

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

THURSDAY, OCTOBER 10, 2024 ~ VOL. CCLXXXIV NO. 86

WSJ.com

★★★★ \$5.00

DJIA 42512.00 ▲ 431.63 1.03% NASDAQ 18291.62 ▲ 0.6% STOXX 600 520.05 ▲ 0.7% 10-YR. TREAS. ▼ 8/32, yield 4.065% OIL \$73.24 ▼ \$0.33 GOLD \$2,606.00 ▼ \$9.00 EURO \$1.0941 YEN 149.31

What's News

Business & Finance

◆ **TD Bank is expected to pay** about \$3 billion in penalties and accept limits on its growth in the U.S. as part of a settlement with regulators and prosecutors over charges it failed to properly monitor money laundering by drug cartels. **A1**

◆ **SpaceX has used its** position as the world's primary rocket launcher to push rival satellite operators to share wireless airwaves, showing how the company can exercise its power in one area to benefit another part of its business. **A1**

◆ **Federal Reserve officials** were divided at their meeting last month over how much to reduce interest rates, minutes show. **A2**

◆ **Major U.S. stock indexes** moved higher, with the S&P 500 and Dow industrials rising 0.7% and 1%, respectively, to records and the Nasdaq advancing 0.6%. **B11**

◆ **Allegations that** Bank of America employees in India shared nonpublic information with investors ahead of stock sales are costing the lender business. **B1**

◆ **Rio Tinto agreed to** a \$6.7 billion takeover of Arcadium Lithium, propelling it into the ranks of the top producers of a key metal used in batteries for electric vehicles. **B1**

◆ **McDonald's sought** damages in a lawsuit the fast-food chain filed against major beef suppliers, and said franchisees could get a portion of recovered funds. **B1**

◆ **OpenAI plans to** open an Asia-Pacific hub in Singapore later this year as the artificial-intelligence company aims to expand its presence in the region. **B4**

World-Wide

◆ **Hurricane Milton struck** Florida's Gulf Coast as a Category 3 storm with rain and heavy winds as tornadoes roared over parts of the state, slamming a region that is still reeling from Hurricane Helene. **A1**

◆ **The storm poses a threat** to Florida's citrus industry, which had been making a comeback from damage caused by previous hurricanes and persistent disease. **A2**

◆ **Biden and Netanyahu** discussed Israel's expected military retaliation against Iran in their first call in over a month as the administration seeks to persuade its closest Middle East ally not to hit Tehran's oil facilities or nuclear sites. **A6**

◆ **Israel's military struck** a building in Syria's capital, targeting what it believed to be a Hezbollah official involved with smuggling weapons into Lebanon, a person familiar with the matter said. **A6**

◆ **More voters are calling** themselves Republicans than Democrats, suggesting that the GOP has its first durable lead in party identification in more than three decades. **A4**

◆ **Trump said he supports** lowering taxes on U.S. citizens who live abroad, marking a new attempt by him to win support from an often-overlooked group of voters. **A5**

◆ **Japan's new prime minister**, Shigeru Ishiba, dissolved the lower house of parliament to set up a snap election for Oct. 27. **A8**

◆ **The Nobel in chemistry** was awarded to David Baker, John Jumper and Demis Hassabis for their work on cracking the code of proteins. **A3**

CONTENTS	Markets..... B11
Arts in Review..... A11	Opinion..... A13-15
Business & Finance B25	Personal Journal A9-10
Business News..... B3	Sports..... A12
Crossword..... A12	Technology..... B4
Equities..... B8	U.S. News..... A2-5
Heard on Street..... B12	World News..... A6-7



© 2024 Dow Jones & Company, Inc. All Rights Reserved



Hurricane Milton shown as it approached Florida on Wednesday from a spacecraft docked at the International Space Station.

Florida Gulf Coast Is Battered As Massive Hurricane Strikes

ORLANDO, Fla.—Hurricane Milton made landfall on the Gulf Coast of Florida Wednesday, bringing dangerous winds, life-threatening storm

tional Hurricane Center said. Maximum sustained winds were estimated at 120 mph.

Before striking the coast, Milton hammered Florida with several inches of rain, heavy winds, storm surge and tornadoes. The National Weather Service on Wednesday issued a record number of tornado warnings in Florida, which indicate a twister has been detected by radar. The storm was likely to exacerbate the devastation wrought by Helene, which tore a path of death and destruction across several states in late September.

Millions of people were urged to evacuate ahead of the storm. Some faced traffic jams and found gasoline stations without fuel when they tried to flee. By Wednesday night, officials were urging residents to shelter in place.

“The storm is here,” said Florida Gov. Ron DeSantis. “It’s time for everybody to hunker down.”

Tampa Bay was spared a direct hit, allaying some fears of catastrophic damage to the coastal communities there. The area, which is densely populated, fast-growing and has

seen booming development on low-lying ground, was still expected to see significant impacts from the storm.

More than 800,000 customers in Florida were without power Wednesday night, according to Poweroutage.us.

Losing power was Charles Giglia’s main concern. The 82-year-old retired mechanic, who recently moved to Sarasota from Queens, N.Y., said he wasn’t able to buy a generator in time—they were all sold out.

He tried to book a flight to New York City a few days ago, *Please turn to page A2*

By Victoria Albert,
Lynn Waddell
and Nicholas Hatcher

surge and heavy rain to a region that was pummeled by Hurricane Helene less than two weeks ago.

The storm hit near Siesta Key in Sarasota County around 8:30 p.m. Eastern time as a Category 3 hurricane, the Na-

Diversity Grants Stall as Companies Fear Suits

By RUTH SIMON
AND THEO FRANCIS

UBS has stopped giving out \$25,000 grants directed at businesses led by women of color. A PepsiCo program to help Hispanic startups no longer requires them to be Hispanic-owned. Progressive dropped any reference to race in its small-business aid program. A TikTok grant program’s web page hasn’t been updated in a year.

Big companies are dropping or reshaping grants and other aid programs that targeted Black- and Hispanic-owned small businesses amid legal and public-pressure campaigns. Many businesses are unwinding programs that they launched or expanded in response to the 2020 murder of George Floyd and the Covid-19 pandemic.

The pullback shows how the legal climate is leading companies to make concrete changes that go beyond revisiting internal diversity policies. Litigation challenging corporate policies gained steam after the U.S. Supreme Court threw out college affirmative-action programs last year.

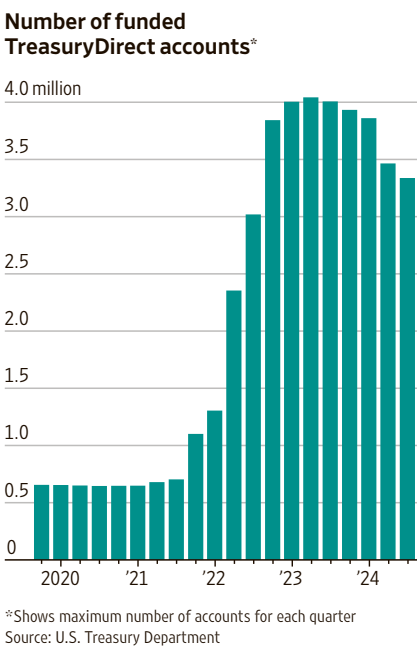
Some companies, including Progressive, said they have broadened their small-business aid programs or are helping entrepreneurs in other ways. UBS, PepsiCo and others declined to explain their changes.

