

## What's News

### Business & Finance

- ◆ **Hess shareholders voted** to approve a \$53 billion deal to sell the company to Chevron, clearing a hurdle for the oil companies to combine, though a challenge by Exxon still threatens to sink a merger agreement. **A1**
- ◆ **Saudi Arabia is likely** to announce as soon as this week plans to sell \$10 billion to \$20 billion of stock in Aramco, according to people familiar with the matter. **B1**
- ◆ **Annual home-price** growth in the U.S. maintained a fast clip in March, likely helped by gradually easing mortgage rates. **A3**
- ◆ **U.S. stocks ended mixed**, with the S&P 500 eking out a gain of less than 0.1%, while the Nasdaq rose 0.6% and the Dow fell 0.6%. **B11**
- ◆ **T-Mobile US agreed** to buy much of U.S. Cellular's operations for roughly \$4.4 billion including debt in a deal that would further consolidate the wireless industry. **B1**
- ◆ **Merck is close** to a \$1.3 billion deal to buy Eyebio-tech, whose lead drug, Restoret, is in development to treat eye conditions including a form of age-related macular degeneration. **B3**
- ◆ **Activist investor Irenic** has built a stake of nearly 5% in Forward Air, the U.S. trucking company that recently completed a controversial deal. **B3**
- ◆ **OpenAI formed** a safety and security committee as it faces a legal battle over a new voice assistant in its latest artificial-intelligence model. **B4**
- ◆ **Toyota Motor plans** to develop new, smaller engines that can run on carbon-neutral fuels. **B3**

### World-Wide

- ◆ **Trump's defense team** and prosecutors told starkly different stories to close his hush-money trial: one about a lying former loyalist out to twist legal record-keeping into revenge, the other about a sweeping scheme to interfere with the 2016 presidential election. **A1**
- ◆ **Israeli tanks advanced** farther into Rafah, witnesses said, as Israel's military said it was expanding operations in the southern Gaza city amid growing international condemnation. **A1, A5-6**
- ◆ **Democrats intend** to formally nominate Biden as their party's presidential nominee with the help of a virtual roll call weeks before their Chicago convention in August. **A5**
- ◆ **Melinda French Gates** said she would donate \$1 billion over the next two years to organizations and individuals supporting women, families and abortion rights. **A3**
- ◆ **Macron permitted** Ukrainian forces to use powerful cruise missiles supplied by France to strike inside Russia provided the weapons are employed only to attack military sites that have fired on Ukraine. **A7**
- ◆ **Storms brought** 70 mph winds, heavy rain and golf-ball-sized hail to Texas, downing power lines. **A3**
- ◆ **Lawmakers in Georgia** overruled the country's president to back legislation that EU officials say threatens the former Soviet republic's path toward membership in the bloc. **A6**
- ◆ **The ANC, which** saw out apartheid in South Africa 30 years ago, risked losing its absolute majority for the first time in national elections. **A7**

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## Brain Teasers Test Best Young Spellers



**STINGS LIKE A BEE:** Orrin Lam, 14, of Benson, N.C., reacts to a question during competition in the Scripps National Spelling Bee, in Oxon Hill, Md., on Tuesday when the preliminary rounds began with 245 students.

## State Labels Trump a Fraudster, Defense Slams Case as Meritless

By CORINNE RAMEY AND JAMES FANELLI

Donald Trump's defense team and prosecutors told starkly different stories to close his hush-money trial: one about a lying former loyalist out to twist legal record-keeping into revenge, the other about a sweeping scheme to interfere with the 2016 presidential election.

Prosecutor Joshua Stein-glass told jurors Tuesday that Trump forged a corrupt bar-

gain with former fixer Michael Cohen and a tabloid publisher to silence negative stories—resulting in one of the most valuable contributions ever made to the Trump campaign.

"This scheme, cooked at this time, could very well be what got Mr. Trump elected," Steinglass said.

Trump lawyer Todd Blanche argued that no such conspiracy existed and that prosecutors had built their whole case around Cohen, who Blanche said lied on the stand.

He dubbed Cohen, the prosecution's star witness, a "G.L.O.A.T.," or the Greatest Liar of All Time.

"You cannot send someone to prison based upon the words of Michael Cohen," Blanche told jurors. The judge later reprimanded the lawyer and instructed the panel not to consider potential punishment in its deliberations.

Tuesday's closing arguments, which stretched on for hours past the usual conclusion of proceedings, wrapped

up at 8 p.m. The jury is expected to begin deliberating Wednesday after the judge, Juan Merchan, gives them instructions on the law.

While closing arguments are important in any case, they are particularly critical in this one because of the legal complexity of the charges. Trump faces 34 counts of falsifying business records for al-

*Please turn to page A4*

◆ **Campaigns come to the courthouse.....** A4

## Hess Investors Approve Chevron Merger

Deal for \$53 billion faces challenge from Exxon over share of Guyana oil project

By BENOÎT MORENNE

Hess's shareholders voted Tuesday to approve a \$53 billion deal to sell the company to Chevron, clearing a hurdle for the companies to combine.

The approval amounts to the first big boost for the companies in months, as they have been engaged in a public brawl with Exxon Mobil that still threatens to sink the deal and possibly recast the futures of Chevron and Hess.

The vote was closely watched, as several large shareholders had said they would abstain from voting due to the dispute among Exxon, Chevron and Hess over Hess's share of a generational oil treasure in Guyana. Exxon has said it has a right to challenge Chevron's offer for Hess's shares in a drilling consortium it is part of alongside China's Cnooc, and is pursuing arbitration.

Hess said a majority of the shares outstanding of Hess common stock were voted in favor of the adoption of the merger agreement.

CEO John Hess said he looked forward to completing the merger with Chevron, the second-largest Western oil company, with a market capitalization of \$293 billion.

*Please turn to page A5*

◆ **Saudi Arabia plans a big Aramco share sale.....** B1

## Israeli Tanks Advance In Rafah Amid Uproar

Israeli tanks advanced further into Rafah on Tuesday, witnesses said, as the Israeli military said it was expanding operations in the southern

By *Rory Jones, Fatima AbdulKarim and Anat Peled*

Gaza city amid growing international condemnation.

The tanks passed near the Al-Awda mosque, a central Rafah landmark, Palestinians in the city told The Wall Street Journal. The Israeli military didn't comment on the specifics of its push into Rafah, but Israel's Army Radio said the military had added a brigade to the five operating in the city, and troops were engaging in close-

quarters combat with Hamas.

Israel is trying to pursue a fight with Hamas in Rafah without further damaging its relationship with the U.S., its closest ally, or derailing fragile relations with the Arab world.

An airstrike on Sunday in Rafah that Palestinian officials said killed dozens of civilians has demonstrated the inherent challenge Israel faces.

Israel has said for months it wants to destroy the last of Hamas's military structure in Rafah and disrupt the U.S.-designated terrorist group's smuggling.

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- ◆ **Attack increases pressure on Biden.....** A5
- ◆ **Relatives race to rescue child orphaned in Gaza.....** A6

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Feeling lonely at work? Faceless chats, online meetings leave workers isolated. **A10**

**BUSINESS & FINANCE**  
Streaming bundles are here, but options can be complex. Here's how to sort them out. **B1**

## U.S.-China Divide Stalls Shein's IPO

Fast-fashion giant's hopes for a big New York public offering have faded

By SHEN LU

Fast-fashion giant Shein seemed to be on a roll. The purveyor of \$3 T-shirts, \$10 jeans and other ultra-low-priced clothing had become one of the world's biggest fashion companies, with hundreds of millions of customers. In November, it filed to go public in New York, raising expectations it would be one of the biggest IPOs in years.

Its U.S.-based executive chairman, Donald Tang, shuttled across the country meeting politicians, optimistic he

could sell them on his vision of Shein as a model of compliance and transparency.

Now the company is awkwardly stuck in the middle of U.S.-China tensions, and its hopes for a New York initial public offering have faded.

Shein was founded in 2012 in China, although it moved its headquarters to Singapore in 2021. It contracts with thousands of Chinese factories that churn out new styles every day, and has services such as warehousing and back offices there. Its biggest

*Please turn to page A8*

## Making Fun Of the Boss Can Pay Off

\* \* \*  
Singer finds big business teasing CEOs at events

By MIRIAM GOTTFRIED

Lots of people have dreamed about getting a chance to make fun of the boss. Kelley James has made a career out of it.

James is a singer and performer whom companies hire for corporate events. He is best known for improvising songs that poke fun at the personal quirks and weak golf games of CEOs and other powerful people. He's ribbed the likes of Tiger Woods and Stephen Curry at golf tournaments, and rapped about fossil fuels for Saudi executives. His highly researched needling earns him hundreds of thousands of dol-

*Please turn to page A8*

## Cancer Costs Destroy Finances: 'It Broke Me'

By BRIANNA ABBOTT AND PETER LOFTUS

Gwendolyn Jackson was financially sound before her cervical cancer diagnosis—she was gainfully employed, insured and secure in a home of her own.

But now, the 53-year-old has tens of thousands of dollars of medical debt. Chemotherapy drained her energy, and she suffered other health problems, including a stroke. She lost her housing-coordinator job because of the physical toll. An eviction notice showed up on Jackson's door, and her truck was repossessed.

"One morning, I woke up and I was a top case manager," said Jackson, who lives in Houston. "Then I was losing everything."

The economic burden of a cancer diagnosis is getting strikingly worse in the U.S., as drug and medical costs soar

and more patients live longer. About 55% of cancer drugs introduced between 2019 and 2023 cost at least \$200,000 a year, according to Iqvia's Institute for Human Data Science. And a rising number of patients are working-age, a group more likely to report financial hardship after diagnosis compared with older adults.

Nearly 60% of working-age cancer survivors report facing some financial difficulty. Many patients struggle to afford care and end up taking on debt, with some getting payday loans or running up credit cards. Cancer alone accounts for some 40% of medical campaigns seeking help on GoFundMe, research shows.

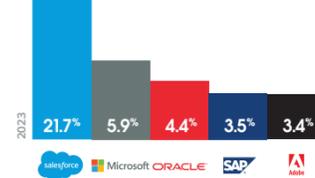
"Cutting back on meds. Cutting back on doctor visits. Losing your home. Cutting back on food—these are not things that we want to believe happen to people with cancer

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## Salesforce.

# #1 CRM.

Ranked #1 for CRM Applications based on IDC 2023 Revenue Market Share Worldwide.



Source: IDC, Worldwide Semiannual Software Tracker, April 2024.



[salesforce.com/number1CRM](https://salesforce.com/number1CRM)

CRM market includes the following IDC-defined functional markets: Sales Force Productivity and Management, Marketing Campaign Management, Customer Service, Contact Center, Advertising, and Digital Commerce Applications. © 2024 Salesforce, Inc. All rights reserved. Various trademarks held by their respective owners.



U.S. NEWS

# Expiring Tax Cuts Set Up Battle in 2025

By RICHARD RUBIN

WASHINGTON—Republicans want to extend the Trump-era tax cuts that lapse after 2025. A big point of debate now: Should they cover any or all of the \$4 trillion cost—and how?

The question pits the party's fervent belief in the economic power of tax cuts against many GOP lawmakers' oft-repeated concerns about federal debt and budget deficits. Many Republicans argue that tax-cut extensions are so important for strong growth that they don't need to be fully paid for. Some are exploring ways to trim the net cost of a tax-cut extension, such as repealing electric-vehicle tax breaks or reducing federal spending.

Republican lawmakers and aides say they have made no decisions, and the ultimate call will depend on whether they have congressional majorities next year—and by how many seats. The internal party discussions are starting now, as senior Republicans plan for the possibility of holding the House and retaking the Senate and White House in November's elections.

## Major revenue hit

Extending all expiring individual and estate tax cuts, along with business-tax changes Republicans favor, would reduce projected revenue by \$4 trillion over a decade, according to the congressional Joint Committee on



Rep. Suzan DelBene (D., Wash.), who heads House Democrats' campaign arm, said: 'It's a lot of talk but not any action.' Rep. Jason Smith (R., Mo.) said some Republican lawmakers were open to raising the 21% corporate tax rate.



and Means Committee, recently said some GOP lawmakers were open to raising the 21% corporate tax rate.

For American corporations, this year "is all about defense because there's not much for them to gain," said Jon Traub, a former House GOP tax aide now at accounting firm Deloitte.

Democrats are dubious of Republicans' stated concern about debt and deficits, and they are already arguing that Republicans would inevitably extend tax cuts without paying for them.

"It's a lot of talk but not any action," said Rep. Suzan DelBene (D., Wash.), a Ways and Means member who heads House Democrats' campaign arm. "They come up with excuses about why their tax cuts don't have to be paid for and then they complain about debt or deficit."

The core Republican argument is that low taxes are essential for economic growth, generating gains so large that the additional taxes on that larger economy can exceed the cost of the tax cuts. But many Republican-leaning economists who say such positive feedback occurs say it doesn't necessarily mean the 2017 tax law paid for itself.

Taxation. That would come atop \$20 trillion in new deficits projected under current laws.

Next year's tax debate will happen against a very different fiscal backdrop than existed in 2017 when the tax law was enacted. Then, the budget deficit was 3.4% of gross domestic product. Now, it is routinely above 5%, because of spending increases, the aging population, interest costs and the tax cuts. And interest rates are much higher.

Former President Donald Trump, who is running to reclaim the presidency, has said he favors extending the tax cuts he signed in 2017 but hasn't detailed a fiscal plan. President Biden, meanwhile, says extensions should be offset with tax increases on corporations and high-income households.

"There's a big enough bloc, I think, even on our side who will

look for pay-fors," said Rep. David Schweikert (R., Ariz.), who said changes to restrain health-care costs and improve government technology could be on the table. "It may be our opportunity to actually do some adult policy instead of theatrics."

Even in a unified Republican government, there is an upper limit on net tax cuts, said Rep. Blake Moore (R., Utah), a member of the tax-writing Ways and Means Committee. "We want things to be paid for," he said. "We want them to be responsible as much as possible, but we need strong economic growth and we're going to have to balance it."

The tax debate will likely consume lawmakers' attention next year. If Congress doesn't act by Dec. 31, 2025, marginal income-tax rates would climb and the standard deduction and child tax credit would shrink.

More than 60% of households would see tax increases, though 9% would get a tax cut.

## Clues from 2017

The 2017 tax law, written by Republicans, is instructive in showing where Republicans might head. It wasn't purely a tax cut, and extending it might not be a binary decision.

Many House Republicans entered 2017 determined to restructure tax law without reducing revenue. But when their biggest revenue-raising plank—a border-adjusted business tax system—fell flat, Republicans shifted to net tax cuts and agreed on a \$1.5 trillion cost. To hit that target, they embedded tax increases in the law, repealing a domestic manufacturing tax break for companies and ending per-person exemptions for individuals, for example.

They also used gimmicks, shaving the cost by creating delayed-start tax increases on research expenses and interest costs that many hoped a future Congress would block from happening. Those tax increases took effect. Republicans also scheduled individual tax cuts to expire after eight years, limiting the 10-year cost and setting up next year's fight. All those tools—expirations, delayed tax hikes and embedded tax increases—could be used again.

There are other options. Republicans could repeal tax credits they oppose for electric-vehicle purchasers or curtail other clean-energy breaks. They could seek spending cuts. Trump has proposed higher tariffs, which would raise money and operate largely as a tax increase on consumers.

Rep. Jason Smith (R., Mo.), chairman of the House Ways

## Watch a Video

Scan this code for a video on Biden's and Trump's dueling tax-policy plans.



Gwendolyn Jackson, a cancer patient in Houston, in orange, with her daughter and grandson.



Erica Olenski's son August, center, celebrated his fifth birthday in the hospital last fall.

# Cancer Depletes Finances

Continued from Page One in this country," said Dr. Reshma Jaggi, a radiation oncologist at Emory University School of Medicine and the Winship Cancer Institute.

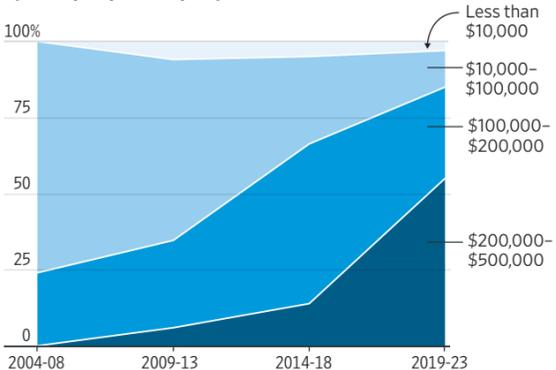
Among common diseases, cancer creates a uniquely difficult financial strain known as financial toxicity. Treatments with expensive medicines start immediately and come with a string of non-medical costs. Chemotherapy and other treatments can leave patients too weak to work for weeks or months. This can result in a twofold blow, with patients losing income and their employer-sponsored health insurance.

"It can cause this wealth shock that can ripple on," said Dr. Fumiko Chino, a radiation oncologist at Memorial Sloan Kettering Cancer Center in New York, whose husband died of cancer more than a decade ago. Debt collectors still call her about his unpaid bills.

The problem starts with costs for medical care and cancer drugs that have either risen above the rate of inflation or have high starting prices. Common cancer drugs have list prices that go well into the six figures: Imbruvica, which treats leukemia, has a list price of more than \$213,000 for a full year. The average Medicare patient taking it paid \$5,247 out-of-pocket in 2022, federal data show. AbbVie, one of the drug's co-marketers, declined to comment.

Tagrisso, a top-selling lung cancer drug, has a list price of about \$208,000 a year. Its maker, AstraZeneca, said the cost to an individual patient is rarely the list price, and the cost would vary based on a patient's insurance coverage.

## The share of new U.S. cancer drugs, by cost-per-patient-per-year



Sources: Iqvia Institute (cancer drugs by cost); American Cancer Society Cancer Action Network poll of 1,284 cancer patients and survivors conducted March 18–April 14 (incurred debt due to illness)

The company said it has patient-assistance programs, and it is committed to pricing responsibly and making its medicines affordable to patients.

Many insurers have shifted rising healthcare costs to patients. Some employer-backed plans require patients to pay a percentage of a drug's cost, which can add up to thousands of dollars. One report found a 15% increase in out-of-pocket costs for privately insured, working-age cancer patients from 2009 to 2016. Patients also foot the bill for transportation, lodging, child care and parking.

The added costs are only part of the toll, with people's livelihoods also put at risk. Many patients have to take time off—or actually stop working—after a cancer diagnosis. Patients who get chemotherapy are more likely to stop working within four years than those who don't.

The burden often affects entire families, with relatives pitching in financially or caring for their sick loved ones.

Erica Olenski scaled her working hours considerably when doctors diagnosed her infant son, August, with brain cancer in 2019. For four months, Olenski drove back and forth from McKinney, Texas, to August's hospital in Dallas. August spent at least one week each month in the hospital for treatment, more if

he had a fever.

August then suffered a stroke that paralyzed his vocal chords and required more procedures. Olenski took work calls from emergency departments and hospital rooms. Medicaid covered the medical bills, but the family still had to make ends meet on her reduced income.

"It was the transport, gas, tolls, food at the hospital because you can't buy groceries like you would at home," Olenski said.

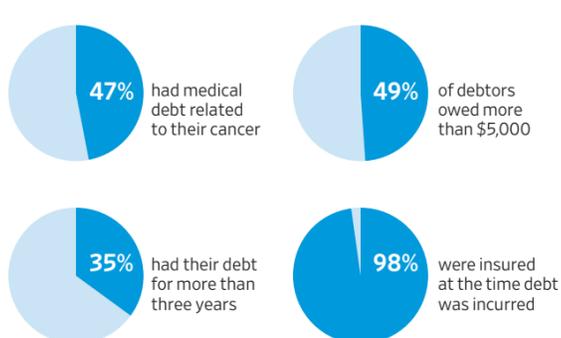
Toward the end of August's treatment in 2020, Olenski divorced her husband and lost some \$20,000 to the proceedings. Life eventually stabilized. But a legal battle with Olenski's ex-husband forced her to liquidate most of her 401(k) to cover her bills, and the cancer re-emerged around August's brain stem in 2023 and later at the base of his spine.

Olenski then turned to credit cards, using them for her mortgage, car payment and other necessities. Soon, she realized she wouldn't be able to cover the minimum payments. In April, she filed for bankruptcy, with more than \$100,000 in debt.

"I can only feel proud of myself for weathering the storm as long as I did," she said.

People with cancer are at higher risk of ending up late on credit-card payments, mortgage payments, and ex-

## A recent poll found that nearly half of all cancer patients incurred debt due to their illness.



periencing other financial challenges than noncancer patients, according to research co-written by Dr. Scott Ramsey, director of the Hutchinson Institute for Cancer Outcomes Research at Fred Hutchinson Cancer Center in Seattle.

Other research shows that patients with more out-of-pocket costs are more likely to delay starting their medications or stop taking them. Ramsey and his co-authors also found that cancer patients who file for bankruptcy had an 80% higher risk of dying than cancer patients who didn't file.

"There actually was a pretty big detriment for survival," he said.

Jackson's life shrank after her cervical cancer diagnosis, from daily jogs and happy-hour drinks to a string of doc-

tors' appointments. When she lost her job in 2022, her 83-year-old mother paid some \$800 monthly for her health insurance until it became too big of a strain. Jackson then bought a cheaper insurance plan, but bills for scans, chemotherapy and physical therapy were incessant.

Jackson maxed out her credit cards. Friends and family sent her money via Cash App as she waited to get on long-term disability. After Jackson lost her rental townhouse and her car, she moved in with her daughter, sharing a room with her grandson. She couldn't afford to buy

toothpaste or toilet paper.

"It broke me," Jackson said. Jackson's 31-year-old daughter, Darian Butler, picked up a second job. "I feel like her life has been robbed from her," Jackson said.

The mounting hardships have inspired advocates and doctors to find patchwork solutions, but there are still major gaps in the safety net.

More cancer centers are offering assistance for patients with financial problems, and nonprofits help patients pay for food, travel and other needs. But their funding is limited, and many people don't know how to find these resources.

Jackson initially sought help from various groups, but her income was too high at the time. She later tried getting a remote job but wasn't able to keep up.

Now on disability, Jackson helps pay for groceries, gas and sometimes utilities, plus her medication. A letter came in the mail this month, saying she would be enrolled in Medicare soon. But she has about \$38,000 in medical debt that she can't make payments on after her monthly expenses.

Debt collectors will "call and send letters," she said. "But I can't pay what I don't have."

## CORRECTIONS & AMPLIFICATIONS

Lee Radziwill was the younger sister of Jacqueline Kennedy Onassis. An Off Duty article on Saturday about effortless style incorrectly called her the older sister.

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

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U.S. NEWS

# More Storms Slam Texas, Cut Off Power

By JOSEPH PISANI

Storms brought 70 mph winds, heavy rain and golf-ball-size hail to Texas Tuesday, downing power lines and leaving nearly a million homes and businesses without power.

The storms uprooted trees and downed power lines in North Texas. Hundreds of flights were canceled at Dallas-area airports, according to FlightAware.

More than 800,000 customers in Texas were without power at about 6 p.m. local time, according to PowerOutage.us, which tracks reports of outages around the country. Roughly 300,000 of those customers were in Dallas County, PowerOutage.us said.

People could be without power for days, said Dallas County Judge Clay Lewis Jenkins, who oversees the county. He warned people to keep

children indoors and not to move any debris yet. "There could be hidden downed power lines that are still energized," he said.

Bryan Jackson, a meteorologist at the National Weather Service, said severe weather in Texas is typical in May.

Over Memorial Day Weekend, seven people were killed and at least 100 people were injured by a tornado in rural Cooke County, about 80 miles north of Dallas, and more than 200 homes were destroyed. Severe storms across the South over the weekend killed at least 20 people, including the seven in Texas.

Watch a Video



Scan this code for a video on the storms that downed power lines in Texas.



Homeowners in Garland, Texas, on Tuesday removed a tree that was damaged as severe storms hit the area.

ADAMI DAVIS/EPA/SHUTTERSTOCK

# \$1 Billion Pledged to Women's Groups

By ALYSSA LUKPAT

Melinda French Gates said she would donate \$1 billion during the next two years to organizations and individuals supporting women, families and abortion rights.

Her organization Pivotal Ventures announced the donations Tuesday, about two weeks after she said she was resigning from the Bill & Melinda Gates Foundation. She said she was leaving the foundation she started with her ex-husband, Microsoft co-founder Bill Gates, on June 7 to do philanthropy elsewhere.

As part of an agreement with Gates, she was set to receive \$12.5 billion to commit to her work for women and girls.

"For too long, a lack of money has forced organizations fighting for women's rights into a defensive posture while the enemies of progress play offense. I want to help even the match," she wrote Tuesday in the New York Times.

French Gates will give grants to more than a dozen groups, Pivotal Ventures said. They include the Center for Reproductive Rights, which advocates for abortion rights; the Institute for Women's Policy Research, a think tank focused on women; and Time's Up Legal Defense Fund, which supports people who have



Melinda French Gates and her son Rory Gates. She will give \$1 billion to support women, families and abortion rights.

ing. The individuals include filmmaker Ava DuVernay, Olympian Allyson Felix and former New Zealand Prime Minister Jacinda Ardern.

French Gates called these grant-making funds a novel tactic that she hoped would unlock new funding opportunities. "As a young woman, I could never have imagined that one day I would be part of an effort like this. Because I have been given this extraordinary opportunity, I am determined to do everything I can to seize it and to set an agenda that helps other women and girls set theirs, too," she wrote.

The organization said that of the \$1 billion donation, French Gates was setting aside \$250 million to be distributed through an open call to organizations working on behalf of women.

Pivotal Ventures said other grant recipients include the Collaborative for Gender + Reproductive Equity, which works on gender, racial and reproductive issues; MomsRising Education Fund, which advocates economic security for families; and the 19th, a news organization focused on women and LGBT people.

"Sometimes dreams do come true," the 19th said. "We are beyond grateful for French Gates' confidence in our team and our mission."

French Gates said she felt compelled to support abortion rights after the Supreme Court in 2022 eliminated the constitutional right to an abortion.

"In nearly 20 years as an advocate for women and girls, I have learned that there will always be people who say it's not the right time to talk about gender equality," she wrote Tuesday. "The second the global agenda gets crowded, women and girls fall off."

One of the most influential philanthropists in the world, French Gates often has focused her advocacy efforts on gender equality. She and Gates started their foundation in 2000 and ran it as equal partners. When

their divorce finalized in 2021, it raised questions about the future of the foundation. French Gates, 59 years old, had decided last summer to stay with the foundation before she announced her resignation taking effect next month.

French Gates published her own Giving Pledge in 2021, saying she would donate the bulk of her fortune to different causes instead of just the Gates Foundation. She has a net worth of \$13.3 billion, according to the Bloomberg Billionaires Index.

Pivotal Ventures, the organization she founded in 2015, said a dozen people would each receive a \$20 million fund to give to charities focused on women's health and well-being.

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NAUTISCHE INSTRUMENTE  
**MÜHLE**  
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A home for sale in San Francisco. The highest annual growth in home prices in March was seen in San Diego, at 11.1%.

# Robust Growth in Home Prices Persists

By ED FRANKL

Annual home-price growth in the U.S. held at a fast clip in March, likely helped by gradually easing mortgage rates as Federal Reserve interest-rate cuts come into view.

The S&P CoreLogic Case-Shiller National Home Price Index, which measures home prices across the nation, rose 6.5% from a year earlier in March, the same as the prior month, according to data published on Tuesday.

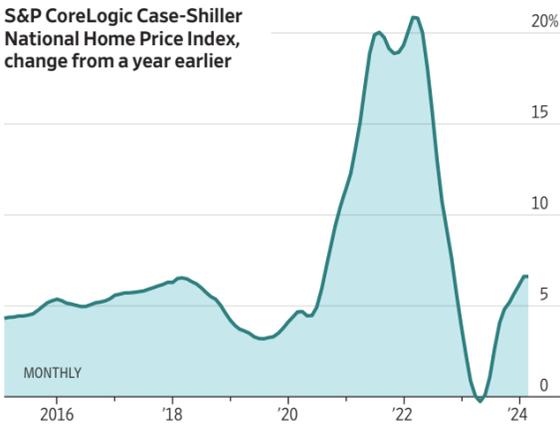
The Case-Shiller 10-city index rose 8.2% on year in March, following a 8.1% increase in January.

The 20-city index rose 7.4%, a small uptick from the 7.3% in February, in the prior month. Economists surveyed by The Wall Street Journal expected the 20-city index to rise 7.3%.

San Diego posted the highest on-year increase in house prices, with an 11.1% annual gain, followed by New York, Cleveland and Los Angeles.

The index, which measures repeat-sales data, reports on a two-month delay and reflects a three-month moving average. Homes usually go under contract a month or two before they close, so the March data is based on purchase decisions made earlier last year.

S&P CoreLogic Case-Shiller National Home Price Index, change from a year earlier



Source: S&P Dow Jones Indices

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U.S. NEWS

# Campaigns Come To the Courthouse

Squabbling erupts as Trump trial nears end; a 'clown' vs. 'pathetic' incumbent

By ALEX LEARY

NEW YORK—Donald Trump's trial hadn't yet reached a jury Tuesday morning but a preview of the post-verdict messaging war was already roaring into view with dueling campaign events. President Biden's re-election team appeared outside the courthouse to blast the former president as a danger to the country, and Trump's side hammered what it calls a politically biased prosecution.

Actor Robert De Niro and two former police officers on duty at the Jan. 6, 2021, attack on the Capitol by a mob of Trump supporters were featured in the Biden event, which was held across the street from the Manhattan Criminal Courthouse where Trump's hush-money trial is nearing a conclusion.

"This is the time to stop him, by voting him out once and for all," De Niro said. "We don't want to wake up after the election saying, 'What, again? My God, what the hell have we done?'"

Harry Dunn, one of the police officers, said: "Americans need to wake up. This is not a drill."

The event represented a sharp escalation for a Biden campaign that has been reluc-

tant to wade too deeply into the presumptive Republican nominee's legal problems. Biden is facing a new wave of concern from fellow Democrats about his campaign message, particularly on the economy, as he trails Trump in polls of the swing states likely to decide the election.

Trump campaign officials stood watch on the street corner and immediately held their own news conference.

"What you just heard from is a desperate and failing and pathetic campaign who knows that they are losing," spokeswoman Karoline Leavitt said.

The hush-money trial is being prosecuted by Manhattan District Attorney Alvin Bragg, a Democrat. It might be the only trial Trump faces before the election, with cases involving his attempts to overturn the 2020 election and the improper handling of classified documents hung up by procedural delays.

With just over five months before the election, the Biden campaign is taking a more aggressive approach—including a new television ad narrated by De Niro—portraying Trump as chaotic, unfit for office and hell bent on retribution, should he win. If the jury finds Trump guilty, Democrats are eager to start labeling him as a felon.

It isn't clear how the case will shake out politically, though. Trump doesn't appear to have been damaged during the six weeks he has been on trial. Some polls show a per-

centage of Republicans wouldn't vote for him if he is convicted.

An acquittal or hung jury, however, would likely give Trump new political momentum. Already he has a slight but steady polling lead in battleground states and has seen fundraising pick up during the trial.

"Their numbers are in the toilet," Trump senior adviser Jason Miller said outside the courthouse, jabbing at De Niro as a "washed up actor." No matter the outcome of the trial, Trump and his campaign will continue to portray the prosecution as politically motivated and election interference.

The back-and-forth heralds an increasingly acerbic phase of a campaign that has turned off many Americans.

De Niro, who grew up in New York City, said Tuesday, "We New Yorkers used to tolerate him when he was just another grubby real estate hustler masquerading as a big shot. A two-bit playboy lying his way into the tabloids....A clown."

As De Niro spoke, a small group of pro-Trump demonstrators nearby shouted, including obscenities about Biden.

One man, livestreaming the event, called the police officers "traitors." Replied De Niro, "I don't even know how to deal with you....They stood there and fought, for us, for you." As he spoke, a car alarm nearby was blaring.



Police, at top, separate Trump supporters and a counterprotester. Above, actor Robert De Niro, who supports President Biden, argues with a Trump backer after his news conference.

## Trump Trial Has Closing Arguments

Continued from Page One  
legedly covering up a hush-money payment to porn star Stormy Daniels on the eve of the 2016 election. Daniels had alleged a 2006 sexual encounter with Trump, which the former president has denied.

To convict Trump, jurors must find that not only did the former president cause the false business records, but also that he did so to conceal another crime. Prosecutors' second crime—a state election-law offense that makes it illegal to conspire to promote or prevent a candidate's election through unlawful means—factored prominently in Tuesday's proceedings.

Throughout the arguments, the lawyers clashed over the reliability of witnesses involved in that supposed crime. Blanche called Cohen "literally like an MVP of liars," while Steinglass said the star witness was understandably angry.

Steinglass said Daniels's testimony illustrated the motive for a crime; Blanche accused prosecutors of calling the porn star, who testified in graphic detail, to embarrass Trump, who is this year's presumptive GOP presidential nominee.

For prosecutors, the case had a mountain of evidence. The defense argued the evidence should leave jurors wanting more.

Trump watched from the defense table, sometimes



Donald Trump family members at his trial Tuesday included, from left, Donald Trump Jr., Tiffany Trump, Eric Trump and Lara Trump.

speaking to his lawyers and occasionally looking at a screen in front of him. Behind him sat several family members, including his elder sons, Eric Trump and Donald Trump Jr., and his younger daughter, Tiffany Trump. Across the aisle from the Trumps was Manhattan District Attorney Alvin Bragg, a Democrat who brought the case.

Jurors remained engaged as the hours ticked by, occasionally scribbling notes and at times adjusting themselves

in their seats. During his roughly three-hour argument, Blanche told jurors that the crime prosecutors say Trump sought to cover up was merely politics as usual. "Every campaign in this country is a conspiracy to promote a candidate," Blanche said.

He assailed prosecutors' claim that the emergence of the hot-mic "Access Hollywood" tape was a "doomsday event" that provided a motive for Trump to make the Daniels payoff, arguing instead that Trump sought to protect his family.

