patton summoned Mauldin and excoriated him for weakening discipline. Mauldin defended himself, but wisely decided to keep his distance from then on.

Censorship and the dictates of commanding officers often hindered the efforts of civilian correspondents and the military press to cover the global conflict. Official word of the Germans’ early successes during the Battle of the Bulge was muffled, but the 84th Division’s Railsplitter newspaper covered the combat until its successful conclusion. And when the 42nd Rainbow Division liberated the concentration camp at Dachau, the excruciating story of what the troops found there was told by the correspondents and photographers of the Rainbow Reveille.

Now, thanks to Molly Guptill Manning, the overlooked story of the resourceful, heroic military press in World War II is on the record.

Mr. Kosner is the author of “It’s News to Me,” a memoir of his career as the editor of Newsweek, New York magazine, Esquire and the New York Daily News.

How Colombia Abets the Migrant Crisis



AMERICAS
By Mary Anastasia O'Grady

Panamanian officials told me in April 2021 that, on average, about 20,000 undocumented migrants annually made their way into Panama from

Colombia through the dense jungle known as the Darién Gap. But officials were worried by the end of July 2021 because the number had already reached 42,000.

On Sept. 21 the Associated Press reported that “an almost unbroken chain of migrants” moving through that jungle has reached “an industrial scale that could approach 500,000 this year.” Reuters reported that in August alone 82,000 made the Darién journey.

In Washington and New York, politicians on both sides of the aisle are thinking hard about how to regain control of the U.S. southern border or about how to house and feed the enormous influx. They don’t talk much about removing the incentive that U.S. asylum law creates for large numbers of economic migrants to make the dangerous trek. They talk even less about Colombia’s alleged complicity in a giant human smuggling business run by a transnational criminal organization in the small town of Acandí on the northern side of the Gulf

of Urabá. The cartel is called Clan del Golfo.

A video by CNN en Español journalist Wilson Barco, released last week, documents how more than 2,000 people a day are moved into the jungle on the Colombian side of the Darién to help them illegally enter Panama. It starts with power boats carrying 50 to 100 migrants at a time across the gulf. Mr. Barco says that after disembarking in Acandí, they wait in long lines to register with local officials who take their personal data and check to see if they have sufficient funds to make the trip.

The news agency AFP reported last week that the itinerants pay a minimum of \$170 each to the business for guides to take them through the gap. For \$500 each, migrants can hire porters to carry their belongings and to be taken by boat on part of the jungle journey rather than walking. The business gives customers wristbands to indicate what they paid. Mr. Barco’s video includes comments from the governor of the Colombian department of Chocó, who endorses the operation.

A Panamanian official told me last week that this is why Colombia has no interest in helping its smaller neighbor secure the border: Local authorities, the official said, are working with the cartel. “U.S. officials know that the Colombian government has a lot of responsibility in this,

which is a business for it.”

Mr. Barco’s video shows the migrants later transported to Las Tecas, the trail head, in motorized carts and on motorbikes that he says number in the hundreds. It has restaurants, water for bathing, and tents. At dawn the following morning their journey begins. In a separate video Mr. Barco notes the large number of families with children. Workers clean the camp and await the next shipment of thousands of humans from across the gulf.

A jungle smuggling operation could bring 500,000 aliens into Panama in 2023.

The Biden administration insists that the border isn’t open to all and has warned those who might be tempted to make the trip not to try it. But migrants are risk-takers—and they like their chances.

An app developed by U.S. Customs and Border Protection allows would-be immigrants to apply online for an immigration interview. But they must be near the border to qualify because when their number is called they have to appear. Thus the CBP One app, which was supposed to offer a legal pathway to migration, acts as a magnet to draw the hopeful to northern Mexico.

PAWs for a Cause? Maybe Not

By Michael Taube

When my son was 5, he loved “PAW Patrol,” the animated series about a team of anthropomorphic search-and-rescue dogs, each with a specific role. Chase, Marshall and Zuma are, respectively, a police pup, a paramedic pup and a life-guard pup. The pack is led by a boy named Ryder, whose catch phrase is “Whenever you’re in trouble, just yelp for help!” (Americans can watch on Nick Jr.)

Like everything else—dog bites man—“PAW Patrol” has been politicized. “The themes presented to the impressionable audience depict a misogynistic, conservative authoritarian fantasy,” a writer calling himself Walt D. wrote on Medium in 2018. The show “presents a world where it is common practice for police to track people with surveillance drones,” “dismisses women’s position in the workplace and

government,” and “builds a world where there are no social services, leaving citizens at the mercy of a private entity.” In short, this Canadian show represents “everything Trump’s Republican Party is pushing on the United States.”

That might have been a put-on, but Liam Kennedy, a criminologist at King’s University College in London, Ontario, surely was writing in earnest when he claimed, in a 2020 paper for Crime, Media, Culture: An International Journal, that the show “echoes core tenets of neoliberalism and encourages complicity in a global capitalist system that (re)produces inequalities and causes environmental harms.” Mr. Kennedy told CBC Radio that he wouldn’t let his 2-year-old son watch “PAW Patrol.”

The creators of the show brushed aside these complaints and stayed out of the political fray—until recently.

A spinoff, “Rubble & Crew,” last month introduced a new human character, River, whom the Advocate describes as “a nonbinary character created by nonbinary author and activist Lindz Amer.” (“Nonbinary” refers to someone who is, or claims to be, neither male nor female.)

A children’s cartoon debuts a ‘nonbinary’ character but avoids being inappropriate.

This time it was conservatives’ turn to complain. Britain’s right-leaning GB News noted some of the social-media backlash. “I regret to inform you that Paw Patrol has gone woke,” one user wrote. Another: “Why the hell does Paw Patrol need a trans character?”

That turned out to be over-

wrought. I watched the episode featuring River’s debut, and it was as unobjectionable as old Looney Tunes featuring the sexually ambiguous Tweety Bird. The script made no overt reference to River’s sex or lack thereof and didn’t even employ nonstandard pronouns. The only political statement was River’s shoes and socks, which were white, blue and pink. I recognized these as the colors of the transgender pride flag, but few young children would.

My son is a teenager now. If he hadn’t outgrown “PAW Patrol,” I’d happily let him watch this episode. But I’d feel obliged to monitor future ones for inappropriate content, and that’s a shame. Parents ought to be able to trust in the innocence of children’s entertainment.

Mr. Taube, a Toronto-based columnist, served as a speechwriter for former Prime Minister Stephen Harper.

OPINION

REVIEW & OUTLOOK

High Noon for the CFPB at the High Court

The Supreme Court begins a new term on Monday, and its first week includes some important repair work on the Constitution's separation of powers. On Tuesday the Justices will hear a challenge to the unconstitutional design of the Consumer Financial Protection Bureau (CFPB v. Community Financial Services Association).

Congress tried to insulate the bureau from political accountability.

Democrats in Congress constructed the CFPB to be insulated from accountability by the political branches. This fits the progressive vision of an administrative state run by supposed experts who will instruct Americans on proper behavior whether they like it or not.

The Dodd-Frank Act that created the CFPB tried to insulate it from presidential control by saying the bureau's director could only be removed "for cause." The Supreme Court found that unconstitutional in 2020, and now the Justices will consider the agency's funding mechanism that is intended as protection from Congressional appropriations.

Dodd-Frank requires the Federal Reserve each year to transfer whatever "amount determined by the Director to be reasonably necessary" to fund the Bureau's operation, as long as the amount does not exceed \$734 million, which is adjusted annually for inflation. Any money the director requests and doesn't spend rolls over to the following year.

Payday lenders that have been targeted by the CFPB sued, arguing that the bureau's ability to self-fund via the Fed violates the Constitution's command that "no Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law." The bureau's budget is double-insulated from Congress since the Fed generates its own funding.

Congress can use its power of the purse to restrain other agencies. Not so the CFPB. Director Rohit Chopra has flaunted his independence by sidestepping the traditional government hiring process and promulgating regulations that Congress hasn't authorized.

The CFPB has increasingly expanded its remit and assumed responsibilities of federal agencies whose resources are constrained by Congress. This is exactly what the Founders sought to prevent. The "immediate representatives" alone can "refuse . . . the supplies requisite for the support of government," James

Madison wrote in the Federalist Papers.

The CFPB says its funding isn't unique because the Fed, the Federal Deposit Insurance Corp., and the Comptroller of the Currency are also funded by fees on private entities or other income outside of Congressional appropriations. So are the U.S. Mint, Patent and Trademark Office, and the U.S.

Postal Service.

But as the Fifth Circuit Court of Appeals explained in siding with the payday lenders, none of these agencies "wield enforcement or regulatory authority remotely comparable to the authority the Bureau may exercise throughout the economy." The CFPB exercises unparalleled legislative, adjudicative and enforcement power over private business.

The CFPB's self-funding arrangement also has no precedent or limiting principle. Could Congress pass a law authorizing the Internal Revenue Service to get its funding on demand from the Fed? The CFPB concedes that Congress could do so. But it argues that "most fundamentally, it is the political process, not the Appropriations Clause, that provides the check against such hypothetical appropriations."

That's a misdirection. Voters can elect a new Congress that could rewrite the law to make the CFPB subject to annual appropriations. But if the bureau's funding violates the Appropriations Clause, as the payday lenders argue, then the Justices should strike it down.

The bureau also warns about the practical implications of ruling for the payday lenders. Many of its rules and enforcement actions might have to be set aside. But the Administrative Procedure Act includes a six-year statute of limitations for challenging agency actions, which would protect the CFPB's earlier rules. The Court could also briefly stay its decision to let Congress appropriate funds for the bureau and negotiate a new structure.

But this is beside the constitutional point. One of the causes of our current political distemper is that Congress has increasingly abdicated its powers to the federal bureaucracy. This leaves citizens vulnerable to regulators insulated from accountability. The Justices can send Congress and regulators a message by ruling that the CFPB is government by the unaccountable that compromises liberty.

Finally, a Tax Leaker Is Charged

It took two years, but the feds have finally charged a man with stealing and then leaking private tax information to the press. If found guilty, he deserves the maximum punishment under the law.

In a criminal information released Friday in federal court in Washington, D.C., the Justice Department charged a former contractor with stealing and then leaking the tax data. The criminal filing says Charles Littlejohn worked for an unidentified firm that obtained Internal Revenue Service returns.

"From in or about 2018 until in or about 2020," the filing says, Mr. Littlejohn "stole tax returns and return information" regarding "Public Official A and thousands of the nation's wealthiest people." He then leaked the information to two news organizations. That timeline fits the publication by the New York Times of tax information related to Donald Trump, and by ProPublica of the tax return details of numerous billionaires.

The Journal reports that both publications declined to comment on the charges. ProPublica has insisted in the past that it didn't know the identity of the leaker. The charging document doesn't say how Mr. Littlejohn obtained

the tax returns, though that is important information for the IRS and Justice to disclose in the public interest.

The leaks were clearly done with political malice aforethought. Mr. Trump's information was disclosed while he was in a brawl with Congress over access to his tax returns, which the former President had refused to release.

ProPublica portrayed the tax returns it obtained as proof of tax unfairness because the rich don't pay taxes on their accumulated wealth. The leaks coincided with the campaign by Sens. Bernie Sanders and Elizabeth Warren and the left to pass a wealth tax.

The press is under no obligation to disclose its sources, but it is notable that the tax stories were based on information obtained through an allegedly criminal act. The tax returns themselves revealed no criminal activity, so ProPublica's decision to publish them served no public purpose other than the ideological and political cause of raising taxes.

Readers can decide if this fulfills ProPublica's self-described mission as "an independent, nonprofit newsroom that produces investigative journalism with moral force."

Matt Gaetz: 'Biden's Favorite Republican'

Kevin McCarthy chose the only option he had on Saturday to avoid a pointless government shutdown by seeking a bipartisan vote. He succeeded, but now the GOP Jacobins who blocked a Republican-only bill are plotting to oust Mr. McCarthy as House Speaker as soon as this week.

A vote to oust Speaker McCarthy would empower Democrats.

Mr. McCarthy had worked until the day before a shutdown deadline to pass a 45-day funding bill that included a spending reduction, money for border security, and a commission on the growing federal debt. It wouldn't have passed the Senate, but it would at least have given the House leverage in conference. The GOP's rejectionists defeated everything.

That left Mr. McCarthy no choice but to seek Democratic votes for a funding bill that included no GOP priorities. Democrats went along rather than be blamed for a shutdown, and good for them for voting aye despite the bill's failure to include aid for Ukraine.

Mr. McCarthy knew he was putting his Speakership at risk, and on Sunday Florida Rep. Matt Gaetz vowed to introduce a motion to vacate the Speaker's chair. If it passes with a House majority, Mr. McCarthy will be toppled. He can only lose four Republicans.

The question for the Jacobins is what's the plan if they oust Mr. McCarthy? Their latest justification is that they want someone they can trust in the job, but Mr. McCarthy has bent over backward to please them. It is never enough. Mr. Gaetz scores Mr. McCarthy for relying on Democrats for the funding bill, but Mr. Gaetz is counting on nearly all Democrats

to join him to oust Mr. McCarthy.

Democrats could decide to provide some votes to save the Speaker, but they may prefer to see the GOP conference in chaos. Democrats will exact a price for pro-McCarthy votes if they choose that route—an other example of how the Gaetz Republicans help the left despite their claims to be conservatives. That's why GOP Rep. Carlos Giménez called Mr. Gaetz "Joe Biden's favorite Republican" on Fox News on Sunday.

Mr. Gaetz, Matt Rosendale, Andy Biggs, Ralph Norman, Dan Bishop and pals have given no evidence that they understand the reality of divided government. It requires House GOP unity to have any leverage against a Democratic Senate and President, and even then there has to be compromise.

The rejectionists claim to be the only Republicans with principles, but their only apparent strategy—and only seeming goal—is to blow everything up.

Whoever wins the Speaker's chair after Mr. McCarthy would be thrust into the job in the middle of a Congressional term amid a high-stakes budget negotiation and an impeachment inquiry into President Biden. He'd be subject to the same vacate-the-chair blackmail that has hung over Mr. McCarthy. What masochist wants that duty?

The Republicans who want to topple Mr. McCarthy are motivated by personal animus that has nothing to do with the public good. The vote to vacate the chair, if it comes to that, will test how self-destructive the nihilist Republicans can be.

LETTERS TO THE EDITOR

Jimmy Lai and a China That Could Have Been

I met Jimmy Lai at international conferences ("Jimmy Lai's 1,000 Prison Days," Review & Outlook, Sept. 26). He always spoke constructively about China's growth prospects, even given the enormous demographic challenges it faced and still faces. Arriving in Hong Kong as a stowaway at age 12, Mr. Lai is a true son of Hong Kong's soil. In a China that tolerated free speech, he would have served as the country's best spokesman and ambassador,

rather than being incarcerated in prison, as he is now.

What a waste of precious human talent. As a former resident of Hong Kong, I feel the hardworking people there deserve better. Setting free Mr. Lai and other political prisoners would signal the return of Hong Kong as a dynamic zone of free enterprise and a flourishing money and capital market, serving the mainland in turn.

MEMBAR K. RANGANATHAN Walnut Creek, Calif.

Cut Off Their Mics, and Other Debate Lessons

I found the second Republican Party debate ("Giving Donald Trump a Pass," Review & Outlook, Sept. 29) to be of little value. There was virtually no substance. The participants reminded me of different breeds of dogs in a local kennel—wide-eyed, adrenalin-juiced, standing on their hind legs, rapidly wagging tails a blur, trying to out-bark each other in a frantic quest to be chosen for their forever home. And the Big Dog wasn't even there. We need a better way to learn about our candidates.

EDWARD J. GALLAGHER Bethlehem, Pa.

The second Republican so-called debate was painful to watch. There was so much shouting back and forth

that, much of the time, I couldn't hear what was being said. Maybe next time the organizers can deal with the bullies by muting their microphones. I finally muted them all by turning off the TV.

MAARTEN KORRINGA Santa Fe, N.M.

Once again, the moderators at a Republican debate failed to control the irritating and disrespectful interruptions. There is an easy solution to terminate this problem: Explain to the candidates that if they interrupt, they will miss their next turn to answer a question. This always worked in third grade, and it should work here.

STEPHEN EINHORN Milwaukee

How Diversity Training Can Become Better

"Why DEI Training Doesn't Work—and How to Fix It" (Journal Report, Sept. 18) singles out diversity, equity and inclusion (DEI) training as ineffective. If we look at research conducted over the past several decades, however, we would see that nearly all training is either ineffective or less than effective.

Training generally doesn't change long-term behavior. If it did, we would be a physically and emotionally healthy society. We often go for the quick fix, and training falls into that category. True systemic change, on the other hand, has to address the root causes. Training, on any topic, must be part of an overall strategy with pragmatic tactics aimed at specific issues.

The article says that implicit-bias training is used to shame people. In more than 30 years of working with colleagues across the U.S., I have never seen or worked with a program that shames. Can training make people uncomfortable? Yes. It's uncomfortable to look at histories and experiences that you didn't know about or don't understand. But if we surveyed the people in this country who identify as "different" or "diverse," each one would have a lifetime of stories of experiencing discomfort. It's time we stopped diminishing "their" life experience for the sake of "our" comfort.

BILL HERTAN DeLand, Fla.

Cultural-inclusion training is a necessary but insufficient strategy; it ought to be coupled with industry-level precision. As one of the largest employers in the state, we jettisoned generic training in favor of home-grown training designed by health-care professionals for healthcare professionals. It resulted in greater engagement.

Many studies show how bias affects team dynamics and patient care. In the workplace, Hispanic men have been treated with more incivility than non-Hispanic men. Women have reported more sex-based incidents of mistreatment than men. Interviewers have exhibited more bias toward overweight job applicants than other applicants. In healthcare, we have failed to recognize the prevalence of heart disease in women and their unique set of symptoms during heart attacks. African-Americans have been undertreated for pain relative to whites. Adults have rated children undergoing a medical procedure as experiencing more pain when the child was described as a boy rather than a girl.