“People have changed behavior because they are afraid of being sued,” said Tynesia Boyea-Robinson, founder of CapEQ, an impact investing and advisory firm. “If you lead with race, if you lead with gen-

Please turn to page A4

Delays Hit Bond Buyers

Demand for Treasuries has surged among investors looking to purchase government debt, but people who want to move investments from their accounts on the Treasury Department’s TreasuryDirect website to their brokerage accounts might have to wait as long as a year. **A10**



What’s Got ‘Bird Nerds’ Chirping? Armies of Amateurs

Bird-watching has taken off—so when a rare one is spotted, a crowd isn’t far behind

By VIPAL MONGA
AND JULIA MUNSLOW

Meigan Rocco had no idea what she was in for last April when a bright blue lazuli bunting flew into her front yard on Long Island. The West Coast bird was last seen in New York state more than 20 years ago.

“You about to be real popular,” warned a member of the Bird Identification Facebook group, after Rocco’s friend posted a picture of the finch-like songbird.

When Rocco woke up the next morning, six birders were perched across the street from her house. Over three days, more than 700 people—some from as far as Buffalo—filed past her home and pointed binoculars and telephoto lenses at the feeder in her front yard. Some cried.



“I had to be careful backing out of my driveway so that I didn’t run anyone over,” she said.

The popularity of bird-watching has surged since the pandemic, which brought restless, locked-down people outdoors. About 96 million Americans said they went bird-watching in 2022, more than double the number in 2016, according to the U.S. Fish and Wildlife Service.

For traditionalists, it’s a bit much. Armed with apps that make it easier than ever to track, identify and record birds, armies of birders seem to pop up almost as soon as a rare bird appears.

“Bird-watching is becoming like Pokémon Go,” said Garth Riley, a birder from Toronto, Canada, referring to the mo-

Please turn to page A10

SpaceX Wields Clout To Pinch Its Rivals

SpaceX has used its position as the world’s primary rocket launcher to push rival satellite operators to share wireless airwaves, showing

By Emily Glazer,
Dana Mattioli
and Micah Maidenber

how the company can flex its power in one area to benefit another part of its business.

The Elon Musk-led company asked companies such as Kepler Communications and OneWeb to share their so-called spectrum rights with its Starlink broadband-internet

business before agreeing to launch their equipment into orbit, according to people familiar with the matter.

Obtaining agreements to share spectrum is important for Starlink to provide clear links to its more than four million users as it expands service around the world.

Attorneys from one law firm, Wilson Sonsini, met with the Justice Department’s antitrust division in recent months to bring attention to these arrangements on behalf of some satellite and rocket companies, people familiar

Please turn to page A4

Some Evangelicals Crusade for Trump

Group calls for ‘spiritual warfare’ to elect former president

By KRIS MAHER
AND AARON ZITNER

EAU CLAIRE, Wis.—Lance Wallnau, a self-styled prophet in a fast-growing evangelical movement, came down off the stage to lay his hands on people who had requested prayers. Then he explained why re-electing Donald Trump is essential to save America.

“Don’t think for a moment that it isn’t possible for this country to veer off course and go over a cliff in November,” Wallnau told about 2,000 people gathered under a tent in late July. “It’s quite possible, and the only thing that can arrest that is an activated, catalyzed body of Christian patriots.”

Wallnau, 68 years old, is one of the most important

figures in the New Apostolic Reformation, an influential movement in evangelical Christianity that blends direct experience of the Holy Spirit with a call to engage in politics as a form of “spiritual warfare.” He opposes abortion and same-sex marriage, but his main goal is to elevate Christians to greater influence to transform society.

Wallnau’s “Courage Tour” events, equal parts tent revival and political mobilization, are part of his strategy to help put Trump back in the White House. On a recent weekend, JD Vance, Trump’s running mate, appeared at a Wallnau event in the swing state of Pennsylvania. “If Christians aren’t out there voting, Christians aren’t going to have a voice in this

Please turn to page A8

U.S. NEWS

Some at Fed Favored a Smaller Cut

Half-point reduction had lone dissenter in the vote, but others preferred a quarter

By NICK TIMIRAOS

Federal Reserve officials were divided at their meeting last month over how much to reduce interest rates, with a substantial majority favoring the larger half-percentage-point reduction that was ultimately approved, but others favoring a smaller quarter-point cut.

Minutes from the Sept. 17-18 meeting, released Wednesday, pulled back the curtain on deliberations over why officials chose to make their first rate reduction since 2020 with a bolder half-point move.

The decision to lower the benchmark rate to a range between 4.75% and 5% was sup-

ported by 11 of 12 members of the Fed's rate-setting committee. One policymaker dissented against the decision in favor of a smaller reduction, and the minutes suggested her reservations may have been shared by other policymakers.

Supporters of the larger cut "generally observed that such a recalibration of the stance of monetary policy would begin to bring it into better alignment with recent indicators of inflation and the labor market," said the minutes, which were released with a customary three-week lag. Some of those officials thought there had been a "plausible case" to make a quarter-point rate cut at the previous meeting, at the end of July, and that more recent data had only firmed up the justification for lowering rates, according to the written account of the meeting.

The Fed often prefers to make quarter-point changes to

its policy rate because that gives officials more time to study the effect of their policy changes. Indeed, the minutes revealed an unspecified number of officials had thought the smaller cut last month would have been warranted given solid economic activity, low unemployment, and inflation that is still above the Fed's target.

A few officials thought the smaller cut "could signal a more predictable path of policy normalization," the minutes said. Some officials who supported the larger cut indicated they could have also supported the smaller move, the minutes said.

In the run-up to last month's meeting, some officials had suggested they would prefer to start with smaller adjustments and speed up the pace once the economy looked like it was weakening further.

The minutes said less about

what would determine coming rate decisions. If inflation continued to move down to the Fed's 2% goal and employment continued to expand at its recent trend, "it would likely be appropriate to move toward a more neutral stance of policy over time," the minutes said.

Officials agreed that the larger cut approved at the meeting shouldn't be a sign of concern over the economic outlook or viewed as a signal that the Fed was prepared to rapidly lower interest rates, the minutes said.

At the time of the last meeting, economic data showed inflation had maintained a steady decline toward the Fed's 2% goal while the labor market had cooled. The unemployment rate edged up to 4.2% in August from 3.7% at the end of last year, and monthly payroll growth was reported to have slowed to 116,000, on average, for the

three months through August, down from 212,000 at the end of last year.

Since officials met, economic reports have suggested greater resilience. The economy added 254,000 jobs in September, the Labor Department said last week, and revisions to summer hiring raised the three-month average to 186,000. The unemployment rate fell to 4.1%. Separate data revised up estimates of household income growth and savings rates recently.

The Fed isn't "in a hurry to cut rates quickly," Powell said last week during a moderated discussion in Nashville, Tenn. If the economy slows down more rapidly than expected, "then we can cut faster. If it slows less than we expect, we can cut slower. That's really what's going to decide it."

◆ S&P 500 sets another record high..... B11

U.S. WATCH

NEW YORK

Turkish Airlines Pilot Dies on Flight

A Turkish Airlines jetliner headed from Seattle to Istanbul made an emergency landing in New York on Wednesday after the captain died on board, an airline official said.

Pilot İlçehin Pehlivan, 59 years old, lost consciousness at some point after flight 204 took off from Seattle on Tuesday night, Turkish Airlines spokesperson Yahya Üstün said.

Medical intervention failed to revive the captain, and the co-pilot decided to make an emergency landing, but the captain died before the plane landed, Üstün said.