**Jurors remained engaged as the hours ticked by, occasionally scribbling notes.**

The Trump lawyer told jurors that Cohen, who was Trump's personal attorney at the time, was paid in 2017 for legal work, governed by an oral retainer agreement. That work was booked as a legal expense because Cohen was a lawyer, Blanche said. The payments to Cohen were also fully disclosed as the law required, he said.

"How can it be there is any intent to defraud by President Trump when he discloses it to the IRS, he tweets about it, and he submits it on his ethics forms?" Blanche said of

the payments. He also took issue with prosecutors' portrayal of an August 2015 meeting, which they have pegged as the start of the alleged conspiracy among Trump, Cohen and tabloid publisher David Pecker.

The defense lawyer told jurors that Pecker conceded on the witness stand that he had been buying stories about Trump as far back as 1988. "This had been going on for decades," Blanche said. Over several hours Tuesday afternoon and early evening, prosecutor Steinglass acknowledged to jurors that Cohen was a convicted liar and disbarred attorney who held a grudge against his old boss.

"We didn't pick him up at the witness store," Steinglass said. "The defendant chose Michael Cohen to be his fixer because he was willing to lie." However, Steinglass insisted, Cohen has been consistent for the past six years about his account of Trump directing the coverup. Even without the former fixer's testimony, the evidence, including text messages, voice recordings and emails, showed Trump's approval of the scheme, Steinglass said.

"You don't need Michael Cohen to connect those dots," he said. "But as the ultimate insider, he can do just that." Steinglass also pushed back on Trump's legal team portraying Daniels's testimony as a sideshow. While her account was messy and salacious, Steinglass said, the details showed how damaging her going public with her story could have been to Trump's campaign.

"In the simplest terms, Stormy Daniels is the motive," Steinglass said.

## U.S. WATCH

### BASEBALL Negro Leagues Enter Record Book

Negro Leagues records for more than 2,300 baseball players were incorporated Tuesday into Major League Baseball's official statistics after a three-year research project.

As a result, Josh Gibson is now the sport's career leader with a .372 batting average, surpassing Ty Cobb's .367.

Gibson's .466 average for the 1943 Homestead Grays became the season standard, followed by Charlie "Chino" Smith's .451 for the 1929 New York Lincoln Giants. They overtook the .440 by Hugh Duffy for the National League's Boston team in 1894.

Gibson also became the career leader in slugging per-

centage (.718), moving ahead of Babe Ruth (.690).

"This initiative is focused on ensuring that future generations of fans have access to the statistics and milestones of all those who made the Negro Leagues possible," Baseball Commissioner Rob Manfred said.

MLB announced in 2020 that it would be "correcting a longtime oversight" and would add the Negro Leagues to its list of major leagues.

Willie Mays gained 10 hits from the 1948 Birmingham Black Barons, increasing his total to 3,293. Jackie Robinson, who broke MLB's color barrier with the 1947 Brooklyn Dodgers, was credited with 49 hits with the 1945 Kansas City Monarchs.

—Associated Press

### NEW YORK 'Son of Sam' Killer Denied Parole Again

"Son of Sam" killer David Berkowitz, who set New York City on edge with late-night shootings in the 1970s, was denied parole after his 12th board appearance.

Berkowitz, 70, was rejected after a Board of Parole prison interview May 14, according to a state Department of Corrections and Community Supervision website. Officials wouldn't provide additional information Tuesday.

Berkowitz terrorized the city with a series of shootings that killed six people and wounded seven beginning in July 1976. The shooter targeted young women and cou-

ples sitting in cars. In taunting notes to police and a journalist, he called himself "Son of Sam" and said he received demonic messages to kill.

He was arrested Aug. 10, 1977, a little more than a year after the first victim, Donna Lauria, was shot and killed in the Bronx.

Berkowitz was sentenced in 1978 to the maximum prison term of 25 years to life for each of the six killings. He first became eligible for parole in 2002.

He has since expressed remorse and said he is a born-again Christian. He is being held at Shawangunk Correctional Facility, a maximum-security prison about 60 miles north of New York City.

—Associated Press

### NEW JERSEY Wind Firm to Pay State \$125 Million

Danish wind farm developer Orsted will pay New Jersey \$125 million to settle claims over the company's cancellation of two offshore wind farms last year—a little over a third of what the company once was required to pay.

The state said the \$125 million will be used to support investments in wind-energy facilities, component manufacturing facilities, and other clean-energy programs.

Before the projects were abandoned, Orsted put up a \$100 million guarantee that it would have one of them, Ocean Wind I, built by the end of 2025. It also had been obligated to pay an additional

\$200 million toward the development of the offshore wind industry in New Jersey.

The settlement announcement was one of several the administration of Democratic Gov. Phil Murphy made Tuesday regarding offshore wind.

The state said it is moving up the next solicitation for additional offshore wind projects from the third quarter of 2026 to the second quarter of 2025. New Jersey's current round of solicitations closes on July 10.

The state also said it is pausing plans to coordinate power transmission planning for offshore wind projects with the regional grid operator, PJM Interconnection, due to a new rule by federal energy regulators that could affect planning and costs.

—Associated Press

FROM TOP: MICHAEL M. SANTAGUETA/GETTY IMAGES; SETH WEING/ASSOCIATED PRESS

U.S. NEWS

# Attack Increases Pressure on Biden

# Democrats Plan Virtual Roll Call Nomination

President faces more calls from his left for the U.S. to break with Israel

WASHINGTON—President Biden is facing fresh political tension at home following an Israeli airstrike on Rafah that Palestinian authorities said killed dozens of civilians.

By Catherine Lucey, Gordon Lubold and Nancy A. Youssef

Israel said the attack killed two top Hamas officials, but Palestinian authorities said it also led to the deaths of at least 45 Palestinian civilians and wounded others, including women and children. Israeli Prime Minister Benjamin Netanyahu called the civilian deaths a “tragic mistake” and promised to investigate.

Coming after weeks of pro-Gaza protests that roiled college campuses nationwide, the latest violence underscores Biden’s continuing struggle over how much support to give Israel in its war with Hamas as he faces a tough re-election race. The left flank of his party argues that the U.S. is abetting immoral behavior in Gaza, including by providing deadly weapons to the Israeli military. His party also contains pro-Israel Democrats.

And Republicans have cast themselves as Israel’s strongest backers, with House Speaker Mike Johnson (R., La.) inviting Netanyahu to address Congress. Senate Majority Leader Chuck Schumer (D., N.Y.), who has criticized Netanyahu and called for new elections in Israel, hasn’t commented publicly on Johnson’s invitation beyond saying he was discussing the issue with the speaker.

“It makes a difficult situation worse” for Biden, Richard Haass, a former State Department official and president emeritus of the Council on Foreign Relations, said of the latest attack. “He is trying to walk



President Biden met with Israeli Prime Minister Benjamin Netanyahu in 2023. Biden has been critical of Israel’s handling of the war.

a line, but the problem with his line is for many it’s too supportive of Israel and for others it’s not supportive enough.”

Biden has been vocally opposed to a full-scale Israeli attack in the city, which officials fear would deepen the humanitarian crisis without eradicating Hamas.

John Kirby, a spokesman for the National Security Council, said Tuesday that the Biden administration is still opposed to a major Israeli ground operation in Rafah. “We haven’t seen that at this point,” he said. While the loss of lives was tragic, he said, the administration hadn’t seen anything to merit a withdrawal of support for Israel.

U.S. opponents of Netanyahu’s strategy condemned the attack. Rep. Rashida Tlaib (D., Mich.), the only Palestinian-American in Congress, said on X: “This was intentional. You don’t accidentally kill massive amounts of chil-

dren and their families over and over again and get to say, ‘It was a mistake.’ ”

Brian Finucane, a senior program adviser to the U.S. program at the International Crisis Group, argued the gruesome images should lead to a change in the administration’s policy.

“There are mistakes. There are good faith accidents, and then there are airstrikes adjacent to a displacement camp filled with desperate people who have had to repeatedly flee their homes. The Israelis will have to explain why it was so urgent to strike there at that time given the risk it posed to civilians,” he said.

Polling shows Biden struggling on this issue with many voters. A Wall Street Journal poll of seven presidential bat-

tleground states, conducted in March, found that more voters believe former President Donald Trump would be better able to handle the Israel-Hamas war than Biden, 45% to 31%. But surveys also show that issues such as the economy and immigration are bigger priorities for voters.

Andrew Bates, a White House spokesman, said Biden “is standing with Israel as they fight the Hamas terrorists who committed the hideous Oct. 7 attacks, and is making clear that how Israel defends itself matters because we do not want to see any civilians killed.”

Though Trump hasn’t laid out his own plan for dealing with the Israel-Hamas conflict, he has been vocally critical of

Biden’s strategy, and has repeated claims that the Democratic Party “hates Israel” and that Jewish Americans who vote for Democrats “hate” their religion. Biden’s campaign has condemned the comments. Jewish voters have long heavily favored the Democratic Party.

While Biden has long stressed the close U.S. ties to Israel, he has grown critical of its handling of the war. Weeks ago the White House withheld a shipment of 2,000-pound bombs, angering Israel’s supporters in the U.S. A week later, the U.S. moved ahead with a \$1 billion sale of weapons, one of the largest potential weapons sales to Israel since the war began.

“Biden’s far closer to the GOP than the progressive left,” said Ian Bremmer, president of the geopolitical risk firm Eurasia Group, adding: “The longer this war goes on the more he’s trying to cover his flank on the left because the Israeli government will not listen to Biden.”

**The deadly Rafah strike ‘makes a difficult situation worse.’**



Hess shareholders have taken a risk by locking in a deal with Chevron despite uncertainty.

## Hess Sale To Chevron Advances

Continued from Page One

Proxy-advisory firm Institutional Shareholder Services had recommended that shareholders abstain from voting on the deal, citing questions about the deal’s valuation of Hess and uncertainty over how long the arbitration will take. Some investors have said that Chevron’s deal for Hess undervalues the smaller company’s assets. Analysts put the value of Hess’s Guyana assets at \$40 billion or more.

Several large stockholders, including D.E. Shaw, had said they would abstain because the agreement between Chevron and Hess failed to account for the delay introduced by the dispute with Exxon.

The delay in closing the deal means that Hess’s shareholders are missing out on Chevron’s dividend, which is about four times as large as Hess’s.

Exxon filed for arbitration in the International Chamber of Commerce in Paris in March. It has said it expects the proceedings to extend into 2025. Chevron CEO Mike Wirth told investors last month that

Chevron has asked the arbitration tribunal to hear the merits of the cases in the third quarter, with an outcome in the fourth quarter, but cautioned that the company hadn’t seen specific scheduling yet.

In recent weeks, John Hess sought to project confidence in calls with some large investors that the deal would take place, according to stockholders. He pointed out that historically, rights of first refusal at the asset level haven’t prohibited corporate transactions, they said.

The seal of approval from shareholders amounted to a defeat for some hedge funds that own Hess’s stock and that made a last-minute push to try to pressure Hess into renegotiating a deal. Some of these investors are going to be holding Hess’s stock longer than they had expected and were hoping to get compensated for their patience.

“Hedge funds couldn’t circle the wagon or couldn’t get them to adjourn” the vote, said Evan Ratner, president of asset manager Levin Capital Strategies and a long-term Hess shareholder.

Hess’s stock rose less than 1% on Tuesday. Chevron’s stock closed up around 1%.

John Hess and his counterpart, Wirth, have been on a roller-coaster ride since they announced the merger agreement in October.

Days after the announce-

ment, Exxon Chief Executive Darren Woods told Wirth he was looking forward to collaboration in Guyana. But within a few weeks, Exxon contended that it and Cnooc have a contractual right to pre-emptively match Chevron’s offer for Hess’s 30% stake in Guyana. Private talks between the companies failed, and the two sides have now dug in.

By voting positively on Tuesday, shareholders have taken the risk to lock in the deal despite the uncertainty shrouding it.

If Exxon’s argument prevails in arbitration, Hess’s Guyana holdings would turn into a sort of poison pill. It wouldn’t only blow up the merger with Chevron, per the terms of its agreement with Hess, but would likely scare off any future suitors—except for Exxon itself.

Potential buyers would also have to consider that, under certain conditions, Hess could owe around \$1.7 billion to Chevron if it strikes a new deal.

Separate from their fight with Exxon, Chevron and Hess face a Federal Trade Commission investigation into the deal. Analysts don’t expect the FTC to block the transaction, and said the companies’ prospects are bolstered by the fact that Exxon struck an agreement this month with antitrust enforcers allowing it to close a \$60 billion deal to acquire Pioneer Natural Resources.

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## WORLD NEWS

## Georgia Passes Law Seen as Pro-Russia

Legislation requiring some groups to register as foreign agents fans protests

By ANN M. SIMMONS

Lawmakers in Georgia overruled the country's president to back contentious new legislation European Union officials say threatens the former Soviet republic's path toward membership in the bloc and protesters fear could drag it closer to Russia.

For weeks, demonstrators massed outside the country's Parliament, laying out their objections to legislation that will require any organization receiving more than a fifth of its funding from overseas to be labeled as a foreign agent.

The bill was approved on its third parliamentary reading this month. A few days later, President Salome Zourabichvili vetoed it.

On Tuesday, the legislature, controlled by the ruling Georgian Dream party, voted overwhelmingly to override the president. The ruling party has presented the law as a way of protecting Georgia from po-



Demonstrators rallied in Tbilisi on Tuesday after Parliament overrode the president's veto.

tential Western meddling in the country's domestic agenda and political structure. The Parliament's speaker was expected to sign the legislation.

Critics say the law is closely modeled on similar legislation in Russia and casts Georgia's allies in the West as adversaries.

The EU on Tuesday expressed deep regret over Par-

liament's decision, saying the law "goes against the EU core principles and values," including by limiting free media and curtailing civil-society groups.

The bloc opened the way for membership talks with Georgia, Ukraine and Moldova in December but made the start of those negotiations conditional on Tbilisi taking

certain steps. Membership talks can take many years.

Last week, Secretary of State Antony Blinken announced a comprehensive review of bilateral cooperation between the U.S. and Georgia over the law, and said the U.S. would implement a new visa-restriction policy for "individuals who are responsible for

or complicit in undermining democracy in Georgia, as well as their family members."

Georgian Prime Minister Irakli Kobakhidze in a post on Facebook on the same day accused "high-ranking foreign politicians" of conducting "abusive blackmail" against the Georgian people and the government they elected.

Shalva Papuashvili, speaker of Georgia's Parliament, said Tuesday evening that lawmakers had made an important decision aimed at safeguarding the interests of the Georgian people. "No other people, country, or power determines the fate of our state and people," he said. "This is exactly what this law is about."

The standoff over the legislation turned violent in recent weeks. Riot police have fought with protesters, using water cannons and tear gas. Rival lawmakers have scuffled inside Parliament as the bill, called "On Transparency of Foreign Influence," passed its third and final reading on May 14.

Tensions remained high as crowds gathered outside the Parliament Tuesday evening, but the protests remained largely peaceful. Georgia's Ministry of Internal Affairs

urged the organizers and participants "to allow members of Parliament and parliamentary staff to leave the building without hindrance."

A larger confrontation now seems to be looming, one that places Georgia at a fork in the road. One direction promises a smoother path toward Europe, while the other is more accommodative of Russia's aspirations to maintain its influence in a region it regards as its historical backyard, where Stalin was born and which today straddles critical trade routes to Central Asia and the Black Sea.

Many Georgians, especially younger people, are looking toward the West. Polls show that more than 80% of Georgians favor joining the EU and there is deep suspicion of Russia because of the 2008 war in which Georgia lost roughly a fifth of its territory to Moscow-backed separatists. Yet opposition parties are badly fragmented, making it easier for Georgian Dream to dominate Parliament.

Russia has largely steered clear of the debate and has dismissed allegations that Moscow is helping to promote the legislation in Georgia.

—Laurence Norman contributed to this article.

## Relatives Race To Rescue Child Orphaned in Gaza

By BENOIT FAUCON AND MARGHERITA STANCATI

In the early morning of Dec. 7, a blast shook the room where Mohammed Shaheen slept beside his parents and younger siblings in central Gaza, startling the 9-year-old and his family awake.

Three more strikes followed in rapid succession, collapsing the walls and sparking a fire. Mohammed's vision was blurred; blood streamed down his face. His relatives, rattled but unhurt when he checked on them moments earlier, were now trapped under the rubble. He tried to lift it, but it was too heavy. He called their names.

"No one replied," Mohammed said in an interview. "I never saw them again."

The strike left Mohammed alone in Gaza. From that day, his uncle, who lives in Denmark, set to work to get him out.

The war has taken a heavy toll on the children who make up nearly half the Gaza Strip's population of 2.2 million. Many like Mohammed have been wounded and orphaned, left to wander across the enclave's broken landscape alone.

Before Hamas led the Oct. 7 attacks on Israel that Israeli authorities say killed 1,200 people, including many children, Mohammed lived in an apartment in the Tel el-Hawa

area of Gaza City with his parents, his 8-year-old sister and his 4-year-old brother. When Israel sent troops and tanks into their neighborhood early in the invasion, the Shaheens fled, relocating to a single room in Nuseirat farther south.

On Dec. 5, Mohammed's father, Hussam, an architectural engineer, messaged his brother Hussein Shaheen in Denmark asking for help.

"The situation here is so catastrophic no words can describe it," Hussam wrote in a Facebook message. "Can I help you get out of Gaza?" Shaheen replied.

He never got the chance. Two days later, Shaheen

at home when he saw television footage of an Israeli bombing in Nuseirat. He frantically called his brother. There was no response. That evening, he learned from friends in Gaza that his brother had been killed with his family. Israel's military didn't respond to a request for comment.

That same night, Shaheen heard the news from his surviving brother in Gaza that Mohammed had been pulled from the rubble alive. Familial instinct kicked in. He set out on a quest to bring Mohammed to Denmark.

The first step was to figure out where Mohammed was. It would take a lot of luck. There is little authority or order in

the Gaza Strip. Its police force, which Israeli troops have repeatedly targeted because they consider it part of Hamas, has largely dispersed. Its hospital system is in chaos. Rescue crews struggle to operate amid the widespread destruction and fighting, let alone keep track of patients or deal with relatives' inquiries.

Reuniting children with family members while a war is still raging is an arduous task that is largely left to medical and charity workers who spread the word through community networks, radio and social media, but often to no avail.

"All I knew was that he was breathing," Shaheen said of Mohammed.

He made some 150 phone calls, finally tracking Mohammed down in a hospital in central Gaza. The boy had shrapnel wounds all over his face and needed urgent surgery to save his eyesight.

in Gaza hit another obstacle on Tuesday, as the U.S. suspended aid deliveries through a temporary offshore pier because of damage to the pier's support system, a U.S. official said. It is unclear when it could reopen.

Prime Minister Benjamin Netanyahu of Israel called the deaths of civilians in the airstrike a "tragic mistake." It came days after the United Nations' top court demanded Israel halt some Rafah operations.

The strike "further increases the political tensions," said Hugh Lovatt, a senior policy fellow with the European Council on Foreign Relations. It "further isolates Israel, further turns countries against Israel," he said.

Israel's relationship with Egypt is also in jeopardy after a rare cross-border clash between the two countries' forces on Monday left an Egyptian officer dead.

Amid the tensions, mediators from Egypt, Qatar and the U.S. are making fresh efforts to restart cease-fire talks between Israel and Hamas, after an attempt this month fell apart



Mohammed Shaheen, right, has breakfast with his uncle, Hussein Shaheen, and family at their home in Denmark.

the Gaza Strip. Its police force, which Israeli troops have repeatedly targeted because they consider it part of Hamas, has largely dispersed. Its hospital system is in chaos. Rescue crews struggle to operate amid the widespread destruction and fighting, let alone keep track of patients or deal with relatives' inquiries.

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He made some 150 phone calls, finally tracking Mohammed down in a hospital in central Gaza. The boy had shrapnel wounds all over his face and needed urgent surgery to save his eyesight.

"It was painful," Mohammed told The Wall Street Journal in an interview. "They were taking a lot of blood from me."

The next step was getting him out of Gaza, a huge challenge since its borders have been all but closed by the war. Shaheen reached out to aid groups, influential Palestinians and foreign officials—anyone he thought could help sponsor Mohammed's departure.

The breakthrough came a few weeks later. Shaheen had passed Mohammed's tale to the Qatar-based television station Al Jazeera, which showed Mohammed in a segment crying in agony, his right eye bandaged. "I am lonely! Don't touch my face," he screamed. The publicity led to an offer by Turkey to sponsor his evacuation for medical treatment.

Shaheen needed to find a guardian to accompany his nephew on the trip. He reached his surviving brother

without specifying how many were combatants. The war began on Oct. 7 when Hamas-led militants killed some 1,200 Israelis, most of them civilians, Israeli authorities said.

The strike on Sunday caused huge explosions in a tent encampment where Palestinian civilians were sheltering, witnesses said. Palestinian authorities said it led to the deaths of at least 45 civilians and wounded others, including women and children.

Israel said the attack was aimed at, and succeeded in, killing two Hamas officials, Yassin Rabia and Khaled Nagar, who were meeting in the targeted compound. It said they were behind several deadly attacks against Israel. A Hamas member said Nagar had died in the strike, but that he wasn't a senior member of the militant group.

Israel's military spokesman Daniel Hagari said on Tuesday the airstrike had used small warheads that were precision-guided and aimed at an enclosed structure more than a kilometer away from the des-

ignated humanitarian zone.

Hagari said Israel was still investigating what caused the fire on Sunday that led to the deaths of Palestinian civilians. "Our munition alone would not have ignited a fire of this size."

Hagari said aerial surveillance and other measures had been taken before the strike to ensure there were no non-combatants in the compound. While he said there weren't any women or children inside the targeted compound, a compound nearby was unintentionally set alight. The Israeli military said it had identified areas near the targeted site that had been used to launch rockets.

Hamas said on Tuesday that Israel "intends to continue committing more massacres against civilians" and called on the international community to intervene.

Fighting also continued on Tuesday in northern and central Gaza, where the Israeli military said it killed militants and located weapons-storage facilities.

—Summer Said, Chao Deng and Nancy A. Youssef contributed to this article.

## Israel Makes New Push Into Rafah

Continued from Page One

gling network into Gaza from Egypt. But the U.S. has repeatedly warned Israel that it needs to do more to protect civilians.

The incident adds to political pressure on President Biden over U.S. support for Israel, coming after weeks of pro-Palestinian protests that roiled U.S. college campuses.

The airstrike hasn't resulted in any policy changes for the Biden administration, John Kirby, spokesman for the National Security Council, said on Tuesday, as he reiterated what Biden has described as a "red line" with Israel. "We don't want to see a major ground operation" in Rafah, Kirby said. "We haven't seen that at this point."

A U.S. effort to directly improve conditions for civilians



Displaced Palestinians near Rafah on Tuesday inspected tents destroyed in an Israeli airstrike near a refugee camp.

over terms for ending the war and returning hostages.

Nearly one million people have fled Rafah since the Israeli military ordered an evacuation of the eastern part of the city on May 6, but the city's mayor has estimated that around 500,000 remain.

The strike on Sunday took place just south of a stretch of beach called Al-Mawasi that Israeli authorities

have designated as a humanitarian area, the Israeli military and some Palestinian witnesses said. Israeli military officials said the strike wasn't within the humanitarian area itself, while some Palestinians said they believed it was.

More than 36,000 Palestinians have been killed in Gaza since the start of the war, most of them civilians, Palestinian officials have said,

without specifying how many were combatants. The war began on Oct. 7 when Hamas-led militants killed some 1,200 Israelis, most of them civilians, Israeli authorities said.

The strike on Sunday caused huge explosions in a tent encampment where Palestinian civilians were sheltering, witnesses said. Palestinian authorities said it led to the deaths of at least 45 civilians and wounded others, including women and children.

Israel said the attack was aimed at, and succeeded in, killing two Hamas officials, Yassin Rabia and Khaled Nagar, who were meeting in the targeted compound. It said they were behind several deadly attacks against Israel. A Hamas member said Nagar had died in the strike, but that he wasn't a senior member of the militant group.

Israel's military spokesman Daniel Hagari said on Tuesday the airstrike had used small warheads that were precision-guided and aimed at an enclosed structure more than a kilometer away from the des-

ignated humanitarian zone.

Hagari said Israel was still investigating what caused the fire on Sunday that led to the deaths of Palestinian civilians. "Our munition alone would not have ignited a fire of this size."

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## WORLD NEWS

## ANC Projected to Lose Majority

South Africa's ailing economy, corruption, high unemployment to hurt party in vote

By Alexandra Wexler

JOHANNESBURG—The party that ended apartheid in South Africa 30 years ago risks losing its absolute majority for the first time in national elections—a rebuke for years of government corruption, a stagnant economy and one of the highest unemployment rates in the world.

Polls show that the African National Congress, which has been in power since Nelson Mandela was elected South Africa's first Black president in 1994, could capture as little as 40% of the vote Wednesday, down from 57.5% in the most-recent national elections in 2019. That would be the sharpest drop on record for the ANC, which held nearly 70% vote share at the height of its popularity in 2004.

The election could herald South Africa's first coalition government at the national level and, depending on which party the ANC joins with, potentially years of political instability and paralyzed policymaking, analysts say.

The ANC largely has failed to deliver the Rainbow Nation envisaged by Mandela, Archbishop Desmond Tutu and other icons of the liberation struggle, as corruption and government mismanagement of public services has deepened the economic divide between Black and white South Africans.

Driving the ANC's decline has been the party's failure to bring prosperity and opportunity for Black South Africans, who make up about 80% of the population and most ANC voters. The gap between the richest and poorest South Africans, by some measures, is now wider than it was in 1994. According to the South African Human Rights Commission, 64% of Black South Africans are living in poverty, versus 1%



An early voter checked her ballot papers in Johannesburg ahead of Wednesday's election.

of white South Africans.

Millions among the Black population have moved from rural areas to the cities in search of opportunities, often living in shantytowns or, in Johannesburg, unsafe buildings without running water or power. Violent-crime rates in the nation are among the highest in the world. Last year, there were an average of 75 murders daily in the nation of 62 million.

"I left the ANC broken-hearted," said Billy Mendoza Koto, a 72-year-old retiree who has lived in the Soweto township, famous for its resistance to white-minority rule, since 1957. "The houses that they've built are shacks. When I grew up here, there was no crime. Now it is everywhere."

In a recent poll by non-

profit research network Afrobarometer in South Africa, 85% of respondents said they thought their country was moving in the wrong direction, compared with 46% in 2011.

Although more than 90% of South African households have access to electricity—up from fewer than 60% a quarter-century ago—aging power stations and an overwhelmed grid have led to rolling blackouts that can last as long as 12 hours a day. State-managed railroad lines and ports are crumbling, slowing exports of raw materials that once powered Africa's most-developed economy.

Some 42% of working-age South Africans are unemployed, including those who have given up looking for

work, and gross domestic product has shrunk during four of the past 10 quarters.

President Cyril Ramaphosa, ANC leader, has asked voters to judge the party not by the struggles, but by what they have won in the past three decades.

Much will depend on turnout, which, with a quarter of registered voters still undecided, according to the Afrobarometer poll, likely will determine the ANC's overall share of the vote.

Despite their general disappointment, many Black South Africans say they don't see a promising alternative to the ANC. "If I put my X on the other party, it's a drop in the ocean," said Simphiwe Tyali, 41, who has a two-year IT degree but is unemployed.

## Macron Gives Kyiv Leeway on Missiles

By Stacy Meichtry and Bertrand Benoit

French President Emmanuel Macron said Ukrainian forces are allowed to use powerful cruise missiles supplied by France to strike inside Russia on the condition the weapons are used only to target military sites that have fired on Ukraine.

The comments, made during a press conference with German Chancellor Olaf Scholz, came as Ukraine and its European allies have begun to press the Biden administration to ease restrictions on the use of Western weapons to target Russian territory.

The Biden administration has been loath to take any steps that could lead to an escalation in the Ukraine war—an approach Kyiv and some of its allies have criticized as giving Moscow a crucial edge.

Macron was asked whether France would allow Kyiv to strike Russian positions inside Russia with French Scalp missiles, which have a range of more than 300 miles.

"We must allow them to neutralize military sites from which missiles are being fired, military sites from which Ukraine is being attacked," Macron said, adding that the Scalps shouldn't be used to hit other sites in Russian territory.

Macron has morphed into one of the West's leading hawks on the Ukraine war, refusing to rule out the possibility of sending French troops into the country and describing the conflict as existential for Europe.

Still, Macron's comments appeared to stop short of acceding to Ukrainian President Volodymyr Zelensky's broader push for permission to use Western arms to attack Russian troop positions and

air bases inside Russia.

"We can see every point where Russian troops are concentrated. We know all areas from which Russian missiles are launched and combat aircraft take off," Zelensky said on Sunday. Targeting these areas with Western weapons, he said, "is entirely a political decision. The decision that must be made."

Jens Stoltenberg, secretary-general of the North Atlantic Treaty Organization, recently said the time has come for all allies to lift their restrictions. "Especially now, when a lot of the fighting is going on in Kharkiv, close to the border, to deny Ukraine the possibility of using these weapons against legitimate military targets on Russian territory makes it very hard for them to defend themselves."

Asked whether allowing Ukraine to strike Russian territory with Western weapons would constitute Western participation in the war, Scholz, the German chancellor, appeared to endorse Macron's position.

Scholz noted that France and Germany hadn't provided Ukraine with similar weapons, alluding to the fact that Berlin had refused to give Kyiv Taurus missiles, a longer-range version of the Scalp missile with a more sophisticated warhead. However, Berlin has sent Ukraine long-range, high-precision artillery munition that could reach deep inside Russia, as well as Patriot air-defense systems that could be used from Ukraine to strike Russian bombers in Russian airspace.

Earlier Tuesday, Russian President Vladimir Putin warned the West against authorizing Ukraine to strike Russian territory, suggesting countries that do so might face retribution.

The French president said Ukraine can strike inside Russia.

## WORLD WATCH



HORSEPLAY: Traditional equestrian arts were celebrated in Rabat, Morocco, on Tuesday.

NETHERLANDS  
Former Spy Chief Tapped as Next PM

A former head of the Dutch intelligence agency and counterterrorism office emerged Tuesday as the surprise nominee to become prime minister, after he got the backing of leaders cobbling together a four-party coalition headed by Geert Wilders's far-right Party for Freedom.

Dick Schoof, the 67-year-old top civil servant at the Ministry of Security and Justice, met with the leaders of the four parties before they announced he was their choice. His name had not been circulating, and he conceded that his nomination was a surprise.

"The step I am taking is unexpected, but not illogical," he told reporters.

Schoof will draw on years of experience as a public servant as he takes on the leadership of a deeply divided nation as head of a technocrat administration that has embraced parts of Wilders's radical ideology. Schoof has also served as head of the country's Immigration and Naturalization Service. Cutting immigration will be one of his administration's key tasks.

—Associated Press

NORTH KOREA  
Rocket Failure Betrays Ambitions

North Korea suffered another fireball of failure on Monday, botching its third spy-satellite launch in just a year, but the latest misstep revealed a key ambition for one of Kim Jong Un's marquee military projects.

Pyeongyang seems intent on developing an engine powerful enough to carry multiple satellites on a single rocket, say weapons analysts. The unsuccessful first go-round with advanced rocket-propellant technology shows the country still has gaps to close, after Russian President Vladimir Putin's promise last year to help with North Korea's space endeavors elevated expectations.

In the past, North Korea appeared to have relied on hydrogen as fuel and "red fuming nitric acid" as the oxidizer necessary for rocket combustion. On Monday, North Korea attributed the failure to a newly developed engine reliant on petroleum and liquid oxygen—technology favored by the world's space powers, said Yang Uk, a military expert at the Asan Institute for Policy Studies in Seoul.

—Dasl Yoon

TAIWAN  
U.S. Lawmakers Meet President

U.S. lawmakers traveled to Taiwan this week to show support for the island democracy, the first such delegations since the inauguration of new President Lai Ching-te and the large-scale Chinese military exercises that followed his swearing-in last week.

A Senate delegation led by Sen. Tammy Duckworth (D, Ill.) and Sen. Dan Sullivan (R, Alaska) arrived Wednesday local time, just days after a bipartisan group of House members became the first U.S. lawmakers to meet with Lai.

Sullivan said the senators' trip seeks to show "strong bipartisan support for Taiwan during a challenging time."

The lawmakers, he said, will assess the island's deterrence capabilities, while strengthening relationships with regional leaders.

Duckworth said the trip sends a message to Taiwan of American support, and a message to Beijing that the U.S. won't be intimidated.

The Chinese embassy in Washington called on senators to "stop playing the 'Taiwan card'" and "stop interfering in China's internal affairs."

—Molly Ball

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THEM



San Diego Zoo  
Wildlife Alliance

The world's most extraordinary  
wildlife are relying on us to survive.  
Thank you for becoming a friend.



## FROM PAGE ONE

Shein's  
U.S. IPO  
Gets Stuck

Continued from Page One  
market, though, is the U.S.—it has never sold in China.

Shein has largely failed to bridge misgivings on both sides. Washington lawmakers are suspicious of Shein's China ties and have demanded more details on its supply chain. Beijing wants Shein and other companies with substantial operations in China to stay in line with its own messaging. One outside issue is cotton—not just where Shein gets the fabric, but also how it talks about it.

Shein has shifted its main listing efforts to London. An IPO filing there could come in the next few weeks, people familiar with the matter said.

## U.S. consumers

The widening divide between Beijing and Washington has played out especially in high-tech industries like semiconductors and artificial intelligence—but no company is immune. Shein's challenges in satisfying the two don't bode well for other high-profile companies with China roots trying to establish a U.S. foothold.

Along with social-video platform TikTok and bargain retailer Temu, Shein is among the few major companies with Chinese roots that have broken through with American consumers in meaningful ways. All have come under scrutiny in Washington. Last month, President Biden signed a bill that will ban TikTok if its Chinese owner, ByteDance, doesn't sell it within a year.