Our training is narrowly tailored to our teams and patient care. Appreciating the unique challenges and opportunities within industries ought to inform how training programs are designed, delivered and evaluated.

DRU BHATTACHARYA

Chief diversity officer, Banner Health Phoenix

Murdoch Gave Us an Alternative Point of View

Your editorial "A Salute to Rupert Murdoch" (Sept. 22) reminded me of one sunny day in 1985, when I worked for CBS/Fox International and Mr. Murdoch announced his first visit to our headquarters. We told our receptionist that when he arrived he should be shown into the conference room, where our management assembled in anticipation.

After many minutes past Mr. Murdoch's estimated arrival time, I wandered out to the reception area to check with the receptionist. There was Mr. Murdoch, sitting quietly by himself, reading business papers. I later asked the receptionist why she didn't announce him, and she said she had been expecting a huge cadre of people attending the great man. She was thrown off when he came in alone and, I might add, humbly.

To my mind, Mr. Murdoch's major contribution to the media world was the creation of an alternative voice. Then as now, just about all media companies and film studios had built-in liberal biases. Mr. Murdoch provided an important offset to the prevailing left-wing thinking.

It is my great hope that with Mr. Murdoch's stepping aside, the proper-

ties he has grown and groomed won't start sliding to the left, but continue to provide America and the world with the necessary balance of more than one point of view.

RALEIGH COFFIN Vero Beach, Fla.

Victimhood Breeds Anxiety

"Why Is Anxiety Rising?" (By Andy Kessler, Inside View, Sept. 25). The answer is PTSD: Pre-Traumatic Stress Disorder. For many years, educators and politicians have been planting a victim-identity in the minds of our youth: I shouldn't even try, the cards are stacked against me. Why are you picking on me? Everyone is out to take advantage of me. Life is super hard for me, don't you get it? Everyone is better and stronger than me.

Fear and anxiety are predictable fruits of making people believe they are helpless.

JOSHUA MASON, M.D. Kew Gardens, N.Y.

Pepper ... And Salt

THE WALL STREET JOURNAL



"May I have a new latte? I'm not happy with the artwork on this one."

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.



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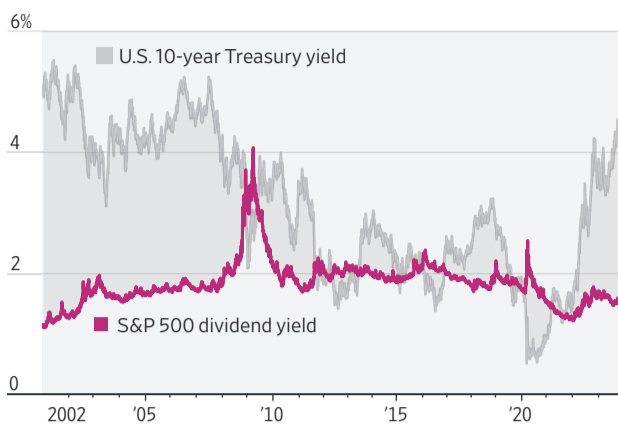
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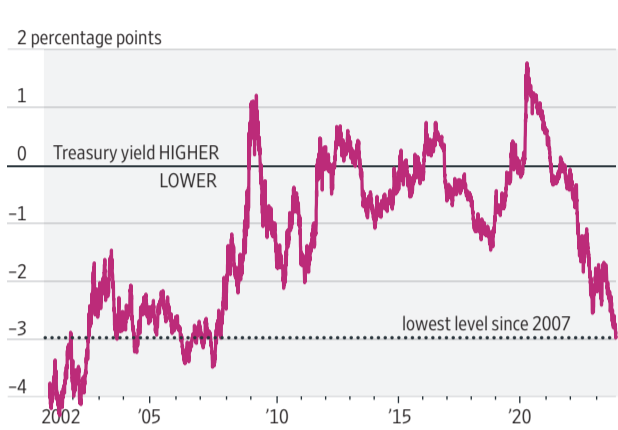
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Last Week: S&P 4288.05 ▼0.74% S&P FIN ▼1.58% S&PIT ▼0.09% DJTRANS ▼0.13% WSJ\$IDX ▲0.47% 2-YR. TREAS. yield 5.046% NIKKEI 31857.62 ▼1.68% See more at WSJ.com/Markets

S&P 500 dividend vs. Treasury yield

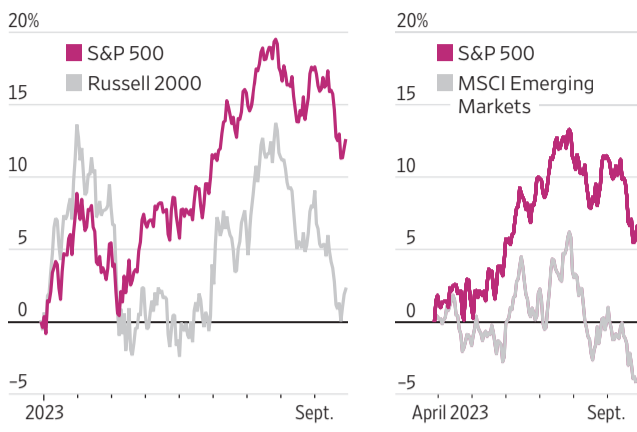


Difference between S&P 500 dividend yield and 10-year Treasury bond yield

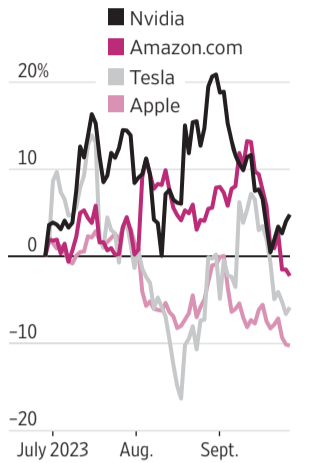


*Data are total returns, 2023 as of Sept. 29
Sources: Dow Jones Market Data via FactSet (S&P 500 dividend vs. Treasury yield); FactSet (share and index performance); Dow Jones Market Data (iShares ETF)

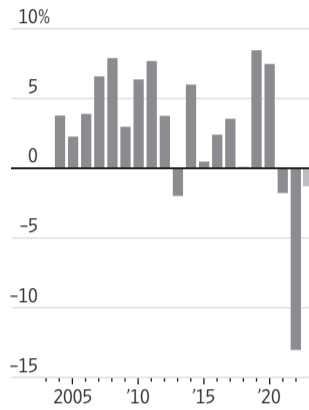
Index performance



Share-price performance



Annual performance of iShares Core U.S. Aggregate Bond exchange-traded fund*



Tesla Misses Musk Target for Launch Of Its Cybertruck

BY REBECCA ELLIOTT

Tesla Chief Executive Elon Musk stoked hopes this spring that the Cybertruck would finally arrive in the third quarter. Turns out, buyers are going to have to wait a little longer.

The end of September came and went with little news about Tesla starting deliveries of the long-delayed Cybertruck, raising additional questions about the reasons for the holdup and fueling concerns about the breadth of Tesla's lineup in the near term.

Tesla is betting customers are willing to wait for an electric pickup that will be unlike anything else on the road today. The truck—Tesla's first new passenger vehicle in more than three years—has a stain-

less-steel exterior and a giant windshield. Tesla promised it would be bulletproof.

Those same characteristics, however, have made it more difficult to bring the truck to market, people who have worked on the Cybertruck say.

Originally due out in 2021, the Cybertruck has undergone several delays, ratcheting up pressure on Tesla to sustain its sales growth with an aging lineup and as electric-vehicle demand is showing signs of weakness.

Tesla, which didn't respond to a request for comment, is expected to report third-quarter global vehicle sales Monday.

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◆ Musk restarts war on regulations..... B4

Bankruptcies Increase For Small Companies

BY RUTH SIMON

Small-business bankruptcy filings are rising this year, a signal that increased interest rates, tighter lending standards and higher operating costs are straining entrepreneurs. At the same time, some government-aid programs that helped entrepreneurs through the Covid-19 pandemic have ended.

BrightHouse Green Home Cleaning in Nashville, Tenn., filed to reorganize its debt under federal bankruptcy law early this year. Demand for commercial and residential cleaning services rebounded slowly from the pandemic, increases in labor costs have been difficult to pass on and customers were slower to pay their bills, said owner Jason Adkins.

"It was life or death in terms of the survivability of

the business," said Adkins, who has 85 employees. "I don't own a portfolio of businesses. I can't pull from assets."

The Federal Reserve's efforts to slow inflation by raising interest rates have been particularly painful for small businesses, which tend to operate with thinner profit margins and smaller cash reserves than larger companies.

The increased bankruptcies are coming from filings under Subchapter V, a newer provision in federal bankruptcy code that makes it easier for financially stressed small businesses to restructure.

Nearly 1,500 small businesses filed for Subchapter V bankruptcy this year through Sept. 28, nearly as many as in all of 2022, according to the American Bankruptcy Institute.

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New Rate Regime Upends Strategies for the Market

Bond prices, the big tech stocks and emerging markets are under pressure

BY HARDIKA SINGH

Investors are struggling to make peace with a new reality: Interest rates are likely to remain higher for longer.

Stocks have tumbled, government-bond yields have risen and the U.S. dollar has climbed since Federal Reserve officials signaled two weeks ago that they might hold rates near current levels through 2024.

Entering the fourth quarter,

the S&P 500 is hanging on to a 12% advance for the year, but much of the enthusiasm that characterized markets in the first half has largely disappeared. "It's a whole different mindset," said Sandi Bragar, chief client officer at wealth-management firm Aspiriant. "Investors knew this was a possibility, but they were choosing to ignore it."

In the coming days, investors will be looking at Monday's manufacturing data and Friday's monthly jobs report as they try to assess the strength of the economy and the market's trajectory. Here's how the new rate regime is forcing money managers to

adjust investing playbooks.

◆ Bond prices decline—again.

Bonds had a historically terrible year in 2022. Those who bet 2023 would be better have been wrong thus far.

Government-bond yields, which move inversely to prices, started climbing again in July when a flurry of stronger-than-expected data persuaded investors that the Fed would have to keep rates elevated to cool the economy. Then in August, the government said it would sell many more Treasuries in coming months than investors expected, extending summer losses and forcing traders to reassess their market outlook.

Expectations for higher interest rates drive down bond prices because investors worry that bonds issued in the future will pay larger coupons than current ones. That, in turn, pushes up yields, a measure of annualized expected returns that assumes bonds will be paid at their face value at maturity.

The yield on the 10-year U.S. Treasury note briefly climbed above 4.6%, its highest level since 2007, from 3.818% at the end of June. The iShares Core U.S. Aggregate Bond ETF—which largely holds U.S. Treasuries—has lost about 10% since then.

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◆ Heard on the Street: U.S.'s big debt problem B10

Stellantis CEO Tavares Has Success With UAW

BY RYAN FELTON

Carlos Tavares, chief executive of Chrysler parent Stellantis, was off to a rocky start in his first-ever contract talks with the United Auto Workers.

Soon after negotiations began in July, UAW President Shawn Fain criticized Tavares for failing to show up at an early bargaining round. A few weeks later, Fain publicly threw Stellantis's initial offer in a trash can. Recently, union leaders blasted the company for its response to the UAW's proposals around job security and profit sharing.

But Friday brought a twist: Stellantis delivered a last-minute offer that showed significant progress toward some key UAW demands, Fain said. The union spared Stellantis from further strike actions—for now—while conducting more

walkouts at General Motors and Ford Motor.

That decision was a rare reprieve from the fraying tensions in Detroit, as the UAW's strike against the three automakers enters its third week. About 25,000 factory workers are off the job as the rhetoric from both sides sharpens.

Across all three automakers, wage increases are a primary issue. The companies recently had on the table offers of 20% wage hikes over four years, while the union has been pressing for a bump at least in the mid-30% range. Other demands include cost-of-living increases and higher pay for newer workers.

Tavares, a Portuguese native, made his mark by turning around money-losing auto manufacturers in France and Germany, in part by coaxing

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Adidas Outran Nike With 'Super Shoe'

BY TREFOR MOSS AND RACHEL BACHMAN

The new Adidas "super shoe" is designed to be worn only once—and to break world records.

Weighing in at 138 grams, or less than a third of a pound, the shoe is so lightweight that elite runners initially doubted it could hold up over a long race. Amanal Petros, a German runner who in 2021 set the national record in the men's marathon, laughed uncontrollably when he first held it.

So when a handful of runners laced up the Adizero Adios Pro Evo 1 at the Berlin Marathon last weekend, the German sneaker giant's executives and designers gathered in a tent near the finish line without knowing exactly what to expect.

Then Ethiopia's Tigst Assefa smashed the women's world record by more than two minutes, while also beating her own time from last year's race by nearly four minutes—huge



Kenya's Sheila Chepkirui and Ethiopia's Tigst Assefa pose with Adidas's new 'super shoe.'

margins in elite running. Five other athletes who wore the shoes also produced exceptional times, among them Petros, who broke his own national record in the men's race.

"We were confident someone could run fast in the shoe," said Charlotte Heidmann, Adidas's senior global product manager, "but breaking the record by two minutes is some-

thing everyone was astonished about."

Assefa's winning run was a triumph for Adidas in the fiercely competitive arena of

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Walmart revamps pay and titles for its corporate workforce. **B3**

HEARD ON THE STREET
If China plays its cards right, its banks can weather woes. **B10**

Ackman Says He Would Weigh Deal With X

BY CARA LOMBARDO

Bill Ackman amassed nearly 800,000 followers on X, the social-media platform formerly known as Twitter, by broadcasting his thoughts on topics ranging from how to end the war in Ukraine to Robert F. Kennedy Jr.'s stance on vaccines.

Now, the investor might take his enthusiasm for the Elon Musk-owned platform to the next level.

Ackman's firm, Pershing Square, received regulatory signoff Friday for a novel in-

vestment vehicle, the purpose of which is to invest in a privately held company and take it public. When asked by The Wall Street Journal if he would consider a transaction with X, the billionaire investor said "Absolutely."

Other companies that could fit the bill include private-equity-owned businesses, divisions of public companies or "mature unicorns" considering initial public offerings, according to the vehicle's regulatory filing.

The chances of Ackman pulling off a deal for X aren't

great. Musk spent \$44 billion just a year ago to buy the company and told people around then he could take it public in a few years. X's ad revenue has dropped, Musk has said, in part because his management scared advertisers away, and his purchase added \$13 billion in debt, metrics that are unlikely to play well with public investors.

Ackman says he has no idea if X is interested and would need to determine whether a deal is doable. X had no comment.

Either way, Ackman said he

has "enormous respect" for Musk and what he is doing with the platform.

Ackman, a registered Democrat, has become a big defender of Musk's vision of X as a free-speech haven where unpopular opinions, especially those from the right, can be voiced without fear of censorship.

After spending most of his career as an activist investor, Ackman, 57 years old, fancies himself an expert at helping companies shine and could see an opportunity to help im-

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Stellantis Has Success With UAW

Continued from page B1
voluntary job cuts and concessions from Europe's tough union heads. As the three automakers face pressure from the UAW's widening strike, Tavares's labor-relations chops are being put to the test.

"I can't imagine him and Shawn in the same room going up against each other," said Ron Harbour, an automotive consultant and analyst. "Shawn will have met his match."

For decades, Chrysler—the predecessor of Stellantis's North American operations—was the smallest and least profitable of the three Detroit car companies and most dependent on the U.S. to fuel its bottom line. Now, as the more global and more profitable Stellantis, those dynamics have flipped.

Italy's Fiat effectively took control of Chrysler as the American automaker climbed out of its 2009 bankruptcy and fully acquired the company in 2014. In January 2021, Fiat Chrysler merged with France's PSA Group, then led by Tavares, creating Stellantis.

Stellantis has emerged as the world's fourth-largest car company by sales, ahead of GM and Ford. Sales of rugged Jeep SUVs and brawny Ram pickup trucks in the U.S. are a major profit generator.

But the company is more diverse than its two rivals, which generate nearly all of their profits in North America. It has established European brands, such as Peugeot and Opel, and a strong presence in South America.

Stellantis's superior profitability in North America has left it open to Fain's criticism and strengthens the union's bargaining leverage, analysts say. The company's operating-profit margin for the region in 2022 was 16.4%, compared with

10.1% for GM and 8.4% for Ford. An engineer by training, Tavares started his career in 1981 as a test-track driver at France's Renault, where he rose through the ranks before becoming an executive at Nissan Motor.

After taking over PSA in 2014, Tavares developed a reputation for maintaining sharp metrics to track progress and being hyperfocused on cost—he has been known to fly budget airlines instead of private jets used by many CEOs.

"He's tough but sensible," said Carla Bailo, who worked with Tavares during his time at Nissan. She said the CEO "has clear objectives in what a win means for him and the company. He will listen, though, to a compelling argument."

Tavares operates the company with a focus on efficiency, and that cost management is key to sustaining Stellantis over time, the company said.

"We only ask for a fair competition with the [foreign] transplants and the newcomers on the U.S. market," the company said in a statement.

When PSA acquired Opel from GM in 2017, analysts figured Tavares faced a battle to turn it around, in part because they expected powerful European labor unions would block cost-cutting moves. Nonetheless, he pressed unions to accept job cuts to stabilize Opel's bottom line, quickly swinging it to a profit.

Now, Tavares's cost-conscious style has taken on new urgency amid the industry's transition to electric vehicles. Stellantis is spending \$35 billion through 2025 as part of its effort to make the leap to EVs.

"If we stop working on cost, in this industry you go from hero to zero," Tavares told reporters in January.

Stellantis has the smallest UAW workforce of the three companies, with about 43,000 represented employees, compared with GM's 46,000 and Ford's 57,000. It also has more leverage than GM and Ford to consider shifting some factory work to Canada and Mexico, said Sam Fiorani, an analyst with AutoForecast Solutions.



Carlos Tavares made his mark with European carmakers.