Data from the tracking site FlightAware shows that the Airbus A350 landed at John F. Kennedy International Airport just before 6 a.m.

Arrangements were being made for passengers to reach their destination from New York, Üstün said.

—Associated Press

MASSACHUSETTS

Ethel Kennedy Suffers Stroke

The family of Ethel Kennedy, the widow of Robert F. Kennedy, says she's been hospitalized after suffering a stroke.

In a statement on X posted Tuesday night by her daughter Kerry Kennedy, the family said it happened last Thursday morning in her sleep and that she was brought to a hospital where she was receiving treatment and resting comfortably. They didn't identify the hospital, nor where the 96-year-old matriarch suffered the stroke.

"She is comfortable, she is getting the best care possible and she is surrounded by family," the statement said. "She is, as you know, a strong woman who has led a remarkably fulfilling life. We are looking after her."

She was by Robert F. Kennedy's side when he was fatally shot in Los Angeles on June 5, 1968.

—Associated Press

CORRECTIONS & AMPLIFICATIONS

Google doesn't provide a specific measure of how many searches it handles, saying only it is in the trillions per year. A Page One article on Monday about ad spending incorrectly said Google handles some two trillion searches a year.

The M249 SAW is an automatic light machine gun. A graphic with a World News article on Saturday about weapons used by Mexican drug cartels incorrectly described it as semiautomatic.

PureTech Health, a biotech company, was incorrectly called a venture-capital firm in a Heard on the Street column on Tuesday about the pharmaceutical industry.

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

THE WALL STREET JOURNAL
(USPS 664-880)
(Eastern Edition ISSN 0099-9660)
(Central Edition ISSN 1092-0935)
(Western Edition ISSN 1093-2241)

Editorial and publication headquarters:
1211 Avenue of the Americas,
New York, N.Y. 10036

Published daily except Sundays and general legal holidays. Periodicals postage paid at New York, N.Y., and other mailing offices.

Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicopee, MA 01020.

All Advertising published in The Wall Street Journal is subject to the applicable rate card, copies of which are available from the Advertising Services Department, Dow Jones & Co. Inc., 1211 Avenue of the Americas, New York, N.Y. 10036. The Journal reserves the right not to accept an advertiser's order. Only publication of an advertisement shall constitute final acceptance of the advertiser's order.

Letters to the Editor:
Fax: 212-416-2891; email: wsj.letters@wsj.com

Need assistance with your subscription?
By web: customercenter.wsj.com;
By email: support@wsj.com;
By phone: 1-800-JOURNAL (1-800-568-7625)

Reprints & licensing:
By email: customreprints@dowjones.com;
By phone: 1-800-843-0008

WSJ back issues and framed pages:
wsjshop.com

Our newspapers are 100% sourced from sustainably certified mills.

GOT A TIP FOR US?
SUBMIT IT AT WSJ.COM/TIPS



Utility poles were toppled by strong wind gusts in Fort Myers, Fla., before Hurricane Milton made its landfall Wednesday.

Storm Poses Threat to Citrus Industry's Fragile Recovery

Florida's orange groves, which have been in recovery mode since being rocked by Hurricane Ian in 2022, were in danger of seeing those gains reversed, as Hurricane Milton was expected to knock off fruit from the current crop and could cause damage to trees that will take years to replace.

"This is one of the most challenging periods the industry has ever faced," said Matt Joyner, head of Florida Citrus Mutual, which represents 1,500 to 2,000 citrus growers in the state.

Florida's orange groves

had been making a comeback from damage caused by persistent disease and a string of powerful hurricanes in recent years. For the 2023-24 marketing year, which ended July 31, the USDA said that total orange production was 1796 million boxes. That's up 14% from the previous year—although still less than half of where production was before Ian hit.

It's hard to tell how far back Milton will set citrus for the 2024-25 marketing year, but farmers are preparing for the worst. Pro-

duction out of Florida's orange groves fell by roughly 60% following Hurricane Irma in 2017 and Ian in 2022, Joyner said.

Milton made landfall Thursday in Sarasota County, near the heart of Florida's citrus area. Four of the top five citrus-producing counties were projected by the National Hurricane Center to be in the direct path of the worst winds.

The top five counties are where 71% of the state's citrus production is concentrated, said the Agriculture Department in an August report.

—Kirk Maltais

to Hurricane Helene and ready to respond to Milton as it approaches, as well as an additional 1,200 staff preparing for search and rescue operations, FEMA Administrator Deanne Criswell said Wednesday.

St. Petersburg Mayor Ken Welch on Wednesday warned residents that they should be prepared for significant outages, as well as for water, sewer and electrical services to be disrupted for an extended period of time.

"Because of the sustained hurricane-force winds, we are expecting extensive damage to our infrastructure, including widespread power outages that may not be restored for days or for weeks," he said.

DeSantis said there were 19 confirmed tornado touchdowns across Florida Wednesday. Several counties have reported tornado damage, he said.

DeSantis warned of Milton's impacts beyond the coast. "It's not just about where it makes landfall," he said. "It's going to barrel across the state of Florida."

—Ginger Adams Otis, Joseph Pisani, Ken Thomas and Julia Munslow contributed to this article.

Watch a Video



Scan this code to see video of storm damage on Florida's Gulf Coast.

TD Faces \$3 Billion Penalty

Continued from Page One

the biggest slice of the penalties, some \$1.8 billion, with FinCEN getting \$1.3 billion, the people said.

TD Bank has said it is working to address the issues with its anti-money-laundering programs. "We recognize the seriousness of our U.S. AML program deficiencies and the

work required to meet our obligations and responsibilities is of paramount importance to me, our senior leaders, and our boards," Chief Executive Bharat Masrani said in an August statement. He later announced he would step down.

The sweeping rebuke shows regulators and prosecutors found the problems at TD to be severe.

Wells Fargo has been operating under a similar order restricting its size since 2018 after its bankers were found to have been opening fake accounts for clients. That has forced Wells into years of cutting costs and businesses while also spending heavily to

build systems to keep the bank safe.

For TD, an agreement would follow an ugly chapter that has weighed on the stock price and stemmed the U.S. ambitions of Canada's second-biggest bank.

Federal authorities opened an investigation into TD's internal controls after agents discovered a Chinese criminal operation had laundered millions of dollars in fentanyl sales through TD

branches in New York and New Jersey and bribed bank employees, the Journal reported.

In May 2023, U.S. regulators' concerns over the probe and TD's ability to detect and prevent money laundering scuttled the bank's planned \$13.4 billion acquisition of Tennessee's First Horizon, the Journal reported.

TD has since said it is working to address the problems highlighted by its regulators,

and in recent months had made a series of key hires to shore up its anti-money-laundering and investigations groups.

Those changes culminated last month with Masrani's decision to step down as CEO later this year after leading efforts to address the bank's weaknesses.

In August, TD said it had set aside an additional \$2.6 billion during its third quarter to account for the costs associated with potential settlements with U.S. authorities.

TD shares are down about 2% this year, while the broader market and bank stocks largely are up significantly.

TD intends to plead guilty to criminal charges to resolve a DOJ investigation.

U.S. NEWS

Las Vegas Celebrates a Tear-Down to Make Way for the A’s



CREATIVE DESTRUCTION: A drone and fireworks display in the wee hours Wednesday preceded the implosion of the Paradise and Club hotel towers of the Tropicana Las Vegas. In their place, a domed stadium for the Oakland Athletics and a related resort development will be built. The MLB team will play in West Sacramento, Calif., next season and plans to move to Las Vegas in 2028.