Temu, owned by Chinese e-commerce company PPD Holdings, poured money into the U.S. ad market and has grown to become America's second-most popular shopping app by monthly users, behind Amazon. After landing in Washington's crosshairs, it's now shifting its focus to other markets beyond the U.S.

Companies have increasingly had to pick sides since Beijing-based ride-hailing company Didi Global angered Beijing when it went ahead with its U.S. listing in 2021 without full sign-off by Chinese regulators. After its IPO, Chinese regulators slapped Didi with restrictions and a data-security review, and the company delisted from the New York Stock Exchange after 11 months.

"If Shein can't make it, who else has a better chance?" said Sheng Lu, an expert on the global textile and apparel industry at the University of Delaware. "Shein is not in a traditionally sensitive high-tech industry. It's just a clothing retailer."

Tang, Shein's executive chairman, has been the Western face of the company since he joined it in 2022. Last year, the former Bear Stearns executive relocated from Los Angeles to Washington to be closer to Shein's lobbying efforts.

He has experience taking companies public and connections in both the U.S., where he has lived for four decades, and China, where he was born. Selling Shein as a compliant global company in today's political environment, he found, requires a different skill set. "I have learned so much more in the last several years than the previous life I was in," he said.

Shein's identity between two places is a familiar one for the



Top, shoppers took photos at a Shein pop-up store in New York. Above left, workers sewed clothes on a production floor at Shein's R&D building in Guangzhou, China. Above right, Shein's Donald Tang spoke at a conference in Lisbon in 2022.



61-year-old Tang, who has been an American citizen for decades but still gets asked where he's really from.

He came to the U.S. in 1982 to follow his girlfriend, whom he had met at age 14 in a math competition. He arrived with only \$20—the maximum that Chinese law allowed citizens to take out of the country at that time. His girlfriend is now his wife and mother of their two children.

He graduated from California State Polytechnic University, Pomona, and went on to take on executive roles at Bear Stearns. Later, as a vice chairman there, he played matchmaker between his firm and China's Citic Securities, which would have been the first Chinese bank to inject capital into a Wall Street bank. The deal fell through when Bear Stearns collapsed during the financial crisis and was taken over by J.P. Morgan in 2008.

Tang first heard of Shein in the early days of the pandemic, when he and his family were hunkered down in Hawaii. His wife was intrigued by the cute face mask the hostess at a local restaurant was wearing, and was told the mask was from Shein.

A year later, Tang was introduced by a mutual friend to Shein's reclusive chief executive, Sky Xu, who has stayed out of the spotlight throughout the company's meteoric rise, and started advising him. In 2022, months after the company moved its headquarters, Tang started leading its effort to build a global identity.

Under his guidance, Shein has

formed partnerships with Western brands like Forever 21 and tried to diversify its supply chain beyond China. He has enlisted Western executives and advisers.

Shein delivered record sales and profits in 2023, according to a letter to investors.

Yet for all Tang's Western-facing campaigning, he remained aware that Shein isn't immune from Beijing's pressure and that falling out of favor with Chinese authorities could cost the company dearly.

## Cotton conundrum

A primary issue for both Washington and Beijing is cotton.

U.S. law bans imports linked to Xinjiang, where Washington accuses Chinese authorities of using forced labor in its repression of Uyghurs, allegations Beijing denies. U.S. politicians want Shein's assurance that it doesn't use cotton from Xinjiang, which accounts for the vast majority of China's cotton production.

Publicly addressing the mat-

ter could get Shein in trouble with Beijing. Companies viewed as bowing to Western criticism over Xinjiang risk swift retaliation, as H&M learned in 2021 when its statement that it would stop sourcing from Xinjiang prompted its erasure from the Chinese internet.

What Shein says publicly on the matter has evolved. It told The Wall Street Journal last year it doesn't source cotton from Xinjiang or even from China. Its more recent statements leave out any mention of Xinjiang and simply says it has "zero tolerance" for forced labor. Until late last year, Shein's website included a report on sustainability and social impact, with information about its cotton sourcing, tracing and testing. The report has since been removed.

People close to the company say cotton makes up around 4% of Shein's clothing sold in the U.S.

Oritain, a New Zealand-based company that verifies the origin of raw materials, said tests of Shein cotton samples in 2022 and 2023 indi-

cated that 1.7% originated in what it calls "unapproved regions." For Shein, that means Xinjiang. That compares with the industry average of 14% in 2022.

Industry experts say it's challenging for any apparel maker to root out Xinjiang cotton entirely given how complex the global supply chain is. Raw cotton from different sources often ends up at the same processing plants.

When Shein filed with the Securities and Exchange Commission for a U.S. listing in November, it did so confidentially—a common move that lets a company keep sensitive business and financial data away from public eyes during discussions with regulators.

The SEC told Shein its application wouldn't be accepted unless it submitted a public filing, people with knowledge of the matter said—a move that securities lawyers say is unusual. Shein still hasn't done so.

A public filing wouldn't guarantee Shein SEC approval, but could set off scrutiny from lawmakers, government officials and the media over sensitive issues, securities lawyers say.

Shein filed the same paperwork with China's stock regulator, something companies with substantial operations in China are required to do when they seek to go public.

China's cybersecurity watchdog also opened a probe into Shein's data practices, in what's become a routine practice in recent years. The review included how Shein handles information on its staff,

suppliers and partners. Authorities also paid particular attention to Shein's language on Xinjiang cotton, people familiar with the matter said.

The Cyberspace Administration of China didn't respond to a request for comment.

## Putting out fires

This year got off to an inauspicious start for Tang, with the issues in Beijing and reports that Shein's investors were trying to offload their stakes in private markets. Shein had internally started to discuss alternatives to a New York IPO. New issues continued coming up.

In February, Sen. Marco Rubio (R., Fla.) urged SEC Chairman Gary Gensler to block Shein's IPO unless it provided details on its company structure and interactions with the Chinese government.

In March, French lawmakers approved a fast-fashion bill that will impose hefty levies on low-cost garments sold by companies like Shein to curb the industry's environmental impact.

In April, the U.S. Department of Homeland Security announced more scrutiny over low-value packages sent from abroad to U.S. consumers, with no duties and little scrutiny. Shein relies on the shipping method under a trade loophole that critics say also helps companies skirt bans on imports made with forced labor.

That same month, Europe labeled Shein a "very large online platform," a designation that imposes stringent rules over issues including counterfeit and unsafe products and consumer data.

According to Tang, the company's priority now is compliance. Shein plans to spend \$50 million on global compliance for the next few years. That follows a similar strategy by TikTok, which to stave off a U.S. ban expanded its U.S. presence and spent \$1.5 billion on a data-use compliance project.

Tang even paints Shein's listing plans as part of its transparency efforts. "Most companies seek to go public for liquidity reasons. We seek to go public to embrace scrutiny and public diligence," he said.

## 'American company'

When asked on a Milken Institute panel in early May where Shein is really from, Tang said that depending on how people look at it, Shein can be seen as a Chinese company, based on where most of its supply chain and employees are, or a Singaporean company, with its headquarters and other important functions there.

But, he concluded, Shein's values, mission and vision align with those of America's: entrepreneurship, innovation, expression of individuality, rule of law and fair competition.

"I think if you look at it that way, we're an American company," he said.

Shein's main challenge continues to be Washington.

Beijing isn't looking to block Shein from listing overseas, and the company has cleared its cybersecurity review, the people familiar with the matter said. One person close to Beijing said China's stock regulator has indicated it will give a final nod once Shein gets closer to a listing. China's securities regulator didn't respond to a request for comment.

Shein hasn't completely given up on a U.S. listing, according to people familiar with the matter.

—Corrie Driebusch and Raffaele Huang contributed to this article

Teasing  
The Boss  
Can Pay Off

Continued from Page One  
lars a night.

James knows the people hiring him get a little nervous about his performances—and he admits he gets nervous before every show, too. "I'll throw the jab, but my left hand stays tied behind my back," he says.

When Delta Air Lines hired him to perform at a party for clients at the Masters golf tournament last year, he did a free-style rap riffing on CEO Ed Bastian's tendency to fly economy and sit in the rear of the aircraft—unlike his 9-pound terrier, Oliver.

"Ed's in back of the plane, we know it's tradition, a man

of the people, not many leaders like him, walking through TSA, shaking hands with the pilots, all while his dog goes on vacation and only flies private!" James sang.

Oliver, who recently died at 19 years old, didn't actually fly private, though he did sometimes join Bastian's wife in first class. Bastian loved the bit. "I don't know if I ever laughed so hard in my life," he says.

Over the years, James, 40 years old, has honed his work teasing people who aren't used to being teased. He's prolific, performing 112 shows in 2023 and bringing in nearly \$10 million in revenue, according to his manager. At this year's Masters, held in April, James did nine shows for companies, including Delta, Home Depot, Goldman Sachs, Bank of America and McKinsey.

He improvises a portion of his songs, weaving in suggestions from the audience and incorporating details from re-

search before the show. He grills colleagues and secretaries to glean useful tidbits of information. With the help of two on-staff researchers, he downloads company presentations, devours news articles and scans LinkedIn profiles. He signs nondisclosure agreements to get access to more fodder.

"I might use 7% of that data. I might use 90% of that data," James says. "I need to be able to rap about college football and inflation in Japan."

In 2022, James performed for the leadership of Saudi Arabia's Public Investment Fund ahead of a conference in Riyadh. When James asked the audience for a word or phrase, PIF head Yasir Al-Rumayyan suggested "fossil fuels."

James had read up on Vision 2030, PIF's plan to diversify away from its longstanding dependence on oil, and he improvised a rap about that. Al-Rumayyan was so delighted with the performance, he invited

James and his manager to hang out on his yacht in the Red Sea.

"You have to establish that you inherently know the material," James says.

James lives in Manhattan Beach, Calif., with his two children and his wife, Renee. He started playing guitar in middle school and wanted to study music in college, but his parents didn't see that as a promising career path. James ended up majoring in business at the University of Southern California.

He also performed his own music, renting out clubs and doing shows at fraternity and sorority houses. Eventually, he scored a deal with Oakley to play a series of concerts sponsored by the eyewear brand. That led to further deals.

James began asking for suggestions from the audience and freestyling about the companies to keep people engaged.

"I brought this frat-party energy to corporate America and did it in a PG-13 box," he

says. "I always ask: What's the goal of the night? Who can we have some fun with? Who's off limits?"

Private-equity potentate Egon Durban, who met James years ago at a golf event, has hired the singer to perform for private fundraisers and for his wife's 50th birthday party. The two have become close.

Durban says powerful people gravitate toward James because they miss being able to joke around with friends. "If you're the CEO of a business, no one is really talking sh— at you day-to-day," says the Silver Lake co-chief.

At one event, James set his sights on Durban's habit of using cryptic shorthand while sending text messages, which his employees live in fear of misinterpreting.

"When the Egon text hits the phone you immediately read, praying he'll use the English language but all that you see is a handful of gibberish

typed by a toddler in mittens," James sang. "If you respond wrong, better have your resignation written."

Cisco has hired James several times, including for a 2022 event for its top-performing salespeople. The singer knew CEO Chuck Robbins had played basketball for the University of North Carolina when Michael Jordan was there. Robbins played junior varsity and scrimmaged against Jordan before deciding not to play after his freshman year.

"Chuck made Michael Jordan the player he became, guarded him in practice almost every day, two UNC legends at least that's what I believe, even though there's a slight chance Chuck never played and got cut from JV," James sang.

The audience was in stitches, says Robbins: "When you're the CEO, any employees that you have in the room think it's hilarious that there's somebody there picking on you."



Farmers walked behind a planting machine in a cotton field in Xinjiang.

WU HONG/SPLITTERS/STOCK



The Japanese yen is at one of its weakest points in decades.

## American Tourists Are Saying, Have Strong Dollar, Will Travel

Take an inflation vacation in the countries with favorable exchange rates, like Japan and Argentina

By KATHERINE HAMILTON

With the dollar on the rise, American tourists can outspend the locals in some of the world's top travel spots.

Visitors to Asia, South America and Eastern Europe are upgrading their accommodations and enjoying fine dining at prices that can't be matched back home. The strong dollar, bolstered by high interest rates and a strong economy, allows those who normally scour for budget deals to feel rich enough to reserve tables at Michelin-recommended restaurants.

On a trip to Argentina in February, Cecile Blot, 44, was surprised by how cheap it was to dine out. She had dinner with her mother at a Buenos Aires restaurant where they ordered several appetizers, a steak, ribs, dessert and a bottle of wine for around \$60.

"It was all wonderful and in a very chic little restaurant in one of the most high-end neighborhoods in Buenos Aires," Blot said. "And very affordable."

Overall, the WSJ Dollar Index has risen about 4% this year, with the dollar up about 2% against the euro and more than 11% higher than the Japanese yen. This means



Budapest's popular bathhouses offer all-day spa experiences for low prices.

the dollar goes particularly far in Japan, where the yen is at its weakest in decades, and in Argentina, where the peso is near a record low. Other popular tourist stops where the dollar can buy more this year are Hungary, South Korea, Thailand, Brazil and Canada.

Americans won't get the same bang for their buck in much of Europe this summer, said Steven Carvell, a professor at Cornell University's school of hotel administration. Tourists on postpandemic

splurges drove up prices, and the Paris Olympics is further inflating prices in France and surrounding countries, he said.

"The demand in Europe has skyrocketed," he said. Tour operators "price that in and they know that Americans are not as sensitive to the price."

### Japan

Kai Heiser, 20, typically stays at budget-friendly hostels on trips abroad. But for his nearly month-

long vacation in Japan in April—the famed cherry-blossom season—he sought out options with higher ratings because spending a few more dollars could deliver a big step up in comfort.

"The cost was an afterthought," said Heiser, who lives in California.

Almost 800,000 Americans traveled to Japan during the first four months of the year, beating last year's record, according to the Japan National Tourism Organization. In April, nearly 230,000 people traveled from the U.S. to Japan, making up 7.5% of all tourists. The value of the dollar in Japan has risen more than 11% in the past year, where it is now worth about 157 yen.

American tourists spend around \$2,100 on average when visiting Japan and stay for more than nine days, according to JNTO.

Heiser said he spent around \$2,500 during his trip. The stronger dollar meant he was able to explore Buddhist temples and Shinto shrines to his heart's content, as entry fees were typically no more than \$5, he said.

### Hungary

Jacqlyn Schneider, 43, visited wine bars, hole-in-the-wall pubs and top-rated dining spots during her trip to Budapest. What stood out to her most was the bill at the

end of each meal.

Schneider dined with her sister at the Felix Kitchen & Bar, a Michelin-recommended restaurant known for its castle-like facade and location by the Danube River.

"I think the meal was half the cost of what a similar experience would be here," said the Washington, D.C., resident.

A dollar is worth about 353 Hungarian forints, down from its 2022 peak but still up more than 20% since 2019. And the tourism industry is still recovering from the pandemic, meaning prices have remained subdued.

Budapest is known for its bathhouses, but Schneider said the prices didn't reflect their popularity. She paid \$35 for a day of whirlpools, saunas and massages.

"In the U.S., you have to buy, like, the \$200 massage in order to get time in the whirlpool," she said.

Since her trip to Budapest in March 2023, she now factors exchange rates into her vacation itineraries, including on a more recent trip to Japan.

"For me, the exchange rate isn't the determining factor on whether I decide to visit a place, but it definitely plays a role in how I plan my visit," she said.

### Argentina

Blot was on her way to Antarctica when she passed through Buenos Aires and Ushuaia, South America's southernmost city. Along with inexpensive steak dinners, she did a tango tour in the capital and explored Tierra del Fuego National Park in the south.

While food and shopping prices were low, the tour and her hotels were closer to U.S. prices because she booked them through an American travel agent while still at home, she said.

Argentina is among the top countries where the dollar has strengthened the most over the past five years. The dollar's value has risen roughly 330% in the past year alone and is worth more than 893 Argentine pesos. In May 2019, the dollar was worth around 44 pesos.

Triple-digit inflation has eroded the value of the peso, but for Americans that means the dollar is in high demand. Nights booked by Americans increased by nearly 40% in the first three months of 2024 compared with the same period last year, Airbnb spokesperson Samuel Randall said.

Paying cash dollars in Argentina is often the best way to save, as many vendors don't accept credit cards and the peso is weakening rapidly.

When Blot got in an Uber from the airport, her driver asked her to cancel the trip. She paid with a \$20 bill instead of using pesos through the app and spending the equivalent of around \$35.

"He wanted actual dollars in hand," Blot said. "Because inflation is so high, they don't want their own currency. They want dollars."

## Making That College Degree Pay Off

By ALYSSA LUKPAT

Young professionals graduating from public universities charging in-state tuition often receive a degree that is worth the money—with one caveat.

New graduates need to earn at least \$50,000 a year, on average, in their first decade off campus for the degree to pay off, according to new research from Strada Education Foundation, a nonprofit that analyzed federal education and earnings data. If they can land that salary, or make \$500,000 before taxes over 10 years, state school graduates across sectors will find the investment worth it and should be able to pay off their loans, Strada says.

At a time when many Americans are questioning the value of a college degree—and some teens and 20-somethings are forgoing higher education for trade work like plumbing, welding and construction—four-year state universities are a bargain compared with their private counterparts and still often provide a path to financial security.

"As long as you're above that \$50,000, even in the most expen-

sive states, you'll still have that positive return on investment," said Nichole Torpey-Saboe, Strada's vice president of research.

James Maiden, 32 years old, dropped out of the University of Missouri-Kansas City about a decade ago because he needed to make money. He held various jobs, including at a shoe store, before landing one as a marketing manager for a nonprofit theater in Kansas City, Mo., where he earned less than \$50,000. It was tough to envision a career path.

"I was working in circles without a degree," he said. "I needed to go back."

After earning his bachelor's in liberal arts in 2019, Maiden got a job as a communication specialist for a construction company. He now makes almost double what he earned at the theater.

Public university alumni are more likely to secure good-paying jobs if they had access to college internship opportunities, career coaching and strong job markets, Torpey-Saboe said.

Median in-state public college tuition and fees in the U.S. are \$8,000 a year, with room and board running



University of Texas students celebrate during commencement in May.

another \$11,000, according to Strada. At private nonprofit universities, where costs have soared, Strada found the median tuition and fees are about 58% more at \$30,000.

Community college costs less than four-year degree programs, but Strada research found the cost of an associate degree doesn't pay off as frequently. A decade after graduating, community college grads earn more than high-school grads, but the earnings premium often isn't enough to justify the cost. Some associate degrees in technical fields, however, can lead to solid earnings.

Half of more than 5,200 people polled by Pew Research Center said it was less important to have a four-year degree today than it was 20 years ago. About a third of four-year college graduates think going to university is worth the cost, Pew said. The median salary last year for

bachelor's degree holders between the ages of 22 and 27 was \$60,000, compared with \$36,000 for people in that age range with just a high-school diploma, according to the Federal Reserve Bank of New York.

Andrew Ost, a 23-year-old from Olathe, Kan., makes more than \$50,000 a year as an associate analyst with United Airlines in Chicago. He graduated with no debt and is now glad he went to a local public university instead of his top choice school in Colorado. "The University of Kansas was more cost-effective," he said.

Graduates in some states are faring better than others, in part, because they have access to better job markets. Around 80% of young professionals in states including Arizona, California and New York have a positive return on their investment in a public four-year degree,

Strada found. Despite higher costs of living, the salaries that new graduates in those states earned typically made their investment pay off.

Just over half of graduates in Idaho earned enough to make their educational investments worth it, and that figure was around 60% in West Virginia.

David Medrano, a 32-year-old police-officer recruiter, makes a base salary of \$75,000 in Tulsa, Okla. A first-generation college student, Medrano was motivated to get a degree after a middle-school counselor told him he wasn't meant to go to college. He studied criminal justice at New Mexico State University on a full scholarship and graduated in 2017 with about \$5,000 in debt after taking out a loan to buy a car.

"If I had jumped from high school straight into a job, I would not have gotten the same level of development," he said.

Business majors at big state schools often land jobs with big salaries. Yoel Gebremariam, who graduated from the University of Michigan this month with a degree in business administration, is set to make a base salary of \$110,000 in his first consulting job out of college. Gebremariam, 21, interned for two summers at a consulting firm and then was offered a full-time job in its Chicago office upon graduation.

Cedric Bando, a University of Houston grad, went to work at HP when he graduated with a supply chain and operations management bachelor's degree. Now 31 and a director, Bando makes six figures.

Lindsay Ellis contributed to this article.

## PERSONAL JOURNAL.

# Feeling Lonely At Work? You Are Not Alone

With countless meetings and faceless chats, isolated workers now have fewer work friends

By TE-PING CHEN

**M**ore Americans are profoundly lonely, and the way they work—more digitally linked but less personally connected—is deepening that sense of isolation.

Nick Skarda, 29 years old, works two jobs in logistics and office administration in San Diego to keep up with his bills. After a couple of years at the logistics job, he has one friend there. He says hi to co-workers at his office job but doesn't really know any.

"I feel sort of an emptiness or lack of belonging," he says. Juggling two jobs leaves Skarda exhausted, with little energy or time to grab drinks with co-workers. "It makes it harder to go in and give it your all if you don't feel like anyone is there rooting for you," he adds.

Employers and researchers are just beginning to understand how workplace shifts over the past four years are contributing to what the U.S. Surgeon General declared a loneliness health epidemic last year. The alienation affects remote and in-person workers alike. Among **1-800-Flowers.com's** 5,000 hybrid and fully on-site employees, for instance, the most popular community chat group offered by a company mental-health provider is simply called "Loneliness."

Consider these phenomena of modern work:

- ▶ More than 40% of fully remote workers polled in a 2023 survey of working parents by Bright Horizons said they go days without leaving the house.

- ▶ Those who work in-office spend nearly a quarter of their time in virtual meetings, while face-to-face meetings account for only 8% of their time, according to data from real-estate company Cushman & Wakefield.

- ▶ Americans have tripled the time spent in meetings since 2020, data from Microsoft's suite of business software show—leaving less time for the casual interactions that social scientists say foster happiness at work.

- ▶ Among 101,000 people using the professional coaching platform BetterUp since 2019, 68% said they knew their co-workers on a personal level, down from 79% five years ago.

It is a marked shift from even a decade ago, when bonds fostered at work helped compensate for declining participation in church, community groups and other social institutions. As the American workday becomes more faceless and scheduled, the number of U.S. adults who call themselves lonely has climbed to 58% from 46% in

2018, according to a recent **Cigna** poll of 10,000 Americans.

## The faceless workday

The disconnection is driving up staff turnover and worker absences, making it a business issue for more employers, executives and researchers say. Cigna, the health-insurance company, estimates that loneliness is costing companies \$154 billion a year in absenteeism alone.

"Work is social, it's a lot more than a paycheck," says James Mc-



Cann, founder and chairman of 1-800-Flowers.com.

Earlier this year, 1-800-Flowers.com moved from three days in the office to four. It has also begun tapping workers across teams to serve as designated hosts during lunchtime, encouraging people to sit with colleagues they don't know and chat, and suggesting conversation topics.

While today's workers have more ways to connect than ever, "there are only so many memes and jokes you can send over Slack," says Maëlle Gavet, chief executive of Techstars, a pre-seed fund that has invested in 4,100 startups.

Paradoxically, meetings can make people feel lonelier—and even more so if the meetings are virtual, behavioral researchers say. A 2023 survey by employee experience and analytics company Perceptyx found people who described themselves as "very lonely" tended to have heavier meeting loads than less-lonely staffers. More than 40% of those people spent more than half their work hours in meetings.

In Cincinnati, Kelly Roehm says she came to chafe at the meetings consuming her day after joining a consulting company in 2021. She would often feel her eyes glazing



Workers from different teams gather in a cafe at 1-800-Flowers.com's headquarters in Jericho, N.Y. The company encourages workers to connect with peers they don't already know.

meaningful relationships and having that degree of intimacy," Wright says. "More and more, though, we're seeing it's these day-to-day weak ties and frequency of [interactions] with people that matters."

Such interactions are substantially harder to replicate in a virtual environment. "The default now is, I have to schedule time with you, even if it's five minutes, instead of just picking up the phone," says Katie Tyson, president of Hive Brands.

Coming to the office, even on a hybrid basis, tends to yield a roughly 20% to 30% boost in serendipitous connections, according to Syndezo, which analyzed survey data and email and messaging traffic from more than two dozen large companies.

## A business priority

Ernst & Young has asked managers to use the first five minutes of team calls to engage in conversation "as real human beings," says Frank Giampietro, whose title, chief well-being officer for the Americas, was created during the pandemic.

The professional-services firm is also training employees to spot and reach out to co-workers struggling with issues such as isolation. To date, more than 1,600 employees have taken the training.

One challenge is that American workers have sacrificed connection for productivity, says Julie

Rice, co-founder of fitness chain SoulCycle. "Even people I'm meeting with here in New York, we'll just Zoom," she says.

Last year, Rice co-founded Peoplehood, a company that runs "gatherings" to improve connectivity and relationship skills, and employers are signing up.

Good luck prodding employees to socialize, though. Nearly all the 150-odd staff at the Pleasanton, Calif., headquarters of Shaklee, the nutrition-supplements company, used to attend annual Earth Day gatherings, says Jonathan Ramot, the company's North American human-resources director. Office happy hours, bowling outings and "mix and mingles" were also robustly attended.

Now that the workforce has gone remote, last year's Earth Day event attracted 20 staffers, even though most workers live nearby. "We have a lot of people asking for in-person events, but when we plan them, they don't show up," Ramot says. "Then they complain they're lonely."

This past April, Shaklee instead held a mandatory get-together with the chief executive, who was in town. About 100 employees gathered at a brewery for food, drinks and conversation—and no speeches from the bosses.

There was a buzz in the air, Ramot says, as staff hugged and delighted in seeing each other, some for the first time. "People were saying, I miss this," he says.

**The number of U.S. adults who call themselves lonely has climbed to 58%.**

# A Company's 401(k) Match Often Favors High Earners

By ANNE TERGESEN

**O**ne of the biggest selling points of 401(k) retirement plans is the chance to earn "free money" in matching contributions from your company. This perk mainly benefits high earners, a new study suggests.

Nearly half of the \$200 billion companies contribute to workers' 401(k)s goes to the top 20% of earners, research by Vanguard Group found. The lowest-earning workers get 6% of the money.

The 401(k) has risen to become the backbone of how many Americans plan for retirement, replacing pensions that were more popular in previous decades. Along with the company match, 401(k) plans offer tax advantages designed to help people build a comfortable nest egg.

But economists, researchers and others have said these plans are falling short of what is needed to provide a secure retirement for all Americans.

In Vanguard's research, the company found employer contributions, including the match, have been a boon to the high earners already

most likely to have saved for retirement. Fiona Greig, global head of investor research and policy at Vanguard Group, said new formulas for company matches are needed to ensure greater benefit for all workers.

Many match formulas are "not serving low-income workers for whom these match dollars would be more material."

Federal policy requires 401(k) plans to offer benefits that are proportional for managers and rank-and-file employees. Plans are subject to annual review to make sure they don't disproportionately favor top earners. Companies can get an exemption from the fairness tests by offering certain matches or contributions.

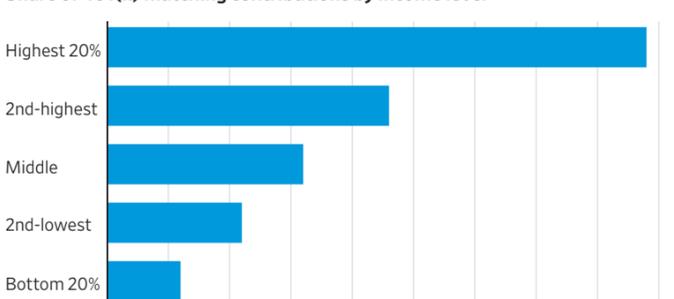
Some companies are using alternative approaches, including a match that caps payments at a set dollar amount, which the study finds more equitably distributes employer contributions.

Companies aren't required to make 401(k) contributions, but most do make a contribution of some kind to encourage workers to save. These contributions add up to 24% of the wealth in retirement plans, according to Taha Choukhmane, a co-author of the study and an assistant professor at MIT's Sloan School of Management.

Some companies give all employees a set amount each year, say 3% of pay, even if they don't contribute a dime. Most provide a matching contribution, which rewards those who save on their own. Some offer both.

The most common approach among plans Vanguard administers is

Share of 401(k) matching contributions by income level



Note: From 1,352 401(k)-type plans administered by Vanguard from 2013 to 2022  
Source: Vanguard

to match half the amount workers put into their accounts, up to 6% of pay. When the match is based on a percentage of pay, higher earners typically receive more. If a company matches up to 5% of pay, someone earning \$200,000 could get as much as \$10,000, versus \$5,000 for a \$100,000 salary.

The Vanguard study shows top earners often receive a bigger share of 401(k) matching dollars than their share of pay. On average, the top 20% of earners took home 39% of the income but received 44% of their employers' 401(k) contributions, according to the study, which looked at 1,352 plans Vanguard administered from 2013 to 2022. The results indicate matching dollars often exacerbate pay inequity, said Greig.

One reason the top 20% fare so

well is that they are far more likely than lower-paid workers to participate in 401(k) plans and save enough to earn a full matching contribution.

The study looked at the 10 most popular matching formulas and found all but one disproportionately rewarded the top 20% of earners with a higher share of matching dollars than income.

Greig said one way companies can help lower-paid workers get more matching dollars is by automatically enrolling them at a savings rate that captures the full matching contribution.

The formula that does the best job of more equitably distributing employer contributions caps them at a set dollar amount, the study found—something used by 4% of

Vanguard plans.

With dollar caps, the top one-fifth of earners got about 33% of the matching contributions on average, compared with 35% of pay, the study said.

Costco matches half of employees' annual 401(k) savings up to a \$500 cap. The company also contributes 4% to 9% of eligible compensation when employees meet certain tenure criteria. For example, those with one to three years at the company get 4% of eligible earnings, whether they save or not.

Microsoft switched its matching formula to a dollar cap in 2016 to entice its lower-paid employees, then in the \$75,000 to \$100,000 range, to save more, said Fred Thiele, vice president of global benefits and mobility.

Under the old formula, the company matched half of employees' contributions up to 6% of pay. But lower earners disproportionately saved at around 6% of pay, said Thiele.

Microsoft currently matches 50 cents of every dollar an employee contributes, up to \$11,500 this year. To get the full \$11,500, an employee must contribute the \$23,000 maximum the Internal Revenue Service currently allows workers to put into tax-advantaged 401(k) accounts.

Lower-paid workers received about three-quarters of the extra dollars Microsoft spent on its matching program when it adopted the new formula, Thiele said.

The average 401(k) balance has risen from \$132,000 in 2013 to \$287,000 in 2023, said Thiele.

## ARTS IN REVIEW

**Arooj Aftab, whose fourth solo LP is out Friday.**



**MUSIC REVIEW** | MARK RICHARDSON

## A Singer Bridges Musical Borders

Grammy-winning artist Arooj Aftab moves fluidly between sounds and styles on her jazz-tinged album 'Night Reign'

Entertainment industry awards tend to play it safe, and that's historically been true of the Grammys. Truly left-field nominees that few could have guessed are rare. An exception to the rule came in the Best New Artist category in 2022. Shortlisted alongside figures like Olivia Rodrigo, rapper Saweetie and indie-rock band Japanese Breakfast was the difficult-to-classify singer-songwriter Arooj Aftab. She was born in Saudi Arabia and grew up in Lahore, Pakistan, before moving to the Boston area to study at the Berklee School of Music. Since settling in Brooklyn, N.Y., in 2009, she has made solo work and also collaborated with artists in both the new-music and jazz scenes, but her music, song-based and heavy in atmosphere, doesn't fit neatly into any one category. Ms. Rodrigo took home the Best New Artist trophy, but Ms. Aftab won an award for Global Music Performance for "Mohabbat," a song from her third LP, "Vulture Prince."

After that breakthrough, Ms. Aftab's next project was the excellent 2023 album "Love in Exile," a collaboration with jazz pianist and composer Vijay Iyer and multi-instrumentalist Shahzad Ismaily.

Loosely speaking, it was a jazz record. But while it was improvised in the studio and featured exploratory structures, it didn't sound much like "jazz" as most people use the term. Her recorded output to date has been fascinating because it moves freely between genres and styles while being instantly identifiable. Her exceptional new album, "Night Reign" (Verve), out Friday, expands her sound in important ways while remaining true to the path she's traveled so far.

When discussing Ms. Aftab's work, you have to start with her voice. It's a rich instrument that conveys a wide range of feeling, often with subtle shifts in emphasis. She can sound commanding one moment and disarmingly vulnerable the next, as she sings of longing, loss, fear and the natural world. The texture of her voice seems to carry its own battery of effects. Her phrases unfold slowly and her vocals carry a touch of verve, giving a strong sense of space, as if we can see the rooms in which she recorded.

Ms. Aftab often sings in Urdu and sometimes in English, and she regularly sets verse from various sources to music. On "Night Reign," lyrics come from Ms. Aftab herself; 18th-century poet Mah



Laqa Bai Chanda; actor and writer Yasra Rizvi; and poet and lyricist Shamim Jaipuri. There's also a jazz standard.

The opening "Aey Nehin" is built on patterns from overlapping acoustic guitars by Kaki King and Gyan Riley, with accents from harpist Maeve Gilchrist and hand percussion by Jamey Haddad, and Ms. Aftab sings in Urdu in her lower register, her voice a weighty and dramatic contrast to the brightly plucked strings. It's a folk tune heavy on repetition that will remind some listeners of classical minimalism, which drew heavily from forms that originated in South Asia. So right away, we're hearing sounds and styles that echo through eras and across vast expanses of geography, but the emotional pull of

the piece is immediate.

The following "Na Gul" adds the upright bass of Petros Klampanis and the fluegelhorn of Nadjé Noordhuis, nudging it closer to jazz, a stylistic nod both underscored and subverted by Ms. Aftab's otherworldly reading of "Autumn Leaves." In interviews, she has often expressed admiration for Billie Holiday. While their voices are nothing alike, both singers make you feel the importance of each word, carefully imparting the written meaning of the text along with the musical quality of the vowels and consonants.