Small Bankruptcy Filings Rise

Continued from page B1
Bankruptcy petitions are just one sign of financial stress. Small-business loan delinquencies and defaults have edged upward since June 2022 and are now above prepandemic averages, according to Equifax.

An index tracking small-business owners' confidence ticked down slightly in September, driven by heightened concerns about the economy, according to a survey of more than 750 small businesses. Of those respondents, 52% believed the country is approaching or in a recession, said the survey by Vistage Worldwide, a business-coaching and peer-advisory firm.

Many small businesses came out of the pandemic in solid financial shape and are looking to grow. The share of business owners who expect revenue and profits to increase in the next 12 months grew in September, as did the share of those planning to expand their workforce, the survey found.

Still, needed capital is more expensive to access and can be difficult to obtain. Small businesses have fewer options for raising capital than bigger companies, which can issue stock or bonds or go to private-equity investors and other sources for funding, said Soneet Kapila, a bankruptcy trustee and president of the bankruptcy institute.

According to a survey of more than 1,500 small businesses conducted in late August and early September by Goldman Sachs, 73% of respondents reported that rising interest rates were having a negative impact on their business.

Rising wages are another challenge. Paper Plane Deli and Market in Charlotte, N.C., opened in March 2020, days before the city's pandemic-related shutdown. Once the business was allowed to resume in-person dining, labor costs jumped by roughly 35%, owner Amanda Cranford said. She tried opening food stalls in other local businesses to boost traffic and revenue, but those efforts didn't pay off.

"I had staffed up to grow," Cranford said. "You can imagine how fast labor bleeds the profit out."

Paper Plane closed at the end of September, giving Cranford more time to focus on Dish, a 21-year-old restaurant she also owns. The establishment, which closed for three months to replace its fire-suppression and ventilation system, faces increased competition from new entrants, she said.

More than 90% of small-business closures occur outside of bankruptcy, estimates Brook Gotberg, a visiting law professor at the University of Chicago. Many small businesses don't have enough debt to make a bankruptcy filing worthwhile, she said.

Government-aid programs, such as Covid disaster loans, helped keep many small businesses out of bankruptcy during the pandemic. The disaster loans' 30-year term and 3.75% interest rate made them an attractive source of financing, but paying off the debt has been difficult for entrepreneurs still struggling to rebound.

Cecile Benitez and her husband fell behind on the rent for their two coin-operated laundries in Los Angeles when business plummeted during Covid. The couple gave up one laundry this year after the landlord threatened to evict them for missing rent payments.

To make ends meet, the Benitezes took out a \$325,000 Covid disaster loan from the SBA, figuring the \$1,725-a-month payment would be easy to manage once business rebounded. But some customers at Pinay Coin Laundry, their remaining location, moved away and others, now working from home, do laundry less often. Many are struggling, too, said Benitez, who is reluctant to raise rates.

"We are barely hanging in there," she said. "People think it's back to normal but it's not."

The SBA loan is secured by the laundry's equipment, making it difficult to sell the

BUSINESS & FINANCE



Owner Amanda Cranford, left, at her deli in Charlotte, N.C., before its September closure.

equipment to raise cash, the couple's attorney, Ritu Mahajan, said.

An SBA official said the federal government has charged off 11.6% of the roughly \$390 billion of Covid disaster loans issued during the pandemic; another 12.8% are more than 30 days past due. Repayment rates are roughly within projected levels, she said, adding that the loan program served as a lifeline for businesses experiencing hardship.

While it is still early, the SBA estimates that the Covid loan program will be shown to have reduced bankruptcies, she added. Regular SBA loans don't show signs of distress, the spokeswoman said.

Congress created Subchapter V, which took effect in February 2020, because standard Chapter 11 bankruptcy filings were expensive and too restrictive for small companies, making it difficult for them to get a fresh start. Increased familiarity with the new options has contributed to a rise in filings, as has a temporary lift in the debt limit for Subchapter V filings

press in 2020. Within two years, the pair owned seven trucks and managed 17 others.

The Orlando, Fla.-area trucking company paid high prices for some of the trucks, as the cost of new and used vehicles climbed in response to pandemic-related demand. The company believed demand would remain strong, Patrick Pinto said, but shipping rates

have fallen by roughly 50%, and fuel and insurance costs have climbed. The company, which now has four employees, filed for bankruptcy in July to bring loan payments to more manageable levels. The bankruptcy filing allows the company to write down the truck loans to reflect current asset values, said A&P's attorney, Daniel Velasquez, who has been working with a half-dozen small trucking companies in financial distress.

"I want to make sure we are able to keep hauling goods, that we are able to keep our business," Pinto said.

At Brighthouse, the residential and commercial cleaning company, revenue plunged by as much as 80% in 2020. Government aid helped soften the financial blows for a time, but the funds eventually ran out even as labor costs continued to increase.

Last October, Brighthouse's bank pulled the company's line of credit. The company turned to high cost short-term loans, known as merchant cash advances, for financing, but the payments quickly proved unmanageable.

The bankruptcy filing allowed Brighthouse to wipe out all but roughly \$100,000 of its \$1.4 million in debt, said Gonzales, the company's attorney.

Needed capital has become pricier to access and can be hard to obtain.

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BUSINESS NEWS

Dockworkers Union Files for Bankruptcy

By Andrew Scurria

The labor union for West Coast dockworkers filed for bankruptcy to fend off a judgment holding it liable for what a federal jury found to be illegal slowdowns and work stoppages at the Port of Portland in Oregon.

The International Longshore and Warehouse Union filed for chapter 11 protection in a San Francisco court to halt litigation brought by a former terminal operator of the Port of Portland, Ore., that threatened to deplete the labor union's cash reserves.

The ILWU, which represents dockworkers at major U.S. ports in Los Angeles, Long Beach and Oakland, Calif., is

fresh off ratifying a new, six-year contract for about 22,000 workers at 29 ports from California to Washington state to end a period of labor uncertainty for some of the nation's busiest ports.

The dockworkers union also has been facing a looming trial on claims that it illegally slowed down operations over several years at the Port of Portland, then operated by an affiliate of Philippines-based maritime company **International Container Terminal Services Inc.**

The bankruptcy filing puts ICTSI's lawsuit against the union on hold and opens a path for it to limit its liability and reorganize its affairs. The ILWU said it filed for chapter 11

because it couldn't afford the legal fees to continue fighting the case and because any damages award would likely exceed what it can pay.

The union was held liable in 2019 to ICTSI for engaging in unfair labor practices aimed at securing work handling refrigerated shipping containers, known as reefer work.

ICTSI's lawsuit dates to 2012 and accused the ILWU and its local chapter of engaging in work stoppages, slowdowns and other actions to try to pressure the Port of Portland to have reefer work done by the union.

The company was initially awarded \$93.6 million, later reduced to \$19 million in a court ruling that offered the com-



The filing is intended to fend off a judgment against regarding the Port of Portland, Ore..

pany the opportunity for a retrial solely on the issue of damages. ICTSI turned down the reduced award and opted to continue litigating its claims that the union intentionally drove ocean-carrier customers away from Portland. A retrial was scheduled for February 2024.

ILWU President Willie Adams said that while it has attempted to resolve the decade-old lawsuit, "at this point the union can no longer afford to defend against ICTSI's scorched-earth litigation tactic."

ICTSI Oregon, the company unit that sued the ILWU, said on Sunday that the union "re-

fused to appreciate the gravity of the harm that it intentionally caused and make settlement offers reflective of that harm." "This bankruptcy is the ILWU's attempt to once again shirk its responsibility," ICTSI Oregon said.

—Paul Berger contributed to this article

Walmart Changes Pay and Titles For Corporate Staff

By Sarah Nassauer

Many **Walmart** corporate staff are getting new titles and pay packages in the coming weeks as the country's largest private employer works to manage labor costs and simplify the structure of its workforce.

Over the past year and a half, Walmart reviewed the pay and titles for its entire U.S. corporate workforce, including those in the New York City region, Southern California, India and company headquarters in Bentonville, Ark.

Starting in November, many corporate workers at Walmart and its warehouse chain Sam's Club will be reclassified into fewer groups of possible titles and pay. Base pay and total bonus benefits won't fall for any workers. Around 4%, or 2,000 workers, will receive an eventual reduction in restricted stock awards as part of the change.

Workers who will have their restricted stock reduced will receive a one-time grant next year to make up for the immediate reduction in total compensation, but restricted stock awards will reset at a lower trajectory in the longer term.

There are increases and reductions that will offset each other, so the plan keeps Walmart's corporate labor costs generally the same, said Kim Lupo, head of global total rewards for Walmart.

At Walmart, some workers affected by the restricted-stock cuts said it was disheartening but not a significant-enough change to send them looking for a new job immediately.

Walmart is making the changes because its corporate roles have become more varied over the past decade through acquisitions and new lines of business such as advertising, Lupo said. That evolution led to internal and external confusion about job responsibilities and fair pay, Lupo said.

The retailer also has acquired several smaller companies, including Jet.com in 2016. Those new workers were allowed to keep their titles, which led to some title and pay inconsistencies over time,

Lupo said.

The change is "good compensation hygiene," said Lupo, and ensures Walmart is "appropriately rewarding similar levels of work." It also keeps Walmart's job titles and pay structure logical and competitive for outside job candidates, she said.

Most of Walmart's roughly 1.6 million U.S. employees work in stores and warehouses. Over the summer, Walmart reduced the starting hourly wage of some new hires in stores through a restructuring of store roles. That change didn't affect current store workers, and Walmart's minimum wage remains \$14 an hour.

Some companies are re-evaluating their worker pay structures as laws requiring pay transparency become more common and the disruption of the pandemic has subsided.

"Now that we are in a more stable place, they are asking:

Many workers will be reclassified into fewer groups of possible titles.

'Are we paying our current people competitively? And who are we bringing in?'" said David Kopsch, head of the retail industry practice at Mercer, a consulting firm that wasn't involved in the Walmart

changes.

Companies shouldn't take away total compensation in the short term if they want morale and turnover to remain healthy, Kopsch said.

For weeks, Walmart has been hosting training sessions for managers on how to explain the change to their employees.

Walmart has told workers the latest change is part of its broader compensation work, which resulted in pushing the average hourly wage of its workers to \$17.50 earlier this year, and accelerated the stock-vesting schedule for corporate workers below the officer level, according to documents viewed by The Wall Street Journal.

On Thursday, all corporate workers affected received an email notifying them that changes were coming, according to documents viewed by the Journal. Workers on Oct. 9 will learn details of how changes will personally affect them.

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The company aims to simplify the structure of its workforce.

TECHNOLOGY

WSJ.com/Tech

Musk Dislikes Regulations, Unless He Proposes Them

By TIM HIGGINS

Elon Musk has returned to a favorite lament: his war on government regulations.

"Like Gulliver, tied down by thousands...of little strings, we lose our freedom one regulation at a time," Musk posted on Twitter-turned-X recently.

The exact target of the Tesla CEO's ire wasn't clear as he currently faces several challenges across his business empire. His latest gripe comes as he also is publicly recommending new regulations.

That paradox was on display earlier this month as Musk and other tech leaders met with more than 60 U.S. senators. He warned about the threat of artificial intelligence as part of his continued advocacy for rules to limit the development of AI.

After years of cautioning about AI's potential dangers, his warnings have taken on new relevance with the sudden success of startups such as OpenAI, and the potential for unleashing advanced versions of the technology in near future.

Part of his concern, Musk has said, stems from worry that developers looking to catch up might cut corners that might lead to the same sorts of dangers envisioned in "The Terminator" and other killer-robot movies.

"There has to be some kind of referee on the field here," Musk said in July during a forum on X, the social-media platform he bought last year. "I think it's actually more dangerous for companies that are behind that might take shortcuts that could be dangerous."

Such doomsday warnings irk some in the industry, who chalk up such talk as a distraction or, cynically, a marketing scheme, and worry it could give foreign competitors an advantage by slowing down development. Musk's position on the matter



The Tesla CEO is calling for rules to govern AI development.

can be confusing too, because at the same time he calls for caution, he has also founded his own company, xAI, to do the kinds of work he worries could go wrong.

In recent months, Musk has pushed for a pause in development of certain powerful AI tools so new safety nets can be implemented, and called for the creation of a regulatory body to oversee development, "to prevent danger to the public."

"You can't just go make a nuke in your garage," Musk said, and then flubbed the names of some agencies as he continued, "We have the Food and Drug Administration, we've got the Federal Aviation Authority, we've got the Department of Transport—there's all of these regulatory authorities that we put in place in order to ensure public safety."

In the not-so distant past, Musk hasn't sounded so supportive of some of these government bodies.

His battles with regulators

are well documented, bravado that became part of his mystique as he became the world's richest man: an engineer bucking established industries and bureaucracies in pursuit of a greater good, whether it is SpaceX's mission to reach the stars or Tesla's goal of ushering in an electric-car era.

Part of those battles have included his mocking the National Highway Traffic Safety Administration as "the fun police" and ridiculing the Federal Aviation Administration's space division as "fundamentally broken."

Now, he is in another period of jostling with those referees.

Tesla was hit last week with a lawsuit by the U.S. Equal Employment Opportunity Commission alleging it subjected workers at its factory outside of San Francisco to racial harassment, among other claims. Tesla has said it opposes all forms of discrimination and harassment.

When SpaceX might be able to launch its giant rocket, dubbed Starship, is unclear after it was revealed in September that the FAA is requiring SpaceX to implement scores of changes before it can try again after an inaugural April liftoff.

Also, the U.S. Fish and Wildlife Service has begun an environmental review of SpaceX's updates to the launchpad, which could take several months. Fuming about the Fish and Wildlife Service, Musk tweeted on Sept. 20: "It is absurd that SpaceX can build a giant rocket faster than they can shuffle paperwork!"

Swift action has long been a hallmark of Musk's operations. And good luck to anyone perceived as standing in his way, even if their job is to enforce rules aimed at ensuring safety and public good.

Assurances about moving fast were on his mind in 2020 when discussing building a new factory near Austin, Texas. In response, the city assigned someone to shepherd Tesla through the permitting process, said Steve Adler, who was mayor at the time. The arrangement was atypical, he said.

It is the kind of treatment Musk wants.

"We are practically making construction illegal in this country," Musk said at an energy conference in June.

Musk's urgency at his newly acquired social-media company has also come under scrutiny by the Federal Trade Commission, which reached a \$150 million settlement with the company last year, prior to Musk's involvement, over alleged failures to protect users' privacy and security.

Musk has asked a federal court to terminate the agreement. In response, the FTC has raised new concerns about the way he is running the company.

—Rebecca Elliott contributed to this article.



The Cybertruck, as seen in 2022, will have new features.

Tesla Misses Truck Target

Continued from page B1

In April, on the company's first-quarter earnings call, Musk said a delivery event for consumers would likely be held in the third quarter to mark the start of sales.

He then foreshadowed the latest postponement over the summer, sidestepping a question about the truck's pricing and delivery schedule by saying the company would begin delivering the truck to customers this year.

"The Cybertruck has a lot of new technology in it, like a lot," Musk said on the company's second-quarter earnings call in July. "It doesn't look like any other vehicle because it is not like any other vehicle."

Tesla has generated significant buzz with its Cybertruck and more than a half-million orders as of 2020. Musk hasn't shared up-to-date reservation figures.

The longer the truck is delayed, the greater the risk those early buyers move on, especially when rivals are widening the options for an electric pickup truck.

Musk has also said the price and specs of the model would change, pointing to inflation. Initially, the truck was to start at \$39,900 for an entry-level configuration and rise to \$69,900 and up for a top-tier version.

For those who reserved a

Cybertruck years ago, the question isn't so much when the truck will arrive as it is how much it will cost when it does.

"For me, it's going to be kind of a toy," said Maurice Moortgat, a retired cybersecurity analyst who reserved a Cybertruck in 2019. He said he would consider paying up to \$65,000 for the midtier version of the pickup, which originally carried a starting price of \$49,900, but likely no more.

Musk's approach to the Cybertruck's launch is a departure from the auto industry norm. Most automakers try to limit the number of new variables when starting production on a new vehicle, often using shared parts with other models, to avoid complications getting factories up and running.

With the Cybertruck, the battery technology is new, the plant where it is being built is less than two years old and the truck design is complicated.

For example, the truck's angular exterior is composed of stainless steel, which is heavier than the metal traditionally used to make car body panels. Those extra pounds made it more difficult for Tesla to hit its range targets, a person familiar with the matter said, and the company spent months scrutinizing various components for opportunities to drop weight.

Employees have also struggled to deliver on Musk's promise of a bulletproof truck while keeping costs in check.

"You're adding a lot of compounding risk from just the newness and the unknownness," said Mark Wakefield, a managing director at the consulting firm AlixPartners.

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Big Local Sports Broadcaster Fights to Avoid Liquidation

Diamond Sports' survival hinges on renegotiating rights, carriage agreements

The biggest regional sports broadcaster is fighting for its life.

By Jessica Toonkel, Alexander Gladstone and Joe Flint

Diamond Sports Group, which carries the games of more than 40 major sports teams and filed for bankruptcy earlier this year, is in negotiations with cable companies and leagues that will collectively help determine whether the company will be liquidated. Diamond owes rights payments to the National Basketball Association and National Hockey League in a matter of days. Its distribution deal with the cable company **Charter Communications** is up for renewal in several months. Its creditors are divided on whether to attempt to revive the company. And Diamond is mired in a legal spat with parent **Sinclair Broadcast Group**. Diamond's potential unrav-



Diamond operates Bally Sports-branded networks.

eling could have significant implications for leagues and fans, who have seen an ever-growing share of sports content move to streaming platforms. The threat that Diamond will face liquidation has intensified. Its dilemmas are a sign of how fragile once-lucrative regional sports networks have become as streaming upends how Americans watch TV. Executives at Diamond, which operates Bally Sports-branded networks, are pressing cable companies including

Comcast for multiyear carriage agreements that would keep games on cable and provide a reduced but predictable stream of revenue. Diamond is asking the NBA for a longer-term rights deal than its current year-to-year agreement and is negotiating with representatives from the NBA and the NHL to potentially reduce its payments, people familiar with the discussions said. Forging such deals is Diamond's best shot at presenting creditors with a plan to exit

bankruptcy instead of being wound down, people familiar with the matter said.