Chemistry Nobel Given for Protein Discoveries

By BRIANNA ABBOTT

The Nobel Prize in chemistry was awarded to David Baker, John Jumper and Demis Hassabis for their work to crack the code of the building blocks of life: proteins. The technology has the potential to transform drug development and the ability to understand human biology.

Jumper and Hassabis, both at Google DeepMind in London, designed the artificial-intelligence platform AlphaFold, which can accurately predict a protein's structure in minutes. Because of that, researchers can now better understand antibiotic resistance and create images of enzymes that can decompose plastic, the Nobel Committee said.

Baker, a biochemist at the University of Washington in Seattle, developed computational tools that enable scientists to design new proteins from scratch, with novel shapes and functions. His team has produced proteins that can be used in pharmaceuticals, vaccines, nanomaterials and tiny sensors.

"Proteins are the molecules that enable life," said Heiner Linke, chair of the Nobel Committee for Chemistry. "To understand how life works, we first need to understand the shape of proteins."

Wednesday's award is the second this week that recog-



Nobel Prize in chemistry winners, from left, Demis Hassabis, John Jumper and David Baker. The Nobel was the second this week to recognize the role of AI.

nized AI's ability to solve problems and transform whole industries. On Tuesday, the Nobel Prize in Physics was awarded to John Hopfield and Geoffrey Hinton for discoveries and inventions underpinning machine learning and AI.

On Tuesday, Hinton and co-laureate Hopfield reiterated concerns over AI's potential to harm humanity. Google DeepMind's Hassabis on Wednesday acknowledged that AI could be used for harm and that there should be international collaboration to mitigate those risks. But he also spoke to what he

called its "extraordinary potential for good."

The breakthroughs from Hassabis, Jumper and Baker, buoyed by AI, have already led to changes in scientists' ability to understand existing proteins and create new ones.

Proteins are big, complex molecules that form bones, repair DNA and enable our immune response. They are made of a combination of 20 amino acids, strung together in endless combinations. Those strings fold and twist into shapes, and their structure determines their function.

If chemists know the sequence of amino acids in a protein, they should be able to predict the protein's structure. Yet the field struggled with that problem for over half a century. At one point, figuring out a single protein's structure could have been a student's entire Ph.D. work, said Mary K. Carroll, president of the American Chemical Society.

Hassabis—a chess master and co-founder of AI company DeepMind—and his team were able to help scientists to do just this. In 2018, his team developed a model called AlphaFold.



It could predict protein structure with nearly 60% accuracy. Jumper then joined the effort at Google, coming in with a background of theoretical physics and protein dynamics. The team also started harnessing neural networks called transformers, which can find patterns in large amounts of data in a more flexible way than before. In 2020, the team released AlphaFold2.

Baker, meanwhile, made it possible to build new proteins. The field of protein design had taken off, with researchers of ten tweaking existing proteins.

Baker and his team wanted to create them from scratch, using a computer program called Rosetta to predict what amino-acid sequences put together could create the desired shape.

Rosetta could search a database of all known protein structures, look for snippets of similarities with the structure that was wanted, and then propose a string of amino acids that pieced them together. In 2003, Baker announced the creation of Top7, a protein with 93 amino acids that was entirely different to all known existing proteins. It was a first.

Laureate Amplifies Warnings on AI

By MILES KRUPPA AND DEEPA SEETHARAMAN

The newly minted Nobel laureate Geoffrey Hinton has a message about the artificial-intelligence systems he helped create: Get more serious about safety or they could endanger humanity.

"I think we're at a kind of bifurcation point in history where, in the next few years, we need to figure out if there's a way to deal with that threat," Hinton said in an interview Tuesday with a Nobel Prize official that mixed pride in his life's work with warnings about the growing danger it poses.

The 76-year-old Hinton resigned from Google last year in part so he could talk more about the possibility that AI systems could escape human control and influence elections or power dangerous robots. Along with other experienced AI researchers, he has called on such companies as **OpenAI**, **Meta Platforms** and **Alphabet**-owned Google to devote more resources to the safety of the advanced systems that they are competing against each other to develop as quickly as possible.

Hinton's Nobel win has provided a new platform for his doomsday warnings at the same time it celebrates his critical role in advancing the technologies fueling them. Hinton has argued that ad-



Geoffrey Hinton

vanced AI systems are capable of understanding their outputs, a controversial view in research circles. "Hopefully, it will make me more credible when I say these things really do understand what they're saying," he said of the prize.

Hinton's views have pitted him against factions of the AI community that believe dwelling on doomsday scenarios needlessly slows technological progress or distracts from more immediate harms, such as discrimination against minority groups.

"I think that he's a smart guy, but I think a lot of people have way overhyped the risk of these things," said Melanie Mitchell, a professor at the Santa Fe Institute, during a panel last year.

On Wednesday, other prominent Googlers specializing in AI were also awarded a Nobel Prize. Demis Hassabis, chief executive of Google DeepMind, and John Jumper, director at the AI lab, were part of a group of three scientists who won the chemistry prize for their work on predicting the shape of proteins.

Hinton shared the Nobel in physics with John Hopfield of Princeton University for their work since the 1980s on neural networks that process information in ways inspired by the human brain. That work is the basis for many of the AI technologies in use today, from ChatGPT's humanlike conversations to Google Photos' ability to recognize who is in every picture you take.

"Their contributions to connect fundamental concepts in physics with concepts in biology, not just AI—these concepts are still with us today," said Yoshua Bengio, an AI researcher at the University of Montreal.

Hinton received the 2018 Turing Award, a computer-science prize, for his work on neural networks alongside Bengio and a fellow AI researcher, Yann LeCun. The three are often referred to as the modern "godfathers of AI."

By 2023, Hinton had become alarmed about the consequences of building more powerful artificial intelligence. He began talking about the

possibility that AI systems could escape the control of their creators and cause catastrophic harm to humanity. In doing so, he aligned himself with a vocal movement of people concerned about the existential risks of the technology.

"We're in a situation that most people can't even conceive of, which is that these digital intelligences are going to be a lot smarter than us, and if they want to get stuff done, they're going to want to take control," Hinton said in an interview last year.

Hinton announced he was leaving Google in spring 2023, saying he wanted to be able to freely discuss the dangers of AI without worrying about consequences for the company. Google had acted "very responsibly," he said in an X post.

In the subsequent months, Hinton has spent much of his time speaking to policymakers and tech executives, including Elon Musk, about AI risks.

Hinton's increased activism has put him in opposition to other respected researchers who believe his warnings are fantastical because AI is far from having the capability to cause serious harm.

"Their complete lack of understanding of the physical world and lack of planning abilities put them way below cat-level intelligence, never mind human-level," LeCun wrote in a response to Hinton on X last year.

VERDURA

SCORPIO

October 23RD – November 22ND

ZODIAC PENDANT NECKLACE

Hand-engraved, in diamond and 18k gold, \$9,500. Includes 19" chain and 1" pendant. All 12 zodiac signs available.