On "Bolo Na," Ms. Aftab duets with spoken-word artist Camae Ayewa, who makes solo work as Moor Mother and fronts the experimental jazz outfit Irreversible Entanglements. The ominous bassline by Mr. Ismaily gestures at hip-hop, clouds of vibraphone by Joel Ross rise in the background, and the tempo is disconcertingly sedate, as if we're about to watch a moment of great import unfold in slow motion. On songs like this, Ms. Aftab's always-patient vocal style portends some kind of doom, and one realizes how she covers so much emotional ground with subtle shifts in phrasing.

The gorgeous "Saaqi," featuring Mr. Iyer on piano, doesn't so much

progress as unspool, with a melody and harmonic logic that gradually transform over its nearly seven-minute length, so that by its end you've forgotten exactly how you got there. On the midtempo ballad "Raat Ki Rani," Ms. Aftab adds a touch of vocal processing to her voice. Though she doesn't sing in English, the electronic sheen and shape of the melody bring to mind Western pop forms, particularly R&B, and one notices that her singing occasionally resembles the smooth and expressive timbre of Sade.

"Night Reign" works best when listened to in a single sitting, and once one hits play on the opening track, it's very difficult to turn off. Ms. Aftab's music is a dizzying blend of sources, styles and players, but its most astonishing quality might be how accessible it is. It will send those of us obsessed with musical history and who love to learn about music from around the world in search of antecedents and influences. But this desire to know more is in no way required to be moved by this record. Its beauty is self-evident, and it stands on its own.

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

**TELEVISION REVIEW** | JOHN ANDERSON

## A Kidnapping Case In 1980s New York

One of the more irritating tropes of public officialdom is the statement following some offense against children that "as a mother" or "as a father" the speaker is especially pained by whatever tragedy has transpired. It is rhetorical boilerplate and insulting to a general audience. That said, parents might indeed be the most disturbed by "Eric," which toggles between delirious fantasy and outright evil but has at its center the nightmare of a missing child.

Viewers in toto might be put off by the story's seemingly flippant segue into hallucination, but "Eric" has a meaningful destination, and considerable momentum. Starring Benedict Cumberbatch, created and written by Abi Morgan and directed by Lucy Forbes, the six-part series was clearly inspired by the case of Etan Patz, the 6-year-old who disappeared alone to the school bus in 1979 and whose body was never found (though the case was eventually solved). The apartment of Vincent and Cassie Anderson (Mr. Cumberbatch and the wonderful Gaby Hoffmann) and their son, Edgar (the beautiful Ivan Morris Howe), is in a SoHo-like neighborhood of New York meant to resemble the Patzes'



**Ivan Morris Howe, above, and Benedict Cumberbatch, above right, in the six-part series 'Eric.'**

Prince Street home. The circumstances of Etan's and Edgar's disappearances are similar, as are the boys' names. (Ms. Hoffmann is not exactly a doppelganger of Etan's mother, Julie, but she is close enough to make the point.)

Etan goes unmentioned, however, even while "Eric" and its late-'80s narrative rely heavily on the homeless crisis, the AIDS epidemic, the mayorality of Ed Koch, predatory pedophiles and missing children on milk cartons (something the Patz case inaugurated). This means we are in a slightly fantasti-



cal-historical New York. The mental processes of Vincent situate us squarely in crazy town.

We get clues right away that Vincent—the creator of a "Sesame Street"-like TV institution called "Good Day Sunshine"—has a history of mental instability. He engages in vicious verbal battles with Cassie; his own parents are monsters; he's abrasive, abusive and condescending to just about everyone and is a hardcore alcoholic, with small bottles of vodka stashed in every nook of his apartment and office. He calls his son "kid," which may be all anyone needs to know. Before Edgar goes missing, he shows his dad an idea for a new puppet, a hairy blue monster called Eric. After Edgar goes missing, Vincent becomes obsessed with the idea that if he can get Eric on the air, Edgar will

see it and come home.

Mr. Cumberbatch may be the biggest name in the cast, but he splits leading-man duties in this multi-pronged narrative with McKinley Belcher III, who plays Michael, a missing-persons investigator who catches the Edgar case. Michael is as tightly wound as Vincent is unhinged. Gay, closeted and in fear of being outed at the NYPD, he has a lover dying of AIDS, has recently transferred out of vice and can't quite quit a world to which he will return in his pursuit of Edgar, and where unsolved cases will coalesce. Vincent is from wealth, a lifetime of medication and arrogance; Michael is about simmering anger, professional compromise and persons still missing. The two are driven, each by different monsters.

Both Mr. Cumberbatch and Mr.

Belcher have moments of enormous power, though much of it is front-loaded. The program gets increasingly silly during some of the later sequences, though the introduction of madness into a story allows it to get away with much more than if everyone were solidly sane. Among his other off-putting traits, Vincent exhibits a seeming indifference to the fact that his son is missing, which strikes everyone as odd, but so do the conversations he has with a hulking monster that only he can see. (Think Harvey the Rabbit in aquamarine, with fangs.)

But he is, as noted, more than a bit off, and Mr. Cumberbatch has the unenviable task of making him both obnoxious and sympathetic and succeeds. He is supported by a largely first-rate cast that includes Clarke Peters, Dan Fogler and Erika Soto, though the palpable desperation of "Eric" is provided by Ms. Hoffmann, who puts Cassie in an emotional straitjacket, unable to surrender to mourning or maintain much hope, but knowing she must as long as her son is neither dead nor alive. She remains rooted in reality while Vincent roams the cosmos of his mind and the traumas of his childhood. (The portrayal of his icy mother by Phoebe Nicholls is like an Upper East Side assassination.) It is Cassie who maintains the core of grief at the center of "Eric." As a parent, I found her heartbreaking.

**Eric**  
Thursday, Netflix

*Mr. Anderson is the Journal's TV critic.*

# SPORTS

## The Simple Play That Will Decide the NBA Title

The Dallas Mavericks have emerged as championship contenders. They have done it by running one play over and over.

By Robert O'Connell

Luka Dončić, the Dallas Mavericks' superstar point-forward, has spent the past week turning the Minnesota Timberwolves' dream season into a nightmare. He has dismantled the NBA's best defense, used crunchtime as his personal stage and twirled in a game-winning shot that instantly became one of the most iconic in playoff history.

The secret to how he's done it? By running the same exact play, over and over and over again.

Entering Tuesday's Game 4, the Mavericks built a 3-0 series lead over the Timberwolves, with Dončić repeatedly employing one of the simplest actions in basketball. He dribbles the ball outside the 3-point arc while a teammate jogs up, sets a screen for him and rolls toward the rim.

The pick-and-roll has been a staple of NBA offenses since Utah's John Stockton ran it to devastating effect with Karl Malone. But in Dončić's hands, this bread-and-butter gambit becomes something else entirely: a basketball riddle for which there is simply no answer.

"The play was to get Luka the ball," Mavericks coach Jason Kidd said after Dončić made a game-winner on Friday night, "and let Luka do what Luka does in those moments."

Dončić was the NBA's leading scorer this season, averaging 33.9 points per game—but that number somehow undersells how important he is to the Mavericks' offense. Through three games in the Western Conference Finals, Dončić has scored 98 points and assisted on 57 points from his teammates, according to Stats Perform, which means that a whopping 46.5% of Dallas' scoring in this series has flowed directly from him.

And in the closing seconds of back-to-back games, when his team was in need of a bucket to put away the Timberwolves, Dončić dialed up the pick-and-roll.

In Game 2, the Mavs trailed by two when Dončić, dribbled around the screen, shook Minnesota center Rudy Gobert with a series of



Mavericks star Luka Dončić hit a game-clinching 3-pointer over Timberwolves center Rudy Gobert in Game 2.

crossovers and arced in the deciding 3-pointer.

Two nights later, with Dallas up six in the last minute, Dončić dribbled around another screen. This time, he lobbed the ball up high over Gobert's head—to a teammate, Daniel Gafford, who caught it and slammed it home to put the

game out of reach.

"We're just going to play that pick-and-roll," Dončić said after his Game 2 winner. "We'll just figure it out from there."

Plenty of modern players have excelled in the pick-and-roll since the days when Stockton wore his short shorts. LeBron James has

used it to attack the rim, Stephen Curry to scamper behind the arc for 3-pointers. What separates Dončić is that he can choose either option—and everything in between. The 6-foot-7 Slovenian is burly enough to muscle through the mass of bodies in the lane. His own step-back triple, like the one

he hit over Gobert, sparks terror in any defender. Add to those options a catalog of midrange maneuvers and passing ability that Kidd, a Hall-of-Fame point guard himself, ranks among the very best in NBA history.

"His skill set is like no other," Kidd said Sunday night.

Together, those attributes put even the best defenses in no-win situations. Minnesota reached the conference finals by shutting down the defending-champion Denver Nuggets, but they have had zero answers for Dončić in this round. When they double-team him, he fires a pass across the floor to an open shooter—or makes the pass that leads to the assist. When they try to keep up with him with just one defender, Dončić turns into a one-man highlight factory.

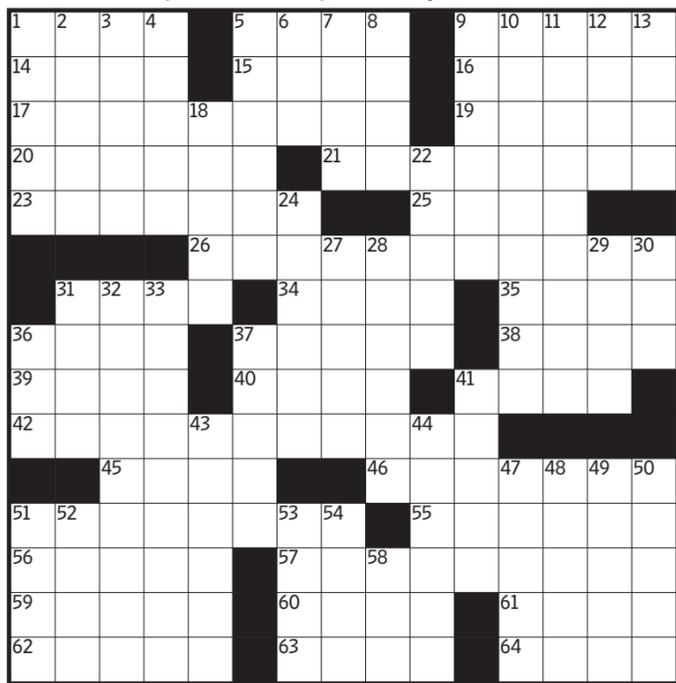
The curious thing about Dallas' simple, ruthless attack is that it comes when basketball as a whole has never been more complex. NBA teams scour the globe looking for creative offensive actions to deploy against defenses stuffed with fast, long-limbed defenders. The Mavericks' likely opponent in the upcoming Finals, the Boston Celtics, usually deploy five players on the floor who can dribble, pass and shoot from distance—meaning the ball pings from one place to another in dizzying sequences that leave defenses scrambling.

At times during his career, Dončić's play has come under fire for its repetitiveness. But the genius of the Mavericks' approach is that they leave the difficult shots—closely guarded mid-rangers—to Dončić and his star co-pilot Kyrie Irving, while Dončić's passing creates easy, valuable looks for his teammates. The rest of the Mavericks' jobs are straightforward: slam home the dunks and nail the open 3-pointers that Dončić creates.

Still, one gets the sense Dončić's preference is to handle business himself. After he hit his game-winner over Gobert in Game 2, TV cameras caught him screaming, "You can't f—ing guard me!"

Gobert can take some solace in one fact: So far this series, nobody else can either.

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



- 18 Broods
- 22 Miraculously-supplied food
- 24 Idiom
- 27 Like many tabloid articles
- 28 "Same"
- 29 "u r 2 funny!"
- 30 Back muscle, familiarly
- 31 Syllables from Santa
- 32 Appliance accompanier
- 33 Altered state following a crisis
- 36 LP letters
- 37 Toadstools, e.g.
- 41 "Queen of Salsa" Cruz
- 43 Tab over
- 44 Sinister serpents
- 47 Oscar-nominated 2006 Brad Pitt film
- 48 Battery end
- 49 In good condition
- 50 "Cómo \_\_\_?" ("How are you?")
- 51 Places with cucumber masks
- 52 Go to ground, in a way
- 53 Furry creature in "Return of the Jedi"
- 54 Hitcher's hope
- 58 Yuletide drink

### READ 'EM AND WEEP | By Adam Levav

- Across**
- 1 Crisp lettuce variety
  - 5 Source of cones and needles
  - 9 Nimble
  - 14 Campus south of Sunset Blvd.
  - 15 Ready for customers
  - 16 Like a sentence that keeps going
  - 17 Tale concerning an old Swedish car?
  - 19 D.C. or Paris subway
  - 20 Printer's goofs
  - 21 Leaves extremely hungry
  - 23 Cassandra, e.g.
  - 25 Poker payment
  - 26 Protection while harpooning?
  - 31 Attila's horde
  - 34 Beijing currency
  - 35 "Joy of Cooking" writer Rombauer
  - 36 Came up
  - 37 Terra \_\_\_
  - 38 Courageous exploit
  - 39 "That was a close one!"
  - 40 Foot or hand
  - 41 "So long!"
  - 42 Early bird?
  - 45 Instrument hit with a mallet
  - 46 Paint applied on plaster
  - 51 More resilient
  - 55 Steinway products
  - 56 Like some steaks and some numbers
  - 57 Do a tour of Napa and Sonoma?
  - 59 John Corbett's "Sex and the City" role
  - 60 Smell
  - 61 "Show Boat" author Ferber
  - 62 Wheat variety in many health food snacks
  - 63 Frat party containers
  - 64 Headlight components
  - 5 Fertilizer compound
  - 6 Debut on the NYSE
  - 7 Reduce the efficacy of, in gaming slang
  - 8 "Orinoco Flow" singer
  - 9 Preparing for war
  - 10 Hotel or coffee shop amenity
  - 11 Around
  - 12 Traditional wisdom
  - 13 Chimp who orbited Earth in 1961
  - 51 Oscar-nominated 2006 Brad Pitt film
  - 48 Battery end
  - 49 In good condition
  - 50 "Cómo \_\_\_?" ("How are you?")
  - 51 Places with cucumber masks
  - 52 Go to ground, in a way
  - 53 Furry creature in "Return of the Jedi"
  - 54 Hitcher's hope
  - 58 Yuletide drink

#### Previous Puzzle's Solution



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

## The Greek Shipping Magnate Building a Fleet of Soccer Teams

By Costas Paris

—Athens

### IT MADE PERFECT SENSE

back in 2010 when Greek shipping magnate Evangelos Marinakis bought a soccer team called Olympiacos. He'd supported the club since he was a kid. He had its crest tattooed on his left arm. And his father, who first founded the shipping empire, was among the team's original investors when Greek soccer became professional in 1979. What made a lot less sense was when Marinakis followed up his investment by buying a down-on-its-luck club in Britain's East Midlands called Nottingham Forest. About the only thing it had in common with Olympiacos was the team's red jerseys.

But Marinakis, who knew a sinking ship when he saw one, set himself a daunting task: he was going to keep both clubs afloat.

At the start of 2024, Olympiacos was struggling to advance in the Europa Conference League and Forest was facing demotion from the English Premier League. Most owners in Marinakis's position would have waited until the next season for a fresh start—or even cut their losses and run. Instead, Marinakis plowed full steam ahead.

He dug deep into his pockets to fund a slew of expensive transfers and hired new coaches for both teams. Now, Olympiacos will play in Wednesday's Conference League final with a chance to lift its first European trophy while Nottingham Forest escaped relegation and booked another lucrative season in the Premier League.

"I hate to lose and when it happens I'll do anything I can to change it," said Marinakis, who is worth about \$3.5 billion and runs an armada of more than 100 ships.

Marinakis, 56, divides his time between shipping, soccer, and owning Alter Ego Media, Greece's biggest publishing group, which includes two top-selling newspapers, magazines and MEGA, the country's most popular television channel.

Yet his approach to each of his businesses is the same. Marinakis is anything but shy.

His media outlets, which are often critical of the Greek government, have gained so

2017.

Yet Marinakis hasn't been dissuaded from doubling down on his favorite sport. He is currently finalizing the acquisition of Rio Ave, a mid-sized team that finished 11th in the Portuguese league.

History suggests Marinakis won't be content with 11th place finishes for long. Within five years of taking control at Forest, he oversaw the club's return to English soccer's top flight for the first time in almost a quarter-century.

"I own the biggest club in Greece and I wouldn't have invested in England for a smaller team that just wants to avoid relegation," Marinakis said.

What's needed, according to Marinakis, is a bigger stadium than the 30,445 capacity City Ground, which has been Forest's home since 1898. He wants to move the team to a new 50,000-seat stadium, but is also pushing Nottingham's city council for a permission to add seats to the City Ground.

"We live in an era when revenue dictates success," Marinakis said. "We need to aim for bigger goals like other regional cities, Manchester and Liverpool."

In that sense, Marinakis is charting a similar course to the one he implemented at Olympiacos. He bought the club—the most successful in Greek soccer history—in 2010 in the middle of the Greek debt crisis, and proceeded to invest more than 100 million to cover debts and improve the team's training facilities. Success followed, as Olympiacos was crowned champion in 10 of the 12 seasons following Marinakis's takeover.

Soccer ownership, Marinakis acknowledges, can be an exhausting and sometimes exasperating business. Then again, it's more fun than shipping. "I enjoy the uphill journey," he said, "and have no time to be bored."



Nottingham Forest's Evangelos Marinakis

much traction that Alter Ego Media became profitable this year and plans to list on the Athens Stock Exchange.

His soccer teams have also been at odds with the authorities. Forest was deducted four points last March for breaking Premier League spending rules. The club has also accused referees of being biased against it following a 1-0 loss to Liverpool and after being denied a penalty in a 2-0 defeat to Everton.

"I strongly believe that the Premier League has been cruel towards Forest," said Marinakis, who spent more than \$300 million on improving the club, which was on the brink of being relegated to English soccer's third tier when he took over in May

DAVID BERONZINI/GETTY IMAGES

MIKE EGGERTON/ZUMA PRESS

# OPINION

## Anatomy of an EV Policy Error



**BUSINESS WORLD**  
By *Holman W. Jenkins, Jr.*

In an observation attributed to many, a recurrent human failing is to forget what we're trying to accomplish. Less than two years have elapsed since the Inflation Reduction Act was passed, as Joe Biden put it, to ward off the "existential risk of climate change."

The policy has already morphed into one of protecting American industry from cheaper green-energy technology available abroad.

You won't find it mentioned in your newspaper or cable news (we'll get to why), but it was never seriously thought that subsidizing green-energy consumption was a way to reduce emissions. Subsidizing green-energy consumption simply subsidizes more energy consumption—including fossil energy to churn out electric-vehicle batteries, wind turbines, solar panels, etc.

It adds to the unlimited amount of energy humans will consume if the price is right.

Tellingly, Mr. Biden's own White House budget office, in an unsigned, undated "analysis," begs off defending Biden policy by declining to make any emissions-reduction forecast. Instead, it cites "complex economic interactions" while regurgitating what it knows are the flawed estimates of outside groups.

Long-time NASA climate

scientist James Hansen, in a recent paper, dismissively points out that "thousands of pages of giveaways to special interests lard . . . the climate bill titled 'Inflation Reduction Act'—Orwellian double-speak."

From this, you might think no serious policy analysis preceded the Biden program. In fact, a 2013 congressionally sponsored National Research Council study, led by the father of climate economics and future Nobel laureate, Yale's William Nordhaus, concluded that green handouts and tax breaks are "a poor tool for reducing greenhouse gases and achieving climate change objectives."

This became the essence of Biden policy.

In the acreage of coverage since, good luck detecting anything but an unquestioned assumption that this trillion-dollar expenditure of public resources now makes perfect sense. Call it an abdication of the public-interest journalism we used to rely on to help steer the ship of state.

The New York Times this week frames a shibboleth combined with a vague appeal to authority, writing: "President Biden placed electric vehicles at the heart of his climate agenda because scientists say that a rapid switch from gasoline-powered cars to electric versions is one of the most effective ways to slow the carbon dioxide emissions that are dangerously heating the planet."

Economists might be better to consult than scientists, but, in all likelihood, no one was consulted by the Times on the question of whether the pol-

icy will be effective.

This sentence, we can safely assume, arose entirely as a backward-reasoned justification of the Biden program, concocted on the spot by a Times editor to fill the place where a reader expects to be assured that the policy has been vetted and found to be sensible.

I won't rehearse the absurdity of focusing on consumer passenger cars, especially when it takes fossil fuels to produce EV batteries and

**The U.S. carefully researched a 'poor' strategy and then followed it.**

keep them charged. Long before Joe Biden decided U.S. auto makers should be protected from cheap Chinese EVs, the U.S. industry was already founded on the kind of disastrous protectionism that saddles citizens in places like Turkey and Malaysia with low-quality, overpriced cars of domestic manufacture.

Since 1964, a 25% tariff on imported pickups has turned the Big Three domestic auto manufacturers into pickup truck companies that, in an unspoken post-Obama political settlement, use their excess pickup profits to subsidize money-losing electric vehicles.

The EVs the Big Three churn out, as a result, are exactly those that produce more emissions on net than the average gasoline-powered car.

They are the biggest,

grandest Hummer- and Escalade-sized EVs, which need an oversized battery just to haul around the weight of their oversized battery.

Barron's elaborates over the weekend on an argument previously made here: Cheap Chinese electric vehicles pose no threat to U.S. manufacturers because they lack the vehicle amenities Americans demand and willingly pay for.

In American driveways, instead, you'd eventually find more and more cheap Chinese EVs for local errands next to bigger, gas-powered vehicles that American households use for other purposes. If the world isn't going to adopt carbon taxes, this—the natural, market-based search for energy efficiency—is the only modest success we've seen in reducing the expected path of emissions.

It's why the carbon intensity of global gross domestic product has been steadily falling for two decades at nearly 2% annually, at least until recently. This small favor is a big reason, unheralded, that the U.S. and Europe have likely passed their emissions peak, and why China may see peak emissions soon.

Look for this progress, modest as it is, to come to an abrupt stop under Biden-style competitive subsidization and protection of "green" energy, whose net effect will be to make it harder for consumers to satisfy their energy demand as efficiently as possible in a globally competitive energy marketplace.

Just watch the emissions figures over the next decade to see how anti-climate policy can be.

**BOOKSHELF** | By John Paul Newport

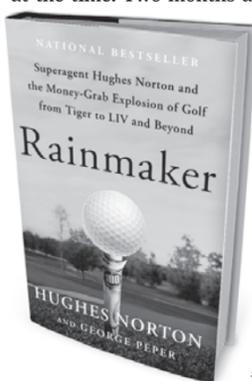
## A Sports Agent Remembers

**Rainmaker**

By *Hughes Norton*  
*Atria, 256 pages, \$28.99*

In the 1990s, at the height of his power as a sports superagent, Hughes Norton headed the golf division at International Management Group. He and his underlings represented more professional golfers than all other agencies combined. The media dubbed his boss, IMG founder Mark McCormack, the most powerful person in sports, and Mr. Norton was by far the most powerful agent in golf. In 1996 he scored big time by luring Tiger Woods into the IMG fold. He made endorsement deals that would be worth \$60 million on the day Woods turned pro (that's \$120 million in today's dollars) and orchestrated a splashy "Hello, World" introduction campaign on behalf of Nike.

Two years later, his world would be turned upside down. Without explanation, Woods fired Mr. Norton, who was 50 at the time. Two months after that, McCormack fired him,



too. For the next quarter-century, living as "a near recluse" off the \$9 million severance package McCormack provided (\$16.5 million in today's dollars), Mr. Norton did not speak publicly about his time at IMG. But now, with "Rainmaker," co-authored with George Peper, he tells all. In a memoir rich with detail and fascinating asides, he describes what went on behind the scenes as pro golf transformed itself from the sleepy niche sport it had been into a global megabusiness. Mr.

Norton connects this transformation to the current turbulence in golf as the PGA Tour and LIV Golf, its upstart, Saudi-backed rival, battle for players and world domination.

Straight out of Yale and Harvard Business School, Mr. Norton started as McCormack's executive assistant at IMG in 1972. At the time, the agency was best known for having essentially invented sports management by making millions for golf's Big Three: Arnold Palmer, Jack Nicklaus and Gary Player. McCormack, eager to focus on IMG's expansion into entertainment and other sports, handed off golf to Mr. Norton, who zealously set about recruiting or poaching every big-name golfer he could.

With time, Mr. Norton would become known as "the most hated man in American golf." With unflinching honesty, he writes about the work that he and other agents did to squeeze out every possible dollar for their clients—and, through commissions, for themselves. His tale constitutes an alternative history of golf in that era, told from the point of view of off-course earnings and the game's changing economics rather than of on-course performance and tournaments won.

Mr. Norton quickly realized that most pro golfers were "clueless about business" and that the key to signing them was winning the trust of the appropriate gatekeeper. He snared Nancy Lopez, for example, by visiting the family home in Roswell, N.M., and developing a rapport with her father, an auto-body repair-shop owner. Landing Hal Sutton required negotiating an unusual deal with his father, "a hard-driving multimillionaire oilman who micromanaged his son's life." Curtis Strange, a standout amateur at Wake Forest University, was all set to sign with his friend and newly minted agent Vinny Giles until Mr. Norton dispatched fellow Wake Forest alum Arnold Palmer to change Strange's mind.

The No. 1 item on Mr. Norton's list of An Agent's Ten Commandments is "Under promise, over deliver." But he came to learn that clients differ on how much "delivering" is too much, too little or just right. His two highest-profile clients, Greg Norman and Tiger Woods, could not have been more different in this regard.

**Two of his clients, Greg Norman and Tiger Woods, had very different priorities, and most pro golfers were clueless about business.**

Mr. Norton's chapter on Norman, titled "Blond Ambition," is brutal. Early on in Norman's 11 years at IMG, the two were close friends, even though Mr. Norton admits to making mistakes, such as not getting Norman out of a lucrative contract requiring him to play a high-spin golf ball that was clearly hurting his game. There's no doubt that financially he did well by Norman. A chart shows Norman's year-by-year income while with IMG, totaling \$145 million in today's dollars.

But for Norman that wasn't enough. "I sensed the dollar becoming Greg's way to keep score, particularly as his major championship performances kept falling short of expectations. Money validated him, as did the things he bought, among them seven Ferraris, three successively larger airplanes, a 218-foot yacht, and a twelve-thousand-acre ranch." Norman was also driven by "a consuming need to be visible and relevant," Mr. Norton writes, making him the ideal candidate for his current gig: chief executive of LIV Golf. "Certainly, no individual in the game of golf—no player past or present—has ever been aligned more perfectly with the motives of the Saudis: power, money, and image burnishing."

By contrast, Mr. Norton says, Tiger Woods cared far less about earning ever vaster sums of money than about perfecting his golf game and securing his historic legacy. Woods refused to explain why he fired Mr. Norton in 1998—the two have not spoken since—but the author believes Woods was tired of sponsors' incessant time demands and, at age 22, was ready to manage his own career, with the help of an agent less hellbent on "over delivering."

One of the book's revelations is how often LIV-like tours had been proposed in the past. McCormack found big-money backing for one as early as 1964, and similar proposals followed, but none came to fruition. When Norman tried launching his own elites-only world golf tour in 1994, Arnold Palmer, concerned for the welfare of rank-and-file players, rose in opposition. "Do you know why we always said no?" Palmer asked Norman. "Because it would have been bad for the game and bad for the fellas."

The dynamics in golf are far different now, making such principled resistance unlikely to succeed. "Professional golf, if it isn't careful, may well become a victim of its own greed," Mr. Norton warns. The irony, he acknowledges, is that he himself helped usher in the prevailing money-grab ethos.

*Mr. Newport, the Journal's golf columnist from 2006 to 2015, is at work on a golf-themed novel.*

## Mass Deportation Would Be a Disaster



**POLITICS & IDEAS**  
By *William A. Galston*

The Senate last week failed to advance an immigration-reform bill, continuing a trend of futility stretching back decades. The last serious immigration-law overhaul was in 1986, during Ronald Reagan's second term, and its failure to stem the tide of illegal immigration helped discredit future attempts.

But the issue won't go away, and the recent surge in illegal crossings at the southern border has moved the issue to the center of the 2024 presidential contest. A Wall Street Journal poll conducted in March found that, in seven swing states, immigration ranked as one of voters' top two concerns. Americans are right to be worried, and it's wrong to defend mass violations of U.S. law, but the unfortunate reality is that there's no easy fix.

One important aspect of immigration is its effect on demographics. For a population to replace itself, according to demographers, women must have an average of 2.1 children each. The U.S. has fallen below replacement rate in most years since the 1970s. The Centers for Disease Control and Prevention reported in April that the fertility rate in 2023 was 1.62, the lowest

on record. The fertility rate is falling in other countries as well, both in advanced and in developing economies.

A low fertility rate means fewer young adults entering the workforce to replace retirees, leading to labor shortages—unless immigration makes up the difference. In a recent analysis published in these pages, TrendMacro CEO Donald Luskin estimated that foreign-born people represent 80% of the adult-population increase in the U.S. since July 2022 and account for 71% of the 2.5 billion new jobs. Without these workers, he estimated, the economy would have grown "less than a third as much as it actually has."

Many Americans fear that foreign-born workers will take jobs away from native-born workers, but immigrants often do the lower-paying, physically demanding, less desirable types of work that keep businesses afloat. "The work of the U.S. citizen serving a table in a restaurant is complemented by the work of a possibly unauthorized worker in the back of the restaurant," Michael Clemens, an economist at George Mason University, told the Washington Post. "Neither of these jobs can happen without the other."

These economic considerations haven't changed the minds of most Americans, who see firsthand the pressure that new immigrants put

on housing markets, public schools and local public services. The immigration surge also has exacerbated fears about crime, even though a recent study from Northwestern University found that immigrants are less likely to be incarcerated than people born in the U.S. Some Americans worry that immigrants are failing to learn English,

**Illegal immigration is a real problem, but Trump doesn't have a serious solution.**

accept America's political principles and assimilate to our culture. Although these fears are mostly misplaced, that such a high proportion of recent migrants have come to the U.S. illegally leaves Americans with a generally negative view of immigration.

Policies on the issue are beginning to take shape ahead of November. Donald Trump in a recent interview with Time magazine estimated that 15 million people are in the country illegally, and he said that in a second term he would launch a mass deportation operation using local police, the National Guard and, if necessary, military force. Asked by the interviewer if he would override law meant to preclude deploying the military

against civilians, Mr. Trump responded: "Well, these aren't civilians. These are people that aren't legally in our country." The interviewer asked if the operation would include building migrant detention camps. "We wouldn't have to do very much of that," Mr. Trump said, emphasizing that the process would proceed so quickly that encampments generally wouldn't be necessary.

Mr. Trump's advisers and allies are working on the details of a plan to help him achieve his immigration objectives. The logistics are daunting, as are the legal and diplomatic obstacles. Polls show that while Americans are worried about the issue, they're deeply split on whether they support immigrant arrests, deportations and detention camps.

Voters are in no mood to tolerate a continuation of the status quo. But are they ready to back mass deportation? Whatever Mr. Trump might say, his plan realistically can't be conducted without mass detention. Mass deportations would also hurt the economy, leave many employers with jobs they can't fill, trigger legal resistance and throw the country into chaos. If President Biden doesn't take bold emergency action and offer a serious alternative plan before November, Mr. Trump may well prevail on this issue, with disastrous consequences.

## My Puppy Is a Local Celebrity

By *Kyle Smith*

My wife found herself standing in line behind Adam Sandler at a New York drugstore last year. Two things are remarkable about this. First, Adam Sandler goes to the drugstore? If I had "The Wedding Singer" money, or even "Punch-Drunk Love" money, I'd pay someone to pick up my prescriptions.

The second detail that stood out was how serious Mr. Sandler is about the task of being famous. As he was trapped in line, people came up asking for selfies. Billy Madison graciously posed and smiled each time. I hereby forgive him for "That's My Boy."

This year I've gotten a taste of how exhausting it must be to be famous. How many times have total strangers interrupted Mr. Sandler's day and demanded a chunk of

his time? Thousands, certainly. Hundreds of thousands? Possibly.

I wonder about this because I recently became Adam Sandler. These days, every time I leave the house, I get accosted by strangers. "Hi!" they say. And "Oh, my God!" and "So cute!" and "How old?"

**I'm getting a small taste of fame thanks to the cavapoochon I got for my daughters.**

"Fifty-seven," I tell them.

More to the point, the squirming puppy in my arms is a world-charming 6 months. Everyone wants to stop and interact with our neighborhood superstar: an adorable cavapoochon. One parent is a poodle, the other a mix of a bichon frisé and Cav-

alier King Charles Spaniel.

With her button eyes and curly apricot fur, she looks like a toy, and passersby sometimes even call out, "Is that a teddy bear?" My two daughters demanded a cute puppy; I overshot the mark and inadvertently brought home the cutest puppy.

Exercising Phoebe is a Sandlerian experience. Often, especially on her last walk at 11:30 p.m., I'm not feeling particularly friendly, and my clothes tend to get caked in muddy paw prints. No matter how surly I feel, though, I have to deal with what my kids call the puparazzi: the Upper West Side neighbors who treat our dog like a celebrity.

People giggle and offer treats. They marvel, "Such puppy energy!" I know, and I wish Phoebe had a bit more 57-year-old movie-critic energy.

Sometimes people declaim on unrelated matters. On Sunday a fellow stopped to ad-

mire Phoebe and began telling me about various places he liked in Yonkers. I've never set foot in Yonkers and probably never will, but thanks for the tip, sir. On a chill and rainy night in April, a beautiful European lady in a raincoat saw my dog, stopped short and coolly regarded me as she lit an impudent cigarette. I was sure I was about to become the stooge in a 1940s film-noir plot, so I hurried away.