Diamond on Friday requested bankruptcy court permission for a two-month extension to file a plan of reorganization.

Earlier this year, Diamond's struggles led Major League Baseball to take over the broadcasts of the San Diego Padres and Arizona Diamondbacks, allowing fans to watch the teams on MLB.TV, the league's streaming platform, instead of cable TV.

Comcast and Diamond are in talks to extend their carriage deal, people familiar with the matter said. The cable giant is reluctant to entertain the longer-term arrangement that the company is seeking. Diamond executives feel a one-year deal is too short and likely a path to liquidation, according to other people close to the talks.

Other such discussions are on the horizon. Diamond's deal with Charter Communications is up at the end of February. The regional sports network operator was able to extend its deal with DirecTV to next September from the end of this year, people familiar with the matter said.

Ackman May Weigh X Deal

Continued from page B1 prove X's results. His vehicle could give X some much-needed cash to pay down its heavy debt burden.

While Ackman doesn't know Musk well, his foundation made a small investment in X when the **Tesla** chief bought it, and he has occasionally tweeted ideas for the platform. One was adding an opposite button of sorts to certain tweets that would bring the user to the most popular tweet containing a counterargument. Musk responded, "Good idea."

Ackman's 'SPARC'

Ackman is billing his new investment vehicle as an elevated version of the traditional special-purpose acquisition companies whose popularity surged before fizzling last year. While a SPAC raises money from investors before finding a company to merge with and take public, his version, called Pershing Square SPARC Holdings, flips the order. The "r" stands for "rights," signaling investors' rights to buy in after a target is identified.

Ackman has been waiting for the Securities and Exchange Commission to bless his creation for roughly two years, ever since regulatory concerns forced him to walk away from a large SPAC deal he orchestrated with **Universal Music Group**. At the time, he gave his investors their money back and warrants for the SPARC. (His investment firm took a 10% stake in Universal instead.)

The SPARC is expected to have at least \$1.5 billion to invest in a deal, the filing says, which can be used by the company or to buy out existing investors. Pershing Square will contribute between \$250 million and \$3.5 billion.

Rights holders, a mix of retail and institutional investors, would contribute around \$1.22 billion, and possibly much more. The rights price is set as part of the deal negotiation and there is no upward limit.

After a deal is announced, holders would get 20 business days to exercise or sell their rights, which will be trading on an over-the-counter market. A deal could close 10 business days later, the filing says.

On Friday, after regulators blessed the SPARC, Ackman took to X: "If your large private growth company wants to go public without the risks and expenses of a typical IPO, with Pershing Square as your anchor shareholder, please call me. We promise a quick yes or no."

In the beginning

Ackman rose to fame on Wall Street by pushing companies to make changes to boost their stock prices. He stepped back from activism—and the spotlight—several years ago after losing billions on a series of bad bets. He has since rehabilitated Pershing Square, which now manages \$16.5 billion, by placing friendlier wagers on companies such as **Hilton** and **Chipotle**.

When Ackman joined Twitter in 2017, his tweeting appeared like that of most public figures and companies—a forced exercise to further business interests.

"Eating our own cooking @ChipotleTweets," read one of his first posts, which included a photo of him in line at the burrito joint.)

His account had been dormant for nearly a year when

he picked it back up in the early days of Covid-19, tweeting impassioned pleas for swift government action to get the virus under control and later, mass vaccination.

In the years since, his account has morphed into continual reactions to current events and musings on everything from the best exercises for people with back issues to the "karmic quality" of seeing a short seller attack his rival, Carl Icahn.

Ackman says X has become one of his principal ways of keeping track of current events.

"It's like one big brain," Ackman says, referencing the various "takes" on any given topic found on the platform.

Ackman, like many hedge-fund managers, is famous for a contrarian streak when it comes to markets, but on X, he stokes debate in areas far afield from investing.

He took to the platform after he and his wife, the architect Neri Oxman, watched testimony of Kyle Rittenhouse, the teenager charged with killing two people at a Wisconsin protest using an AR-15-style rifle.

"We came away believing that #Kyle is telling the truth and that he acted in self-defense. We found him to be a civic-minded patriot with a history of helping his community," began a more than 300-word missive.

The tweet prompted a reporter to text Ackman asking if his account had been hacked, he tweeted at the time. Rittenhouse was found not guilty.

After FTX founder Sam Bankman-Fried denied knowing what was going on at his \$32 billion cryptocurrency exchange soon after its collapse, Ackman tweeted, "Call me crazy, but I think @sbf is telling the truth."

Several X users took him up on it, with one tweeting, "Bill are you currently under duress?"

Election tweet

His changeability has been on full display when it comes to the presidential election.

"I am going to make a bold and early call. @VivekGRamaswamy will run for POTUS and win," he said in February of the Republican candidate. Two months later, he backtracked, saying some of the far-right candidate's views were too extreme.

The following month, he urged **JPMorgan Chase** CEO Jamie Dimon to run in a tweet that spanned over 600 words.

"If you agree that he should be our next POTUS, give him a call, send him an email or go see him, and like and retweet this tweet," it read. While Dimon has briefly considered running before, he has decided against it and said so publicly this summer.

Ackman has since resumed promoting Vivek Ramaswamy and tweeted approvingly of vaccine skeptic Kennedy, which has increased his audience while startling some people close to him.

Alongside his growing popularity on the platform, Ackman has picked up the pace of public appearances, too, stoking speculation he could run for office himself one day.

Last Thursday, during an appearance at CNBC's Delivering Alpha conference, he praised X, crediting the platform for influencing some of his most winning investments. In 2020 and 2021, combing through tweets helped prompt him to place a pair of bets that the market was misjudging Covid-19's toll. They have made him \$5.5 billion.

"I've comfortably covered the cost of my blue-check," Ackman says, in reference to the \$84 he pays annually for a premium X account.

— David Benoit contributed to this article.



Bill Ackman fancies himself an expert at helping companies shine and could see an opportunity to help X.

Apple to Address iPhone 15 Overheating in Update

By JOANNA STERN

Apple is responding to the heat—the iPhone 15 heat.

After new buyers found the new phones were getting very warm, the company on Saturday said it plans to release an iOS 17 software update to improve the issue. Or at least part of the issue.

"We have identified a few conditions which can cause the iPhone to run warmer than expected," a spokesman said. Those conditions include:

◆ **Typical setup:** Yes, iPhones do typically get warm in the first few days after setting them up as they download data.

◆ **An iOS bug:** Apple says it has found a bug in iOS 17 that "will be addressed in a software update." The software update won't reduce performance, the company said.

◆ **Third-party apps:** The company says updates to recent third-party apps "are causing them to overload the system" and that Apple is "working with these app developers on fixes that are in the process of rolling out."

Some of those apps include Uber and Instagram. Instagram issued a fix earlier this week.

Apple has also been clear on what's *not* causing the issue: titanium. While some analysts and experts suspected that the

new material in the frame of the Pro models may be a reason for the heat, Apple says titanium is better for heat dissipation than the previous stainless-steel Pro phones.

These fixes don't mean your new iPhone won't ever get warm. Intensive gaming, wireless charging, streaming high-quality video all may cause your phone to heat up. "These conditions are normal," according to an Apple support page.

Charging your phone with a higher wattage USB-C charger, those above 20 watts, may also make the devices toasty. The company says the new USB-C charging port—included in iPhones for the first time this year—isn't to blame for any excessive heat. And it

says the higher temperatures won't affect the long-term performance of the phones because of protections Apple built into the devices.

Still, it wouldn't be an iPhone launch without some hiccups. Last year, we had roller coasters setting off crash detection in the iPhone 14 models, and years ago, there was Bend-Gate and Maps-Gate.

Apple didn't say when it will issue the software update.

Watch a Video



Scan this code for Joanna Stern's video on how heat hurts smartphones.

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CLASS ACTION

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH CENTRAL DIVISION

IN RE MYRIAD GENETICS, INC. SECURITIES LITIGATION

Case No. 2:19-cv-00707-JNP-DBP District Judge Jill N. Parrish

SUMMARY NOTICE OF (I) PROPOSED SETTLEMENT AND PLAN OF ALLOCATION; (II) SETTLEMENT HEARING; AND (III) MOTION FOR ATTORNEYS' FEES AND LITIGATION EXPENSES

TO: All persons who purchased or acquired Myriad Genetics, Inc. ("Myriad") common stock from August 9, 2017 until February 6, 2020, inclusive (the "Class Period"), and were damaged thereby (the "Class").

PLEASE READ THIS NOTICE CAREFULLY; YOUR RIGHTS WILL BE AFFECTED BY THE SETTLEMENT OF A CLASS ACTION LAWSUIT PENDING IN THIS COURT.

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the District of Utah (the "Court"), that Lead Plaintiff Los Angeles Fire and Police Pensions ("Lead Plaintiff" or "Los Angeles"), on behalf of itself and the Court-certified Class in the above-captioned securities class action (the "Action"), and Defendants Myriad, Mark C. Capone, Bryan Riggsbee, and Bryan M. Dechairo (collectively, "Defendants") have reached a proposed settlement of the Action for \$77,500,000 in total settlement value, with at least \$20,000,000 paid in cash and the remainder paid in either additional cash or shares of freely-tradeable Myriad common stock (the "Settlement"). If approved, the Settlement will resolve all claims in the Action.

A hearing will be held on **December 8, 2023, at 2:00 p.m. MST**, before the Honorable Jill N. Parrish, by video conference, for the following purposes: (a) to determine whether the proposed Settlement on the terms and conditions provided for in the Stipulation and Agreement of Settlement dated August 3, 2023 (the "Stipulation") is fair, reasonable, and adequate to the Class, and should be finally approved by the Court; (b) to determine whether a Judgment, substantially in the form attached as Exhibit B to the Stipulation, should be entered dismissing the Action with prejudice against Defendants and granting the Releases specified and described in the Stipulation (and in the Settlement Notice); (c) to determine whether the terms and conditions of the issuance of the Settlement Shares, which shares are to be issued pursuant to the exemption from registration requirements under Section 3(a)(10) of the Securities Act of 1933, are fair to all persons and entities to whom the shares will be issued; (d) to determine whether the proposed Plan of Allocation for the proceeds of the Settlement is fair and reasonable and should be approved; (e) to determine whether the motion by Lead Counsel for an award of attorneys' fees and Litigation Expenses should be approved; and (f) to consider any other matters that may properly be brought before the Court in connection with the Settlement.

If you are a member of the Class, your rights will be affected by the Settlement, and you may be entitled to share in the Net Settlement Fund. If you have not yet received the full printed Notice of (I) Proposed Settlement and Plan of Allocation; (II) Settlement Hearing; and (III) Motion for Attorneys' Fees and Litigation Expenses (the "Settlement Notice") and the Proof of Claim and Release Form (the "Claim Form"), you may obtain copies of these documents by contacting the Claims Administrator by mail at Myriad Genetics Securities Litigation, c/o A.B. Data, Ltd., P.O. Box 170500, Milwaukee, WI 53217; by telephone at 877-331-0728; or by email at info@MyriadGeneticsSecuritiesLitigation.com. Copies of the Settlement Notice and Claim Form can also be downloaded from the website for the Action, www.MyriadGeneticsSecuritiesLitigation.com.

If you are a Class Member, in order to be eligible to receive a payment under the proposed Settlement, you must submit a Claim Form **postmarked (if mailed), or submitted online through the case website, www.MyriadGeneticsSecuritiesLitigation.com, no later than January 16, 2024**. If you are a Class Member and do not submit a proper Claim Form, you will not be eligible to share in the distribution of the net proceeds of the Settlement, but you will nevertheless be bound by any judgments or orders entered by the Court in the Action.

Any objections to the proposed Settlement, the proposed Plan of Allocation, and/or Lead Counsel's application for attorneys' fees and expenses, must be filed with the Court and delivered to Lead Counsel and Representative Defendants' Counsel such that they are **received no later than November 17, 2023**, in accordance with the instructions set forth in the Settlement Notice.

Please do not contact the Court, the Clerk's office, Myriad, any other Defendants in the Action, or their counsel regarding this notice. All questions about this notice, the proposed Settlement, or your eligibility to participate in the Settlement should be directed to the Claims Administrator or Lead Counsel.

Requests for the Settlement Notice and Claim Form should be made to:

Myriad Genetics Securities Litigation
c/o A.B. Data, Ltd.
P.O. Box 170500
Milwaukee, WI 53217

877-331-0728
info@MyriadGeneticsSecuritiesLitigation.com
www.MyriadGeneticsSecuritiesLitigation.com

Inquiries, other than requests for the Settlement Notice and Claim Form, may be made to Lead Counsel:

Abe Alexander
Bernstein Litowitz Berger & Grossmann LLP
1251 Avenue of the Americas
New York, NY 10020

1-800-380-8496
settlements@blbglaw.com

BY ORDER OF THE COURT
United States District Court
District of Utah

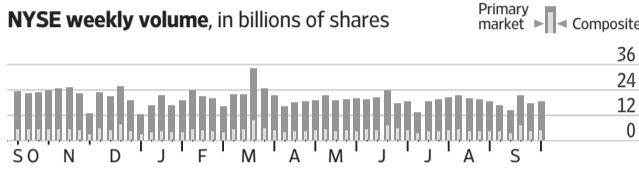
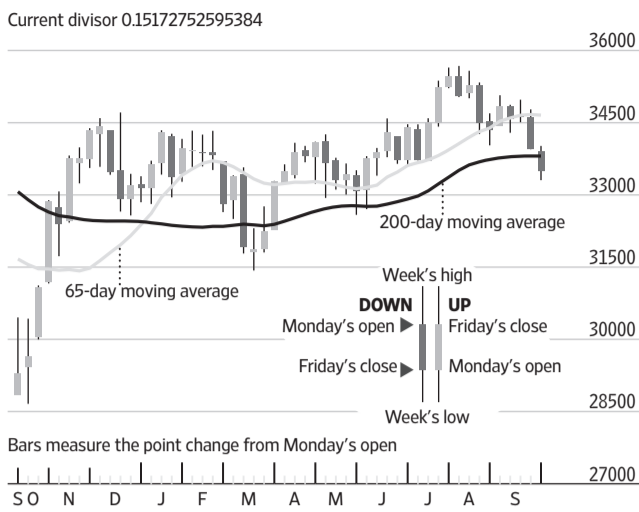
¹ Certain persons and entities are excluded from the Class by definition and others are excluded pursuant to request. The full definition of the Class including a complete description of who is excluded from the Class is set forth in the full Settlement Notice referred to below.

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MARKETS DIGEST

Dow Jones Industrial Average

33507.50 ▼456.34, or 1.34% last week Trailing P/E ratio 24.26 16.93
High, low, open and close for each of the past 52 weeks



Major U.S. Stock-Market Indexes

Table with columns for Index Name, High, Low, Close, Net chg, % chg, 52-Week Range, High, % chg, YTD, 3-yr. ann. Includes Dow Jones, Nasdaq Stock Market, and S&P.

Table with columns for Index Name, High, Low, Close, Net chg, % chg, 52-Week Range, High, % chg, YTD, 3-yr. ann. Includes Russell 2000, NYSE Composite, and other major indices.

Table with columns for Index Name, High, Low, Close, Net chg, % chg, 52-Week Range, High, % chg, YTD, 3-yr. ann. Includes various international and sector-specific indices.

International Stock Indexes

Table with columns for Region/Country, Index, Close, Latest Week % chg, Low, 52-Week Range, High, YTD % chg. Lists indices from MSCI ACWI to FTSE 100.

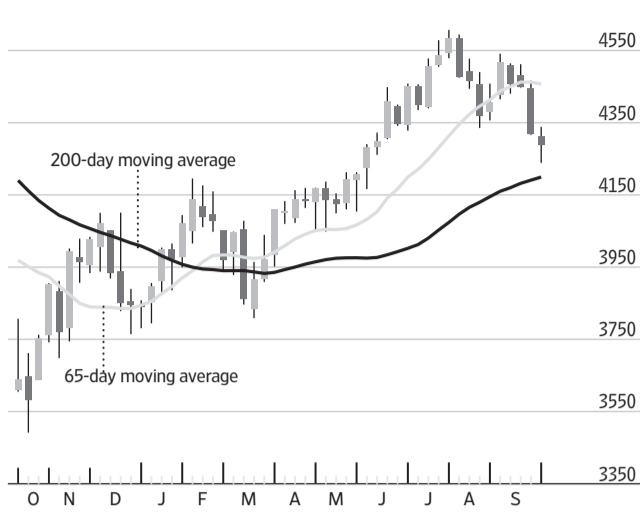
Table with columns for Region/Country, Index, Close, Latest Week % chg, Low, 52-Week Range, High, YTD % chg. Lists indices from MSCI AC Asia Pacific to TAIEX.

Consumer Rates and Returns to Investor

Table with columns for Interest rate, Yield/Rate (%), 52-Week Range (%), 3-yr chg (pct pts). Includes Federal funds rate target, Prime rate, SOFR, and various mortgage rates.