745 FIFTH AVENUE, 12TH FLOOR
212.758.3388 • VERDURA.COM

U.S. NEWS

Republicans Gain An Edge in Party ID

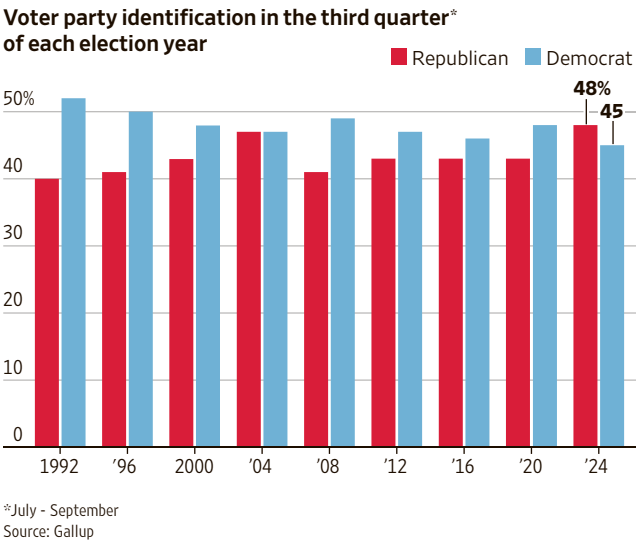
GOP advantage over Democrats is rare, making swing voters less vital for Trump

By Aaron Zitner

Beneath the headline results in many polls, something unusual has turned up with big implications for politics: More voters are calling themselves Republicans than Democrats, suggesting that the GOP has its first durable lead in party identification in more than three decades.

The development gives former President Donald Trump an important structural advantage in the November election. But other factors could prove more important to the outcome. Democratic Vice President Kamala Harris still leads narrowly in many polls, in some cases because she does well with independent voters.

Bill McInturff, a GOP pollster who works on NBC News surveys, first noticed in May that more voters were calling themselves Republicans. “Wow, the biggest deal in polling is when lines cross, and for the first time in decades, Republicans now have the national edge on party ID,” he wrote. He called the development “the underrecognized game-changer for 2024.”



In combined NBC polls this year, Republicans lead by 2 percentage points over Democrats, 42% to 40%, when voters were asked which party they identified with. That compares with Democratic leads of 6 points in 2020, 7 points in 2016 and 9 points in 2012.

“Republicans being 5 to 9 points down on party identification—that is like running uphill,” McInturff said. “We don’t know the election’s outcome, but we know Republicans have a better shot at doing well if party ID is functionally tied, with perhaps the smallest tilt toward Republicans.”

Gallup also found more vot-

ers identifying as Republican than Democratic, by 3 points in its July-to-September surveys. It was the first time that the GOP had an advantage in the third quarter before a presidential election in Gallup surveys dating to 1992.

Pew Research Center found the GOP with a 1-point lead this spring in an extensive, 5,600-person poll it conducted to create benchmarks for its other surveys. As with Gallup and NBC polls, each party’s share of voters included people who call themselves independents but also say they consistently lean toward one party.

The last time that presidential Election Day exit polls



Voters cast ballots on Ohio’s first day of in-person early voting Tuesday in Columbus.

found Republicans on a level playing field with Democrats in party identification was in 2004, when the two were tied. That was also the only year in about three decades that Republicans won the national popular vote.

“It’s definitely unusual,” Jeffrey Jones, senior editor of Gallup polling, said of the GOP advantage. Gallup said party affiliation is one of several foundational factors favoring the GOP this year, along with its finding that Republicans are trusted more to handle the economy and immigration, which voters see as the nation’s most challenging problems.

Not all polls find the same tilt toward the GOP, and a lead in party affiliation isn’t a guarantee of success. In the 2022 midterms, Republicans turned out more voters than Democrats did in Pennsylvania,

Arizona and Michigan, according to the AP VoteCast survey of the electorate. But independents favored Democrats so heavily that the party won the governor’s races in all three states, as well as Senate races in Pennsylvania and Arizona. Democrats also benefited from an erosion of support among Republican voters for many GOP candidates who aligned themselves closely with Trump.

More recently, NBC’s September poll found Republicans with a 1-point advantage on party ID, and yet Harris led Trump by 5 points. Her lead rested on an advantage among independent voters and that she was winning more than 20% support among Republicans who don’t consider themselves part of Trump’s “Make America Great Again” movement.

Similarly, a New York

Times/Siena survey released this week found Republicans outnumbering Democrats among likely voters by 1 percentage point, but Harris leading Trump by 3 points. Defections from Trump among some GOP voters was one reason for her lead.

Patrick Ruffini, a Republican pollster, said the GOP advantage in party identification lessens the pressure on Trump to win over independent or swing voters, “but it does not say that Trump is going to win” this year.

“It’s a loose indicator that you have a number of people who are disappointed in the Democratic Party’s performance,” Ruffini said. “It should be a good indicator for Trump. But as we saw in 2022, it doesn’t mean the candidates who are running are going to maximize their advantage.”

SpaceX Uses Clout Over Satellites

Continued from Page One with the meetings said. The goal was to discuss whether SpaceX is abusing its market power, the people said.

The Justice Department and a Wilson Sonsini spokesman didn’t respond to requests for comment.

A SpaceX spokesman said the company can’t force another satellite operator to reach a spectrum-coordination agreement. He said the company also can’t force inequitable terms because the agreements in question have to be ratified by governments, ensuring that they are fair. “We consistently work to promote both a competitive broadband landscape alongside a robust launch economy,” the spokesman said.

SpaceX evolved from a scrappy startup to a pre-eminent space-technology company launching more rockets than

anyone on behalf of government and commercial clients. The company successfully put two distinct businesses—launching rockets and operating satellites—under one roof. Other operators specialize in one business or the other.

The closely held company, valued at more than \$210 billion, regularly ferries satellites to orbit for its satellite-operating rivals. SpaceX works through scheduling flights, which on its mainstay Falcon 9 rocket can cost around \$70 million, according to a pricing plan on the company’s website.

Several industry executives told The Wall Street Journal they would be surprised to see spectrum put on the table during rocket-launch negotiations, while others said horse-trading is common in such discussions.

“At issue would be to what extent does SpaceX amass more power” that leads to a “serious distortion of competition in that second market” for satellite communications, said Bill Kovacic, a former Federal Trade Commission chairman and professor at George Washington University Law School.

Leaders at SpaceX said the company can serve the needs of



A SpaceX Falcon 9 rocket carrying 21 Starlink satellites lifted off from Cape Canaveral, Fla., in August.

both outside customers and Starlink, its internal client. More recently, it emphasized the distinction among the two divisions in private meetings and public conferences.

Satellite executives laud SpaceX’s launch capabilities but repeatedly said they want more options to get to orbit. Several of SpaceX’s rocket competitors are years behind schedule with new vehicles, limiting other options on the market.

“There is no competition, still, to SpaceX Falcon 9 that’s

realistic right now, but we need it,” said Matt Desch, chief executive of satellite operator Iridium Communications.

In 2022, Musk’s company asked internet-satellite operator OneWeb to make spectrum concessions while the companies were discussing a deal for launching OneWeb satellites, people familiar with the talks said.

OneWeb and SpaceX previously sparred over satellite policy, but the tables turned following Russia’s 2022 invasion of

Ukraine. After the U.S. and other countries sanctioned Russia, OneWeb suddenly wasn’t able to get its satellites launched to space on Russian vehicles. About a month later, OneWeb buried the hatchet with SpaceX, saying it struck an agreement to resume satellite launches on SpaceX rockets.

OneWeb and SpaceX told U.S. regulators in a joint letter that the deal was reached after “extensive good-faith coordination discussions.” The specific settlement terms were confidential, but a former OneWeb employee said the company made spectrum concessions to secure the launch slots it needed.