Becoming Adam Sandler has made me realize something I wouldn't have previously guessed: Even famously grumpy New Yorkers are warm and friendly if you give them an excuse. Hardly anyone passes by without sharing at least a smile, and everyone wishes me well. Dogs bring out the best in people. And thanks to Phoebe, I now know exactly what to do in Yonkers.

*Mr. Smith is the Journal's film critic.*

## OPINION

## REVIEW &amp; OUTLOOK

## Iran's Brisk Walk to the Bomb

Iran keeps making substantial progress in its brisk walk to an atomic weapon, a United Nations report leaked Monday suggests, and what are they going to tell us next—that there's gambling at Rick's? Yet the Biden Administration wants to hide this scary truth from the world in this election year.

An International Atomic Energy Agency report has concluded that Iran has increased its stockpile of near-weapons-grade uranium to 142.1 kilograms—an increase of 20.6 kilograms since the IAEA's last estimate in February. This will be enough for three warheads once Iran completes the technologically straightforward process of enriching its hoard to 90% from 60%.

We say “will” rather than “would” since there isn't serious dispute that Iran intends to join the nuclear-weapons club. But one does need to include the caveat that this is only the enriched uranium the rest of the world knows about. Tehran for years has thwarted the IAEA's best efforts to fully inspect the nuclear program the mullahs insist they don't have—one of the great flaws in Barack Obama's misbegotten 2015 nuclear deal.

You'd think the U.S. would want the IAEA news to be released to pressure the regime. But the Journal reports that the Biden Administration has asked European allies to avoid censuring Iran for these violations of the 2015 pact when the IAEA board meets in June.

Tehran's nuclear progress has become so alarming it worries France and the United Kingdom, which were enthusiastic participants in the Obama negotiations. But the Administration wants to disguise the truth in order not to provoke Iran by challenging the mullahs on their nuclear program. The White House doesn't want another new international crisis before the November election.

But what is it that the U.S. fears? That Iran

unbound could arm Hamas and Hezbollah to launch genocidal attacks on Israel, or could launch its first-ever direct missile strike against that American ally? That Tehran could arm the Houthi fighters in Yemen as they disrupt global shipping through the Red Sea? Or that the mullahs could send missiles and drones to Russia for use in Ukraine? Or give Shiite militias the green light to attack U.S. troops in Syria, Iraq and Jordan?

Iran has already done all of that in the last year, nuclear censure or no. Downplaying Iran's nuclear progress doesn't make the problem go away. President Biden claimed to be better at foreign policy than Donald Trump, who withdrew from the Obama-era nuclear deal with Iran, a pact that faced consistent, bipartisan opposition in Congress. But Mr. Biden's strategy, if you can call it that, is to let Tehran escalate, escalate and escalate, and then appease, appease and appease.

The significance of the IAEA's latest report is that while Mr. Biden stalls until November, Tehran won't. Expect the pace of enrichment to continue. The next Administration, whether led by Mr. Biden or someone else, will inherit an emboldened Iran with more enriched uranium on hand.

One of the Obama pact's most serious flaws was that it left Tehran free to sprint to a bomb when the deal expired. Thanks to the Biden Administration, the mullahs may now not even need to break a sweat as President Biden allows them to trot toward a nuclear weapon at a pace of their choosing.

Iran's regime is richer than it was when Mr. Biden took office and stopped enforcing sanctions; more aggressive than it was as Mr. Biden has failed to respond to its terrorism; and much closer to having a nuclear weapon. It's hard to imagine a more complete policy failure.

## Lina Khan's Amazon Antitrust Paradox

The Biden Administration's antitrust policy is an intellectual and legal mess these days, and look no further than the Federal Trade Commission's curious move last week to oppose booksellers that want to join its lawsuit against Amazon. FTC Chair Lina Khan doesn't want the booksellers contradicting her arguments in court.

The American Booksellers Association (ABA) is seeking federal Judge John Chun's permission to intervene in support of the FTC lawsuit. The independent bookseller group says Amazon unfairly leverages its size to negotiate better deals with publishers. As a result, Amazon sells books at low prices that they struggle to match. “We believe the facts we bring to the table will significantly bolster key arguments made by the FTC in their already strong and compelling case,” says ABA CEO Allison Hill.

Strange but true, Ms. Khan doesn't want those allies. The booksellers' intervention “would essentially create a ‘whole new suit’ because their claims are ‘different from those in this case,’” the FTC wrote last week in a brief opposing the ABA's request. Translation: Booksellers contradict the FTC's arguments.

Start with their conflicting views of market competition. The FTC narrowly defines the market in which Amazon competes as “online super

stores”—namely, Walmart, Target and eBay—to argue that it has monopoly power. But small booksellers rightly argue that they also compete with Amazon. As do thousands of other retailers.

Booksellers also say that Amazon sells books at lower prices than they can. Yet the FTC claims that Amazon raises retail prices. How? Allegedly by requiring third-party sellers to sell goods on its site at their lowest available price to appear in its so-called “buy box.” The FTC claims third-party sellers must then raise their prices on other sites.

On one hand, booksellers argue that Amazon uses its clout to obtain and sell books at lower prices, forcing them to cut their own prices. On the other, the FTC says Amazon uses its market power to block other businesses from selling at lower prices. Who's right?

Ms. Khan essentially agreed with the booksellers in her ballyhooed 2017 Yale Law Journal article, “Amazon's Antitrust Paradox.” She then argued that Amazon unfairly undercut small competitors by “deeply cutting prices.” Her switcheroo now amounts to a concession that reducing prices isn't a violation of modern antitrust law, which prioritizes consumer welfare.

The Chair's problem is that most evidence contradicts her claims that Amazon raises prices. What does it say when her own supporters disagree with her dubious legal theories?

## Biden wants to hide that Tehran is trotting to a weapon at its own pace.

## The FTC Chair says booksellers undercut her lawsuit's core claim.

## Roberts should tell the Senators to stay in their constitutional lane.

## Chief Justice Durbin Opines

Chief Justice Dick Durbin is at it again. The Senate Judiciary Chairman, who fancies himself hall monitor of the Supreme Court, has summoned Chief Justice John Roberts for a meeting to discuss judicial ethics. The real Chief should tell the fake chief to stay in his constitutional lane.

Mr. Durbin fired off his letter along with his main Democratic agonist, Sheldon Whitehouse. The Rhode Island Democrat covets the Judiciary Chair, and Mr. Durbin takes orders from Mr. Whitehouse lest Mr. Durbin be replaced in the next Congress like the late Dianne Feinstein.

The Senators claim to be triggered by the news of flags flying at the abodes of Justice Samuel Alito. We've discussed those flag cases in previous editorials as irrelevant to the Justice's views on cases before the Court. But that didn't stop the Democrats from asserting that the flags create “reasonable doubt as to his impartiality in certain proceedings, thereby requiring his disqualification” from cases involving Donald Trump.

The letter demands that Chief Justice Roberts “immediately take appropriate steps to ensure that Justice Alito will recuse himself.” They summon the Chief to a meeting “as soon as possible” to “discuss additional steps to address the Supreme Court's ethics crisis.”

We trust the Chief will file that letter in the appropriate vessel. Article three, section one of the Constitution says “the judicial Power of the United States, shall be vested in one supreme Court, and in such inferior Courts as the Congress may . . . establish.” Congress is vested with the power to establish the lower courts but it isn't given the power to micromanage the Supreme Court, which the parchment established

as a co-equal branch of government.

Decisions to recuse from cases, or not, are central to the judicial power and thus solely the realm of the Court and its individual Justices. Congress can control the Court's budget and jurisdiction, among other things, but it violates the separation of powers for Congress to demand the recusal of any Supreme Court Justice.

Sen. Durbin knows this, though he's a slow learner. In April 2023 he invited the Chief Justice to appear at a Senate Judiciary Committee hearing on judicial ethics. When the Chief respectfully declined, he sent Mr. Durbin the Justices' unanimous statement of principles on recusal. The statement explained that lower court judges may more easily recuse from cases without consequences than can the Justices.

“The Supreme Court consists of nine Members who always sit together. Thus, Justices have a duty to sit that precludes withdrawal from a case as a matter of convenience or simply to avoid controversy,” the statement says. “Individual Justices, rather than the Court, decide recusal issues.” Letting the Justices rule on each other's recusal decisions would lead to discord and gamesmanship on the Court.

The Chief might send Mr. Durbin another copy of that statement—not that Mr. Durbin is likely to read it. He's feeling the heat of Mr. Whitehouse's ambition and pressure from the Democratic left. At a rally in Illinois last week, protesters demanded that Mr. Durbin “at the minimum, subpoena Justice Alito.”

Democrats hate that the Supreme Court has a majority that no longer does its policy bidding. The Durbin-Whitehouse letter is a political stunt that offends the Constitution. The Justices would do great harm by obliging it.

## LETTERS TO THE EDITOR

## For Interviews: Three ‘Likes’ and You’re Out

I am pleased that I am not the only one who takes issue with the overuse of the word “like” (“‘Like’ May Attract Like, But It Puts Me Off” by Tevi Troy, op-ed, May 23). When my three boys were young, we were successful in working it out of their vocabularies with a “reverse swear jar,” whose value declined in proportion to use of the word. As I got older, I experienced another phrase among many that elicited the same feeling: “It is what it is”—the adult version of “whatever.”

BRUCE GRAHAM  
Fort Myers, Fla.

There is another, you know, phrase that, you know, seems to have infiltrated into our, you know, everyday speech, that, you know, adds nothing to the conversation except to, you know, drive the listener crazy.

You know what I mean?

ERIC NAGLER  
Commerce Township, Mich.

Mr. Troy's Like-O-Meter reminds me of many other crutch words (“ah” and “um”) drilled from my vocabulary by joining Toastmasters many years ago. In Toastmasters, a public-speaking organization, there is a role called the “Ah’ counter,” a person who reports publicly to the group the use of crutch words uttered in the one-hour meetings. One club even invoked a financial fine for each infraction. Speech can

make or break a career in ways both known and unknown.

RIAN J. NEMEROFF  
Meadowbrook, Pa.

Mr. Troy's delightful article describes his worthy use of a Like-O-Meter to determine the level of a job applicant's use of the word “like” during interviews. I remember when a very bright candidate for New York's U.S. Senate seat was considered a shoo-in to replace Hillary Clinton. She gave a live TV interview and blew it. The Like-O-Meter was going crazy, and her supporters were stunned. She was Caroline Kennedy.

STEVEN COHEN  
New York

Mr. Troy's op-ed is welcome but long overdue. When my daughters were teenagers around the turn of the millennium, I instituted a rule with them and their friends when riding in the car. Taking my cue from a then-recent ballot initiative in California, I mandated “three likes and you're out.” If I heard three uses of the word “like” from one of them, the speaker had to remain silent for the duration of the trip. Enforcement was difficult, needless to say.

I am glad to report to Mr. Troy that both my daughters received a copy of his commentary.

PRESTON R. SIMPSON  
Plano, Texas

## Section 230 Was Poorly Written. Let's Fix It

In “Buy This Legislation or We'll Kill the Internet” (May 22), Rep. Ron Wyden and former Rep. Chris Cox boast of their authorship of Section 230 of the 1996 Telecommunications Act. But Section 230 was ill-conceived and poorly written, even by congressional standards.

It gives internet platforms legal immunity based on the idea that they merely convey information created by others. Yet they censor online speech through “moderation” that is often capricious and discriminates against particular political views, persons or organizations. Sometimes this is in collusion with government.

Combining vast power and lack of accountability invites abuse. Predictably, “the 26 words that created the Internet” have become the 26 words that are breaking the First Amendment. Giving control to a government

agency would be worse.

The world won't end if Section 230 sunsets, but it's better to fix it. Any of the following can be done with respect to First Amendment-protected speech, conduct and association: Require moderation to be transparent, fair (viewpoint and source neutral), consistent, and appealable; prohibit censorship and authorize a right of private action for violations; end immunity for censorship and let the legal system work out liability.

In any case, continue immunity for moderation of other activities (defamation, incitement to violence, obscenity, criminality, etc.), and give consumers better ways to screen out information they don't want. Uphold free speech rather than the prejudices of weak minds.

WILLIAM SCHUCK  
Columbus, Ohio

## Will Western Powers Defend Their Interests?

The Chief of Naval Operations was right to commend the USS Carney for its successful 51 engagements during a long deployment (“The Navy's Missile Catcher Comes Home,” Review & Outlook, May 24). Left unsaid is the reasoning of her Commander in Chief for directing

## There's No Need to Shell Out For Hobbies and Friendship

With all gentleness and humility, I'd like to offer very different ways of finding friends that won't drain your bank account (“Friendship Can Be a Costly Proposition,” Personal Journal, May 20). Check your apartment, condo or neighborhood social-media pages for get-togethers such as potlucks or card and game nights. Prepare your favorite dish (takeout counts), bring your friendly face and a favorite game. If this isn't available, initiate a low-key get-together yourself. Local libraries often have free book clubs, craft times and even game times on a weekly basis.

Don't forget houses of worship to meet new folks and establish relationships. Community centers often have sports leagues for a nominal fee. Check out Meetup.com, a social-media platform that lists offerings in your area of many types of interests, often at a nominal cost. Dog owners are usually friendly people, so take your pooch to the local park and meet other dog lovers. Remember, others may be waiting for you to make the first move.

You need not pay big bucks for hobbies to make friends, and meaningful friendships are priceless.

TONYA WARREN  
Waco, Texas

## Democrats Turn Traditional

I'm amused by the criticism of Justice Samuel Alito's failure to control his wife and quash her constitutional freedom to fly a flag (Letters, May 24). Who would have thought that the Democrats and the liberal press would be in favor of good old-fashioned marital patriarchy?

ROB CASSINGHAM  
Aiken, S.C.

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such an enormous waste of manpower and weaponry in shooting down incoming attacks rather than destroying the places from which the missiles were launched in the first place. Ask any sailor on board to speak off the record, and he will confirm that these rules of engagement are wasteful and ineffectual.

Further, the Houthis continue to disrupt international shipping by attacking commercial shipping. Failure to respond to those attacks is weakness that is incomprehensible. How is it that the Western powers are not willing to defend their interests?

GARY R. LAYTON  
Interlaken, N.J.

## Build the Grid Competitively

Your editorial “The Big Green Transmission Coup” (May 23) correctly points to the shortcomings in the Federal Energy Regulatory Commission's Order 1920. The greatest concern to consumers, however, is FERC's failure to embrace transmission competition to reduce the escalating costs of building the grid.

Only about 3% of projects are competitively bid nationwide. Monopoly electric utilities lack an economic incentive to reduce costs. No competition in building transmission lines means higher profits for electric utilities and higher electric rates for the rest of us for decades to come.

PAUL CICIO  
Chairman, Electricity Transmission Competition Coalition  
Washington

## Pepper ... And Salt

THE WALL STREET JOURNAL



“How did you hear about us?”

## OPINION

# Libertarians Should Vote For Trump

By Walter E. Block

Donald Trump spoke Saturday at the Libertarian National Convention. Hats off to party chairman Angela McArdle for inviting him along with Robert F. Kennedy Jr., Vivek Ramaswamy and Joe Biden—who all showed up except the president, even though none are libertarians.

Some members of the party bitterly opposed the invitations. What's the matter with them? Don't they want the party of principle to be better publicized? The Libertarian Party probably received more attention from Mr. Trump's speech than it did in more than half a century of existence.

Mr. Trump promised that if elected he will commute the prison term of Ross Ulbricht on Inauguration Day. Mr. Ulbricht, 40, was sentenced to 40 years without parole for running the darknet website Silk Road, which enabled the sale of illegal narcotics.

## He isn't one of us, but he promised to pardon Ross Ulbricht—and he's a lot better than Joe Biden.

Libertarians regard the purchase, sale and use of drugs as "capitalist acts between consenting adults," in the words of philosopher Robert Nozick (1938-2002). Additionally, Mr. Ulbricht's sentence is unjust because it is disproportionate to his crime. Murderers have received more lenient sentences. If inviting Mr. Trump to speak to the Libertarian Party accomplishes nothing more than helping free this victimless criminal, it will have been worth it.

But I go a step further and urge libertarians to vote for Mr. Trump. Not all libertarians—only those in swing states. Libertarians are too few to help him carry Massachusetts or California, so they might as well vote for Chase Oliver, our party's nominee. And he'll easily win Tennessee and Idaho without our help. But in Arizona, Georgia, Michigan, Nevada, Pennsylvania and Wisconsin, we could make the difference. Libertarian nominee Jo Jorgensen received roughly 50,000 votes in Arizona in 2020, when Mr. Trump lost the state by about 10,000 ballots.

If we pull the lever for Mr. Trump in these swing states, we may get a slightly more libertarian president and help free Mr. Ulbricht. If we vote Libertarian everywhere else, we make a statement and help preserve our ballot access.

Some libertarians find Mr. Trump unacceptable on grounds of principle. True, he is no libertarian, but Mr. Biden—the wokester, the socialist, the interventionist—is much further from us on the political-economic spectrum than Mr. Trump.

Others are put off by Mr. Trump's obnoxious behavior. He engages in name-calling. He puts ketchup on filet mignon.

Mr. Trump grew up in Queens. I'm roughly his contemporary and come from Brooklyn. I assure you that everyone in New York City is personally unbearable (except Staten Islanders). It is a geographical-genetic disposition. Ignore it. This act of his is mostly tongue-in-cheek. New Yorkers actually have contests to see who is the most insufferable. Prizes are given out.

The Libertarian Party typically attracts 1% to 3% of the electorate. But when opinion polls ask respondents if they support low taxes, free enterprise, and an end to victimless crimes, some 20% to 25% say yes. Libertarians, loosely defined in this manner, can have an effect on the coming election.

Mr. Block is a professor of economics at Loyola University New Orleans.

# Larry Hogan Runs for Senate Centrist

By Mene Ukuieberuwa

Every candidate bets on himself, but Larry Hogan's parlay is trickier than most. To win Maryland's open Senate seat, he'll need Democrats to look past his party, Republicans to look past his scorn for Donald Trump, and both sides to remember why they liked him before.

The 68-year-old former governor is a Republican seeking election in a state that backed Joe Biden by a 33-point margin in 2020. Mr. Hogan expects the presidential race to look similar this year. "I feel fairly confident that Joe Biden's going to win Maryland," he says in an interview.

That means he's counting on hundreds of thousands of Biden voters to choose him for Senate on the same ballot in November. But winning a Senate seat when your state is voting for the other party's presidential candidate is increasingly difficult to do. Only one candidate—Maine Republican Susan Collins—has pulled it off in the past two presidential election years, and she was running for a seat she had already held for nearly a quarter-century.

If Mr. Hogan beats these odds, it will be because he's one of the best-liked politicians in America. He finished his second term as governor last year with a 77% approval rating. A recent campaign ad featured clips of Democrats praising his record, including President Biden; Mr. Hogan's successor, Gov. Wes Moore; and even Angela Alsobrooks, his rival for the Senate seat. Plenty of Democratic voters seem to feel the same. Mr. Hogan leads Ms. Alsobrooks by 6.5 points in the RealClearPolitics poll average, though his edge may be eroding as the race picks up.

"Just look at what I've already done," he says, sitting at a picnic table in a park in this Baltimore suburb. "I have the expertise to actually reach across the aisle."

Those are familiar words from a politician, but that day Mr. Hogan backs it up on the ground. He spends the afternoon with members of the



The former governor at a March 28 Baltimore Orioles game.

International Longshoremen's Association, chatting over pulled pork and posing for photos as people recognize him and wave him over. The union usually supports Democrats, but Local 333 endorsed Mr. Hogan this year.

"He's good for business," says the local's president, Scott Cowan. "And at the end of the day, this is about business. Look at that money he got for the port in 2018." That's a reference to a \$6.6 million federal grant that Mr. Hogan secured to help build a deep berth in Baltimore's port and open traffic to more supertankers.

## Flipping a Maryland seat could win a GOP majority, but the former governor appeals to Democrats too.

"He also shows up for us," Mr. Cowan says. His members are gathered to celebrate their return to work after the collapse of the Key Bridge in March shut down most of the port, and he praises the former governor for taking up their cause.

Some dockworkers contrast Mr. Hogan's record with that of his opponent, Ms. Alsobrooks. "She got all the

big endorsements," says Tulani Hasan, who drives a light truck at the port. "But she wasn't really a big name before she ran." Ms. Alsobrooks has been executive of populous Prince George's County since 2018. She stood out as one of the last county leaders to lift the mask mandate during Covid, while Mr. Hogan pushed for an earlier end.

Ms. Alsobrooks is black, and the prospect of becoming the third black woman to be elected to the Senate is a major theme of her campaign. Ms. Hasan, who is also black, guesses that about half her family and friends will be drawn to Ms. Alsobrooks because of her race. That enthusiasm could help propel Ms. Alsobrooks to victory in a state where blacks make up about 30% of the population.

To win undecided Democrats, Mr. Hogan will have to distance himself from Mr. Trump. The good news for Mr. Hogan is that he has criticized the former president for years, and he's credible when he says he'll continue to do so in the Senate.

"I was the leading critic of the MAGA agenda," Mr. Hogan says. "So it's completely disingenuous when folks say I'll be another vote for that." He's particularly sharp in condemning Mr. Trump's role in the Jan. 6 riot, and before launching his Senate run he considered challenging the

# Defeat Could Be Good for Britain's Conservatives

By Dominic Green

More men have walked on the moon than have led Britain's Labour Party to electoral victory. After Conservative Prime Minister Rishi Sunak's surprise announcement of a general election on July 4, Labour leader Keir Starmer seems likely to make the leap into 10 Downing Street. It will be a hard landing. Like Mr. Sunak, Mr. Starmer will govern as a high-spending liberal technocrat. Yet the machinery of the British state is broken, money is running out, and voters have had enough.

Timing is everything. Mr. Sunak could have waited until the end of the year to call the election. He surprised even his own ministers last week and gave no reason. Nor could anyone explain why he launched his campaign during a rainstorm without that signature British accoutrement, an umbrella. Soaked to the skin in a too-tight suit, Mr. Sunak resembled a schoolboy who had missed the bus.

As prime minister, he has been a washout. The Conservatives were more than 20% behind Labour in the polls when Mr. Sunak took office in October 2022. They remain there now. True, a 20-point gap can be closed. Theresa May was that far ahead in 2019 when she called elections, then nearly squandered her lead by exposing the public to her personality. Mr. Sunak doubtless hopes voters will recoil as they get to know Mr. Starmer, a human-rights lawyer unimpaired by scruple or charm.

It won't be enough. Mr. Sunak's personal ratings are as low as John Major's were in 1994, three years before the 1997 elections that sent the Tories into the wilderness for a generation. As chancellor of the Exchequer who cut the checks during the Covid-19 lockdowns, Mr. Sunak's approval rating reached 64% in a July 2020 YouGov poll. On Wednesday morning, it was down to 20%.

The right-wing populists of Reform UK are polling at 14% in England, where 326 of Mr. Sunak's 346 members of Parliament live. Growth is a near-stagnant 0.5%. Taxes are the highest since 1948, and the fiscal hangover from Mr. Sunak's Covid welfare binge will last longer than the pandemic did. Legal and illegal immigration remain near record highs. In May's local elections, the Conservatives lost nearly half their councilors. With the right-wing vote splitting and the pendulum of British politics naturally swinging back to Labour, a 1997-style wipe-out looms.

The ship sinks, the rats take to the lifeboats. Two Tory lawmakers have already defected to Labour. By Friday night, 78 more had declared they won't contest the next election. The exodus includes six current ministers, the party's deputy chairman, the head of the committee that manages the parliamentary party, the deputy speaker of the Commons, and five of the defeated contenders in the party's 2019 leadership contest.

One ex-prime minister, Mrs. May, is looking for a new job. Another, Boris Johnson, left Parliament in 2022. Fifteen ex-ministers are leaving, including three ex-chancellors of the Exchequer. One, John Redwood, is the last link to Margaret Thatcher's policy unit and John Major's cabinet. Another, Michael Gove, was a six-time minister under four prime min-

isters and the Conservatives' sharpest thinker and canniest operator.

The Conservatives are losing their institutional memory. But this doesn't have to mean brain death, provided the survivors think for themselves. There is plenty of new thinking on the British right these days, and life beyond the Tories and the "Westminster bubble."

## Rishi Sunak's Tories are coming apart and likely headed for a generation in the political wilderness.

Reform UK is the latest incarnation of the ongoing populist uprising that produced Brexit; its honorary president, Nigel Farage, is perhaps the most influential conservative in recent British history, yet has never held a parliamentary seat. A revived Social Democratic Party, founded by the populist academic Matthew Goodwin, opposes immigration and favors the cultural and economic protection that the voters increasingly want. Dominic Cummings, the tech savant who strategized the pro-Brexit campaign in the 2016 referendum and Boris Johnson's 2019 electoral victory, has launched a Startup Party, effectively a think tank for

former president with a third-party campaign for the White House.

Yet Maryland, like any blue state, has its share of devoted Trump supporters. Mr. Hogan can't risk losing their support either: "I'll of course work with—and hold accountable—whoever gets elected." He says he'll be open to cooperating with a second-term President Trump when their policy views align. That could include trade agreements and Middle East policy, two areas where Mr. Hogan has praised parts of Mr. Trump's first-term performance.

Democrats' hardest line of attack on Mr. Hogan regards abortion. As governor he vowed neither to expand nor restrict access to abortion, and in 2022 he vetoed a bill that allowed nurse practitioners to perform the procedure. Yet he wants Congress to enact a law to guarantee access up to 26 weeks, and he took that position even before the Supreme Court overturned *Roe v. Wade* in 2022. "I've been on the record in favor of *Roe* since 2019," he says.

His stance could be a winner if it makes his opponent look more extreme. That may be happening already. Ms. Alsobrooks headlined a rally for abortion rights last week, and she told reporters that there should be no restrictions at all on abortion. That position lines up with current Maryland law, but hearing her defend it could turn off moderate voters.

Mr. Hogan's independence means Democrats and Republicans alike would take a risk by backing him in the fall. Flipping a Maryland Senate seat could help secure a Republican majority, yet he hasn't said whether he would support the GOP's nominee for majority leader.

But in a year with two deeply unpopular presidential candidates, Mr. Hogan bets that his staunch centrism is exactly what Marylanders are seeking. "Voters know I'm the only person who's willing to stand up to the current president, the former president, the Democratic Party and the Republican Party."

Mr. Ukuieberuwa is a member of the Journal's editorial board.

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modernizing a sclerotic bureaucracy. As a media landscape once dominated by the BBC fractures, the new voices of the British right have their own channel, GB News.

Donald Trump, and the rage of voters, is forcing a similar redefinition of the Republican Party in the U.S. In Europe, the New Right is finishing its long march from the fringe to the mainstream. Britain's Conservatives won a landslide in 2019 by exploiting the same popular dissatisfaction—only to govern as progressives with a patrician contempt for their new base.

A rarity among British politicians, Mr. Sunak once had a real job. He even understands finance. The ex-Goldman Sachs analyst voted for Brexit in 2016 for Thatcherite reasons of economy. He sees the need for a Thatcherite trimming of Britain's bureaucracy and welfare state, but his hands are tied by his party's politicians, and he isn't temperamentally inclined to dirty them by fighting too hard. British Conservatives are now the principal obstacle to the revival of British conservatism. Defeat could force the party through its crisis, though there will be much less to conserve after five years of Labour.

Mr. Green is a Journal contributor and a fellow of the Royal Historical Society.

# The EEOC's Unjust Abortion Mandate

By Timothy P. Broglio

The U.S. Conference of Catholic Bishops cheered when Congress passed the Pregnant Workers Fairness Act in 2022. The bill's purpose was laudable and obvious: to expand protections for pregnant women in the workplace. Yet the Equal Employment Opportunity Commission has subverted the law's noble goal by turning it into an abortion-accommodation mandate. That is unjust and illegal. In federal court last week, the USCCB filed suit to challenge it.

The bill is pro-woman, pro-family and pro-worker. It is also bipartisan. The text requires employers to offer reasonable accommodations—such as paid time off or modified work schedules—for the various needs that arise during pregnancy and childbirth. It bars employers from denying employment opportunities to a pregnant employee because of these needs, or from taking adverse action against her.

Our commitment to promoting human dignity must include defending the unborn and supporting women in their pregnancies. That includes advocating dignified condi-

tions in the workplace. The PFWA advances each of these principles.

Yet the EEOC—the agency charged with implementing the statute—has twisted it to undermine human dignity. Under the commission's "final rule" for the law, set to take effect June 18, employers must facilitate abortion. In the EEOC's telling, having an abortion is the equivalent of pregnancy or childbirth. Required employer accommodations would include offering paid leave to obtain an abortion, and employers who express pro-life perspectives could be subject to legal liability.

The commission distorts the law beyond recognition. The PFWA never mentions abortion. Its congressional sponsors, from Sen. Bob Casey (D., Pa.) to Sen. Bill Cassidy (R., La.), explicitly said it couldn't be read to include abortion. They emphasized that the provisions are simple and that it is difficult to imagine a less controversial bill. They were right and the EEOC is wrong. The bill wouldn't have passed, and we wouldn't have supported it, if it meant what the commission says.

The EEOC knows that. When it first proposed the rule in August 2023, it received comments from

more than 54,000 individuals and organizations opposing it. The commission persisted, betraying the public's trust and transforming bipartisan legislation into a radical regulation.

In addition to shoe-horning abortion into a life-affirming statute, the regulation effectively nullifies the new law's protections for religious employers. It also bans employers from encouraging employees to choose life instead of abortion. That means religious employers cannot require their employees to be faithful advocates of the sanctity of life.

The commission is turning the plain text of the law on its head to promote abortion. If the EEOC's rule is allowed to stand, the USCCB and Catholic ministries nationwide will be penalized for doing what they have done for centuries: teaching and serving the infinite dignity of every person. We will not compromise that twofold mission of walking with women and honoring the unborn. We look forward to the courts' vindicating our right to do so.

Archbishop Broglio is president of the U.S. Conference of Catholic Bishops.

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## Saudis Plan Big Aramco Share Sale

The offering of up to \$20 billion would ease the pressure to raise more funds

By BEN DUMMETT

Saudi Arabia is likely to announce as soon as this week plans to sell \$10 billion to \$20 billion of stock in Aramco, its crown jewel and the world's most valuable oil company, according to people familiar

with the matter.

The long-awaited offering, if it proceeds, would alleviate near-term pressure on the kingdom to raise funds. Saudi Arabia has many mega projects including a new city and a global airline, all meant to diversify the economy beyond oil. The country supersized a \$12 billion debt sale earlier this year and has transferred billions from its foreign-currency reserves to its sovereign-wealth fund.

Saudi Arabia currently

owns more than 82% of Aramco, formally **Saudi Arabian Oil Co.**, which is listed on the country's Tadawul stock exchange. The wealth fund—the Public Investment Fund—owns a further 16%. The rest is held by public investors.

The stock sale, which could still be delayed or withdrawn, would be a follow-on offering. Aramco went public in 2019, raising \$29.4 billion in what remains the world's largest initial public offering. A sale of \$20 billion of shares would

be near the top of the list of record stock sales, close to the size of Alibaba's 2014 IPO.

The size of the offering, some of the people said, will largely depend on the appetite of international investors.

Saudi Arabia, under de facto leader Crown Prince Mohammed bin Salman, has toyed with selling additional stock in Aramco for a number of years, shelving the plans repeatedly due to uncertain economic and market conditions. The time finally appears ripe,

the people say, with global stock markets near records and benchmark oil prices hovering above \$80 a barrel for several months.

Any offering would be substantial for the relatively small Saudi stock market, but would raise only a fraction of the cost of the kingdom's announced projects and initiatives, which if built in full could total in the trillions of dollars.

Mohammed's ambition for Please turn to page B4

## T-Mobile To Buy Most Of U.S. Cellular

By DREW FITZGERALD

**T-Mobile US** agreed to buy much of **U.S. Cellular's** operations for roughly \$4.4 billion including debt, a deal that would bring more consolidation to the wireless industry.

The agreement, which includes up to \$2 billion of assumed debt, would give T-Mobile more than four million new customers and a trove of valuable spectrum rights to carry more of their data over the air. The companies expect the deal to close in mid-2025.

The Wall Street Journal earlier this month reported that T-Mobile and **Verizon Communications** were in talks to carve up Chicago-based U.S. Cellular, which caters to a base of mostly rural customers across several states. The regional company made inroads connecting homes with wireless home broadband but struggled in recent years to keep customers from signing up for rival cellphone services.

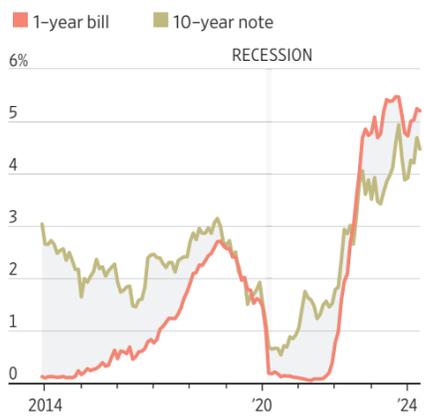
U.S. Cellular said Tuesday it would hold on to its portfolio of cellphone towers, about 70% of its wireless spectrum licenses and interests in joint ventures with Verizon. The company said it would look for ways to monetize its remaining spectrum rights.

T-Mobile also agreed under the proposed deal to extend its leases on 600 U.S. Cellular towers and sign long-term leases on about 2,000 more. U.S. Cellular said the contracts would give it a dependable anchor tenant for at least 15 years.

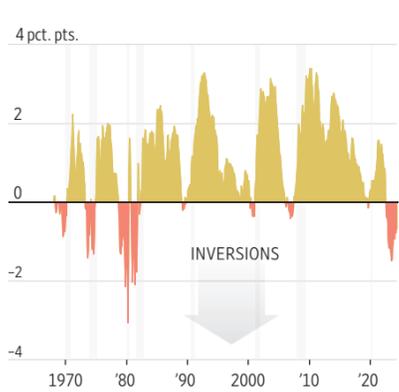
U.S. Cellular parent **Telephone & Data Systems** last year offered the business for Please turn to page B4

## Inverted Yield Curve Flags as Recession Omen

Treasury yields, monthly



10-year Treasury yield minus the 1-year yield, monthly



By SAM GOLDFARB AND PETER SANTILLI

One of Wall Street's favorite recession indicators looks broken.