S&P 500 Index

4288.05 ▼32.01, or 0.74% last week Trailing P/E ratio * 19.55 17.85
High, low, open and close for each of the past 52 weeks



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Nasdaq Composite

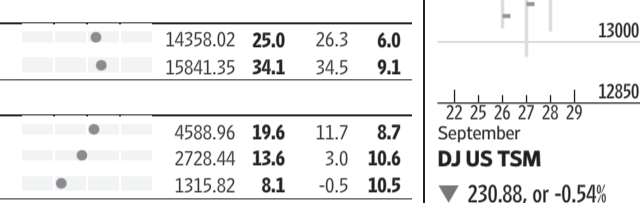
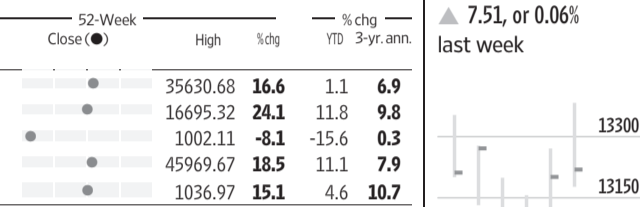


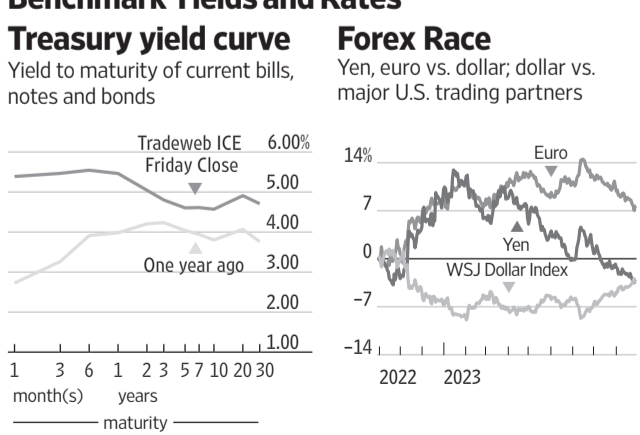
Table with columns for Index Name, High, Low, Close, Net chg, % chg, 52-Week Range, High, % chg, YTD, 3-yr. ann. Includes various international and sector-specific indices.

Commodities and Currencies

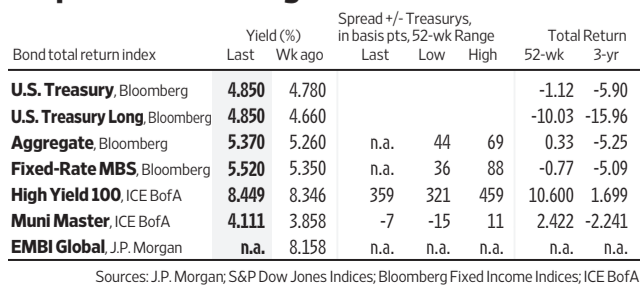
Table with columns for Commodity/Currency, Last Week Close, Net chg, % chg, YTD % chg. Includes DJ Commodity, Crude oil, Gold, U.S. Dollar Index, etc.

Go to WSJMarkets.com for free access to real-time market data. WSJ MARKETS MARKET DATA

Benchmark Yields and Rates



Forex Race



Corporate Borrowing Rates and Yields

Table with columns for Bond total return index, Yield (%), Spread +/-, Total Return. Includes U.S. Treasury, U.S. Treasury Long, etc.

New to the Market

Public Offerings of Stock

Table with columns for Lockup expiration, Issue date, Symbol, Offer price, Offer amt, Through Friday, Lockup provision. Lists offerings for ARBIOT Group, Prestige Wealth, etc.

IPO Scorecard

Table with columns for Company, SYMBOL, IPO date/Offer price, Friday's close, Offer price, % Chg From 1st-day close, % Chg From Friday's close. Lists companies like VS Media, Klaviyo, etc.

Public and Private Borrowing

Table with columns for Auction date, Auction of, Announced on, Settles on. Lists auctions for 13 and 26 week bills, 52 week bill, etc.

Cash Prices

Table with columns for Commodity, Friday price, Friday % chg. Includes Energy (Coal, Oil), Metals (Gold, Silver), Grains and Feeds, Food, Fats and Oils, Fibers and Textiles.

Borrowing Benchmarks

Table with columns for Inflation, U.S. consumer price index, International rates, Prime rates, Policy Rates, Overnight repurchase, U.S. government rates, Discount, Federal funds, Treasury bill auction.

Money Rates

Table with columns for Rate, Week ago, -52-Week - High, Low. Includes 30-day mortgage yields, 30 days, 60 days, etc.

Secondary market

Table with columns for Rate, Week ago, -52-Week - High, Low. Includes Fannie Mae 30-year mortgage yields, 30 days, 60 days, etc.

Other short-term rates

Table with columns for Rate, Week ago, -52-Week - High, Low. Includes Call money, Commercial paper (AA financial), Secured Overnight Financing Rate.

DTCC GCF Repo Index

Table with columns for Treasury, MBS, Value, -52-Week - High, Low. Includes Treasury 5.351, MBS 5.416, etc.

Notes on data:

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 September 28, 2023. DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value trades is in billions of U.S. dollars. Federal funds rates are Tullett Prebon rates as of 5:30 p.m. ET. Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; FactSet; Tullett Prebon Information, Ltd.

BUSINESS NEWS

Adidas Outruns Nike

Continued from page B1
sports technology. It was also a welcome boost for a company still righting itself in the wake of the costly collapse of its Yeezy partnership with rapper Kanye West, who goes by Ye.

marks. The Yeezy collaboration was lucrative and had accounted for around 8% of Adidas's total revenue.
The company recently said a turnaround plan was starting to deliver results, boosted by the decision to sell off leftover Yeezy inventory worth around \$1 billion.

Nike said in a statement that it "pioneered the modern revolution of racing footwear technology" and that it has several prototype shoes being tested by its runners ahead of next year's Paris Olympics.

Nike had led the race to develop a breakthrough running shoe since launching its first prototype super shoe at the 2016 U.S. Olympic marathon trials.

a rigid plate, often made of carbon fiber. The combination creates a springlike effect.
When super shoes first appeared, critics said they appeared to violate rules set by World Athletics, the sport's global governing body, against footwear that provides an "unfair assistance or advantage."

team based at Adidas headquarters in Germany changed the way it normally develops a shoe, said Heidmann. Instead of trying them out with ordinary consumers, Adidas technicians only tested the shoe with elite athletes, including a group of top runners in Kenya.

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.

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various equity funds like BlackRock Enh Int'l Div, BlackRock ESG Cap All, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various equity funds like Nuveen Real Est, Nuveen Divd Growth, etc.

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Currencies

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

Table showing exchange rates for various countries including Americas, Europe, Asia-Pacific, and others. Columns include Country/currency, Fri, and US\$/per US\$.

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.

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 (%)

Sellers

Table with columns: Date, 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 with columns: Sector, Buying, Selling, Sector, Buying, Selling

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.

Table with columns: Stock, Pct. change, Action, Company, Symbol, Close, \$1,000 Invested (year-end '22)

World Income Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various world income funds.

World Equity Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various world equity funds.

World Bond Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various world bond funds.

World Divd Growth Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various world dividend growth funds.

World Real Estate Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various world real estate funds.

World Healthcare Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various world healthcare funds.

World Technology Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various world technology funds.

U.S. Mortgage Bond Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various U.S. mortgage bond funds.

U.S. Equity Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various U.S. equity funds.

U.S. Bond Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various U.S. bond funds.

U.S. Divd Growth Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various U.S. dividend growth funds.

U.S. Real Estate Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various U.S. real estate funds.

U.S. Healthcare Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various U.S. healthcare funds.

U.S. Technology Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various U.S. technology funds.

U.S. Energy Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various U.S. energy funds.

U.S. International Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various U.S. international funds.

U.S. Alternative Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various U.S. alternative funds.

World Income Funds

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World Equity Funds

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World Bond Funds

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World Divd Growth Funds

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World Real Estate Funds

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World Healthcare Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various world healthcare funds.

World Technology Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various world technology funds.

World Energy Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various world energy funds.

World International Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various world international funds.

World Alternative Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Ret. Lists various world alternative funds.

Sources: Refinitiv, Dow Jones Market Data

*Based on Composite price. DJIA is calculated on primary-market price.

Source: Dow Jones Market Data; FactSet

MARKETS

Instant Pot Maker Picks Buyer For Its Assets in Bankruptcy

By AKIKO MATSUDA

Instant Brands, the maker of kitchen appliances known for its Instant Pot cooker, selected private-equity firm **Centre Lane Partners** as the winner in its bankruptcy auction.

Centre Lane offered \$350.8 million for the Illinois-based company's housewares business and its appliances business, according to documents filed with the U.S. Bankruptcy Court in Houston on Thursday.

The sale is subject to ap-

proval of the court, which is expected to review the offer this week.

The court filing showed Centre Lane was the lone bidder for the housewares business. But for the appliances division, Conair, a personal care and kitchen appliances supplier owned by private-equity firm American Securities, also submitted an offer of \$125 million.

Centre Lane clinched the deal after raising its original offer twice to \$122.6 million for the appliances business,

beating Conair's final offer of \$129 million, after factoring in the additional costs associated with Conair's bid that would require splitting the company into two business units.

Instant Brands declined to comment. Representatives for Centre Lane and American Securities didn't respond to requests for comment.

Instant Brands filed for chapter 11 in June, listing more than \$500 million in both assets and liabilities. Private-equity firm Cornell Capital bought the company in

2019 and combined it with Corelle Brands, another kitchenware company.

Ben Gadbois, president and CEO of Instant Brands, has said the tightening of credit terms and higher interest rates hurt its liquidity levels and made its capital structure unsustainable. In addition, the company's heavy reliance on the single-hit product, Instant Pot, became an issue when its sales slowed down as consumers' enthusiasm over home-cooking wore off postpandemic.



Constellation Brands is expected to post per-share profit of \$3.36.

THE TICKER | MARKET EVENTS COMING THIS WEEK

Monday		Mort. bankers indexes		Freddie Mac mortgage survey	
Construction spending		Purch., previous	down 2.0%	Previous weekly averages	
July, previous	up 0.7%	Refinan., prev.	down 1.0%	30-year fixed	7.31%
August, expected	up 0.6%			15-year fixed	6.72%
Tuesday		Earnings expected		Earnings expected	
ISM mfg. index		Estimate/Year Ago		Estimate/Year Ago	
August, previous	47.6	Acuity Brands	3.73/3.95	Conagra Brands	0.60/0.57
Sept., expected	48.0	Helen of Troy	1.64/2.27	Constellation Brands	3.36/3.17
		RPM International	1.55/1.47	Lamb Weston	1.08/0.75
Wednesday		Thursday		Friday	
EIA status report		EIA report: natural gas		Nonfarm payrolls	
Previous change in stocks in billions of barrels		Previous change in stocks in billions of cubic feet		August, previous	
Crude-oil	down 2.2	up 90		Sept., expected	187,000
Gasoline	up 1.0	Initial jobless claims		Sept., expected	170,000
Distillates	up 0.4	July, previous	204,000	Unemployment rate	
Factory orders		August, expected	209,000	August, previous	3.8%
July, previous	down 2.1%	Int'l trade deficit in billions		Sept., expected	3.7%
August, expected	up 0.3%	July, previous	\$65.02 bil. surplus	Consumer Credit	
		August, expected	\$60.1 bil. surplus	July, previous	up \$10.4 bil.
				August, expected	up \$11.7 bil.

* 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

New Rate Regime Stirs Sectors

Continued from page B1
surys, highly rated corporate bonds and mortgage-backed securities—is on pace to fall 3% in 2023, which would mark an unprecedented third consecutive annual decline.

◆ The Magnificent Seven lose their shine.

Big technology stocks were so dominant to start the year that they earned a new moniker: the "Magnificent Seven." Apple, Microsoft, Alphabet, Amazon.com, Nvidia, Tesla and Meta Platforms were responsible for virtually all of the stock market's advance at one point this spring.

That trade is showing cracks, while investors look with renewed skepticism at the hefty valuations commanded by the market leaders. Shares of Nvidia fell 12% in September, Apple slid 8.9%, and Amazon dropped 7.9%. Only Meta notched a gain.

When rates are low or soon expected to fall, traders are

willing to pay higher multiples of a company's near-term earnings to share in its far-off growth. The calculus changes once investors brace for a period of higher rates. They have less incentive to buy risky assets such as tech stocks when they can earn 5% in a money-market fund or high-yield savings account.

After this year's rally, some of the stocks look pricey relative to history. Apple is trading at roughly 26 times its expected earnings over the next 12 months, while Microsoft's multiple is about 27. Their 10-year averages are around 18 and 23, respectively.

"If you think about the tremendous outperformance of the Big Seven names in the first half of the year, it is just mathematically, extraordinarily unlikely that we see that happen again," said Kara Murphy, chief investment officer at Kestra Investment Management. "Even if those names don't go down, some of the leadership has to change."

◆ Shares of dividend payers are under pressure, too.

Steady income from stocks doesn't hold the same appeal it used to. Fewer than 30 stocks in the S&P 500 have a dividend yield above that on the six-

month Treasury bill, according to FactSet. That is a shift from much of the past decade when rates were near zero and hundreds of stocks within the index offered higher yields. At the end of 2021, before rates began to rise, there were 379 index constituents that offered a better yield than the Treasury bill, according to Birinyi Associates.

Investors see little reason to own dividend-paying stocks when yields are rising on risk-free government bonds. Besides, the stocks aren't offering enough extra yield to compensate for the risk of a slowdown in business activity. Among the dividend-paying stocks slumping of late are Dollar General and Estée Lauder, down 37% and 25%, respectively, over the past three months.

◆ Small-caps fall faster than their larger counterparts.

Shares of small-caps have been one of the biggest market laggards this year. Investors don't expect that to change soon. The Russell 2000 declined 11% from its July high, trailing the S&P 500, which fell 6.6%.

Investors worry that if interest rates stay higher for longer, it could kick off a recession in the U.S. That could further drag down shares of small, speculative companies since they tend to be sensitive to the health of

the economy. They also typically generate most of their income domestically and have weaker balance sheets compared with large multinationals.

Shares of Rent the Runway declined 66% in the third quarter, while JetBlue Airways fell 48%.

◆ Emerging markets slump while the dollar climbs.

The U.S. dollar has risen more than 5% since mid-July, driven by surging Treasury yields and strong economic data. That has been particularly painful for emerging markets, making it more expensive for those countries to buy goods priced in dollars or service their dollar-denominated debts.

Rates have shot up in many developing countries as well, putting strain on the global financial system. Together with rising oil prices, higher rates and a soaring dollar are threatening growth around the world and raising worries of more financial fragility.

The Argentine peso dropped about 25% in the third quarter, while the Chilean peso fell roughly 10%. MSCI's benchmark index of emerging-markets stocks fell 4.4% over the same period. The dollar has risen in eight of the past 10 weeks to its highest level since November.





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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

China Banks Can Weather Property Bust

Beijing will avoid financial crisis if it plays its cards right, but serious damage to the nation's prospects is likely

When property markets go bust, banks often follow—most famously in the U.S. in 2008.

Now China is in the midst of its own property blowup, with major developers teetering and housing sales—in terms of floor space in the year to date—at levels last seen in 2015. Does that mean a financial crisis is in the making?

Not necessarily, thanks to some surprising quirks of China's housing market and Beijing's heavy hand in the financial system. But the cost will likely be serious damage to bank balance sheets, impairing their ability to support growth for years.

Moreover, widespread financial turbulence can't be ruled out—especially if housing and land prices fall too rapidly—or if Beijing doesn't do more to support cash-strapped local governments and small lenders.

Economic driver

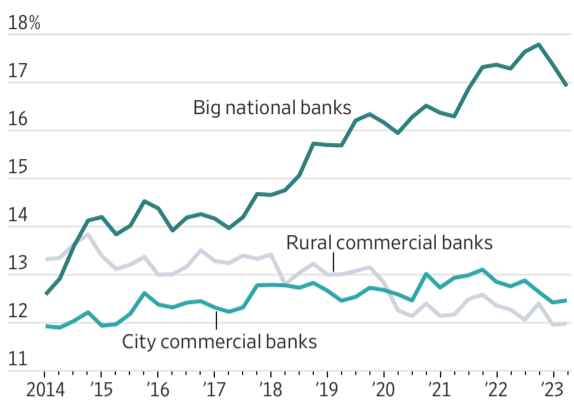
Property is the heart of China's economy, driving around one-quarter of total economic activity. But both banks and China's "shadow banks" like trust firms have rapidly shed property exposure in recent years. Total loans to property developers and home buyers peaked at nearly 30% of commercial banks' loan books in 2019, according to central bank data. That had fallen to just 23% by mid-2023.

Moreover, the biggest chunk—individual home mortgages—is probably relatively safe due to the way they are structured in China. Down payments are large and loans tend to be recourse, meaning banks can go after other assets besides the house if homeowners walk away. Unfortunately, banks' seemingly manageable direct exposure to property is deceptive because of the housing market's deep links to two other key borrowers: heavy industry and local governments.

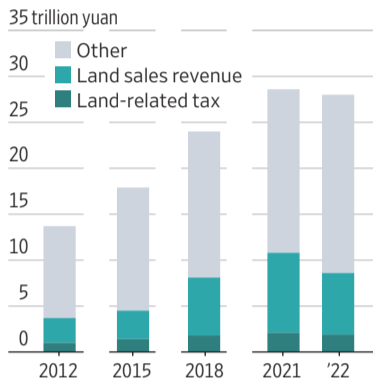
Heavy industries such as steel feed directly off construction, while local governments, especially in smaller cities, finance themselves with land sales to developers.

The good news is that with the exception of steel itself, the heavy industries at the heart of China's last big debt and housing crisis in 2015—metals, coal, cement and chemicals—are in better shape than they were last time around. Total profits from metal smelting, building materials, coal and chemicals were about six times as large as their interest payments in

Chinese banks' capital adequacy ratios



Sources of local government revenue in China



Note: 1 trillion yuan is equal to about \$137 billion. *Including both formal NPLs and special mention loans. †Six-month moving average. Sources: CEIC (adequacy ratios, real estate, loan loss, investment and nonperforming loans); Peterson Institute for International Economics (revenue sources)

mid-2023. In 2015 and early 2016, that ratio dipped below two—one key reason for the big spikes in nonperforming loans and bond defaults in those years.