A spokeswoman for OneWeb, now part of French satellite operator Eutelsat, said reaching a coordination agreement was good for both sides. She denied OneWeb made concessions in reaching the spectrum deal.

Spectrum is a valuable resource for satellite communications companies that share space in the sky. But the job of coordinating competing satellite networks has grown more complex, involving regulators from the U.S. and abroad. In rare instances, regulators act as arbiters of disputes.

U.S. and Canadian regulators mediated a dispute between Kepler and SpaceX over spectrum sharing, people familiar with the meetings said. An agreement would help Starlink gain broader access to the Canadian market, the people said. Canadian officials and at least one SpaceX lobbyist met a half-dozen times between February and April, according to Canadian records.

Toronto-based Kepler has largely relied on SpaceX for launch services. SpaceX deployed 16 of the 23 satellites that Kepler has had launched, with the most recent flight occurring last November, according to Jonathan McDowell, an astrophysicist who closely tracks space activities.

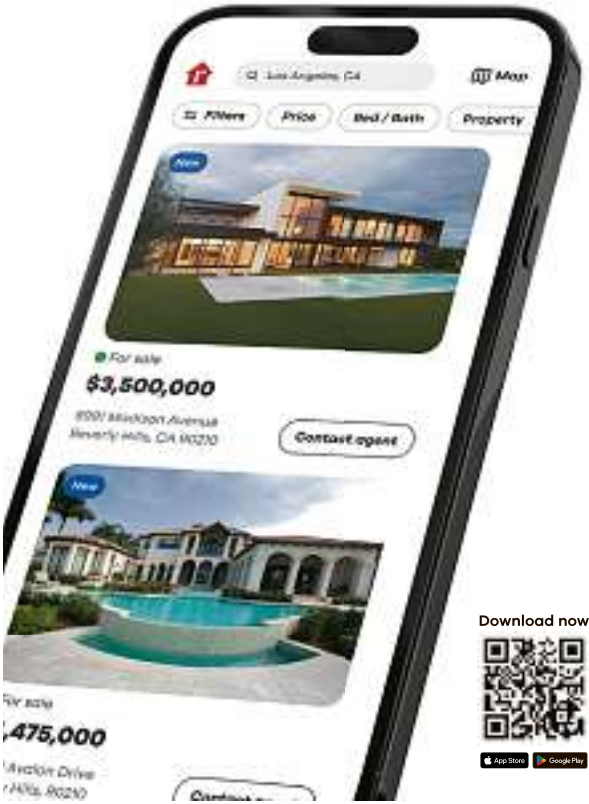
This month, Canada added Starlink’s Gen 2 satellites to a list of foreign satellites licensed to operate in the country. For SpaceX to operate in Canada, the company and Kepler needed to reach a spectrum-coordination agreement, a deal that must be approved by regulators, a person familiar with the process said. A Kepler spokeswoman declined to comment.

—Drew FitzGerald contributed to this article.

See more luxury homes

Realtor.com only shows you homes for sale sourced directly from professionals.

realtor.com



Companies’ Diversity Grants Stall

Continued from Page One der even and, sometimes, if you lead with sexual identity, you will be attacked.”

Of more than 60 small-business grant programs that in 2023 included race or ethnicity in their criteria, more than 40% no longer exist or appear to be moribund, according to an analysis by Skip, an online platform for small-business owners. An additional 27% no longer use race or ethnicity in making awards.

About 30% of the programs that Skip tracked continue to use race as a criterion. “These tended to be the smaller grant programs,” said Skip Chief Executive Ryder Pearce.

Most aid programs are modest. They typically provide a cash award, often \$10,000 or \$20,000, sometimes coupled with mentoring and other support, such as software access. That isn’t enough aid to elevate a small business into the big leagues but can prove crucial to thinly financed enterprises.

Wig distributor Coils to Locs has received about 15 grants totaling \$168,000 since 2020, mostly from programs targeting businesses run by people of color. The Boston company sells wigs through two dozen

hospitals and its own website, mostly to Black women with hair loss due to cancer or other medical conditions.

“Any amount of funding is going to make an impact for us, even if it gives us one month of runway,” said co-founder Dianne Austin, a breast-cancer survivor. The five-year-old company could have its wigs in more hospitals if it had more capital to fund expansion, Austin said.

Grants are particularly important for entrepreneurs of color because their businesses tend to be smaller than white-owned businesses, even after controlling for the founder’s education, experience and other factors, said Michael Verchot, director of Ascend Network, a provider of consulting services to small and midsize businesses.

Only a third of Black- or Hispanic-owned small businesses received the full bank loan or other financing they applied for, compared with more than half of white business owners, according to Federal Reserve data. Startups led by Black and Latino founders have each received less than 1% of U.S. venture-capital funding this year, according to Crunchbase.

UBS cited the funding gap when it launched “Democratizing the Friends & Family Round,” a grant and coaching

program for women of color, in 2021. After the bank received 12,000 applications for the \$25,000 grants, it awarded 40 grants, or a total of \$1 million, instead of the 30 grants it had originally planned.

“The sheer number of high-quality applications to our program highlights the inequality that female founders of color face and the financial support they need from investors,” a UBS executive said at the time.

Christine Izuakor, founder of Cyber Pop-up, had no employees when she received a UBS grant for her Chicago cybersecurity company. The money helped her hire workers as she sought to close a \$2.5 million venture-capital round.

“Having somebody who believes enough in what you are doing to put some capital behind it is really important,” said Izuakor, who now has seven employees.

UBS no longer offers grants targeted to female founders of color. Last year, the bank announced a three-year, \$3 million commitment to the Black Innovation Alliance, a nonprofit whose members help Black entrepreneurs.

Some programs seem frozen in time. Creciendo con TikTok, a grant program established in 2021 to support Latino-owned businesses, still lists an October 2023 application deadline.

TikTok said it launched programs this summer to provide mentoring and classes to 45 small and midsize businesses owned by female or LGBTQ entrepreneurs, among others.

In 2023, PepsiCo said it would offer \$20,000 grants and six months of mentorship to 10 “high-potential emerging Hispanic-owned food and beverage small businesses,” with the highest potential business later receiving an additional \$100,000 in funding.

PepsiCo modified its questions for the program this year. The rules no longer specify that businesses must be Hispanic-owned. Applicants must now explain how their product “is inspired by Hispanic flavors and cultures.”

Progressive opened its \$25,000 small-business grant program to all business owners this year, after focusing on Black-owned small businesses in 2023 and Hispanic entrepreneurs in 2022.

The insurer and Hello Alice, its partner in the program, were sued last year by a small trucking company that alleged the program violated antidiscrimination laws. A federal judge dismissed the lawsuit. The trucking company, backed by a group run by Stephen Miller, who advised Donald Trump during his presidency, has filed an appeal.

A Progressive spokesman said the insurer had decided to open the program to business owners of all backgrounds before the lawsuit and that planning for the program wasn’t influenced by the litigation.

U.S. NEWS

Democrats Fret Harris Is Weak In ‘Blue Wall’

Some are pushing a sharper economic pitch, more visits to key Midwest states

By **KEN THOMAS**
AND **CATHERINE LUCEY**

GRAND RAPIDS, Mich.—Democrats have privately grown worried about Kamala Harris’s standing among working-class voters in the crucial “blue wall” states—particularly in Michigan.

Donald Trump has courted union members and non-college-educated white voters with a message focused on high costs, manufacturing and the threat of China to the U.S. economy. Senior Democrats, including Michigan Gov. Gretchen Whitmer, want a sharper economic appeal from Harris and have conveyed those concerns to her campaign, according to people familiar with the conversations. They also would like the vice president to spend more time

campaigning in the state.