An anomaly known as an inverted yield curve, in which yields on short-term Treasuries exceed those of longer-term government debt, has long been taken as a nearly surefire signal that an economic pullback looms. In each of the previous eight U.S. downturns, that has happened before the economy sputtered. There haven't been any glaring false alarms.

Now, though, that streak is threatened. The yield curve has been inverted for a record stretch—around 400 trading sessions or more by some measures—with no signs of a major slowdown. U.S. employers added a solid 175,000 jobs last month, and economic growth this quarter is expected to pick up from earlier in the year.

If a recession doesn't materialize soon, it could do lasting damage to the yield curve's status as a warning system, providing one of the most significant examples of how the fallout from the Covid-19 pandemic has upended longstanding assumptions on Wall Street about how markets and the

economy function. Even if the past couple of years have been unusual, investors likely wouldn't be as worried when another inversion occurs in the future.

"It's not working," said Ed Hyman, chairman of Evercore ISI. "So far, the economy is doing fine," though he added that a recession could be just a little late in arriving this time.

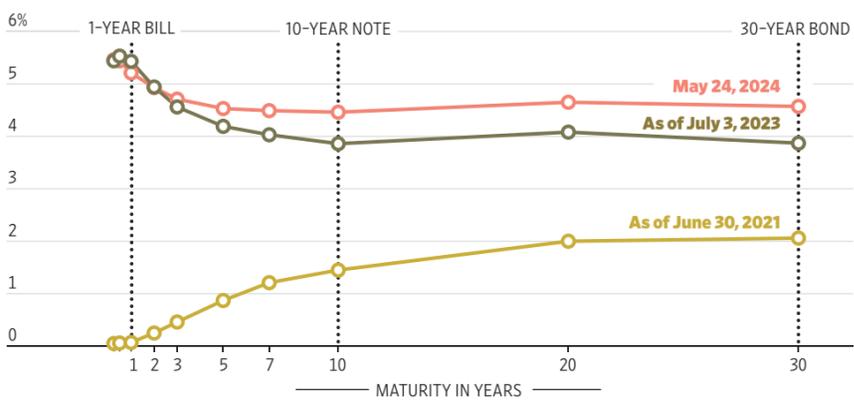
There is a reason yield-curve inversions precede recessions.

Yields on Treasuries largely reflect investors' expectations for what short-term interest rates set by the Federal Reserve will average over the life of a bond. When longer-term yields fall below short-term yields, it is a sign that investors expect the Fed to cut interest rates—something it often does to jump-start a faltering economy.

The near-mythical status of the inverted yield curve as a harbinger of downturns took time to develop. One of the first to put a spotlight on the link between inverted curves and recessions was Campbell Harvey, now a finance professor at Duke University, who published a dissertation on the subject in 1986.

Inverted yield curves were Please turn to page B2

Yield curve, U.S. Treasuries



Sources: Tullett Prebon (monthly yields); Federal Reserve Bank of St. Louis (spread); Treasury Department (yield curve)

## Bullish Investors Flood Into Stock, Bond Funds

By JACK PITCHER

Investors are finally putting their money where their mouths are.

U.S.-based mutual and exchange-traded funds have drawn a net \$172 billion of inflows so far this year, a marked turnaround after they collectively bled assets in each of the past two years.

The flows mark a break from the risk aversion that investors had shown for much of the past two years and an embrace of the narrative that a strong U.S. economy will support financial markets. Assets in money-market funds and other cashlike products that investors favored last year have plateaued. Investors are putting their money to work in stocks and bonds instead.

"The economy is in good shape, labor markets are in good shape and central banks globally look ready to provide support," said Michael Arone, chief investment strategist at State Street Global Advisors. "That's an attractive backdrop for investing, and it's the primary reason you're seeing an increased appetite for everything."

Flows to U.S. stock and

bond funds this year are the strongest since 2021, when interest rates were near zero. Globally, the net \$468 billion invested in ETFs through April is the highest on record, according to ETFGI data.

The soft-landing trade appears fully back in vogue after several months of hot inflation data rattled investor confidence. The most recent consumer-price data was lower than forecast, and first-quarter earnings results showed booming corporate profits. The S&P 500 is up 11% in 2024, trading just below its record.

Skeptics argue that equity valuations look expensive and the extra yield offered by risky corporate debt is historically low. The S&P 500's price compared with expected earnings over the next 12 months is currently in the top decile of its historical range, according to Morgan Stanley.

This week, traders will closely watch Friday's release of the personal-consumption expenditures index, the Federal Reserve's preferred inflation gauge.

◆ **Nasdaq climbs on rally in Nvidia..... B11**

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**BUSINESS NEWS**  
Activist investor Irenic Capital has built a stake of nearly 5% in Forward Air. **B3**



**PROPERTY REPORT**  
Retail bankruptcies have closed many locations, but empty space is still scarce. **B6**

Share of each service's subscribers that also subscribe to Max

A service like Max, for instance, has a lot to gain from being included in a bundle because it has little overlap with other major streaming services, according to Antenna, a subscriber-measurement company.

Being part of a bundle is far less appealing for a dominant streaming platform like Netflix, because nearly half of users of most other major streaming platforms already subscribe to it.

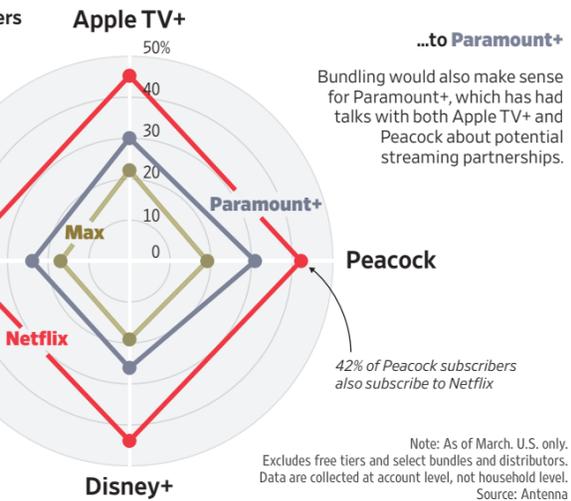
## Streaming Bundles Are Here, But Options Can Be Complex

The good news: There are a lot of ways to save money on streaming by taking advantage

By David Marcelis, Amol Sharma and Nate Rattner

of special deals, bundles and packages in the marketplace.

The bad news: Keeping track of the growing menu of options gets more challenging by the week.



This month, **Walt Disney** and **Warner Bros. Discovery** announced plans for a discounted package of Disney+, Hulu and Max that will be available this summer. And **Comcast** on Wednesday is launching a \$15-a-month bundle of **Netflix**, **Apple TV+** and its **Peacock** service for its Xfinity customers.

More tie-ups are in the works. Bundles are a great way for streamers to expand their

...to Paramount+

Bundling would also make sense for Paramount+, which has had talks with both Apple TV+ and Peacock about potential streaming partnerships.

42% of Peacock subscribers also subscribe to Netflix

Note: As of March. U.S. only. Excludes free tiers and select bundles and distributors. Data are collected at account level, not household level. Source: Antenna



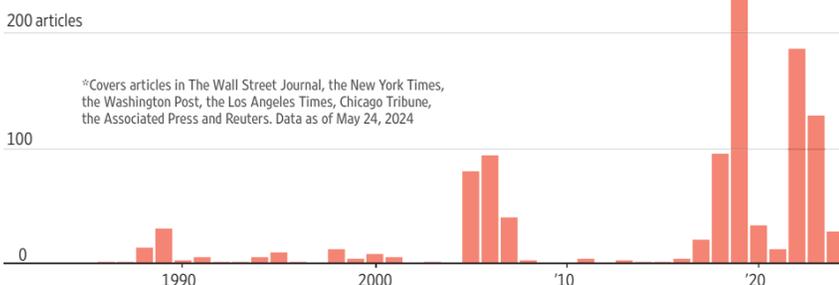
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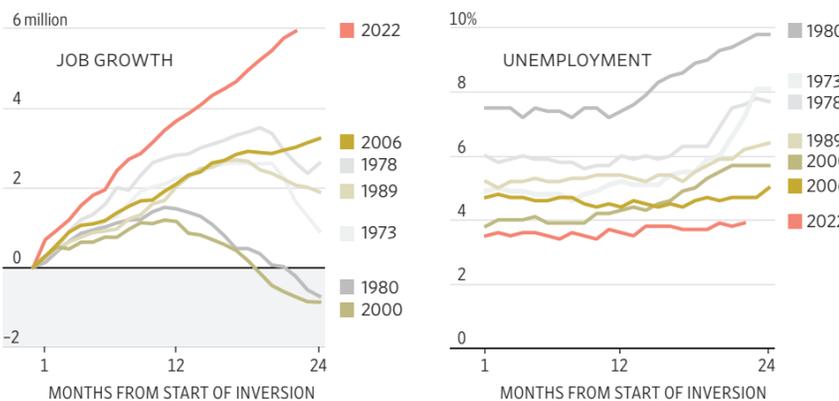


# BUSINESS & FINANCE

## News articles mentioning both 'inverted yield curve' and 'recession'



## Accumulated job growth and unemployment rate following yield-curve inversions\*



# Inverted Yield Curve Loses Status

Continued from page B1 discussed on Wall Street and at the Fed in the 1990s but remained a relatively niche subject until after the 2008 financial crisis, Harvey said. Then people started taking stock of warning signs they had initially played down.

Data from Factiva supports that narrative, showing a huge increase in the number of news articles mentioning the yield curve when it inverted in 2019 compared with previous inversions.

Still, there have always been limitations to the yield curve as a forecasting tool.

An inverted curve indicates that investors expect rate cuts, but it doesn't explain why they are making those wagers.

Bets on cuts could reflect some chance of a recession but also some probability of a benign scenario, with the Fed trimming rates as a precautionary measure even as growth remains stable.

Inversions have reflected differing circumstances over the years. In the early 1980s, the Fed was hardly trying to avoid a recession when it raised rates to nearly 20% to fight double-digit inflation.

In other cases, some economists believe that a recession could have been avoided had it not been for external shocks, such as the surge in oil prices when Iraq invaded Kuwait in 1990 or the Covid-19 pandemic in 2020.

In the current situation, a

recession has at times seemed likely. Forecasts for a downturn surged in 2022 as inflation kept climbing and the Fed started raising rates aggressively.

Still, some economists remained confident that a recession could be avoided. Inflation, they argued, could fall at least part of the way to the Fed's 2% target on its own as businesses recovered from the pandemic and were able to boost output to meet customer demand again. Interest-rate increases were still needed but could be reversed before the economy slowed too much.

Since then, inflation has fallen sharply with only a small uptick in the unemployment rate. The prospect of rate cuts without a recession has cheered investors, helping lift the S&P 500 24% last year and a further 11% this year.

Harvey, the economist perhaps most associated with the inverted yield curve, has himself argued that the economy could avoid a recession this time.

"It is naive to think that you can just forecast the complex U.S. economy with a single measure from the bond market," he said.

There is little indication that the inversion will end soon.

Inversions have often ended shortly before recessions when rate cuts from the Fed came closer into view, leading to a big decline in short-term Treasury yields.

"The curve inversion, especially earlier on in the cycle, played a major role in the psyche for investors," he said. "But I do think now this has become kind of the new normal," said Michael Lorzio, senior fixed-income trader at Manulife Investment Management.

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# Streaming Bundles Are Complex

Continued from page B1 service? All of this matters in the increasingly messy world of streaming.

Media executives say we may be at an intermediate point in the evolution of streaming. Things could get really, really complicated before they get simpler.

## The newest bundles

Step one was for media companies to simplify things under their own tents. Disney did that by offering its full array of services—Disney+, Hulu and ESPN+—in a package known as the "Disney Bundle Trio," for \$14.99 with ads and \$24.99 mostly without ads. There are also "Duo" packages that don't include ESPN+. Paramount did something similar by merging Showtime into its

Paramount+ service.

The bigger challenge is for rival media companies to join forces. They have to agree on how to split revenue and who manages customer relationships. That is why the pairing of Disney and Max is a big deal. The companies are going to offer bundles of the ad-supported and ad-free versions of their services, but have yet to disclose their prices.

Expect to see more like this. Disney, Fox and Warner Bros. Discovery are bundling their sports programming into a new streaming service, Venu Sports, due to launch this year. ESPN has had talks with the National Football League about ways to bundle their subscription offerings. The owners of Peacock and Paramount+ have explored a joint venture or partnership, The Wall Street Journal reported. And Apple has been on the hunt, too.

In some cases, it takes a third party to bring rival players to the table. Verizon has tried to carve out that role: A bundle of Netflix and Max, with ads, is available to Verizon's "myPlan" wireless customers and costs \$10 a month.

## To bundle or not

Bundling popular services should make a lot of sense for many consumers—but not everyone.

Dennis Jamiolkowski, for instance, already subscribes to Disney+, Hulu and Max, but he isn't sure he will sign up for a bundle of all three services. The reason: He only pays \$3 a month for Disney+ and Hulu combined—the result of a one-year deal he landed on Black Friday—so that new bundle would have to be heavily discounted to be attractive.

The 45-year-old lawyer from New York's Long Island also likes the freedom of being able to hunt for streaming deals. "Let's say I bundle three apps, then I see a sale for a singular app—I can't take advantage of that sale because I'm trapped in a bundle," he said.

Bundles might not always make sense for all streaming

companies, either. Offering a discount is most beneficial if it helps a service reach many new customers.

Bundles can help with customer retention, which is a major issue for streaming services. Many users jump back and forth between platforms to watch a specific show, then cancel when they are done.

Offering multiple services as part of one package lowers the likelihood that subscribers will cancel on any given month, according to data from Antenna. The subscriber-measurement company found that most streaming services count about twice as many casual consumers—people who are either past subscribers or have signed up less than six months ago—than long-term users.

Here again, there is an exception: Netflix, which has the lowest rate of customer defections in the industry and twice as many long-term users as ca-

sual ones. That means it might have less to gain from bundling than its rivals, though bundles give it an opportunity to reach price-conscious consumers and expand the user base of its year-and-a-half-old ad-supported plan.

## So many perks

Before you sign up for a streaming service, you should check whether you already have access to it for free or at a discount. For instance, many T-Mobile customers get Netflix's ad-supported plan at no extra cost.

A subscription to Paramount+'s ad-supported "Essential" plan—normally \$5.99 a month—is included as a benefit of the \$98-a-year Walmart+ membership program. Comcast's discounted bundle of Netflix, Apple TV+ and Peacock is being made available to its TV and internet customers. Charter, meanwhile, negotiated deals with Disney and Paramount to make Disney+, ESPN+ and Paramount+ available to some of its Spectrum TV customers at no extra cost.

Services also can be tied to

credit-card issuers and delivery apps, among others.

Josh Lowmon said he gets Netflix, Hulu and Apple TV+ at no extra cost through his T-Mobile subscription. A soccer fan, he used to subscribe to Peacock and Paramount+, but he canceled both when he found out he could access them at no charge through two shopping-delivery apps: Instacart+ and Walmart+, respectively.

"There's no point in paying for something that I can get for free," said Lowmon, a 42-year-old information-technology project manager from Denver.

Instacart+ was a popular option for football fans last season, when Peacock had exclusive rights to two games. When he found out one of the Peacock games would feature his favorite team, the Buffalo Bills, Ryan Inzana griped at the idea of having to pay just to watch a single game—until he realized his credit card gave him free access to Instacart+, which in turn offered free access to Peacock. "In a roundabout way, we wound up getting a free subscription to Peacock," said the 38-year-old chief financial officer from Columbia, S.C.

# Stock, Bond Funds Grab Investors

Continued from page B1 tion gauge. Markets appear sanguine about the economic outlook currently, but a hot inflation number could cast doubt on their hopes for interest-rate cuts.

Wall Street is currently pricing in at least one cut later this year, though minutes from the Fed's most recent meeting showed central-bank officials are still concerned about persisting inflation. If the easier monetary policy that investors are anticipating doesn't materialize, the stock-market rally is likely to sputter, analysts warn.

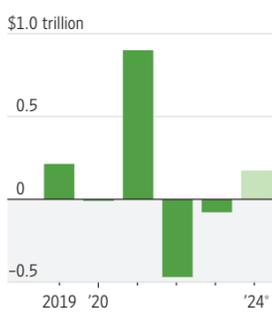
Investors look anything but defensive. Of the 10 ETFs that have taken in the most money this year, just one is a bond fund. Two track the price of bitcoin.

The leader, the **Vanguard S&P 500 ETF**, is on pace for a banner year. Investors have added a net \$37 billion in less than five months; the annual record for any ETF inflow is \$50 billion.

The risk-taking extends into fixed-income markets, where some of the most popular funds over the past month hold riskier corporate bonds and loans that pay higher yields.

"In the last few weeks,

## Annual net flow to U.S. mutual and exchange-traded funds



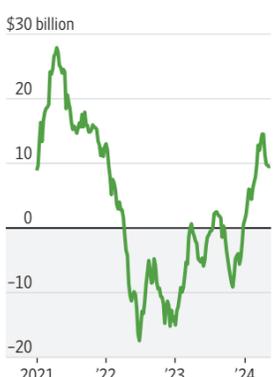
## Total U.S. money-market fund assets



## Top 10 U.S. ETF inflows, year to date\*

Vanguard S&P 500 ETF	\$36.97 billion
iShares S&P 500 ETF	15.92
iShares Bitcoin Trust	
Vanguard Total Stock Market ETF	15.63
Invesco QQQ Trust	12.93
iShares U.S. Aggregate Bond ETF	12.73
Fidelity Wise Origin Bitcoin Fund	8.99
BlackRock U.S. Equity Factor Rotation ETF	8.49
SPDR Portfolio S&P 500 ETF	7.45
Vanguard Growth ETF	7.29
	6.20

## Net flow to U.S. mutual funds and ETFs, 12-week rolling average



\*2024 figure is through May 15. Money-market funds are excluded. †Through May 17 Sources: Investment Company Institute (net flows, total assets); FactSet (inflows)

we've seen significant inflows to loans," Arone added. "That tells me that investors' risk appetite is elevated, their confi-

dence is higher and they're willing to take credit risk."

Shane Archuleta, a 29-year-old IT professional in Fort My-

ers, Fla., is one of the investors rushing into the market. Archuleta said he now tries to invest almost 50% of his after-tax income in retirement and taxable accounts that he manages on Robinhood and E\*Trade.

Archuleta has mostly been buying ETFs, including Vanguard's S&P 500 fund, a Vanguard growth fund and Invesco's QQQ, which tracks the Nasdaq-100 index. With a multidecade investment horizon, he says he prefers higher-risk, growth-oriented funds for now.

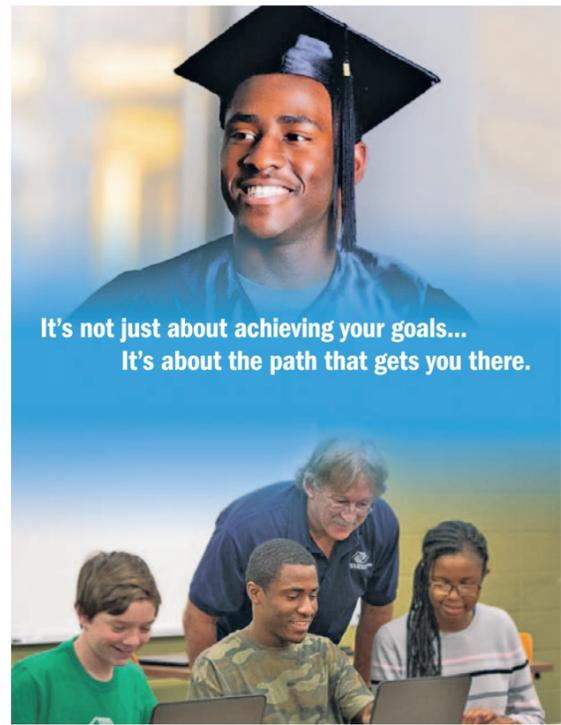
"My big thing is, 'Don't bet against the U.S. equity market.' I have no doubt in the very long run it's going to go up," Archuleta said.

Fund managers are optimistic, too. Bank of America's most recent survey of fund managers showed the most bullish sentiment since 2021. The survey found cash levels at multi-year lows and stock allocations at multiyear highs.

Flows tend to lag behind performance. Stocks and bonds got crushed by the Fed's rate-rising campaign in 2022, so a slower 2023 wasn't necessarily a surprise, said Aniket Ullal, head of ETF data and analytics at CFRA Research.

What stands out this year is the breadth of funds taking in money. Investors aren't just putting all their money into the booming technology sector.

"The flows are very broad-based across all categories," Ullal said. "It's not like a couple of funds or categories are carrying the space."



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BUSINESS NEWS

# Merck Nears Deal for Eye-Care Firm

BY JARED S. HOPKINS  
AND LAURA COOPER

Merck is close to a \$1.3 billion deal to buy **Eyebiotech**, a move that would push the big drugmaker into the large and growing market for eye care.

Under the terms, Merck would pay the \$1.3 billion in cash upfront to acquire the closely held biotech, according to people familiar with the matter.

Merck could make an additional \$1.7 billion in milestone payments for the company, which goes by the name EyeBio.

The deal could be announced as early as Wednesday, the people said. Merck's venture arm was an investor in EyeBio.

EyeBio's lead drug, Restoret, is in development to treat eye conditions including a form of age-related macular

degeneration that leads to blurred vision and potentially blindness. In older people with the disease, known as Wet AMD, a part of the retina wears down and fluid leaks from blood vessels.

Restoret aims to stop the leakiness in the blood vessels. The drug, which recently completed midstage testing, is in development for Wet AMD as well as another eye condition called diabetic macular edema.

Wet AMD is a large and lucrative pharmaceuticals market. About two million people in the U.S. have the disease, according to the Cleveland Clinic.

Drugs including Regeneron Pharmaceuticals' Eylea, which had \$5.9 billion in sales last year, and Roche's Vabysmo, which notched \$2.7 billion in 2023 sales, already treat Wet AMD.

The global AMD market will reach roughly \$18 billion in 2030, up from more than \$10 billion in 2022, according to Grand View Research.

Merck, of Rahway, N.J., had sold some ophthalmology drugs but abandoned the market about a decade ago, divesting itself of its remaining products. The company has focused on drugs treating cancer and immune diseases as well as selling vaccines and animal treatments.

In recent years, Chief Executive Rob Davis has been doing deals to lessen Merck's reliance on blockbuster cancer immunotherapy Keytruda, the company's top-selling drug, which is expected to lose the protection of its main patent in 2028.

Keytruda made up more than 40% of Merck's \$60 billion in sales last year. Among Davis's deals were the \$10.8

billion purchase of immune-drug developer Prometheus Biosciences last year and the \$11.5 billion acquisition of Acceleron Pharma in 2021.

Through Acceleron, Merck acquired a newly approved drug, called Winrevair, that analysts project will have multibillion-dollar sales and help the company diversify beyond Keytruda.

The company is also looking for a boost from a new pneumococcal vaccine that is up for U.S. approval.

The agreement to buy EyeBio, which has operations in London and New York, comes when mergers and acquisitions have been muted in the pharmaceutical sector, following a blockbuster spate of dealmaking to end 2023.

Pharmaceutical companies have tended to look for relatively smaller deals to brace for their coming patent cliffs.

# Activist Irenic Builds Stake In Forward Air

Investor's position of nearly 5% puts it among the trucker's largest shareholders

BY LAUREN THOMAS

Activist investor Irenic Capital Management has built a stake of nearly 5% in **Forward Air**, the U.S. trucking company that recently completed a controversial deal.

Irenic privately sent a letter to Forward Air's directors this month calling for a board shake-up and a strategic review to consider a range of options including a sale, people familiar with the matter said.

Irenic joins investors who have been irked by the company's \$3.2 billion acquisition of Omni Logistics. Unveiled in August, the deal soured as Omni's business deteriorated and shareholders questioned the structure of the agreement. Forward Air contemplated pulling the plug but was ultimately forced to complete the transaction in January.

Forward Air's market value now stands at less than \$400 million after the Greeneville, Tenn., company's stock dropped by roughly 90% since the deal with Omni was first revealed.

Forward Air specializes in moving shipments of smaller items between airports. Omni had been one of its customers and the deal was a bid to make Forward Air more vertically integrated.

Investors balked at the price, representing 18 times the target's 2022 earnings before interest, taxes, depreciation and amortization, when the logistics industry was on a

postpandemic high. They also didn't like the debt burden it added.

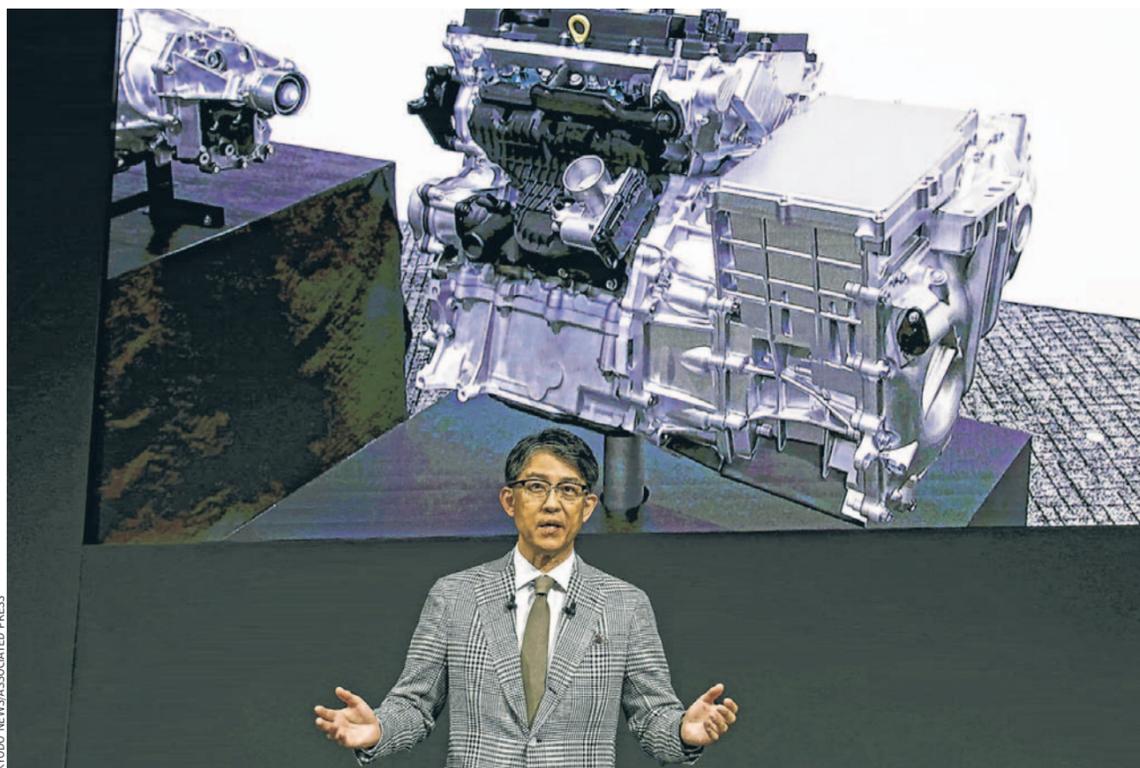
Irenic, known for agitating for change at companies including The Wall Street Journal's parent News Corp, in its letter criticized the board for designing the Omni deal in a way that would circumvent a shareholder vote. (Forward Air founder Scott Niswonger said he resigned from the board last year in part due to a disagreement over the structure.)

Irenic also told Forward Air that it believes a number of private-equity firms would be interested in acquiring the company at a substantial premium to its current share price. Irenic believes another alternative that should be considered is divesting itself of Omni.

Private-equity firm Clearlake Capital recently disclosed a nearly 14% stake in Forward Air, making it the company's second-largest shareholder after BlackRock.

Forward Air is dedicated to keeping an open dialogue with all shareholders and listening to feedback about board refreshment, ensuring it has the right mix of skills and experience, a company spokesperson said. Forward Air "will continue to take actions it believes will drive sustainable value to shareholders," the spokesperson said.

Forward Air in April named Shawn Stewart, a logistics and transportation executive, as CEO after Tom Schmitt abruptly departed from the role in February—shortly after the Omni deal closed. Earlier this month, Forward Air Chief Financial Officer Rebecca Garbrick also left the company. No reason was given publicly for either departure.



Toyota Chief Executive Koji Sato hopes to cast a futuristic spin on the traditional internal combustion engine.

# Toyota Readies Development Of Smaller, Greener Engines

BY KOSAKU NARIOKA

**Toyota Motor** plans to develop new, smaller engines that can run on carbon-neutral fuels, the latest move by the world's largest carmaker to navigate the industry's bumpy transition away from conventional internal combustion engines.

The Japanese automaker said that to help decarbonize such engines, it would make smaller versions of them, compatible with various fuels that it

says will produce net zero carbon-dioxide emissions.

Toyota has been taking what it calls a multipathway approach in adopting alternatives to conventional engines powered by emissions-generating fossil fuels. It is offering consumers a range of vehicles, including hybrid-electric and hydrogen-powered cars, in addition to electric ones.

"This is a declaration of, 'Let's make internal-combustion engines together,'" Toyota Chief Executive Koji Sato,

above, said Tuesday, adding that existing engines need to change.

The carmaker said the new engines would be made carbon neutral by shifting away from fossil fuels and offering compatibility with alternatives such as e-fuels, biofuels and liquid hydrogen.

Toyota said that smaller engines would improve design possibilities and aerodynamic performance, helping them comply with increasingly strict emissions regulations.

# Applebee's, IHOP Owner Tries To Maintain Profit Amid Deals

BY JENNIFER WILLIAMS

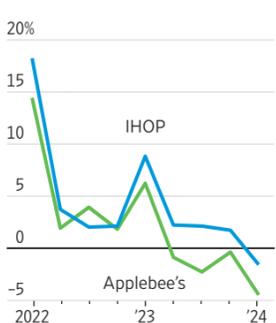
Diners are increasingly looking for deals, and the company behind Applebee's and IHOP is responding with promotions to draw in customers while aiming to hold on to profits for franchisees.

The hope is that deals will bring in diners, who will then tack additional food and drinks onto the promotional menu offerings. Take a recently relaunched \$1 margarita deal at Applebee's, said **Dine Brands** Global Chief Financial Officer Vance Chang, noting that more than 90% of checks with the Dollarita last fall included other menu items.

That enticement alone may be a win, because even if diners stick solely to deals, they are designed to make money for franchisees without add-ons. "We're not going to bat a thousand," according to Chang. "But [they] are really designed to be profitable," he said of promotions.

Dine Brands' customers are showing signs of being more price-sensitive and more into deals than in recent quarters, Chang said. At Applebee's in particular, diner checks with a promotion hit 28% for the first quarter, a high at least in

**U.S. same-restaurant sales, or sales of outlets open at least 18 months, change from a year earlier**



Source: Dine Brands

the past year and up from 19% in the previous quarter and the mid-to-high teens last year.

Meanwhile, the company's same-restaurant sales in the first quarter, or sales of outlets open at least 18 months, dropped 4.6% at Applebee's and were down 1.7% at IHOP, in both cases largely the result of fewer diners. Dine Brands' revenue in the first quarter was down 3.5% from the year-ago period to \$206.2 million and net income fell more than 36% to around \$17 million. The three-month period was the first in recent

quarters that lower-income guests notably cut back their orders, according to the CFO.

"It's certainly a tough environment," Chang said.

Last year, dining out consumed the highest percentage of Americans' disposable income since 2005, according to federal data. In the first quarter, the average check for dining out was up 5% from the prior-year period and up 36% from 2019, said David Portalatin, a food-industry adviser at Circana, which tracks consumer goods. The result is that overall restaurant traffic brought in by deals is increasing, up 2% in the first quarter from a year ago, while traffic tied to regular prices is down 3%, Circana data show.

"So restaurant operators are scrambling to create value with the consumer right now," according to Portalatin.

In recent quarters, restaurant executives have detailed deal plans to attract inflation-weary customers. **McDonald's** has a \$5 meal bundle promotion in U.S. restaurants planned for this summer. Chili's customers can choose a beverage, an appetizer and an entree for a starting price of \$10.99.

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TECHNOLOGY & BUSINESS

# OpenAI Panel To Evaluate Safety, Security

### Firm became embroiled in a legal battle over a new voice assistant

By Denny Jacob

OpenAI's board formed a safety and security committee after recently becoming embroiled in a legal battle over a new voice assistant in its latest artificial-intelligence model.

The generative AI company in a blog post published Tuesday said the committee will be led by directors Bret Taylor, who serves as chair; Adam D'Angelo; Nicole Seligman; and Chief Executive Sam Altman. A first task of the committee will be to evaluate and further develop OpenAI's processes and safeguards, it said.

The move comes after it launched GPT-4o, its new flagship model that powers its online chatbot ChatGPT, this month. Part of GPT-4o was a new female voice assistant, named Sky.