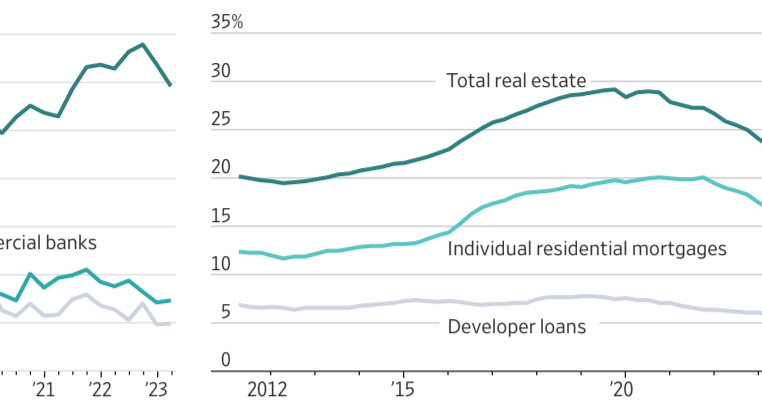
The bad news is that another heavily indebted sector that ran into trouble in 2015—local governments—may actually be worse off this time.

Local governments in China, especially poorer inland ones without big corporate tax bases, have long relied on land sales and transfers from Beijing to plug their budget gaps. But over the past decade, debt and land have become increasingly critical funding sources.

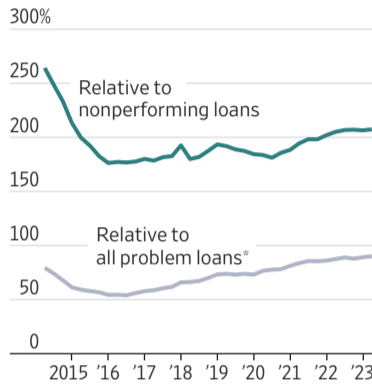
For local governments as a whole, land sales and land-related taxes were 25% of revenue in 2015, according to Tianlei Huang at the Peterson Institute for International Economics. By 2021, that had risen to 38%.

Local governments also have racked up an enormous collective debt pile—much of it held by local banks. Property-developer debt was 5.7% of banks' loan books in mid-2023. But local government

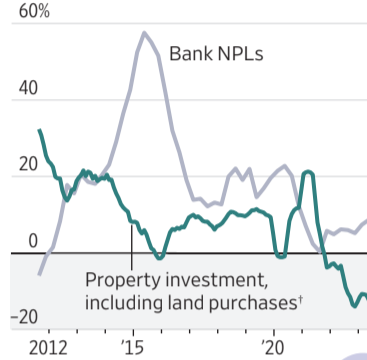
Real estate as a percentage of Chinese banks' loan book



Commercial banks' loan loss provisioning



Chinese investment and nonperforming loans, change from a year earlier



borrowings through corporate financing vehicles comprised at least 11% of bank loans, according to consulting firm Gavekal Dragonomics.

And the total figure is likely significantly higher since that estimate was calculated using publicly available bond prospectuses, which also list the issuers' other borrowings, including bank loans. Many such municipal financing vehicles, especially in smaller cities, are likely unable to access bond markets and depend on banks instead.

Banks' dilemma

The real problem for banks, therefore, probably isn't mortgage exposure. Rather, it is that the continuing property buyer's strike among households is starving developers and local governments, two of the economy's biggest debtors.

Moreover, local-government-owned corporate financing vehicles also have issued substantial bond debt. And rather than risk market turbulence from bond defaults, authorities could lean heavily on

banks to relieve pressure on local-government balance sheets by quietly restructuring or rolling over bad loans while keeping bonds current. That will heap further pressure on bank balance sheets.

Total local-government debt was equal to about three-quarters of gross domestic product in 2022, according to estimates from the International Monetary Fund.

And much of this is likely backed by low- or negative-return infrastructure projects.

China's biggest banks are still in good shape. In the banking system as a whole, funds set aside to cover potential loan losses were equal to 89% of all loans currently marked as of concern—including formal NPLs and also so-called special mention loans. In 2015, loan loss provisions were only 56% of problem loans.

The picture looks less rosy at smaller and particularly rural banks. Big banks' capital adequacy ratios have marched much higher since 2017. But that has been mirrored by deteriorating capital buffers at many smaller banks—in part

because of tougher restrictions on shadow-banking activities, which used to be a key profit driver.

Gavekal reckons that a 1.5-percentage-point rise in NPL ratios would push rural banks' capital adequacy ratios below the regulatory minimum of 10%.

In the last big property downturn from mid-2014 to mid-2016, rural banks' NPL ratio rose about 1 percentage point.

Relief measures

Authorities are well aware of the risk to rural banks and local-government finances. They have been aggressively recapitalizing small banks since 2020. And last Wednesday, the northern province of Inner Mongolia said it was issuing 66 billion yuan—or about \$9.1 billion—of "special refinancing bonds" to help repay higher interest debt issued before 2018.

A similar program launched in 2015 ultimately helped refinance trillions of yuan in off-balance sheet municipal debt. That swap, along with a state-financed slum redevelopment program, probably helped China stave off a much worse municipal, property and industrial debt crisis in 2015 and 2016.

Still, the sheer size of property- and land-related financial flows—total land sales revenue was 6.7 trillion yuan in 2022 according to Huang at the PIIE—means that bailing out small banks and city governments without bailing out the property market may ultimately prove difficult.

There is some good news on that front: Since late August, Beijing and local governments have both begun rolling out much more aggressive steps to support the property market. And rural banks, which are in the worst shape, usually aren't heavy borrowers from other financial institutions, which could limit direct spillovers from any bank failures.

As a whole, rural financial institutions are a significant, if not a large part of the financial system: about 13% of banking assets.

China may well avoid a systemic financial crackup in 2023 and early 2024. But it is unlikely to avoid serious damage to banks' balance sheets—even at healthier lenders. That will have its own costs: less cash available to support small businesses and grandiose industrial policy, and ultimately, probably slower growth.

—Nathaniel Taplin

America's Debt Problem Is Too Big for the Bond Vigilantes

Markets can scare even Washington bigwigs straight sometimes, but the latest tumult in stocks and bonds might not get the reaction investors want to see.

One time they did was the early 1990s, when bond yields surged during the Clinton administration in response to budget deficits. In fiscal 1992, President George H.W. Bush's final full year in office, the shortfall hit a then-record \$290 billion. Running on a campaign of fiscal rectitude and warning of disaster, Ross Perot shocked the political establishment by winning 19% of the popular vote in that year's presidential election.

Investors soon spoke even more loudly than Perot through the bond vigilantes—a term coined by economist Ed Yardeni for traders who vote with their feet. Benchmark 10-year Treasury yields surged from a 20-year low near 5.2% in late 1993 to above 8% a year later in what was called the Great Bond Massacre.

The federal government within a few years ran its first balanced budget since the 1960s and even a surplus of \$236 billion in 2000.

Clinton adviser James Callville summed up the vigilantes' influence: "I used to think that if there was reincarnation, I wanted to come back as the president or the pope or as a .400 baseball hitter. But now I would like to come back as the bond market. You can intim-

idate everybody."

History rhymes, but it is unlikely to repeat. The 10-year yield has once again soared by 3 percentage points in barely a year to its highest since 2007. And without a crisis or recession, the budget deficit was \$1.5 trillion in the first 11 months of the fiscal year that ended Saturday.

If bond vigilantes had influence 30 years ago, they certainly could now with gross federal debt more than seven times as high. Net interest payments alone this coming fiscal year will be \$745 billion, according to Congressional Budget Office projections. The average interest rate on marketable debt went from nearly 5% before the financial crisis to as low as 1.42% in early 2022, but it is about to cross 3% again and is rising quickly.

This time, though, the vigilantes won't get far in Congress. Of \$6.4 trillion in projected federal outlays in fiscal 2024, only \$1.85 trillion is neither mandatory nor net interest. Of that, about half is defense—a vexing category to trim, even in peacetime. Making draconian cuts to what is left would cause a public outcry and still wouldn't be enough.

Tax increases could make more of a dent. The left-leaning Center for American Progress points out that if taxes as a share of the U.S. economy were to rise to just the

average among developed economies, the budget would take in \$26 trillion more in revenue over the coming decade, based on CBO projections. That is unrealistic, though.

So are the CBO's projections: They see average interest rates reversing and no recessions. Adding just a percentage point to their assumed rate would contribute about \$3.5 trillion to federal debt by 2033, according to Wall Street Journal calculations.

What is a poor deficit hawk to do? There is one more part of the federal government that can act. Strategists at GlobalData TS Lombard point out that there have been two ways to deal with unsustainable government debt over the years—the orthodox approach of austerity and reform or the unorthodox one of default, inflation or financial repression. For the U.S., actual default is fortunately off the table because it borrows in dollars. But some combination of inflation and repression might be necessary if deficits and rates stay near current levels.

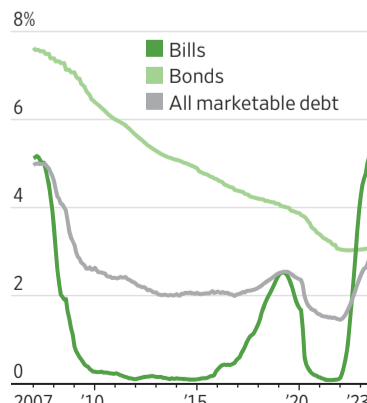
Inflation is called the cruellest tax because it erodes the wealth of savers, including people who live off their savings. It can artificially boost government revenue and reduce the real value of borrowings. Repression means the government's forcing interest rates to stay below the rate of inflation as a way to transfer wealth from the private sector back to itself.

Bond bulls are now giving up, says George Goncalves, head of U.S. macro strategy at MUFG Securities.



Bond yields jumped during President Bill Clinton's tenure.

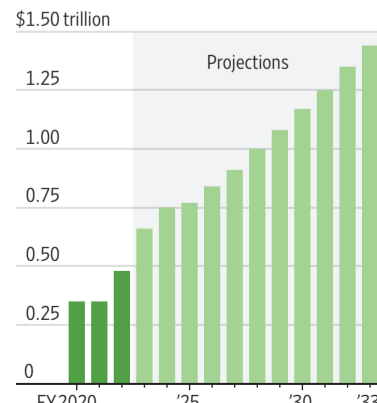
Average yield on various Treasury securities*



*Monthly data, through August

He thinks that if interest rates just stay at current levels beyond a year or so, interest costs will become a strain on government finances. But rates also could fall without repression, because of the drag they are now exerting on the U.S. economy,

Net interest paid by federal government



Sources: U.S. Treasury (yield); CBO (net interest)

forcing the Fed to ease.

Thanks in part to the bond vigilantes, the late 1990s were great for bond investors and epic for stocks. The coming years could look very different.

—Spencer Jakab

JOURNAL REPORT LEADERSHIP CORPORATE SOCIAL RESPONSIBILITY

WHAT SOCIAL RESPONSIBILITIES SHOULD COMPANIES HAVE? A NEW APPROACH

Having obligations to all stakeholders makes no sense. Neither does having no obligations. Here's how to figure out where the balance is.

BY ALEX EDMANS



"THERE IS ONE and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits, so long as it stays within the rules of the game." So wrote Milton Friedman in 1970—and sparked a controversy that endures 53 years later. His critics, and there are many, call his ar-

gument economically and morally wrong, insisting that companies have obligations beyond profits. They instead champion corporate social responsibility and its related guises such as "stakeholder capitalism,"

"purposeful business" and "ESG." Their thesis was perhaps best summed up in 2019, when the Business Roundtable declared that corporations exist "for the benefit of all *Please turn to page R4*

Alex Edmans is a professor of finance at London Business School and author of "Grow the Pie: How Great Companies Deliver Both Purpose and Profit." He can be reached at reports@wsj.com.

When Corporate Confessions Make Companies Look Good—and When They Don't Work

Research suggests that proactive mea culpas can help reputations. But not always.

BY SARAH A. SOULE

T SOMETIMES feels like there is a collective mea culpa sweeping through the C-suite. In an effort to appear transparent, corporate leaders are increasingly releasing negative information about their policies and practices to the

public, a proactive "We're sorry." It makes sense. Our past research shows that this behavior can lead the public to view companies as more socially responsible.

What we hadn't studied was whether this tactic works all the time, or if there are limits. Does getting love from the public mean always having to say you're sorry? The answer, our latest research shows, is no: The positive effects of releasing negative information appears to hold *Please turn to page R2*

Sarah A. Soule is a professor of organizational behavior at the Stanford Graduate School of Business and the director of the Center for Advanced Study in the Behavioral Sciences at Stanford. She can be reached at reports@wsj.com.

Inside

CEOS AND POLITICS

Should CEOs feel free to weigh in on hot-button issues? Two experts debate the issue. **R5**



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PHILANTHROPY

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Companies are promoting tuition assistance—and more employees are partaking. Now might be the time to ask for help. **R8**



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Mea Culpas

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only when the public believes that the confessed misdeeds are widespread—that is, when the company isn't alone in its bad behavior.

Share the wins

Why would company leaders choose to broadcast their misdeeds in the first place? Common sense tells us that companies should speak positively only about themselves and share only their

wins. But just as you wouldn't trust colleagues who talk only about how great they are, the public is skeptical of companies that do the same. That's true, but only up to a point. In the extreme, this could lead to accusations of "greenwashing," when extolling their environmental efforts, or "woke washing," when putting out statements attesting to their allegiance to corporate justice.

Proactive admissions (in other words, confessions not in the wake of a scandal or crisis) generally take several forms. When the company is guilty of something, it attempts to get out in front of the problem by releasing negative information about the policy or practice in question before the news media tells the world. It figures that by releasing information itself, it can better control the narrative.

Our research shows that, at

least in some instances, the public responds positively to such public confessions. Specifically, in a study of statements by corporate leaders about racial justice, we found that statements confessing to poor practices led people to view the company as more socially responsible.

A new experiment

To better understand the conditions under which this finding holds true, we designed a new set of online experiments with 605 participants. We took care to reduce selection bias, including making sure that half identified as liberal and half as conservative.

We then crafted a fictitious corporate statement. The company was described as a global sports-apparel manufacturing company, located on the West Coast of the U.S., with 50,000

employees. Each participant was randomly assigned to read one of three versions of the corporate statement. The first version included a confession about using sweatshop labor in the company's outsourced factories, while the second version included a confession about contributing to deforestation. The third version didn't contain a confession. Participants were then asked to give their opinion on the organization's degree of corporate social responsibility using a seven-point scale.

As was the case in our earlier research, when people were shown the statement containing a confession about using sweatshop labor, they viewed the company as more socially responsible than those with no confession. However, when people were shown the statement containing a confession about contributing to deforestation, people viewed the company

as less socially responsible. Why might this be the case? We believe that when people expect that the problem is pervasive, then confession confirms what people believe, and they see the company as radically transparent, and thus more socially responsible. But, when the confession is surprising and violates people's prior expectations, as is the case of deforestation by the sports-apparel company, people suspect that the company may be greenwashing, and this raises a red flag. Rather than viewing the statement and the company as transparent and socially responsible, they are suspicious.

Guidance for leaders

In a world in which leaders are increasingly called on to issue statements about social and political issues, what do our findings offer? Should companies engage in proactive confession as a means of improving their reputations for social responsibility?

Our results suggest that leaders should first attempt to understand what the public generally expects of companies in the same industry. They can do this through social listening and paying attention to what social and political activists are saying. If the public expects that other, similar companies are engaging in the same practices or have the same policies, then confession or releasing negative information may be a viable strategy for improving their reputation.

In doing so, leaders should stay true to their own values, beliefs and moral compass. When taking a social or political stance, they should be sure that it resonates with their own core values and purpose, rather than jumping into debates on every issue.

Finally, leaders should remember that "strategic silence" and "undo modesty" are always options. In these cases, a company engages in corporate social responsibility and does so seriously, not symbolically. But rather than brag about its efforts, the company keeps the information in its back pocket, ready to be released strategically, if necessary. In the end, this may be the best strategy for leaders, who can sleep more easily at night knowing that they are doing well by others.

Who Is Most Likely to Get Hurt on The Job? You Might Be Surprised

Most workplace accidents happen to those who do moderately dangerous—not very dangerous—work

BY LISA WARD

LOGIC MIGHT tell you that the people most likely to suffer workplace accidents are those who do the most dangerous jobs.

A recent study, however, finds that isn't the case.

According to researchers, workers whose occupations are extremely dangerous—from wellhead pumpers on oil rigs to boilermakers—are actually less likely to get injured on the job than workers with moderately hazardous jobs, such as airport baggage handlers, welders and pest-control workers.

In one experiment, the researchers used data from the Labor Department in 2019 to determine the injury rate for 571 occupations. They found that the injury rate for dangerous professions such as wellhead pumpers and boilermakers was about three per thousand workers, compared with 23 per thousand for pest-control specialists, 43 per thousand for baggage handlers and almost 120 per thousand for welders.

When moderate is dangerous

In fact, when the authors plotted out their results from this study, they found an inverted U shape, with accidents per thousand workers highest for jobs often considered moderately hazardous and lower for jobs often consid-

ered more dangerous. Less-hazardous professions such as human-resource specialist or loan officer had low injury rates, as one might expect.

The authors found a similar inverted U-shaped pattern in a second study in which they used data from the Transportation Safety Board of Canada to plot the correlation between the number of maritime accidents and sea and wind conditions. They found that the highest accident rate happened when sea and wind conditions were slightly elevated or moderately hazardous.

"Workers tend to behave differently when they know the situation is very dangerous," says James Beck, an associate professor at the University of Waterloo in Canada and one of the paper's co-authors. In hazardous environments people will act cautiously, donning life jackets, helmets, reducing speed or following rigid rules and procedures, but that isn't usually the case when the situation seems only moderately dangerous, he says.

Videogame test

To better understand how workers behave, the authors conducted a third study in a laboratory where they asked 92 undergraduates to play a videogame simulating a

warehouse. Participants were told they would be paid 10 cents for every box placed on a shelf over a certain period. But there was a wrinkle: They were told that some shelves in the nearest storage area were unstable and more likely to collapse, while shelves in a storage area further away were stable and wouldn't break. If a shelf collapsed, participants would lose 20 cents. Consequently, participants had to make a choice be-

tween efficiency and risk.