Michigan Democrats have urged the campaign to make more overt appeals to auto workers by emphasizing the administration’s work to grow the industry and build new plants.

Others want Harris to make a more populist pitch, a message that was central to appearances around the state last weekend by Sen. Bernie Sanders (I, Vt.) and United Auto Workers President Shawn Fain. During an event in Grand Rapids on Sunday, Sanders pressed for goals such as higher minimum wages, an expansion of Social Security and higher taxes on the wealthy—all under the banner of the party’s need to elect Harris and defeat Trump.

“We have got to understand that the billionaire class today not only has enormous political power, and that includes both political parties,” Sanders said. “So one of the things that we have got to do is create a political movement in this country, led by the trade unions, which tells the billionaire class that we are tired of



Kamala Harris campaigned in Flint, Mich., last week. Some allies have been stressing a populist economic message in the state.

their greed.”

Polls show Harris and Trump essentially tied in Michigan, Pennsylvania and Wisconsin.

Harris also hasn’t matched President Biden’s 2020 support from organized labor. While she has won backing from some influential unions, including the United Auto Workers and the Service Employees International Union, others have withheld their support. The Teamsters

declined to back either candidate, as did the International Association of Fire Fighters. Both endorsed Biden four years ago. Some state-level Teamsters organizations did endorse Harris, including in Michigan, Pennsylvania and Wisconsin.

The Harris campaign said she has regularly traveled to blue-wall states and stressed the extensive advertising that is focused on working-class

voters. They also noted she has put out plans on issues such as price-gouging and prescription-drug prices that are aimed at these voters. The vice president made a manufacturing-focused economic speech in Pittsburgh last month.

Republicans have targeted Harris over past positions on electric vehicles and on fracking—with vehicles a top interest in Michigan and fracking in

western Pennsylvania. On electric vehicles, Harris in 2019 called for tougher emission standards with a goal of making all new vehicles emit zero emissions by 2035, but has quietly walked that back more recently. Also in 2019, Harris said she was in favor of banning fracking but has since disavowed that position.

—Annie Linskey
contributed to this article.

Trump Pledges to End ‘Double Taxation’ of Americans Abroad

By **RICHARD RUBIN**
AND **ALEX LEARY**

WASHINGTON—Republican presidential nominee Donald Trump said he supports lowering taxes on U.S. citizens who live abroad, marking a new attempt by the former president to win support from an often-overlooked group of voters.

The U.S. has an unusual system for taxing its citizens on their total income regardless of where they earned it and where they live, making America

alone among major countries with such a rule. Other countries use systems that base taxation on where people live. The U.S. policy dates to 1864 and the income tax created to finance the Civil War.

Essentially, an American living in Paris would have tax obligations to both France and the U.S., though the U.S. tax code already contains features meant to mitigate double taxation. A French citizen residing in New York typically wouldn’t owe France any taxes on U.S.

income.

“I support ending the double taxation of overseas Americans,” Trump said in a statement to The Wall Street Journal.

Like his prior campaign ideas to eliminate taxes on tips, Social Security benefits and overtime pay, Trump’s latest tax-policy promise goes beyond extension of his expiring 2017 tax cuts and the ideas he pushed during his term as president, and it is aimed at a targeted demographic.

A narrow policy shift could eliminate a frustrating and unique burden for Americans abroad, especially those with higher incomes and investments who owe U.S. taxes on their worldwide income on top of taxes they pay where they live. That can be particularly annoying for “accidental Americans,” who have citizenship because they were born in the U.S. but have few ties to the country.

A more expansive revision of the tax code could open oppor-

tunities for wealthy Americans to move overseas, retain their citizenship and escape some U.S. taxes.

What Trump means by double taxation remains uncertain, and campaign officials offered no additional details about exactly what policy change he would try to push through Congress.

Solomon Yue, the chief executive of Republicans Overseas, an advocacy group, is part of a decadelong push to ease U.S. tax burdens on Americans

abroad. Yue said he was inspired by Trump’s earlier tax proposals aimed at other constituencies and realized he might have a chance to get his issue added to that list.

Yue, a longtime Republican National Committee official, said he urged Trump campaign aides to get the subject in front of the former president and to keep any position simple rather than get into a detailed explanation of citizenship-based taxation vs. residence-based taxation.

Bringing Communities of Support to Students



At Communities In Schools, we place knowledgeable and caring adults inside schools. These site coordinators surround students with a community of support to ensure they have access to everything they need to engage in learning, graduate, and succeed in life. We are there for them fostering life skills, providing mentor support, academic enrichment and resources like school supplies, meals, and access to technology.

See how we go all in for kids at [CommunitiesInSchools.org](https://www.CommunitiesInSchools.org)



Communities
In Schools®



© 2023 Communities In Schools, Inc.

DOYLE

OLD MASTER PAINTINGS & PRINTS
/ ENGLISH & CONTINENTAL SILVER

Auction Wednesday, October 16 at 10am EST

RUSSIAN WORKS OF ART / ENGLISH
& CONTINENTAL FURNITURE
& DECORATIVE ARTS

Auction Thursday, October 17 at 10am EST



Pair of Important Russian Gilt-Bronze Mounted Porcelain Vases
Imperial Porcelain Manufactory, St. Petersburg, period of Alexander II, circa 1881
Estimate \$80,000–120,000

EXHIBITION

Sat, Oct 12, Noon – 5pm
Sun, Oct 13, Noon – 5pm
Mon, Oct 14, Noon – 5pm

175 East 87th Street
New York, NY 10128

NEW YORK BEVERLY HILLS BOSTON CHARLESTON
CHICAGO CONNECTICUT NEW JERSEY NORTH CAROLINA
PALM BEACH PENNSYLVANIA WASHINGTON D.C.
WWW.DOYLE.COM

WORLD NEWS

Biden, Netanyahu Discuss Iran Retaliation

Neither U.S. nor Israel signaled the two leaders reached agreement on plan

By Nancy A. Youssef
And Carrie Keller-Lynn

President Biden and Israeli Prime Minister Benjamin Netanyahu discussed Israel's expected military retaliation against Iran in their first call in over a month on Wednesday, as the administration seeks to convince its closest Middle East ally not to hit Tehran's oil facilities or nuclear sites.

Biden reiterated his "iron-clad commitment to Israel's security" and condemned Iran's ballistic missile attack against Israel last week, a White House statement said. An Israeli official said they discussed Israel's plans to strike back during the half-hour call.

But neither the U.S. nor Israel signaled the two leaders reached agreement on the planned attack. "They agreed to remain in close contact over the coming days," the U.S. statement said.

Biden emphasized the need for "a diplomatic arrangement" to allow Israeli and Lebanese civilians displaced by fighting to return to their homes, the White House said. He urged Israel to minimize civilian casualties in airstrikes against Beirut and discussed "the urgent need to renew di-



Iranian protesters in Tehran hold posters of slain leaders. Israel is expected to retaliate against Iran for its missile barrage.

plomacy" on achieving a cease-fire in Gaza.

U.S. officials are frustrated that they have been repeatedly caught off guard by Israel's military actions in Gaza and Lebanon, and want to head off further escalation. Some had hoped the U.S. would learn more about what Israel was contemplating during a meeting Wednesday between Israeli Defense Minister Yoav

Gallant and Defense Secretary Lloyd Austin at the Pentagon, but Gallant postponed his trip, the Pentagon said.