That voice assistant had taken center stage in a legal standoff between movie star Scarlett Johansson and OpenAI. Johansson has said she believes the voice of Sky sounded eerily similar to her own. Johansson voiced an AI assistant in the

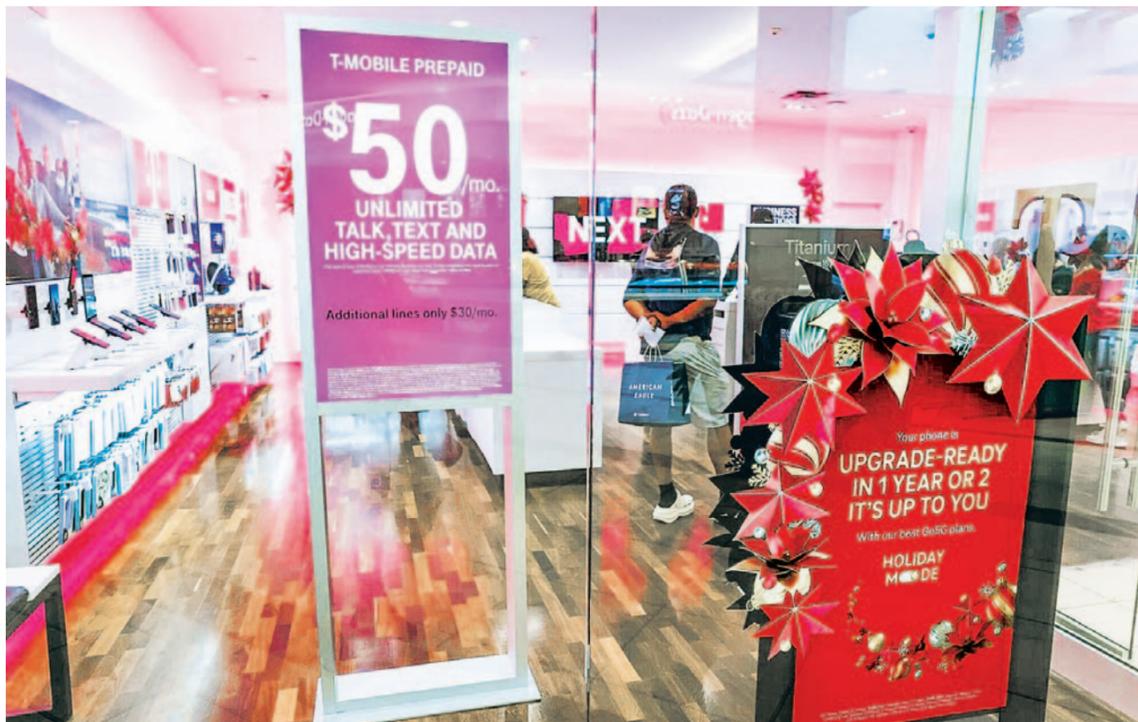
2013 film "Her."

Although Altman and other OpenAI executives said they found inspiration in the movie, OpenAI has said Sky was never intended to resemble Johansson and that the company had hired a voice actor who recorded the part before any outreach to Johansson. The company said it aimed to develop an assistant like Apple's Siri or Microsoft's Cortana that users could talk to.

The Wall Street Journal previously reported Johansson was unsuccessfully courted by OpenAI to work with the company and voice a new assistant feature. OpenAI earlier in the month paused use of the Sky voice after receiving legal letters from Johansson's team of representatives, according to the Journal.

The rapid rise of artificial intelligence has stirred deep anxiety in creative industries over compensation and ownership of AI-generated content built off prior work. Generative AI chat tools tend to rely on text, images, music and videos from across the internet, including material that is copyrighted, valuable and often behind a paywall.

Wall Street Journal owner News Corp has a content-licensing partnership with OpenAI.



The deal would give T-Mobile more than four million new customers and a trove of valuable spectrum rights.

U.S. Cellular share-price performance, over the past year



Source: FactSet

## T-Mobile And Rival Strike Deal

Continued from page B1

sale as its subscriber base was wavering and the value of wireless airwaves continued to climb. The sale to T-Mobile, if approved by regulators, would give TDS and the Carlson family that controls it a stable source of revenue from its cell-phone tower holdings.

T-Mobile said the deal, which would be subject to antitrust review, would help it reach more rural areas that its cellphone network hasn't traditionally covered. The company said more wireless spectrum could also help it offer high-speed broadband over the air to homes with few ways to get it.

T-Mobile, which is controlled by Deutsche Telekom, said it plans to make an exchange offer to holders of up to \$2 billion of U.S. Cellular debt and will increase its cash payment to compensate for any debtholders who choose not to exchange their bonds.



Aramco raised \$29.4 billion in a 2019 IPO, still the largest ever.

## Saudi Sale Seeks Up to \$20 Billion

Continued from page B1 Saudi Arabia is epitomized by Neom, a planned sci-fi-like city of nine million. The \$500

billion project features a pair of mirror-glass-covered, 110-mile-long structures taller than the Empire State Building. Mohammed has also pushed to launch a global airline and has greenlighted major investments in sports and videogames.

Saudi Arabian officials hope they can attract fresh capital based on Aramco's steady and increasing dividend payouts. Aramco offers a

dividend yield of about 6.5%, compared with 3.4% and a little more than 4%, respectively, for U.S. energy giants Exxon and Chevron.

The minority share sale is expected to be marketed to domestic and international investors, one of the people said.

Reuters earlier reported that a stock sale could come as soon as June.

At one point, Saudi Arabia had aimed to sell up to \$50

billion worth of Aramco stock. The smaller target shows the limits that face the country's relatively small financial system. Too large an offering risks having Aramco's stock drop sharply.

Aramco has a market valuation of around \$1.9 trillion, up from the \$1.7 trillion valuation achieved after the 2019 IPO and advancing on the \$2 trillion valuation favored by Mohammed.

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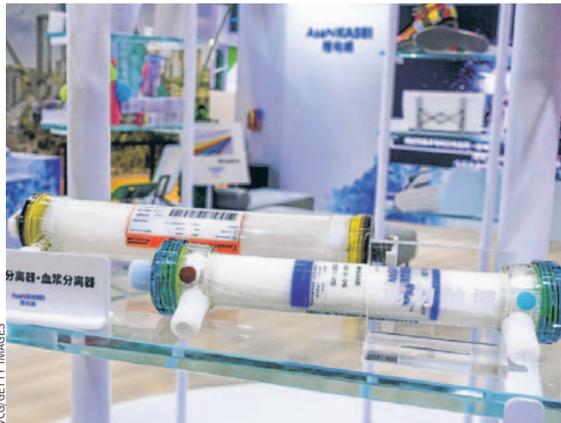
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BUSINESS & FINANCE

# Asahi Kasei Bids \$1.1 Billion for Calliditas



Equipment in an Asahi Kasei booth at a 2022 Shanghai event.

Swedish company's treatment for a rare kidney disease has been cleared in U.S.

By DOMINIC CHOPPING

Japanese conglomerate **Asahi Kasei** made a \$1.1 billion takeover bid for Swedish pharmaceutical company **Calliditas Therapeutics** as it looks to bolster its pipeline of specialty drugs.

The company is working to expand its healthcare business through specializing in immunology, transplantation, and

adjacent diseases as part of a broader plan to drive growth.

Calliditas Therapeutics' lead product, Tarpeyo, is a treatment for a rare kidney disease called IgA nephropathy and is highly complementary to Asahi Kasei's existing geographic and therapeutic areas, it said.

The drug has recently been fully approved in the U.S., has received conditional approval in Europe and Calliditas has plans to seek approval in Asia. It is the only fully approved product shown to reduce the loss of kidney function in adults with the condition who are at risk of disease progression.

"This transaction will ac-

celerate [our] transformation into a global specialty pharmaceutical business by unlocking the potential of existing business operations and human resources of Calliditas," Asahi Kasei said.

Through the deal, the Japanese company aims to solidify its presence in the U.S. by expanding its in-house sales structure for renal and autoimmune diseases, establish a presence in Europe, and expand its licensing and new drug development pipeline.

The company will offer 208 Swedish kronor a share, or about \$19.60, a premium of 83% to the company's closing price

on Monday, and 416 kronor for each American depository share, a 74% premium. The offer values Calliditas at 11.8 billion kronor.

The Calliditas board unanimously recommended that shareholders accept the deal. Shareholders representing 45% of the shares have undertaken to accept the deal.

"The proposed transaction highlights the shared commitment of the offerer and Calliditas in addressing the significant unmet medical need in IgA nephropathy with the continued focused development of this first-to-market product in IgAN," Calliditas said.

# Moderna Hustles to Hire More Talent in Technology

By ISABELLE BOUSQUETTE

**Moderna**, creator of one of a handful of Covid-19 vaccines, had to act fast in the pandemic. Speeding its first and only commercial product to market required the company to construct software and back-end systems at full throttle to get its vaccine to as many people as possible.

But that build-out was rocky, the result of multiple outside vendors tackling various parts of the same effort, said Chief Information Officer Brad Miller, who joined Moderna just last year.

"There were skeletons in that source code that we inherited," he said.

In the past two years, the company has been transforming what had been a heavily-outsourced IT department into one staffed by full-time professionals, a shift that Miller said would allow the biotech to scale up with more products, smooth the customer experience and execute more like an e-commerce company.

The Wall Street Journal spoke with Miller about his efforts to build Moderna's own tech team, the company's new hub in Seattle and how these efforts play into its plans to bring 15 new products—one a vaccine for respiratory syncytial virus—to market over the next five years. Edited highlights of the conversation follow:

**WSJ: Why is technology so core to the future of Moderna?**

**MILLER:** It is all about continuing to do the great R&D development and manufacturing that we're doing, but now we're adding in this extra layer of becoming a commercial company. And becoming a commercial company is very akin to e-commerce because we have to go and we have to sell our product. We have to market our product. We have to engage with customers. We've

got to manage customer relationships. And so we need to build those capabilities.

**WSJ: You joined Moderna in 2023, but tell us a bit about the technology transformation Moderna went through during the pandemic and what that meant for its software, people and processes.**

**MILLER:** It was certainly a time where we weren't going to debate whether we should use platform X or platform Y. We didn't have that time. As a result, I would argue we probably added a bunch of different systems and a bunch of different products to quickly address the market need of delivering our Covid vaccine.

**WSJ: You came into an IT organization that was heavily outsourced. What did that look like and what in your mind were the problems with that approach?**

**MILLER:** During the pandemic, we did have to flex with contractors and statements of work, but I think we probably created too much of a reliance on it.

In our first incarnation of Moderna Direct [online ordering platform], which is how we engage directly with our customers, there were three different vendor partners that were involved with building that product. We had one set of vendors that were designing it, another set of vendors that were actually writing the software code and then another set of vendors that would run and operate it.

First, there's a lot of problems with that with respect to the handoffs that happen. Secondly, there was no single source of truth as to what the actual design and the outcomes were when you're working with multiple vendors like that.

**WSJ: How did you manage the transition from a heavy reliance**



Chief Information Officer Brad Miller has been overseeing a shift away from outsourcing to an in-house technology team.

**on contractors to more full-time workers?**

**MILLER:** You're changing the wings on the airplane as it's flying. I kept one team working with the existing contractors, but enforcing higher quality and higher standards. At the same time, I stood up a completely new set of engineers. I essentially had the contractors transition the source code to my development teams that I hired. And then my teams would take it from there and dive in. There was probably a six-week transition period between the contractors and my new software teams.

I have to say going through our initial first commercial launch of our Covid product into market, we had some hiccups because there were skeletons in that source code that we inherited, that we didn't understand. And there were processes that were never documented.

**WSJ: The tech talent market—as always—is extremely tight. What was your hiring strategy?**

**MILLER:** I knew if we were going to build out commercial capabilities, like e-commerce-like capabilities, there was one big hot spot in the U.S. to go do that. And that was Seattle. When you think about the growth of Amazon and other e-commerce companies



Moderna laboratory workers in white coats.

that grew out of Seattle, and having come from that area, I had a strong network of amazing talent that we could go after.

And so we opened up our office in Seattle, and within about six months hired roughly about 120 new hires—software developers, product managers, technical program managers, UX designers—to create that contained squad that can go and obsess about a given business

problem. At the same time, we hired an additional 60 heads in Cambridge, Mass.

**WSJ: Did you take advantage of layoffs from Big Tech?**

**MILLER:** We certainly did, which is one of the other reasons why we went to Seattle. But there's also a fairly large, Big Tech community here in Cambridge, as well. And so when I think about it, we have two of the best locations to double down on tak-

ing advantage of tech layoffs.

But that wasn't the real selling point in terms of getting people in. To be able to contribute to Moderna, and enabling our researchers, our manufacturers, our data scientists, to help save lives, it's a pretty easy sell on that mission. Like, you can keep doing what you're doing today and selling books, or you can come to Moderna and help save lives.

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# THE PROPERTY REPORT

## Vacant Stores Find New Tenants Fast

Retail bankruptcies have closed many locations, but empty space is still scarce

By KATE KING

Red Lobster became the latest national chain to enter bankruptcy when the seafood-restaurant company filed for chapter 11 this month, saying it would break leases at 108 of its 550 locations.

**Kimco Realty** is landlord to one of those restaurants marked for closure. While that would have caused concern for the property owner a few years ago, these days it is more of an opportunity. The firm is already fielding inquiries about the space located outside of Tampa, Fla., including from fast-food joint Raising Cane's, coffee chain **Dutch Bros** and Fifth Third Bank.

"It's a nice time to be getting spaces back because you have the ability to pick a best-in-class retailer," said Conor Flynn, Kimco's chief executive. "You're able to push rents."

Retailer bankruptcies rose to 26 last year, the most since 2020, according to Morgan Stanley. More than a dozen retailers have said they would close stores after entering bankruptcy proceedings so far in 2024, including Express, Rue21 and Ted Baker.

The closures leave gaping holes in malls and shopping centers as more companies succumb to online competition, inflation and changing consumer tastes.

Yet landlords are mostly unfazed. Years of little construction have helped push retail



Ted Baker is closing stores as it goes through bankruptcy.

availability to near record lows, making it easier than ever to replace departing tenants—often with more successful ones who pay higher rent and draw more customers to the shopping center.

"If you have to get space back in a bankruptcy, today is a good time to have that happen," said Matthew Harding, CEO of real-estate firm Levin Management.

More than three-quarters of Stein Mart's stores have been taken since the discount department-store chain filed for bankruptcy and closed its 280

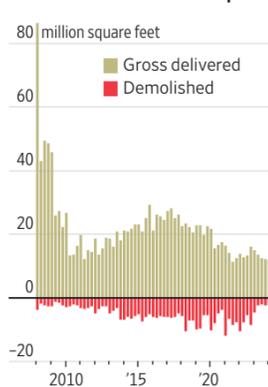
locations in 2020, according to Bill Read, an executive vice president of real-estate firm Retail Specialists.

And 40% of the 721 closed **Bed Bath & Beyond** locations tracked by Read have been leased in the year since the home-goods retailer filed for bankruptcy, representing a brisk pace, he said.

Apparel retailers have snapped up the most locations, with discount department store **Burlington** filling 73 former Bed Bath & Beyonds.

Even with the uptick in bankruptcies, U.S. retailers are

U.S. gross construction vs. demolition of retail space



U.S. retail vacancy rate



Source: JLL Research analysis of CoStar data

still on track to open more stores than they shut this year. Announced store closures are about 23% higher in 2024 than they were at the same point last year, according to the data firm Coresight Research. Planned store openings, by contrast, are about 4% lower.

The slowdown in store openings isn't because retailers don't want to expand. Rather, it reflects how retail vacancy has fallen to a near-record low of 4.1%.

"People aren't announcing openings because there's nowhere to open," said Coresight

CEO Deborah Weinswig.

Retail construction fell sharply between 2008 and 2010 because of the financial crisis and has been at record-low levels since the onset of the pandemic. Developers completed 9.5 million square feet of net new retail space in the first quarter of this year. That is just a fraction of the more than 80 million square feet completed in the first quarter of 2008, according to data firm CoStar Group and JLL Research.

Meanwhile, about 155 million square feet of mostly aging retail space has been demolished over the past five years, according to JLL. Supply is unlikely to increase soon. Building retail space doesn't pencil out given the high cost of land, construction and labor. "Rents would need to increase close to 35% to justify a wave of new supply," Kimco's Flynn said.

Retail's strong recovery from the pandemic is a far cry from the years after the 2008-09 financial crisis, when retail vacancies skyrocketed after hundreds of retailers went bust and consumers slowed spending.

But there are areas of weakness, particularly low-end enclosed malls.

High interest rates and inflation are also weighing on the retail sector. Red Lobster's bankruptcy signaled that restaurants—a sector that led retail openings coming out of the pandemic—are under pressure as higher prices drive customers away, said Ermengarde Jabir, senior economist at Moody's. "The signs are pointing to slower consumer spending," she said.

## Neumann Gives Up His Bid to Buy Back WeWork

By JOSEPH DE AVILA

Adam Neumann has given up on buying **WeWork**, the bankrupt shared-workspace company he co-founded and was ousted from five years ago.

"For several months, we tried to work constructively with WeWork to create a strategy that would allow it to thrive," Neumann said Tuesday. "Instead, the company looks to be emerging from bankruptcy with a plan that appears unrealistic and unlikely to succeed."

WeWork filed for bankruptcy in November. The once-highly flying startup has been struggling after it expanded aggressively. The Covid-19 pandemic's work-from-home boom in major cities like New York and San Francisco also dealt a blow to the shared-workspace company.

WeWork signaled in August it could go out of business because of the continuing slump in demand for office space. The company's executives had said its high cost of rent and low occupancy remained a challenge, even though WeWork has amended or canceled hundreds of its leases since 2019.

WeWork didn't respond Tuesday to a request for comment.

Neumann co-founded WeWork in 2010 with Miguel McKelvey. The startup raised billions from investors, rapidly building a global network of co-working spaces.

Neumann courted banks and venture-capital investors, propelling the company's valuation to rise as high as \$47 billion by early 2019, becoming the country's most valuable startup.

Neumann resigned as chief executive in 2019 after facing pressure from the board following big losses at the company and a botched IPO attempt. Since then, he had been trying to regain control. In March, he stepped back in. Backed by his new real-estate company Flow Global, he made an offer of \$650 million to buy the company. WeWork rejected the offer, saying it wouldn't clear the company's nearly \$4 billion in secured debts. Neumann's offer failed because WeWork's secured lenders didn't want new third-party loans that would take higher priority than their secured loans, WeWork said at the time.

A bankruptcy court in Newark is expected to consider approving WeWork's proposed chapter 11 plan this week, which would give control of the business to its service partner Yardi Systems. A Yardi spokesman declined to comment Tuesday.

The New York Times earlier reported that Neumann was dropping the bid.

### Watch a Video

Scan this code to watch a video on the rise and fall of WeWork.

## Chicago Tackles Empty Office Space

By PETER GRANT

Chicago gave birth to the skyscraper in the late 19th century. Now, local developers and politicians are trying to keep many of today's office towers from dying off.

The city is going beyond any other in providing public subsidies to convert obsolete office space into apartments and hotels, despite enormous budgetary challenges. Even Chicago's politically progressive mayor signed on last month.

The city's office market has been hurt by weakening demand, higher interest rates and difficulties in refinancing. Big companies like Citadel and Boeing have moved their headquarters elsewhere, and Chicago property values have plummeted.

While these economic trends have afflicted central business districts in other major U.S. cities, by one measure Chicago's is the hardest hit: Three-quarters of the mortgages backing its office space that were converted into securities are either in default or are at risk of default, the highest of any major metropolitan area in the nation, according to credit research firm KBRA Analytics.

Chicago's vacancy rate has soared to 16.3% from 11.9% in early 2020, and it is notably

higher than the U.S. average of 13.8%, according to data firm CoStar Group. Many downtown office buildings have sold for less than half of what they were worth a few years ago.

Average asking rents haven't fallen much, but that is in part because so many landlords are facing financial difficulties and supply is shrinking. "There are fewer landlords competing for tenants because so many buildings are in this zombie state," said Michael Reschke, a leading Chicago developer.

This dire situation has even caused the city's progressive mayor to ally with the real-estate community on a plan to save the downtown office district.

Brandon Johnson, who took office a year ago, ran on a pro-union platform that called for new taxes. In recent months, he has taken pro-business steps such as appointing Ciere Boatright, a real-estate executive, to lead the city's Department of Planning and Development.

Johnson's main revenue initiative has been a \$1.25 billion bond issuance for affordable housing and economic develop-

ment that received widespread business support.

Chicago's mayor isn't the only progressive who is turning to pro-business initiatives to revitalize ailing office districts. In San Francisco, arguably the city hardest hit by the office downturn, Mayor London Breed is backing a range of tax proposals and other initiatives to spark housing and business growth.

The Chicago real-estate industry was particularly happy in April, when Mayor Johnson supported a plan to convert vacant office space in the heart of the financial district to 1,000 apartments, partly using city subsidies. The plan originally was proposed by Johnson's predecessor, Mayor Lori Lightfoot.

Under the plan—the most generous in the country—the city will provide \$150 million to property developers to convert four buildings in the heart of the business district to more than 1,000 apartments, as long as about one-third are set aside as affordable. The Johnson administration is in discussions with other landlords to add

their properties to the program.

Other cities are struggling with mountains of empty office space and are moving forward with conversion projects, even without subsidies. In the first quarter, conversions of nearly 70 million square feet of office space were undergoing conversions, up from 60 million in the third quarter of last year, according to real-estate services firm CBRE Group.

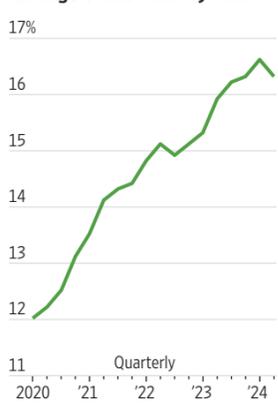
But most analysts agree that conversions can fill only a fraction of the 1.2 billion square feet of vacant U.S. office space. The cost of converting many buildings would be prohibitive, especially those with large floors that couldn't be carved up into apartments easily.

Chicago is fortunate in having many buildings developed before World War II that have the right design for conversions. Many of these properties currently face financial distress but those problems could pave the way for conversions. Their eventual resolution will likely involve a new owner paying a discounted price, which would make a conversion more financially viable.

"We're seeing the values start to reset," Boatright said.

But Chicago's ability to provide subsidies for office conversions is limited. City reve-

Chicago office vacancy rate



Source: CoStar Group

**Even the city's progressive mayor is turning to pro-business initiatives.**

### BUSINESS NEWS

## PayPal Plans Ad Business Fueled by User-Data Trove

By PATRICK COFFEE

**PayPal** hopes to boost its growth by starting an ad network juiced with something it already owns: data on its millions of users.

The digital-payments company plans to build an ad-sales business around the reams of data it generates from tracking the purchases as well as the broader spending behaviors of millions of consumers who use its services, which include the more socially enabled Venmo app.

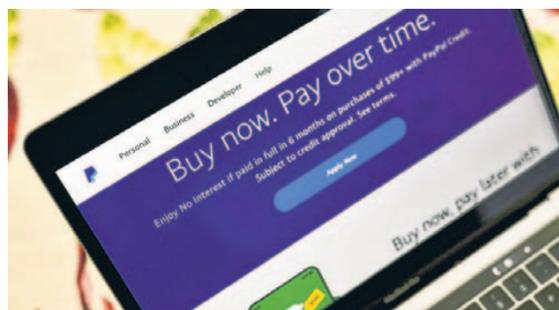
PayPal has hired Mark Grether, who formerly led **Uber's** advertising business, to lead the effort as senior vice president and general manager of its new PayPal Ads division. He will be responsible for developing new ad formats, overseeing sales and

hiring staff to fill out the division, he said.

PayPal in January introduced Advanced Offers, its first ad product, which uses AI and the company's data to help merchants target PayPal users with discounts and other personalized promotions.

Advanced Offers charges advertisers only when consumers make a purchase. Online marketplaces **eBay** and **Zazzle** have begun testing it, according to a PayPal spokesman.

But PayPal now aims to sell ads not only to its own customers, but to advertisers that don't sell products or services through PayPal. Those companies might use PayPal data to target consumers with ads that could be displayed elsewhere, for instance, on other



The payments firm introduced its first ad product in January.

websites or connected TV sets.

PayPal processed 6.5 billion payments by approximately 400 million customers in the first quarter, according to its most recent earnings report.

"If you're someone who's buying products on the web, we know who is buying the

products where, and we can leverage the data," Grether said. Consumers who use the PayPal credit card would also provide the company with data from real-world bricks-and-mortar stores, he added.

Shoppers would have their data included in the new network by default, but they can

opt out, according to the PayPal spokesman.

Apart from data-driven ads, PayPal has also begun running some untargeted merchant offers on Venmo, the spokesman said. The company, however, wants to avoid alienating younger users who see Venmo as a sort of social-media network by overwhelming them with promotions, he added.

Many companies have built, or are beginning to build, ad networks that leverage data they already have on their customers to target ads for outside marketers.

PayPal, like other businesses that process transactions, might eventually demand higher ad rates than some retailers' ad networks do, because it can provide a more detailed picture of the people advertisers are target-

ing, according to Andrew Lipsman, founder of consulting firm Media, Ads + Commerce. For instance, PayPal might group consumers by their relative affluence, or their status as business travelers, he said.

At the same time, financial-services companies need higher growth in ad sales for them to have a significant effect on the bottom lines, since their core businesses have higher profit margins than those of retail chains, he said. Last month **JPMorgan Chase** said it would begin allowing advertisers to target users of its website and banking app based on their transactional histories.

A cascade of financial companies are likely to follow these brands' entry into the crowded retail media marketplace, said Lipsman.





# MARKETS DIGEST

## EQUITIES

### Dow Jones Industrial Average

**38852.86** ▼216.73, or 0.55%  
 Last 27.13 Year ago 22.02  
 Trailing P/E ratio 18.97 P/E estimate \* 18.97 17.35  
 High, low, open and close for each trading day of the past three months.  
 Dividend yield 2.16 2.13  
 All-time high 40003.59, 05/17/24



Current divisor 0.15221633137872  
 Bars measure the point change from session's open  
 \*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; \*Based on Nasdaq-100 Index

### S&P 500 Index

**5306.04** ▲1.32, or 0.02%  
 Last 23.25 Year ago 18.37  
 Trailing P/E ratio \* 21.47 P/E estimate \* 21.47 18.55  
 High, low, open and close for each trading day of the past three months.  
 Dividend yield \* 1.35 1.67  
 All-time high 5321.41, 05/21/24



Current divisor 0.15221633137872  
 Bars measure the point change from session's open  
 \*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; \*Based on Nasdaq-100 Index

### Nasdaq Composite Index

**17019.88** ▲99.09, or 0.59%  
 Last 31.32 Year ago 28.27  
 Trailing P/E ratio \* 27.36 P/E estimate \* 27.36 26.67  
 High, low, open and close for each trading day of the past three months.  
 Dividend yield \* 0.83 0.80  
 All-time high: 17019.88, 05/28/24



Current divisor 0.15221633137872  
 Bars measure the point change from session's open  
 \*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; \*Based on Nasdaq-100 Index

### Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
<b>Dow Jones</b>									
Industrial Average	39028.99	38706.14	<b>38852.86</b>	-216.73	<b>-0.55</b>	40003.59	32417.59	<b>17.6</b>	<b>3.1</b>
Transportation Avg	15090.86	14944.45	<b>14995.12</b>	-87.82	<b>-0.58</b>	16695.32	13556.07	<b>7.4</b>	<b>-5.7</b>
Utility Average	932.89	920.55	<b>921.46</b>	-4.65	<b>-0.50</b>	955.01	783.08	<b>3.3</b>	<b>4.5</b>
Total Stock Market	52787.40	52397.64	<b>52638.27</b>	-20.34	<b>-0.04</b>	52892.35	40847.04	<b>25.7</b>	<b>10.2</b>
Barron's 400	1156.77	1144.90	<b>1148.19</b>	-4.61	<b>-0.40</b>	1166.53	895.36	<b>26.1</b>	<b>7.1</b>

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
<b>Nasdaq Stock Market</b>									
Nasdaq Composite	17032.66	16917.51	<b>17019.88</b>	99.09	<b>0.59</b>	17019.88	12595.61	<b>30.7</b>	<b>13.4</b>
Nasdaq-100	18875.20	18755.94	<b>18869.44</b>	61.09	<b>0.32</b>	18869.44	14109.57	<b>31.4</b>	<b>12.1</b>

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
<b>S&amp;P</b>									
500 Index	5315.91	5280.89	<b>5306.04</b>	1.32	<b>0.02</b>	5321.41	4117.37	<b>26.2</b>	<b>11.2</b>
MidCap 400	2986.73	2950.15	<b>2957.40</b>	-19.27	<b>-0.65</b>	3046.36	2326.82	<b>21.2</b>	<b>6.3</b>
SmallCap 600	1327.95	1310.95	<b>1315.82</b>	-4.77	<b>-0.36</b>	1345.71	1068.80	<b>15.3</b>	<b>-0.2</b>

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
<b>Other Indexes</b>									
Russell 2000	2086.28	2057.69	<b>2066.85</b>	-2.82	<b>-0.14</b>	2124.55	1636.94	<b>17.0</b>	<b>2.0</b>
NYSE Composite	18116.10	17950.54	<b>18007.01</b>	-103.59	<b>-0.57</b>	18388.26	14675.78	<b>20.1</b>	<b>6.8</b>
Value Line	598.90	592.65	<b>594.33</b>	-2.46	<b>-0.41</b>	615.81	498.09	<b>11.0</b>	<b>0.1</b>
NYSE Arca Biotech	5242.43	5149.41	<b>5180.36</b>	-30.78	<b>-0.59</b>	5511.46	4544.40	<b>-1.2</b>	<b>-4.4</b>
NYSE Arca Pharma	1025.36	1009.06	<b>1013.24</b>	-12.12	<b>-1.18</b>	1035.14	837.32	<b>20.6</b>	<b>11.3</b>
KBW Bank	105.06	103.47	<b>103.79</b>	-1.08	<b>-1.03</b>	107.64	71.71	<b>32.9</b>	<b>8.1</b>
PHLX <sup>S</sup> Gold/Silver	147.77	145.64	<b>147.37</b>	3.91	<b>2.72</b>	151.36	102.94	<b>22.3</b>	<b>17.2</b>
PHLX <sup>S</sup> Oil Service	86.61	85.25	<b>86.07</b>	1.44	<b>1.70</b>	98.76	69.29	<b>20.2</b>	<b>2.6</b>
PHLX <sup>S</sup> Semiconductor	5343.68	5235.89	<b>5317.87</b>	96.95	<b>1.86</b>	5317.87	3185.18	<b>49.8</b>	<b>27.4</b>
Cboe Volatility	13.44	12.36	<b>12.92</b>	0.99	<b>8.30</b>	21.71	11.86	<b>-26.0</b>	<b>3.8</b>

Source: FactSet; Dow Jones Market Data

### Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

#### Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After-Hours % chg	High	Low
Permian Resources	PR	5,883.5	15.99	-0.09	<b>-0.56</b>	16.28	15.84
Bank of America	BAC	5,840.1	39.26	-0.06	<b>-0.15</b>	39.38	38.82
SPDR S&P 500 ETF Trust	SPY	5,522.8	529.75	-0.06	<b>-0.01</b>	530.38	525.46
iSh MSCI Emerging Mkts	EEM	4,214.2	42.92	-0.04	<b>-0.09</b>	42.98	42.89
iSh 20+ Year Treasury Bd	TLT	4,196.4	90.11	0.04	<b>0.04</b>	90.11	89.96
Intel	INTC	4,030.9	31.06	...	<b>unch.</b>	31.36	30.97
TAL Education Group ADR	TAL	3,993.3	11.72	...	<b>unch.</b>	11.78	11.72
Snap	SNAP	3,688.2	15.32	-0.0004	<b>-0.003</b>	15.37	15.25

#### Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Blue World Acqn CI A	BWAQ	62.9	11.65	3.04	<b>35.31</b>	14.00	8.38
Ooma	OOMA	105.7	9.33	1.43	<b>18.10</b>	9.95	7.90
Insmed	INSM	512.9	52.00	3.94	<b>8.19</b>	52.00	46.54
VICI Properties	VICI	224.2	30.38	2.12	<b>7.50</b>	30.38	28.25
FTAI Infrastructure	FIP	693.8	9.18	0.58	<b>6.74</b>	9.20	8.56

#### ...And losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
American Airlines Group	AAL	3,212.1	12.33	-1.11	<b>-8.26</b>	13.52	12.31
Maravai LifeSciences	MRVI	75.3	9.96	-0.82	<b>-7.61</b>	10.78	9.79
NetApp	NTAP	306.4	110.47	-7.54	<b>-6.39</b>	118.40	110.47
SPDR S&P Biotech	XBI	777.2	84.79	-4.34	<b>-4.86</b>	89.40	84.79
JetBlue Airways	JBLU	395.2	5.11	-0.26	<b>-4.85</b>	5.38	5.06

### Trading Diary

#### Volume, Advancers, Decliners

	NYSE	NYSE Amer.
<b>Total volume*</b>	914,849,941	17,924,686
<b>Adv. volume*</b>	382,806,853	13,120,467
<b>Decl. volume*</b>	517,244,066	4,184,222
<b>Issues traded</b>	2,892	309
<b>Advances</b>	988	144
<b>Declines</b>	1,833	144
<b>Unchanged</b>	71	21
<b>New highs</b>	127	14
<b>New lows</b>	53	10
<b>Closing Arms*</b>	0.58	0.31
<b>Block trades*</b>	4,402	178

\*Primary market NYSE, NYSE American, NYSE Arca only. \*TRIN A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