During each simulation, the study subjects were told the closest shelves had either a 10%, 30% or 50% chance of collapse. But there was no way to know which shelves in the closer storage area would collapse or even if a shelf actually collapsed until the game ended.

The mean number of accidents during the simulation was 0.78 when participants were told the shelves in the nearest area had a 30% chance of collapse—the medium condition. When participants were told that there was a 50% chance that shelves would collapse, the mean number of accidents was only 0.45. And when participants were told there was only a 10% chance of collapse, the mean num-

ber of accidents was 0.49.


"There was a 66% increase in the number of accidents during the moderately hazardous simulation compared to the other two simulations," says Beck.

In practical terms, the results suggest companies should train workers to take a lot of precautions when the overall level of risk increases only slightly. That might seem counterintuitive to most workers and managers since many people have a hard time conceptualizing risk. But Beck says it is likely to reduce the number of workplace accidents or injuries.

Lisa Ward is a writer living in Vermont. She can be reached at reports@wsj.com.



Baggage handling seems like a job that is only moderately dangerous—which makes it more dangerous, the study says.



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JOURNAL REPORT | LEADERSHIP

A NEW APPROACH

Continued from page R1
stakeholders—customers, employees, suppliers, communities and shareholders.”

Both ideas—that companies have a duty to all stakeholders, or they have a duty only to increase profits—are seductive due to their simplicity. But they’re also both deeply flawed.

Friedman’s argument is that there is perfect overlap between what’s good for profits and what’s good for society, and so just by focusing on profits, you’ll automatically have positive social impact. And that is true—up to a point. A company will earn profits if it creates products that transform customers’ lives for the better, provides its employees with a healthy and enriching workplace, and invests in the communities where it operates. Even if a car company doesn’t care about climate change, it will still develop electric vehicles because they are more profitable than conventional cars. No social responsibility is needed to spark such innovation.

But it’s simplistic to assume that the overlap is perfect. Selling cigarettes is good for profits but harmful to society. The same is true for dumping waste in the river rather than more responsible, but costlier, methods of disposal. These are externalities—impacts on society that don’t affect a company’s profits, even in the long term.

On the other hand, the idea that companies have a responsibility to all stakeholders is both excessive and unworkable. It’s excessive because a business’s

actions have consequences that are clearly beyond their remit. Is **Apple** culpable if its excellence hastens the decline of **BlackBerry**? If a company increases its hiring standards, is it responsible for those who can’t get jobs because they don’t cross the new bar? It’s unworkable because there are trade-offs between different stakeholders, so you can’t please them all. Closing a coal-fired power station helps the environment, but hurts workers.

Four conditions

So if companies don’t have zero responsibilities, or every single responsibility, how are they to think about their social obligations? I suggest a framework that answers that question by highlighting four conditions needed for a company to have wider obligations beyond profit.

The first is for those externalities to exist, such as addiction and pollution in the earlier examples. But there are many more, such as biodiversity loss, resource usage and worker mistreatment.

The mere existence of externalities, however, doesn’t mean that it’s the company’s responsibility to step in and solve them.

That’s the prerogative of governments, because they’re democratically elected to represent a society and thus best placed to navigate trade-offs between different stakeholders, such as whether to close the power sta-

tion. If we leave these decisions to executives, they may overweight the positive effect on the environment and underweight the negative effect on jobs, because the latter is less important to the elites than to the average voter.

The second necessary condition is therefore that governments fail to solve the externality created by companies—even if voters, in aggregate, would like it to do so. They might be influenced by lobbying, focus on short-term re-election over long-term problems, or be slow to act.

But even if governments do fail to deal with the externality, this doesn’t mean that companies should jump right in either, because charities are often more effective at solving social problems. That’s their mission; since they are nonprofits, they are best placed to address externalities that don’t affect the bottom line.

Indeed, that is another reason why Friedman argued that companies should maximize profits—doing so increases shareholders’ ability to support their preferred causes. Anne might donate her dividends to the American Cancer Society, Bill to Greenpeace, and Cesare to no charity at all but instead pay his mortgage. If a company deviated from profits and instead contributed to the American Cancer Society, Anne would be no better off and Bill and Cesare would be worse off. It isn’t a company’s prerogative to give away its shareholders’ money.

Comparative advantage

But Friedman incorrectly assumed that charitable donations are the only way a company can address externalities. Donating is zero sum—giving \$1 to charity costs the company \$1—so a company is no more effective at donating than shareholders. But in many other actions, companies have a comparative advantage, where the benefit to society far exceeds the cost to the company. Investing \$1 in reducing emissions might create \$2 of social value, so it’s better for a company to spend this \$1 than pay it as a dividend for Bill to donate to Greenpeace and lobby for an emissions tax.

This idea extends to positive externalities, which companies can create at little cost if they use their existing capabilities. **Coca-Cola** has developed logistics expertise to distribute its drinks throughout a country, including the onerous last mile to a rural village. Through Project Last Mile, it leverages this abil-

ity to deliver medicines. The same is true for the “pandemic pivots” such as alcohol companies making hand sanitizer, clothing companies manufacturing masks, and tech firms developing contact-tracing systems.

This third condition of comparative advantage highlights how a company doesn’t have a responsibility to solve all the world’s problems, achieve all 17 sustainable development goals, or respond to every issue that is in the media. Instead, it is to focus on those challenges that they are best equipped to address.

Investor support

Even if investing \$1 creates \$2 of value for society, it’s still costing your shareholders \$1. If this means that Cesare loses his house, it is of little consolation that it was for a good cause—particularly if it’s one that he doesn’t care about. So the final condition is that companies have shareholder support to address that externality.

Shareholders might indeed be willing to sacrifice profits for societal progress. Pension-funds beneficiaries care about not only their income in retirement, but also about the state of the planet and the cohesion of communities. Indeed, many investors are forcing companies to go further and faster on externalities than they would do otherwise. Investors representing over \$6 trillion in assets have called for a global carbon price even though this will erode shareholder returns. But shareholders may not support a company forgoing profits to make political and ideological statements, as some have been doing.

This doesn’t mean investors need to vote on every single issue, which would be unwieldy and impractical. Instead, most companies meet with their large investors regularly and know what their social preferences are. Even without meeting them, many institutional investors are public about their goals—including if their only objective is profits. If companies wish to canvass all investors, they can do so with an annual vote rather than a vote on each decision.

So Friedman was both right and wrong. Companies do have duties beyond profits, but these duties have limits. The social responsibility of business is to increase its long-term profits, as well as to address externalities—but only where the government has failed, that it has a comparative advantage in solving, and that its shareholders are willing to sacrifice returns for.



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When CEOs speak out on political and social topics, it can provoke a backlash from both investors and employees. Should they?

can have on their companies and on society.

One reason executives are speaking out more is that businesses have become our most trusted institutions in a world where polarization and a lack of trust in government and the media dominate. Indeed, the Edelman Annual Trust Barometer found that 64% of people think that we can't even have a civil debate on key issues any longer due to this political polarization. Instead, people are looking to companies to take a stand and place a stake in the ground for common sense to prevail.

Companies also are feeling pressure from their employees to take stands on social and political issues. A recent survey of millennials about their expectations of employers, conducted by Atlassian, found that 61% of millennial workers preferred companies that take a stand on social is-

ssues and 49% said they would quit a job that didn't align with their values. Furthermore, a survey by the National Association of Colleges and Employers found that the most important value to graduating college seniors was diversity and inclusion, with 71.8% stating it as a top priority.

On the surface, this sounds very positive: Young people are taking an active role in critical societal and political issues and compelling their companies to take a strong stance on these issues, filling the void left by the failures of political and media institutions. But it isn't positive at all. In fact, it is a disaster waiting to happen.

If, as surveys indicate, employees really want their companies to take a strong stance on social and political issues, and will leave those companies that express a stance that doesn't align with their own values, what this logically leads to is monolithic companies whose employees all have the same set of views on these divisive issues. That defeats the idea that the benefit of diversity and inclusion is having people who not only look different from one another but also hold diverse opinions and views on many issues.

A better approach for companies is to seek to foster a healthy dialogue on issues among their employees, by providing a platform for such discussions and communicating to employees that both sides have legitimate arguments. In this way businesses can use their trusted status to facilitate the kind of conversation that has become so difficult in today's polarized society—and help seek solutions to society's challenges rather than adding to the conflict by choosing sides.

If business fails to stand above the divisiveness in society and instead jumps in and adds to it, then society as a whole, and even those businesses individually, will become poorer for it.

Not speaking out publicly doesn't mean CEOs are ignoring important issues. On some issues, their actions speak for them. For instance, many companies are acting on climate change to ensure their own long-term sustainability, including how their customers view them. Some other issues—such as geopolitical and diplomatic issues, or the political debate around respect for the law and democratic institutions—are explicitly and inherently political issues that should be decided by the ballot box. People elect their political leaders knowing their policies or viewpoints on these issues, and companies should respect voters' choices, not try to undermine those choices. If people don't like the policies adopted by the government, it is their right alone to change that at the next election.

Those who are concerned that not speaking out could alienate some employees and customers are missing an important counterargument: Speaking out on contentious issues is *guaranteed* to alienate a large portion of a company's employees and customers. It is more valuable for a company to be able to maintain diversity across the political spectrum among its employees and customers.

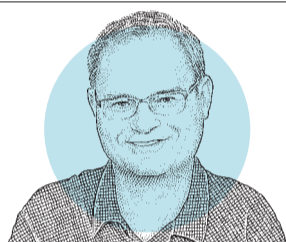
CEOs' personal beliefs are a bit more complicated. In a private or family business, it is reasonable that the company will reflect the values and beliefs of the CEO. But in a large public company, where the CEO is there to promote the long-term interests of the company, its shareholders and various other stakeholders, the CEO's responsibility is to represent the company and its interests, not the CEO's own personal convictions.

Andrew Ward is Chair of Corporate Governance and a professor of management at Lehigh University. He can be reached at reports@wsj.com.

Should CEOs Comment on Politically Contentious Topics?



BY RONNIE CHATTERJI



BY ANDREW WARD

The polarization that plagues the U.S.—on seemingly every important and not-so-important issue—poses a challenge for corporate leaders. Many feel pressure to take a stand on the topics that their employees, customers and investors are passionate about, or feel that it's simply the right thing to do. But speaking out can provoke a backlash that can hurt a company's business and fuel discord. • So, what's a CEO to do? • Ronnie Chatterji, a professor of business and public policy at Duke University, says he believes that playing it safe can backfire on CEOs, damaging their business and doing society no good. Andrew Ward, a management professor at Lehigh University, says the greater danger for both companies and society lies in CEOs taking public stances on controversial issues.

social and cultural issues, and the percentages were higher among the younger Americans that many top companies are seeking to sell their products to.

In other cases, CEOs will have strong personal convictions that compel them to speak out. CEOs who are immigrants, part of the LGBTQ community or followers of a religious faith may feel they have to take particular stands as a matter of social responsibility. And company mission statements might matter too. For companies that advertise their customer focus, strong employee culture and corporate social-responsibility programs, remaining neutral on debates that directly impact their customers, employees and communities would directly contradict their stated mission and values.

Taking a public stand needn't contribute to polarization, as some fear. Indeed, it isn't inconsistent with facilitating dialogue and reducing polarization. CEOs could invite fellow business leaders or even employees with the opposite view to discuss the issue with them and promote constructive dialogue in doing so.

Some argue that vocal executives could drive dissenting employees away—a blow to diversity in the workplace. But in some cases, employees who agree with the CEO's stance may feel much more intensely about it than those who disagree. Speaking out in these cases could increase retention among supporters without alienating many opponents.

Of course, sometimes the opposite could happen. That's why CEOs need to carefully assess if and when to speak out. Some will choose to be more vocal than others. But in general, CEO activism will continue, with corporate leaders weighing in on debates—even the most controversial ones—that ultimately influence the performance of their companies.

Ronnie Chatterji is a professor of Business and Public Policy at Duke University. He can be reached at reports@wsj.com.

YES

It's Part of Being an Effective Leader

Back in 2015, my colleague Michael Toffel and I used the term "CEO activism" to describe the wave of corporate leaders speaking out on controversial political and social issues, ranging from LGBTQ rights to immigration policy and the appropriate response to climate change. Over the past eight years, the landscape for CEO activists has changed dramatically.

Many of those who once cheered these outspoken executives on are now more skeptical that strong words will lead to progress on the issues in question. Some politicians, investors and customers are pushing back on "woke" businesses and appear to be raising the costs for CEOs and companies that take a stand. The debate has now shifted to whether CEOs should just stop talking about politics.

But that approach won't lead to better business or a better society.

CEOs should feel free to keep speaking out on issues that impact their business.

This kind of communication is an important part of being an effective leader. That doesn't mean that every business leader needs to weigh in on every public controversy. And CEOs and their boards certainly need to be aware of the risks in taking a stance on any issue. But sticking to platitudes on a narrow set of issues that some might consider safe for business leaders simply isn't an option in 2023.

For one thing, many of the most controversial political and social issues of our time are also critical business issues. For instance, the debate over whether and how we address climate change has implications for the flow of trillions of dollars of capital and will affect every major company in the world. America's role in the world, notably our relationship with China and our posture toward foreign trade and investment, will shape the opportunities firms have to grow and deliver a return for shareholders. Finally, declining trust in government and other democratic institutions fosters a narrative that our political and economic system is corrupt, which can lead to social instability that is ultimately bad for business.

Just as it wouldn't make sense for CEOs to stop speaking out about issues like tax policy or environmental regulations, they ignore these broader issues at their peril.

CEOs will also continue to be motivated to speak out by their own employees and consumers. A recent report by communications firm Edelman found that six out of 10 employees said they wouldn't work for an organization that failed to speak out against racial injustice. Another recent poll by Morning Consult found that 69% of U.S. adults believed that CEOs should speak out on political,

NO

It Will Only Alienate Many Employees

Recently, CEOs have increasingly weighed in on social and political issues, from Black Lives Matter and voting access, to stances on Florida's Parental Rights in Education (known as the "Don't say gay" bill), to abortion restrictions in various states. The reasons executives have for becoming more vocal are clear, but they don't justify the negative effects such public stances

JOURNAL REPORT | LEADERSHIP



When wildfires caused devastation in Hawaii this summer, some companies decided that sending quickly was the best response.

Five Questions Companies Should Ask Themselves About Philanthropic Giving

No. 1: Is it best to just write a check? Yes, sometimes it is.

By SUMAN BHATTACHARYYA

CORPORATE philanthropy is a complicated business.

For many companies, philanthropic donations are the primary vehicle for giving back to communities—with contributions in employee time or money going toward causes like disaster relief, education and health-care. U.S. companies' philanthropic giving totaled \$29.48 billion last year, according to the Giving USA Foundation and the Indiana University Lilly Family School of Philanthropy. This figure includes cash and in-kind contributions made through corporate giving programs, as well as grants and gifts made by corporate foundations.

Corporate philanthropy may have started out as a CEO's pet project or part of a public-relations strategy, but over time, efforts have become embedded into a bigger set of goals, says Mark Kramer, a consultant and former academic who studies corporate philanthropy.

But how should companies decide what to spend their money on? What form should the spending take? And how do you measure success? These are some of the questions companies need to ask themselves as they formulate a philanthropic policy.

Do you just write a check?

Sometimes, the best way for companies to show their support is to simply write checks to an organization and let it handle the rest.

"Building local goodwill by supporting local nonprofit organizations and disaster relief seem to be two areas where writing a check might make sense," says Kramer. "It generates goodwill with their employees, it generates good public relations for them."

This is especially true during fast-developing humanitarian crises or disasters. Getting such flexible funding "gives us the freedom to use that money for what we need the most, because

we constantly have one emergency after another," says Shirin Pakfar, chief of the private partnerships and philanthropy section at the United Nations High Commissioner for Refugees.

Hawaii wildfires this summer was a situation where "the most helpful thing in that disaster context to help those folks rebuild in this moment is cutting a check," says Justin Steele, Americas director at Google.org, Google's in-house philanthropic unit. Between employee contributions, Google's matching program, and a separate contribution from Google.org, the company owned by Alphabet contributed approximately \$1.5 million toward Hawaii wildfire relief efforts, he says.

How do I decide which efforts to support?

Just as with real estate, the decision often boils down to location, location, location.

"Where you have employees and more operations is where you will often see where the money is going, and then obviously, it often also reflects where you have customers," says Rosita Najmi, vice president at the UPS Foundation. The UPS Foundation is a separate legal entity from the company that supports philanthropic initiatives and coordinates UPS employee participation in its various projects across the world.

Minneapolis-based payment technology company Deluxe carries out philanthropic activities through its corporate foundation. Though its efforts are nationwide, the Deluxe Foundation focuses efforts on Minneapolis-St. Paul; Kansas City, Kan.; and Atlanta—cities where the company has a substantial employee presence. The company's topical focus is also aligned with "areas where we believe it's the most logical fit," including financial literacy and entrepreneurship, says President and Chief Executive Barry McCarthy.

"You wouldn't see us probably engaging very often in things like international relief—it just doesn't fit with what we're good at," he says.

Linking philanthropic efforts to a company's capabilities, re-

sources and expertise is "always more powerful than writing a check," Kramer says.

Corporations with logistics skills, for example, stepped in to assist with recovery efforts after Hurricane Katrina struck in 2005. Similarly, UPS, through its foundation, joined with a drone company during the Covid-19 pandemic to distribute vaccines to remote and far-flung areas, says Najmi.

What role should employees play?

Matching gift programs are "the most democratic way employees can take part" in philanthropic efforts, says Cecilia Diem, director of donor advisory at philanthropic consulting firm AmPhil.

These programs are common, but they can present challenges since not every organization can be eligible; they may be overtly

political, which would alienate some employees, or they may not have been financially vetted. Deluxe, for example, vets matching requests and says religious, political or lobbying organizations aren't eligible. Google uses a third-party platform that maintains a list of eligible organizations, and employees can request to add charities to the list.

Many companies offer employees a fixed number of volunteer hours a year. One way to maximize the impact is to allow a group of employees to participate in a project. In one instance, Mastercard says it offered volunteers to a microfinance institution that needed help with data science and data analytics.

"We worked with them to divide up the time such that they could use five days [and then] hand off to the next person to do

five days," says Shamina Singh, founder and president of the Mastercard Center for Inclusive Growth, Mastercard's internal philanthropy unit. Singh says that in some cases, Mastercard let some employees temporarily work on the project on top of their regular jobs.

How do I know if it's a success?

Defining success can be elusive, but in general, experts say the goal should be clear from the start. For example, when Mastercard embarked on a digitization of garment workers' payments project, an agreed-upon measure of success was increasing workers' savings, says Singh.

Sometimes, she says, it makes sense to hire a third-party evaluator to track whether shared objectives have been achieved.

Another key measure of success, says Steele, is to look at whether other organizations take

part. For example, during the pandemic, Google contributed \$180 million in loans and grants for small businesses to Opportunity Finance Network to distribute to member community development financial institutions. Steele says that within a few months, another company had asked Google about how to do something similar, and eventually made a contribution toward a fund with Opportunity Finance Network that delivered loans through community development financial institutions to underserved people and communities.

For a corporate foundation, one way of measuring success could be how many applications for grants it gets. "If no one's applying to you, you're doing a bad job," says Diem. "It means something's wrong: either your area is too narrow, or you've put up way too many hurdles for people who actually need funding to get any."

Should it be connected to marketing?

Companies should be careful about carrying out philanthropy for the sole purpose of taking credit for the outcomes, says Kramer.

"It's the idea that people will think we're a good company because of all these things we're doing and therefore they want to buy our product, and that's not a very well-proven link," he says. "The best marketing is always when they can point to some results or some impact that has been achieved because of their assistance."

Others say companies can meaningfully market their efforts as a way to encourage more donations to causes. The United Nations High Commissioner for Refugees, for example, says some cause-related marketing efforts—such as when companies promise to donate a certain amount of money to an organization per product sold—can drive more donations. It's a win-win, says Pakfar, increasing sales for the company and visibility for the nonprofit.

"It's gotten our brand out there in many countries where our brand recognition is very low," she says.

Suman Bhattacharyya is a writer in Philadelphia. He can be reached at reports@wsj.com.

JOURNAL REPORT | LEADERSHIP

Amid Push to Diversify Corporate Boards, Change Is Slow

After rapidly adding women, minorities and first-time directors, big-company boards pull back

BY THEO FRANCIS AND EMILY GLAZER

IN RECENT YEARS, “refreshment” has hovered near the top of many boardroom agendas—reshaping who sits on a company’s board in a bid to keep ideas current, meet emerging challenges and recast director demographics and experience.

Boards have changed—to a point. Company boards are turning less often to the CEOs of other companies when filling seats. But they also have pulled back from an earlier and rapid run-up in naming women and racial minorities to openings. Almost three-quarters of directors of Fortune 500 boards were male last year, and four out of five were white, according to an analysis by Deloitte. Most have worked as CEOs, or still do today, according to a separate analysis, by recruiting firm Heidrick & Struggles.

That’s a shame, say those who advocate for increasing diversity. They argue that boards can add diversity without sacrificing expertise. Doing so, they say, is a win-win for companies. “There are so many qualified candidates that happen to have both the unique experiences boards are looking for, manage incredibly complex and large strategic portfolios plus happen to be diverse in the broadest sense,” says Bernadette Aulestia, who serves on the boards of **Denny’s**, **Nexstar Media** and other companies.

One reason change remains slow: Public company boards average fewer than a dozen seats. S&P 500 boardrooms welcomed fewer than 400 new independent directors this year, out of more than 5,000 seats—and nearly half of boards took on none, another executive-recruiting firm, Spencer Stuart, found.

“It’s glacial,” said Melanie Kusun, a vice chair in **Korn Ferry’s** board and CEO services practice, citing low turnover and few openings.

Boards could expand the number of directors instead of counting on retirements and other departures to create openings. But few do: Median board size remains 11 among S&P 500 companies, and nine for companies in the broader Russell 3000 index—in both cases unchanged from five years ago, according to Equilar, a compensation and corporate-governance data firm.

Two thirds of boards have age limits—generally 75 or older, according to a 2023 analysis of the S&P 500 by Spencer Stuart. But consultants say those have limited impact, in part because boards often waive or raise them to accommodate incumbents.

Balancing act

With limited opportunities to shift composition even over several years, boards find themselves juggling priorities. Trade tension with China and the pandemic’s aftershocks put an emphasis on supply-chain expertise. Tight labor markets raised interest in human-resources executives. More recently, the appetite for artificial intelligence has boosted director candidates with tech experience.

“It’s a little bit like a Rubik’s Cube—what have you done that relates exactly to the remit?” says Kusun. Candidates’ accomplishments are important, she adds, and their experience impresses most when fresh. “If they’ve been out of a role for a period of time, they can be less attractive” than a current executive, Kusun says.

Also less attractive lately: director candidates who have served as CEOs.

Most newly appointed big-company directors are still active executives: 62% for Fortune 500 boards last year, on par with 2021 and tied for the highest level since at least 2015, Heidrick & Struggles found. Most of those are or once were CEOs.

But among last year’s newly appointed directors, CEO experience is less common, at just 43%, among the lowest figures since at least 2015, Heidrick & Struggles found.

The share of directors with CEO experience declined in 60% of companies and nearly every sector of the S&P 500 from 2019 to 2022, a Wall Street Journal analysis of data from BoardEx found.

That’s in part because more employers now let lower-level executives join the boards of other companies as boards simultaneously seek executives with specific experiences and skill sets, says John Wood, a Heidrick & Struggles vice chairman who recruits CEOs and directors.

Where in the past

company so I don’t have to worry about cyber,” Berchem says. “But that’s not the case; everybody has to worry about it now.”

In proxy filings last year, companies attributed expertise in ESG (environmental, social and corporate-governance issues) to more than three times as many

crisis, according to surveys this year by WSJ Pro and NACD.

Too narrow a focus on specific areas of expertise is also a risk, and boards should consider recruiting candidates who are strong more generally as well, says Benjamin Colton, global head of asset stewardship at State Street Global Advisors.



What do corporate boards look like these days? A bit different than in the past, but many seats at the table still seem unattainable. That’s because companies have pulled back from an earlier and rapid run-up in naming women and racial minorities to board openings.

there was concern that such appointments would distract executives from their day jobs, Wood says, now “boards and management [are] saying: Can we give her some board experience? Because she could be in consideration for CEO succession.”

That approach helped Helena Foulkes when she joined the board of **Home Depot** while still an executive vice president at CVS, she recalls. Foulkes later went on to run retailer Hudson’s Bay for about two years. After a failed bid for Rhode Island governor, she joined three more boards this year, including **Costco Wholesale**.

“I really saw it as an opportunity to bring back learnings” to CVS, Foulkes recalls. “I was seeing retail from a completely different sector and how that might be relevant for us.”

Also drawing boards’ attention away from CEOs: a bigger emphasis on the concrete skills or experience that newly appointed directors can supply.

Securities filings increasingly enumerate directors’ skills, in part in response to investor interest, says Kerry Berchem, a partner at law firm Akin Gump who focuses on corporate governance and deal making.

“It used to be: I’m a trucking

directors as in 2019, the National Association of Corporate Directors, a professional organization, found. Directors cited as having digital expertise more than doubled.

Despite the increased emphasis, less than half of directors said they had advanced or expert knowledge of ESG topics, and 30% said their boards were well-placed to oversee a cybersecurity

“Boards are more effective functioning as a cohesive group assessing and addressing risk in place of leaving specific issues to individuals,” he says.

Diversity gains slow

The push to name more women and racial or ethnic minorities to boards continues, with incoming classes of directors generally

more diverse than the incumbents they join. The pace of that change appears to be slowing, however.

In the S&P 500, a lack of significant gains this year means a third of directors are women as of April 30—well up from about 19% five years ago, but little changed from 2022, Spencer Stuart found.

As Kristen Robinson interviews for board roles, the former chief human resources officer said she tries to get a sense of whether their interest in her HR expertise is real or if they’re only looking for gender diversity.

Robinson, who joined the boards of software supplier **Verint Systems** and imaging startup **Planet Labs** last year, said she has seen interest in HR executives rise over the past 18 months, but recognizes some of that may reflect the fact that such positions are often held by women.

“That’s an easy candidate pool to look at if you’re looking for female/gender diversity” and human-resources expertise, she says.

Black directors made up 15% of new S&P 500 board appointees this year, down from 26% a year ago, Spencer Stuart found. Other minority groups held roughly steady, with 11% of incoming directors of Asian descent and 9% of Latino background. This comes after more-pronounced increases for all three groups since about 2020.

All told, about 24% of S&P 500 directors identify as members of underrepresented racial and ethnic groups, including 11% who are Black, 6% who are Asian and 5% who are Latino, according to Spencer Stuart.

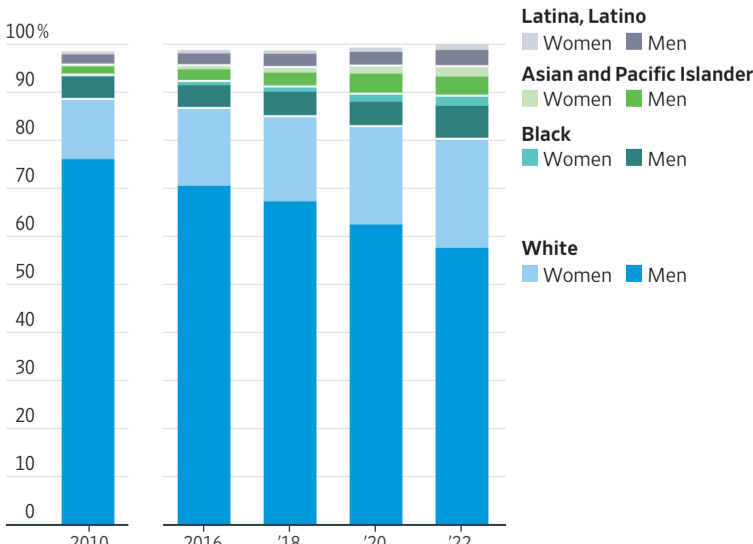
At current rates of change, the share of Fortune 500 directors who are Black or Asian will roughly match the U.S. population by about 2030, Deloitte projected. Boards will be about half female by 2040. By contrast, at current rates of change, Deloitte said Latino directors will never catch up to the U.S. population.

Investors should consider whether boards replace older, outgoing directors with younger counterparts, says Doug Chia, president of consulting firm Soundboard Governance and a former **Johnson & Johnson** corporate secretary.

“That’s a sign they really want to bring some fresh perspective,” Chia says, “as opposed to replacing a 72-year-old with a 65-year-old.”

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Fortune 500 directors by gender, race and ethnicity



Note: Totals may not equal 100% due to rounding. Reflects directors, some of whom hold seats on multiple boards. Source: Deloitte

JOURNAL REPORT | LEADERSHIP



Ashlie Strevig, 34, says employer help for education is 'something that I will never take for granted.'

Now May Be the Time to Ask Your Employer to Help With Tuition

To assist with recruitment and retention, companies offer a range of tuition benefits. Employees say it can make all the difference.

BY CHERYL WINOKUR MUNK

LOOKING TO get a college or graduate degree for little to no cost? Your employer may be able to help.

Tuition benefits have been around for many years, but some companies are promoting them more—and more employees are partaking—amid a tight labor market, rising concerns about student-debt burdens and skyrocketing college costs. The nature of the programs is also shifting, with several companies adding prepaid options so employees don't have to shell out their own money for degrees.

Program offerings, which may be for online or in-person classes, vary widely. For example, benefits may be different for full-time and part-time employees, or offerings may vary based on an employee's role within the organization. There may be restrictions on the type or number of degrees employees can seek, and how long a worker needs to be at the company to qualify. There can also be minimum-grade requirements, or clawback provisions if employees leave while they are pursuing a degree or for a certain time after completion.

Both sides say they stand to gain from the programs. For businesses, it helps with retention and employee morale, and offers workers skill-building opportunities they need to advance—ideally within the company. Employees like the programs because they have their education significantly subsidized or completely covered.

"It's something that I will never take for granted," says Ashlie Strevig, practice development manager for the health and wellness division of **Synchrony Financial**, a consumer financial-services company based in Stamford, Conn.

Strevig, 34 years old, graduated in March from the University of Maryland Global Campus with a bachelor's of science in health services administration management and a minor in marketing, initially getting reimbursed from Synchrony and later

using its prepaid option for the full tuition.

Strevig, who is married with two children, says paying for the degree herself would have been a strain on her family's finances. "Every company should offer educational opportunities to help everyone grow and get the skills they might be missing out on," she says.

Retention benefits

Companies that offer tuition benefits say they benefit through greater retention. At **Chipotle Mexican Grill**, a restaurant company based in Newport Beach, Calif., employees who complete the program, on average, stay with the company for twice as long as those who haven't gone through the program, says Daniel Banks, director of global benefits. Employees are also more likely to be promoted, he says. Since 2019, 30.5% of Chipotle employees enrolled in tuition-as-

30.5%

Percentage of Chipotle employees enrolled in tuition programs who have been promoted since 2019

3,800

Current employees at Disney who have graduated since its tuition benefits program launched in 2018

assistance or tuition-reimbursement programs through its education-benefits provider have been promoted, according to data provided by the company.

Chipotle offers 100% prepaid tuition at 10 universities. This option focuses on undergraduate degrees, but employees also have prepaid choices for GEDs, career certificates and English language learning. The company allows eligible employees to choose from more than 100 programs in areas like technology, business, culinary, agriculture and hospitality.

For other undergrad programs and master's degrees, employees can be reimbursed up to \$5,250 a year, Banks says.

Walmart, which pays 100% of tuition and books for an undergraduate degree at more than 25 universities, has also seen greater retention. The program, which also includes short-form certificates that connect to in-demand jobs in its business, high-school completion and English language learning, is offered to associates and managers in U.S. stores, Sam's Clubs and supply-chain facilities. Participating Walmart hourly associates are significantly more likely to stay at the company than nonparticipants, according to a September 2021 study by Lumina Founda-

tion. The ability to advance workers within the company is also a benefit to companies. The Walmart study found that participants are twice as likely to be promoted as nonparticipants. For its part, **Disney** says that more than 3,800 current employees have graduated since its tuition benefits program launched in 2018, and 3,100 students and graduates have been internally promoted.

At **Bank of America** in Fort Worth, Texas, having tuition assistance was "huge," says Polyanna Unruh, quality analyst for the prepaid-card-services department. Unruh, 26, used the company's tuition benefits to get undergraduate and master's degrees. For the bachelor's she paid upfront each semester and got fully reimbursed. For the advanced degree, she chose the company's prepaid option.

"In the future I definitely plan on using [tuition assistance] again, but for certifications, not another degree," she says.

There's also a sense of company loyalty that stems from having received the benefit. "This is the place I want to retire," she says.

Tax impact

Many employers offer up to \$5,250 a year in tuition reimbursement for college courses, which is the amount the Internal Revenue Service says can be excluded from taxable income. Some companies offer an even

higher benefit, though employees are responsible for any associated taxes.

Synchrony, for instance, as an alternative to its prepaid option for bachelor's degrees, provides reimbursement up to \$20,000 a year for full-time employees and \$5,000 a year for part-time employees. It covers degrees relevant to their job as well as degree programs related to healthcare and to education. In addition, Synchrony covers academic fees of up to \$4,000 a year to cover items such as labs, textbooks and registration fees.

"It's a really great way to encourage our employees to invest in themselves and to acquire the skills they need in the long-term," says D.J. Casto, executive

As companies struggle with employee retention, many are offering tuition benefits as an incentive to get more of their workers to stay.

vice president and chief human resources officer at Synchrony.

At **Boeing**, employees can receive assistance of \$25,000 a year for graduate degree programs and \$15,000 a year for undergraduate degree programs, as well as funding toward nondegree programs, according to information provided by the company. This is paid directly to the institution, so there's no need to seek reimbursement. The company offers 100% funding for tuition and expenses for select STEM programs. There are 86 approved majors and strategic fields of study.

Prepaid option

More companies are trying to make it easier for employees by offering prepaid options so there's no upfront cost to workers.

"It's about removing any kind of obstacle that would prevent our associates from growing themselves and growing their career at Walmart," says Lorraine Stomski, who runs Walmart's associate learning and leadership team.

That's also why **Meijer**, a privately held supercenter and grocery chain in Grand Rapids, Mich., added the prepaid option last year, says Michelle Hall, se-

nior vice president and chief human resources officer.

"It's helping them on the front-end in terms of access and on the back-end in terms of maximizing their income coming out of the program without having that college debt," Hall says. The company says that enrollment in its education programs has more than doubled since it added the prepaid option, which includes more than 40 eligible fields of study at five online universities.

Fidelity Investments last year introduced a new fully-funded undergraduate degree program for entry-level customer-service phone representatives in its regional centers across the country. Eligible employees—associates working at least 30 hours a week—can choose from more than 190 programs at more than 30 schools and Fidelity pays the costs directly to the school. That's in addition to its reim-

bursment program for eligible full-time employees, says Megan Bourque, the company's head of benefits.

Disney offers 100% tuition paid up front for a range of program types, including high-school completion, English language learning, college prep and undergraduate and master's degrees, according to information provided by the company.

Amazon.com, which offers education benefits in 14 countries, expanded its tuition benefit offerings for U.S. employees last year, and now offers English-language courses and high-school completion through bachelor's degrees on a prepaid basis. Previously, the prepaid offering was only for certification programs. The U.S. program is open to hourly Amazon employees with 90 days of tenure. U.S. employees can choose from more than 400 education partners, and degrees aren't limited to their roles at Amazon, says Tammy Thiemann, global director of Amazon Global Choice.

"Our real goal is for the career success of our employees whether they stay at Amazon or not," she says.

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