### International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
<b>World</b>	<b>MSCI ACWI</b>	<b>792.45</b>	-0.90	<b>-0.11</b>	9.0
	MSCI ACWI ex-USA	334.69	-1.01	<b>-0.30</b>	5.7
	MSCI World	3464.61	-3.52	<b>-0.10</b>	9.3
	MSCI Emerging Markets	1088.01	-2.31	<b>-0.21</b>	6.3
<b>Americas</b>	<b>MSCI AC Americas</b>	<b>2000.70</b>	-0.56	<b>-0.03</b>	10.3
Canada	S&P/TSX Comp	22265.05	-108.33	<b>-0.48</b>	6.2
Latin Amer.	MSCI EM Latin America	2401.49	-7.42	<b>-0.31</b>	-9.8
Brazil	Ibovespa	123779.54	-716.14	<b>-0.58</b>	-7.8
Chile	S&P IPSA	3673.27	-19.68	<b>-0.53</b>	5.9
Mexico	S&P/BMV IPC	55184.95	-267.93	<b>-0.48</b>	-3.8
<b>EMEA</b>	<b>STOXX Europe 600</b>	<b>519.08</b>	-3.13	<b>-0.60</b>	8.4
Eurozone	Euro STOXX	521.26	-2.74	<b>-0.52</b>	9.9
Belgium	Bel-20	3948.08	-36.79	<b>-0.92</b>	6.5
Denmark	OMX Copenhagen 20	2751.97	-8.98	<b>-0.33</b>	20.5
France	CAC 40	8057.80	-74.69	<b>-0.92</b>	6.8
Germany	DAX	18677.87	-96.84	<b>-0.52</b>	11.5
Israel	Tel Aviv	1995.64	16.72	<b>0.84</b>	7.0
Italy	FTSE MIB	34659.55	-102.42	<b>-0.29</b>	14.2
Netherlands	AEX	912.23	-3.81	<b>-0.42</b>	15.9
Norway	Oslo Bors All-Share	1660.70	-2.84	<b>-0.17</b>	9.3
South Africa	FTSE/JSE All-Share	78576.14	-344.74	<b>-0.44</b>	2.2
Spain	IBEX 35	11276.00	-49.50	<b>-0.44</b>	11.6
Sweden	OMX Stockholm	995.46	-4.43	<b>-0.44</b>	10.3
Switzerland	Swiss Market	11854.50	-106.07	<b>-0.89</b>	6.4
Turkey	BIST 100	10677.49	20.53	<b>0.19</b>	42.9
U.K.	FTSE 100	8254.18	-63.41	<b>-0.76</b>	6.7
U.K.	FTSE 250	20705.27	-65.66	<b>-0.32</b>	5.2
<b>Asia-Pacific</b>	<b>MSCI AC Asia Pacific</b>	<b>181.00</b>	-0.15	<b>-0.08</b>	6.9
Australia	S&P/ASX 200	7766.70	-21.61	<b>-0.28</b>	2.3
China	Shanghai Composite	3109.57	-14.47	<b>-0.46</b>	4.5
Hong Kong	Hang Seng	18821.16	-6.19	<b>-0.03</b>	10.4
India	S&P BSE Sensex	75170.45	-220.05	<b>-0.29</b>	4.1
Japan	NIKKEI 225	38855.37	-44.65	<b>-0.11</b>	16.1
Singapore	Straits Times	3330.09	11.64	<b>0.35</b>	2.8
South Korea	KOSPI	2722.85	-0.14	<b>-0.01</b>	2.5
Taiwan	TAIEX	21858.41	54.64	<b>0.25</b>	21.9
Thailand	SET	1362.70	-3.67	<b>-0.27</b>	-3.8

Source: FactSet; Dow Jones Market Data

### Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	52-Week High	52-Week Low	% chg
AERWINS Technologies	AWIN	9.14	5.38	<b>143.09</b>	74.40	2.12	<b>-85.7</b>
Insmed	INSM	48.06	26.06	<b>118.45</b>	50.10	18.31	<b>157.1</b>
Logistic Prop Americas	LPA	28.00	13.90	<b>98.58</b>	31.63	5.59	<b>176.4</b>
Calliditas Therap ADR	CALT	37.95	15.53	<b>69.27</b>	38.32	15.25	<b>120.9</b>
Montana Technologies	AIRJ	19.89	5.75	<b>40.66</b>	49.11	8.40	<b>92.0</b>
Orchestra BioMed Holdings	OBIO	6.97	1.67	<b>31.51</b>	17.35	4.22	<b>-51.9</b>
Arcturus Therapeutics	ARCT	38.41	8.00	<b>26.31</b>	43.81	17.52	<b>44.4</b>
GameStop CI A	GME	23.78	4.78	<b>25.16</b>	64.83	9.95	<b>-3.2</b>
Nano Nuclear Energy	NNE	5.49	1.09	<b>24.77</b>	6.27	3.25	<b>...</b>
Semler Scientific	SMLR	29.00	5.68	<b>24.36</b>	53.38	20.88	<b>5.1</b>
AirSculpt Technologies	AIRS	4.35	0.84	<b>23.93</b>	9.94	3.21	<b>-47.0</b>
flyExclusive	FLYX	6.92	1.31	<b>23.</b>			

# COMMODITIES

wsj.com/market-data/commodities

## Futures Contracts

Metal & Petroleum Futures						
	Open	Contract High/low	Low	Settle	Chg	Open interest
<b>Copper-High (CMX)</b> -25,000 lbs.; \$ per lb.						
May	4.8600	4.8990	4.8560	4.8755	0.0970	683
July	4.8325	4.9030	4.7885	4.8550	0.1015	144,014
<b>Gold (CMX)</b> 100 troy oz.; \$ per troy oz.						
May	2359.30	2359.70	2359.30	2355.20	22.70	381
June	2353.50	2365.50	2340.80	2356.50	22.00	129,925
July	2365.10	2375.20	2353.00	2367.30	21.90	885
Aug	2376.60	2388.00	2363.20	2379.30	22.40	301,035
Oct	2400.60	2409.60	2387.00	2402.50	22.60	17,743
Dec	2424.00	2434.80	2410.60	2426.20	23.00	35,130
<b>Palladium (NYM)</b> -50 troy oz.; \$ per troy oz.						
May	973.50	973.50	972.50	976.70	7.60	6
Sept	1001.50	1007.00	980.00	987.90	10.00	18,710
<b>Platinum (NYM)</b> -50 troy oz.; \$ per troy oz.						
May	1055.00	1055.00	1055.00	1061.70	26.90	2
July	1064.00	1075.90	1052.20	1066.80	28.20	78,411
<b>Silver (CMX)</b> -5,000 troy oz.; \$ per troy oz.						
May	31.505	32.115	31.465	31.971	1.641	34
July	31.850	32.450	31.425	32.137	1.638	147,339
<b>Crude Oil, Light Sweet (NYM)</b> -1,000 bbls.; \$ per bbl.						
July	78.63	80.29	78.50	79.83	2.11	403,143
Aug	78.15	79.79	78.03	79.35	2.12	233,521
Sept	77.63	79.25	77.52	78.83	2.12	192,961
Oct	77.03	78.64	76.94	78.24	2.11	118,082
Dec	75.99	77.52	75.86	77.14	2.05	187,098
Dec'25	71.54	72.61	71.46	72.37	1.52	105,897
<b>NY Harbor ULSD (NYM)</b> -42,000 gal.; \$ per gal.						
June	2.4420	2.4800	2.4334	2.4650	.0514	31,153
July	2.4557	2.4973	2.4496	2.4833	.0525	91,981
<b>Gasoline-NY RBBO (NYM)</b> -42,000 gal.; \$ per gal.						
June	2.5090	2.5263	2.5001	2.5090	.0248	28,778
July	2.4982	2.5160	2.4869	2.5018	.0322	119,277
<b>Natural Gas (NYM)</b> -10,000 MMBtu.; \$ per MMBtu.						
June	2.521	2.621	2.495	2.590	.070	29,091
July	2.797	2.844	2.737	2.825	.052	310,097
Aug	2.849	2.888	2.790	2.867	.045	98,580
Sept	2.836	2.857	2.756	2.836	.049	191,928
Oct	2.881	2.925	2.823	2.905	.047	156,150
Jan'25	3.900	3.931	3.851	3.920	.040	89,671

Agriculture Futures						
	Open	Contract High/low	Low	Settle	Chg	Open interest
<b>Corn (CBT)</b> -5,000 bu.; cents per bu.						
July	467.00	471.00	460.00	462.40	-2.25	636,180
Dec	490.00	493.00	483.50	485.25	-3.00	424,347
<b>Oats (CBT)</b> -5,000 bu.; cents per bu.						
July	374.25	384.50	366.25	377.00	1.25	2,740
Dec	370.00	375.00	367.00	367.25	-3.75	1,047
<b>Soybeans (CBT)</b> -5,000 bu.; cents per bu.						
July	1250.25	1254.75	1226.25	1229.40	-18.50	346,561
Nov	1221.75	1225.00	1206.25	1210.40	-9.00	219,579
<b>Soybean Meal (CBT)</b> -100 tons; \$ per ton.						
July	387.00	391.30	374.20	376.60	-9.90	214,588
Dec	378.70	381.20	370.20	372.40	-6.30	105,284
<b>Soybean Oil (CBT)</b> -60,000 lbs.; cents per lb.						
July	45.01	45.93	44.95	45.52	.57	223,882
Dec	45.80	46.64	45.73	46.22	.50	141,444
<b>Rough Rice (CBT)</b> -2,000 cwt.; \$ per cwt.						
July	18.46	18.60	18.05	18.09	-2.25	5,000
Sept	15.66	15.66	15.54	15.56	-0.06	4,504
<b>Wheat (CBT)</b> -5,000 bu.; cents per bu.						
July	713.00	720.00	▲ 693.75	700.25	3.00	199,837
Sept	732.25	739.25	▲ 714.00	720.50	3.00	89,743
<b>Wheat (KC)</b> -5,000 bu.; cents per bu.						
July	734.25	746.25	▲ 722.25	731.25	10.00	120,408
Sept	748.75	760.00	▲ 736.50	744.75	9.00	64,788

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

Tuesday, May 28, 2024

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

Tuesday		Tuesday		Tuesday	
<b>Energy</b>					
Coal,C.Aplc.,12500Btu,1.25O2-rw	77.050	Copper,Comex spot	4.8755	Wheat,No.2 soft red,St.Louis-u	6.9025
Coal,PwdrRvrBsn,8800Btu,0.85O2-r,w	13.650	Iron Ore, 62% Fe CFR China-s Steel,HRC USA, FOB Midwest Mill-s	*Closed	Wheat - Hard - KC (USDA) \$ per bu-u	7.6525
<b>Metals</b>					
Gold, per troy oz	2356.00	BMI Lithium Carbonate, EXW China =>92%-v,w	14800	Wheat,No.1 soft white,Portld,OR-u	6.7000
Engelhard industrial	2350.65	BMI Lithium Hydroxide, EXW China =>56.5%-v,w	12350	<b>Food</b>	
Handy & Harman base	2609.22	BMI Cobalt sulphate, EXW China =>20.5%-v,m	4250	Beef,carcass equiv. index choice 1-3,600-900 lbs.-u	294.48
Handy & Harman fabricated	*n.a.	BMI Nickel Sulphate, EXW China =>22%-v,m	4168	select 1-3,600-900 lbs.-u	282.92
LBMA Gold Price AM	2496.85	BMI Flake Graphite, FOB China =>100 Mesh, 94-95%-v,m	485	Broilers, National comp wtd. avg.-u,w	1.3215
LBMA Gold Price PM	2496.85	<b>Fibers and Textiles</b>			
Kruggerand,wholesale-e	3010.45	Burlap,10-oz,40-inch NY yd-n,w	0.8050	Butter,AA Chicago-d	3.0025
Maple Leaf-e	2290.30	Cotton,1 1/16 std lw-mdMphs-u	*0.7868	Cheddar cheese,bbf,Chicago-d	198.00
American Eagle-e	2450.18	Cotlook 'A' Index-t	*n.a.	Cheddar cheese,blk,Chicago-d	186.25
Mexican peso-e	32.0000	Hides,hvy native steers piece fob-u	2.78	Milk,Nonfat dry,Chicago lb-d	117.00
Austria crown-e	32.0390	Wool,64s, staple, Terr del-u,w	n.a.	Coffee,Brazilian,Comp-y	2.1870
Austria phil-e	40.0490	<b>Grains and Feeds</b>			
LBMA spot price (U.S.\$ equivalent)	24672	Bran,wheat middlings, KC-u,w	83	Coffee,Columbian, NY-y	2.4174
Coins,wholesale \$1,000 face-a	1060.0	Corn,No. 2 yellow,Cent IL-bp-u	4.3500	Eggs,large white,Chicago-u	1.9050
Palladium,Engelhard industrial	985.0	Corn gluten feed,Midwest-u,w	104.5	Flour,hard winter KC-p	19.85
Aluminum, LME, \$ per metric ton	*n.a.	Corn gluten meal,Midwest-u,w	421.1	Hams,17-20 lbs,Mid-US fob-u	n.a.
<b>Other metals</b>					
Handy & Harman fabricated	40.0490	Cottonseed meal-u,w	n.a.	Hogs,Iowa-So. Minnesota-u	88.61
LBMA Platinum Price PM	*n.a.	Hominy feed,Cent IL-u,w	118	Pork bellies,12-14 lb MidUS-u	1.6241
Platinum,Engelhard industrial	1060.0	Meat-bonemeal,50% pro Mnpls-u,w	320	Pork loins,13-19 lb MidUS-u	1.3736
Palladium,Engelhard industrial	985.0	Oats,No.2 milling,Mnpls-u	4.2200	Steers,Tex.-Okla. Choice-u	n.a.
Aluminum, LME, \$ per metric ton	*n.a.	Rice, Long Grain Milled, No. 2 AR-u,w	36.25	Steers,feeder,Okla. City-u,w	n.a.
<b>Fats and Oils</b>					
Degummed corn oil, crude wtd. avg.-u,w					
Grease,choice white,Chicago-h					
Lard,Chicago-u					
Soybean oil,crude,Cent'l IL-u,w					
Tallow,bleach,Chicago-h					
Tallow,edible,Chicago-u					

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Sosland Publishing; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. \*Data as of 5/27

Source: Dow Jones Market Data

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

### Money Rates

May 28, 2024

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

Inflation			
April Index level	Chg From (%)	Week Latest	52-Week-High/Low
March '24	April '23	1.475	1.475 1.475 1.475
<b>U.S. consumer price index</b>			
All items	313.348	0.33	3.3
Core	317.978	0.28	3.6
<b>International rates</b>			
Latest	Week ago	52-Week-High	52-Week-Low
<b>Prime rates</b>			
U.S.	8.50	8.50	8.50 8.25
Canada	7.20	7.20	7.20 6.70
<b>Policy Rates</b>			
Euro zone	4.50	4.50	4.50 3.75
Switzerland	2.00	2.00	2.25 2.00
Britain	5.25	5.25	5.25 4.50
Australia	4.35	4.35	4.35 3.85
<b>Overnight repurchase</b>			
U.S.	5.41	5.35	5.48 5.04
<b>U.S. government rates</b>			
<b>Discount</b>			
U.S.	5.50	5.50	5.50 5.25

### Key Interest Rates

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

Federal funds (effective)			
Week Ended	52-Week-High	52-Week-Low	Week Latest
May 24	May 17	High	Low
5.33	5.33	5.33	5.07
<b>Commercial paper</b>			
<b>Nonfinancial</b>			
1-month	5.31	5.33	5.34 5.08
2-month	5.31	n.a.	5.37 5.14
3-month	n.a.	n.a.	5.40 5.14
<b>Financial</b>			
1-month	n.a.	5.34	5.43 5.09
2-month	5.31	5.32	5.51 5.19
3-month	5.30	5.29	5.53 5.20
<b>Discount window primary credit</b>			
U.S.	5.50	5.50	5.50 5.25
<b>Treasury yields at constant maturities</b>			
1-month	5.51	5.50	5.81 5.17
3-month	5.45	5.45	5.62 5.36
<b>TIPS</b>			
5-year	2.16	2.12	2.55 1.66
7-year	2.14	2.11	2.47 1.56
10-year	2.12	2.10	2.45 1.47
20-year	2.18	2.17	2.49 1.53
Long-term avg	2.25	2.25	2.59 1.64

Notes on data: Federal-funds rate is an average for the seven days ended Wednesday, weighted according to rates on broker trades; Commercial paper rates are discounted offer rates interpolated from sales by discounted averages of dealer bid rates on nationally traded certificates of deposit; Discount window primary credit rate is charged for discounts made and advances extended under the Federal Reserve's primary credit discount window program; rate is average for seven days ended Wednesday; Inflation-indexed long-term TIPS average is indexed and is based on the unweighted average bid yields for all TIPS with remaining terms to maturity of 10 years or more; Sources: Federal Reserve; for additional information on these rate data and their derivation, please see, https://www.federalreserve.gov/datadownload/Build.aspx?rel=H15

Federal funds			
Effective rate	Week Latest	52-Week-High	52-Week-Low
5.3300	5.3300	5.3500	5.0800
High	5.6500	5.6500	5.4000
Low	5.3100	5.3100	5.0500
Bid	5.3300	5.3300	5.0700
Offer	5.3500	5.3500	5.0800
<b>Treasury bill auction</b>			
4 weeks	5.270	5.270	5.750 5.010
13 weeks	5.255	5.245	5.345 5.130
26 weeks	5.170	5.160	5.350 4.975
<b>Secondary market</b>			
<b>Fannie Mae</b>			
30-year mortgage yields			
30 days	6.516	6.455	7.495 5.788
60 days	6.532	6.477	7.554 5.791
<b>Other short-term rates</b>			
Latest	Week ago	52-Week-High	52-Week-Low
<b>Call money</b>			
U.S.	7.25	7.25	7.25 7.00
<b>Commercial paper (AA financial)</b>			
90 days	n.a.	5.26	5.54 5.14
<b>Secured Overnight Financing Rate</b>			
U.S.	5.32	5.31	5.40 5.05
<b>DTCC GCF Repo Index</b>			
Treasury	5.400	26.370	5.504 5.079
MBS	5.400	53.600	5.689 5.102

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 May 27, 2024; DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars; Federal-funds rates are Tullett Prebon rates as of 5:30 p.m. ET. Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; FactSet; Tullett Prebon Information, Ltd.

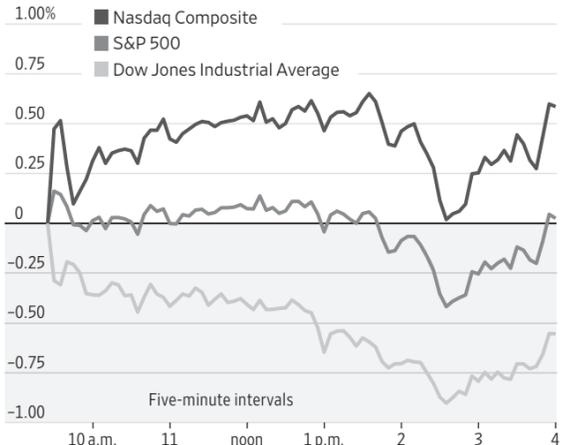
Index Futures						
	Open	Contract High/low	Low	Settle	Chg	Open interest
Dec	1.2796	1.2813	1.2778	1.2774	.0021	10,788
<b>Swiss Franc (CME)</b> -CHF 125,000; \$ per CHF						
June	1.0973	1.1033	1.0969	1.0989	.0027	98,219
Sept	1.1095	1.1147	1.1079	1.1103	.0028	1,145
<b>Australian Dollar (CME)</b> -AUD 100,000; \$ per AUD						
June	0.6659	0.6684	0.6647	0.6653	.0019	188,588
Sept	0.6675	0.6701	0.6665	0.6670	.0019	2,360
<b>Mexican Peso (CME)</b> -MXN 500,000; \$ per MXN						
June	0.05980	0.05992	0.05924	0.05932	-0.0033	268,612
Sept	0.05896	0.05908	0.05842	0.05849	-	

MARKETS & FINANCE

Nasdaq Climbs on Rally in Nvidia

Increase in yields on Treasury bonds weighs on broader stock market

Index performance on Tuesday



Source: FactSet

BY SAM GOLDFARB

Nvidia shares surged again, adding to their outsize recent gains on an otherwise lackluster day for stocks.

Still riding high after another blockbuster earnings report last week, Nvidia's stock climbed 7%, bringing its month-to-date gain to 32% and year-to-date gain to 130%.

News that Elon Musk's xAI had raised \$6 billion in private financing provided an extra boost to Nvidia shares, highlighting the frenzy of artificial-intelligence investment that has turned the chip maker into a market behemoth.

Shares of other chip producers also rose, helping lift the tech-heavy Nasdaq Composite 0.6%. The S&P 500 ticked up less than 0.1% and the Dow Jones Industrial Average dropped 0.6%.

Overall, investors are "digging what was a pretty good

earnings season," said Ed Clissold, chief U.S. strategist at Ned Davis Research.

With most S&P 500 companies having reported their first-quarter results, earnings are on track to climb 6% from the previous year, the biggest jump since the first three months of 2022, according to FactSet.

Several companies have also announced stock buybacks or increased dividends, which "reflects confidence on the part of

companies that their financial situation is strong and going to continue to be strong," Clissold said.

Elsewhere, a jump in U.S. Treasury yields weighed on stocks.

The yield on the benchmark settled at 4.542%, according to Tradeweb, up from 4.471% Friday.

Yields, which rise when bond prices fall, began ticking higher after a reading on con-

sumer confidence came in stronger than expected. They climbed further after auctions of 2-year and 5-year Treasury notes were met with soft demand from investors.

Rising yields can drag on stocks by lifting borrowing costs across the economy. They also provide more competition for stocks by increasing the risk-free return that investors can get by holding Treasuries to maturity. Stocks rallied and bond yields fell at the start of May after data showed a slowdown in U.S. job growth, boosting hopes that the Federal Reserve would cut interest rates this year.

Soon after, data showed some modest cooling in inflation. Yields slid further, with the 10-year yield dropping below 4.4%. Since then, however, yields have crept back upward, reflecting a view among investors that the Fed still needs to see more progress on inflation.

With yields at their current levels, "you're getting into the caution zone" for stocks, said Dave Gresek, managing director in investment strategy and research at Aspiriant.

Overseas, the Stoxx Europe 600 fell 0.6%. At midday Wednesday, Japan's Nikkei 225

was down 0.2%, Hong Kong's Hang Seng Index was off 1.4% and South Korea's Kospi was down 1%. S&P 500 futures were off 0.3%.

AUCTION RESULTS

Table showing Treasury auction results for 13-Week and 26-Week bills, including applications, accepted bids, and auction prices.

TWO-YEAR NOTES

Table showing Treasury auction results for two-year notes, including applications, accepted bids, and auction prices.

FIVE-YEAR NOTES

Table showing Treasury auction results for five-year notes, including applications, accepted bids, and auction prices.

Pact Nears On Usage Of Banned Channels

BY MENGQI SUN

Some of Wall Street's biggest private-equity firms said they are negotiating settlements with the U.S. markets regulator over their employees' use of banned communication channels.

Blackstone, TPG and Carlyle Group disclosed in their latest quarterly filings that they have been cooperating with the Securities and Exchange Commission's record-keeping investigations and have begun discussions with the agency's enforcement staff about potential resolutions.

Under SEC rules, financial firms are required to preserve and monitor their employees' written communications, which creates a paper trail for regulators to monitor and enforce compliance with federal laws.

Firms whose employees talk about business over prohibited mobile apps such as WhatsApp risk violating those rules if they don't retain or monitor those messages. In many cases, according to the SEC, firms haven't collected those messages because they were exchanged on employees' personal devices.

The three firms said they had received requests for information related to the retention of electronic business communications, including text messages, in October 2022 as a part of an industrywide sweep.

A SEC spokesperson said the agency doesn't comment on the existence or nonexistence of a possible investigation.

Spokespeople for Blackstone, Carlyle and TPG all declined to comment.

Other private-equity firms have also disclosed probes into their record-keeping practices related to text messages, without providing updates on potential resolutions. KKR said it is currently subject to the SEC's record-keeping probes and is cooperating with the agency, according to its latest quarterly report.

Apollo said some of its investment adviser subsidiaries have received a request for information and documents from the SEC for the record-keeping investigation, its latest quarterly filing showed.

A spokeswoman for KKR and a spokesman for Apollo declined to comment.

Private-Equity Leaders See Comeback, but Hiring Lags

BY CHRIS CUMMING

Private-equity executives say the industry is finally emerging from its two-year slumber. Their slow pace of hiring tells a different story.

Hiring by buyout shops cratered last year and remains tepid, say recruiters who work in the field. While some see cause for optimism, others note that many firms are over-staffed relative to the slow pace of deals and fundraising.

"Hiring is still slow in private equity, and the sense of malaise is still in place," said Anthony Keizner, co-founder of executive recruiter Odyssey Search Partners.

The industry is still hamstrung by the difficulties of selling companies profitably in a down market and raising new money from investors, he said. "Maybe there's a little sunshine through the clouds, but there are still some pretty big fundamental challenges," Keizner added.

This muted hiring—along with mostly flat compensation offers this year—highlights the stubborn persistence of private

equity's deepest slump since the period after Lehman Brothers' 2008 collapse. The Federal Reserve's decision to raise interest rates in 2022 reduced the value of private-equity holdings, crimped mergers and acquisitions and made it much more difficult for fund managers to raise new money from investors.

In the first quarter of the year, private-equity deal value was about half that of 2021 or 2022, according to S&P Global Ratings. In fundraising, private-markets firms are on pace for their worst year since 2014, with \$295 billion raised in the first quarter, according to research provider PitchBook Data.

Amid depressed asset prices and a lifeless market for initial public offerings, global private-equity exits in the first quarter fell 22% to \$81.2 billion compared with the same time last year, the worst three-month record since the Covid-hit second quarter of 2020, S&P said.

Nonetheless, optimism abounds in private equity at the moment, particularly among the biggest managers.



Blackstone's Michael Chae.

Many executives have been telling investors the worst is over.

Michael Chae, chief financial officer of Blackstone, the world's largest alternative-asset manager, said in April that the firm is "emerging from this period of hibernation."

Blackstone Chairman and Chief Executive Stephen Schwarzman recently told analysts that the industry bottomed out last year and is on the upswing. This month, the

CEOs of private-fund giants KKR & Co. and Carlyle Group separately told analysts the M&A market is improving and deals are restarting, which could lift their firms' fortunes.

Overall, 60% of private-equity general partners surveyed by S&P said the deal environment will improve this year, the ratings company reported in April. A survey of executive recruiting firms released this month by Hunt Scanlon Media showed more optimism about private equity than any other industry, with nearly 54% of respondents predicting that the industry will grow for the rest of this year.

In terms of staffing, however, the industry remains a long way from the golden years, recruiters say. While staff additions are picking up somewhat from last year, firms hired so much during the frenzied postpandemic period that they have little need to add talent now.

Many private-equity firms are "a bit heavy on head count" after more than a decade of continual growth and hiring, said Chris Connors, a principal

at Wall Street compensation consultant Johnson Associates.

Now some firms are focused on "curtailing expenses and cost management," in some cases by replacing senior employees with junior ones or not filling openings when workers leave, Connors said.

Recruiters for private-equity firms say they are doing more business this year than last. Talent searches this year are down about 20% from the 2022 peak, said John Rubinetti, a partner in the private-equity group of search firm Heidrick & Struggles. But that is an improvement from last year, when they were down 40%, he said.

Private-equity hiring "is definitely getting busier," though many firms still have "excess capacity" relative to the current level of activity, Rubinetti said.

Recruiters note, however, that the improvement has been uneven across the industry. Large publicly traded firms—which increasingly dominate fundraising—are much healthier than smaller buyout shops, they said.

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG: Daily percentage change from the previous trading session.

Table of stock market data including highs and lows for various sectors like ACV Auctions, AI Transportation, and Biotech.

Table of stock market data for various sectors including Energy, Healthcare, and Technology.

Table of stock market data for various sectors including Financials, Consumer Goods, and Industrials.

Table of stock market data for various sectors including Materials, Real Estate, and Utilities.

Table of stock market data for various sectors including International, Energy, and Miscellaneous.

Mutual Funds

Large table of mutual fund performance data including fund names, NAV, YTD returns, and other metrics.

# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

## Cooling for AI Is a Hot Trade—for Now

Companies like Vertiv that can help artificial-intelligence data centers dissipate heat have had stock gains of more than 600%

Artificial intelligence is hot. Literally. The explosive growth in AI has generated soaring energy demand in data centers and lots of unwanted heat. That has cooked up opportunities for companies providing cooling systems for servers. Electricity consumption for data centers in the U.S. is expected to grow around 30% from 2022 to 2026 to 260 terawatt-hours, according to the International Energy Agency. That is around 6% of total electricity demand in the country or enough to power 24 million American homes for a year. And most of that energy will dissipate as heat, which means a higher need for cooling systems.

Ohio-based **Vertiv Holdings** is one company riding the wave, providing both power and cooling systems for data centers. Its shares have surged nearly 700% since the end of 2022. Vertiv logged a 60% year-over-year increase in orders last quarter, excluding foreign-exchange impact. That led to a record order backlog of \$6.3 billion at the end of March. Around one-third of the company's sales came from thermal management for data centers.

Currently most data centers use fans to circulate air to keep temperatures down. But more-powerful, and thus hotter, chips will stretch the limits of such air cooling systems.

One way to overcome that is to run liquid coolant in pipes through servers to absorb heat. Liquid has higher heat capacity



JASON HENRY FOR THE WALL STREET JOURNAL

and transfers heat more quickly. For the same volume, water takes more than 3,000 times more heat than air to raise its temperature by one degree. More efficient cooling systems also allow data centers to pack servers closer together.

Goldman Sachs estimates that the server cooling market will reach \$10.6 billion in 2026 from \$4.1 billion this year. Within that market, liquid cooling will become

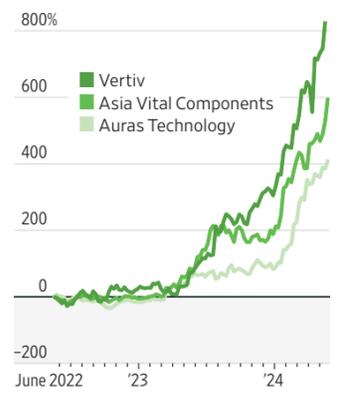
more popular, with its penetration rate reaching 57% among AI servers in 2026, compared with 23% this year, according to the bank's forecast. That will translate to better margins for cooling system providers given those systems' more-complex system design. Liquid cooling systems cost three to four times more than air cooling systems, according to JPMorgan.

Like those of U.S.-based Vertiv, shares of Asian manufacturers for

components used in cooling systems have soared, too. Shares of Taiwan's **Asia Vital Components**, or AVC, have risen 600% since the end of 2022 while **Auras Technology**, also based in Taiwan, has gained 510%. Both companies are ramping up their production capacity to meet rising demand. Vertiv acquired CoolTera in December to boost its liquid cooling technology.

With technology giants from

Weekly share-price performance over the past two years



Source: FactSet

More-powerful, and thus hotter, chips will stretch the limits of air cooling systems typically used in data centers.

**Microsoft to Meta Platforms** pouring money into AI data centers, the excitement over cooling tech stocks is natural. But their shares are now trading at more than 40 times expected earnings, according to FactSet, compared with multiples below 20 before the AI frenzy. That has priced in a lot of growth potential already in a nascent industry whose future is difficult to predict.

Selling picks and shovels in the AI gold rush has been a winning trade, but investors need to keep a cool head.

—Jacky Wong

## Consumer Confidence Report Looks Worse Under the Hood

Consumer confidence numbers out Tuesday contained some startling good news, but also some disturbing surprises—especially on inflation.

The headline reading on the Conference Board's Consumer Confidence Index jumped to 102 in May from an upwardly revised 97.5 in April, indicating that consumers are feeling better both about their current financial situation and the near-term outlook. Economists surveyed by the Wall Street Journal had expected a slight decline to 96.

The Conference Board reported that on a six-month-moving-aver-

age basis, purchasing plans for homes were unchanged in May at their lowest level since August 2012.

That isn't particularly surprising given poor housing affordability: Also on Tuesday, the S&P CoreLogic Case-Shiller home price index in March hit a new record high, with prices in 20 major cities up 7.4% from a year earlier.

A bit more encouraging was that buying plans for autos ticked up for a second straight month. Buying plans for big-ticket appliances rose for the first time in several months, according to the Conference Board.

Yet on inflation and interest rates, two of the topics that investors are the most concerned with these days, the news wasn't good.

Despite the gradual slowdown in official inflation readings over the past several months, the Conference Board reported that 12-month inflation expectations climbed in May to 5.4% from 5.3%.

The share of consumers expecting higher interest rates over the year ahead also rose, to 56.2% from 55.2%. That is despite the overwhelming consensus on Wall Street that the Federal Reserve is done raising rates.



Buying plans for autos ticked up for a second straight month.

A house may be too far out of reach—but if consumers expect rates to keep going higher, it

might be better to visit a car dealer now than later.

—Aaron Back

## Don't Expect Stocks to Rocket This Summer

The period between Memorial Day and Labor Day will see Americans consume about 7 billion hot dogs and watch around 1,300 Major League Baseball games but step away from their most popular pastime of late: playing the stock market.

The summer span, which will be 98 days this year, typically sees subdued share trading volume and mostly sideways movement. After a torrid start to the year and with major indices near records, though, that isn't what investors seem to expect.

Following the S&P 500's gain of 11.21% through Friday, Citi's Panic/Euphoria model, which uses inputs such as options trading, margin debt and newsletter sentiment, is now back to euphoria mode, according to independent strategist Peter Boockvar.

Sam Stovall of CFRA Research points out that there have been only six years in the postwar period when the S&P 500 rose by more than 10% between the two holidays: 1955, 1980, 1987, 2000, 2009, and 2020.

The last five were all during years that featured a bear market, though: 1980 came in the middle of a double-dip recession amid high inflation and interest rates; 1987 preceded the largest one-day drop in history; 2000 saw a bounceback following the dot-com crash; 2009 was the recovery from the bear market surrounding the financial crisis; and 2020 saw a stimulus-fueled rebound following the economic shock from Covid-19.

Unless we are heading for a



In only six years during the postwar period has the S&P 500 stock index climbed by more than 10% between Memorial Day and Labor Day.

surprise crash following the summer, those choppy conditions don't exist this year. But Stovall points to one seasonal indicator that could make summer gains a bit better than the ho-hum aver-

age. The 19 presidential election years in the postwar era have seen the market rise 79% of the time with an average S&P 500 increase of 3.7%. That probably isn't

a coincidence, as presidents—and especially incumbents running for re-election—tend to juice the economy in order to up their odds of serving a second term.

And after that? Citi's euphoria/

panic model bodes poorly: Boockvar points out that readings of euphoria coincide with stocks being lower a year later more than 80% of the time. Enjoy the summer.

—Spencer Jakob