Netanyahu blocked Gallant from going to the U.S. on Tuesday as Israel continued planning its Iran operation, said an Israeli official. U.S. officials said they don't have either the timing of the strike or what Israel might target.

Last month, Israel carried

out a strike against Hezbollah leader Hassan Nasrallah without informing the U.S. ahead of time. The bombing, which took place as Washington was hoping to finalize a cease-fire pact between Israel and Lebanon, surprised senior administration officials.

"Excuse me, what did you say?" Austin said when Gallant told him during a call about the Nasrallah attack, ac-

cording to U.S. officials familiar with the conversation. During a second call the same day, Austin asked Gallant if Israel was prepared to be "alone" when it came to defending itself, given the lack of notice.

Austin was frustrated because the U.S. didn't have enough time to position its forces to potentially come to Israel's defense or to protect nearby U.S. troops, defense of-

ficials said.

With Israel promising a response to Iran's launching of about 180 missiles shortly after Nasrallah's assassination, U.S. officials are hoping this time they will have more insights on a strike that could lead to greater American military involvement.

Israel has at times heeded U.S. advice over the past year. The U.S. sought a more deliberate plan to clear the southern Gaza city of Rafah, which prompted Israel to limit its operations there. The U.S. also persuaded Israel not to launch an attack on Hezbollah in Lebanon based on faulty intelligence days after Hamas's Oct. 7 attack. But Israel's response to Iran could test the limits of Israel's responsiveness.

Army Gen. Erik Kurilla, who heads U.S. Central Command, which is responsible for U.S. military operations in the Middle East, on Sunday met with Gallant and top Israeli military commanders, in part, to warn against striking Iran's nuclear sites or oil facilities.

Gallant is widely seen as the Israeli leader most responsive to the U.S. concerns about Israel's prosecution of the war in Gaza, especially regarding increasing humanitarian aid into the enclave and creating a plan for the strip's postwar governance. Austin and Gallant have been in close contact during the past year, and are generally considered to have a good relationship.

—Lara Seligman
contributed to this article.

Damascus Hit in Pursuit Of Smuggler for Hezbollah

By Dov Lieber
And Omar Abdel-Baqi

The Israeli military struck a building in Syria's capital, targeting what it believed to be a Hezbollah official involved with smuggling weapons into Lebanon, a person familiar with the matter said on Wednesday, as it expands its campaign to disrupt supply lines to the militant group.

The attack on Tuesday night hit a residential building in Damascus's Mezzah neighborhood, Syrian state media reported. The area contains several diplomatic and government buildings, including

the Iranian diplomatic complex, which Israel struck in April. Seven citizens, including women and children, were killed in Tuesday's strike, Syrian state media reported, adding that three missiles came from the Israeli-controlled Golan Heights.

It is unclear if the target of the strike was killed.

On Wednesday night, local time, Israel's military said it had killed another Hezbollah operative in Quneitra, a Syrian town near Israel's border, in an airstrike. The operative was responsible for relaying intelligence from the Syrian government to the Lebanese militant group to help its operations against Israel in the Golan Heights, the military said, in a rare Israeli disclosure of an attack inside Syria.

The strikes in Syria come as Israel expands its air and ground offensive in Lebanon,

while also signaling that it plans to involve its navy in the invasion.

Israel in mid-September intensified its campaign against Hezbollah, an effort it says is aimed at pushing the U.S.-designated terrorist group back from its border and returning tens of thousands of displaced Israelis to their homes in the north.

Hezbollah has been firing rockets at northern Israel since Oct. 8, 2023, in what it has said is solidarity with Palestinians in the Gaza Strip. Israel launched its war against Hamas in Gaza after the Hamas-led Oct. 7, 2023, attacks in southern Israel, which Israel said left around 1,200 people dead and saw around 250 taken hostage.

Israel's airstrikes and its widening ground operation in southern Lebanon have displaced hundreds of thousands



Vehicles were damaged by a reported Israeli airstrike on the Damascus suburbs late Tuesday.

of Lebanese. The airstrikes have also widely emptied Beirut's dense southern suburbs, one of the areas of the country Israel has hit particularly hard.

Israel says it is targeting areas of the city being used by Hezbollah as military sites.

The Israeli military on Wednesday said it had struck

overnight at a Hezbollah weapons-production facility and intelligence headquarters in the Dahiyeh area of southern Beirut. It said it provided advance warning to the local population, and said the militant group had located weapons-storage facilities beneath residential buildings, schools and other places where civil-

ians could be at risk.

Israel also said it is reopening its offensive in the northern part of the Gaza Strip, calling on the roughly 400,000 Palestinians the United Nations agency for Palestinian refugees says are still there to move out once again.

—Saleh al-Batati
contributed to this article.

It's time for *"qualified"* to mean *qualities*, not just a bachelor's degree.

Keith, Data Analyst,
Google Career Certificate Graduate,
STAR

Tear the paper ceiling that is keeping you from discovering over 70 million STARS: workers Skilled Through Alternative Routes that are being held back by degree screens, stereotypes and more. Find out how STARS can meet your talent needs.

TEAR THE PAPER CEILING.ORG

#HireSTARS

STARS
SKILLED THROUGH
ALTERNATIVE ROUTES

Opportunity
@ Work

ad
COUNCIL

U.S. Seeks Change in Lebanon Leadership

BEIRUT—The Biden administration is pushing to use Israel's offensive against Hezbollah as an opening to end the militant group's long-running dominance by electing a

By Jared Malsin,
Summer Said and
Adam Chamseddine

new Lebanese president, U.S. and Arab officials familiar with the discussions said.

Secretary of State Antony Blinken called the leaders of Qatar, Egypt and Saudi Arabia in recent days to ask them to support the election of a new Lebanese president. Senior White House official Amos Hochstein also has told Arab officials that the weakening of Hezbollah by Israeli attacks should be viewed as an opportunity to potentially break a political impasse. The country's political parties have been unable to agree on a new president since the previous leader, Michel Aoun, left office at the end of his term in 2022.

The U.S. initiative aims to address frustrations with years of ineffective government that have prevented reforms and entrenched the power of Lebanon's political elites, including Hezbollah, which also is an influential political party. The effort marks a shift from the administration's calls just weeks ago for an immediate cease-fire,

and some in the country and region fear pressing to empower a candidate now could set off the sort of sectarian fighting that has torn apart the country in recent decades.

"What we want to see come out of this situation, ultimately, is Lebanon able to break the grip that Hezbollah has had on the country—more than a grip, break the stranglehold that Hezbollah has had on the country and remove Hezbollah veto over a president," State Department spokesman Matt Miller told reporters this week.

Years of U.S.-backed efforts to impose reforms on Lebanon's government have led to few changes. The country's society is fractured by sectarian and political divisions that were entrenched during French occupation after World War I, with elites from its major groups—Sunni Muslims, Shia Muslims, Christians and Druze—divvying up government portfolios.

The U.S. initiative to push Hezbollah from power has support from Saudi Arabia, Saudi officials familiar with the matter said. The Persian Gulf country until recent years played a big role in shaping the political and economic

course of Lebanon.

The U.S. initiative hinges on key Lebanese leaders including Prime Minister Najib Mikati and Parliament Speaker Nabih Berri, the leader of another Shiite faction and a key conduit to Hezbollah in cease-fire negotiations, who would be needed to bring Lebanon's political factions together to elect a new president, according to diplomats familiar with recent discussions. Lebanon's

president is the commander in chief of the armed forces and is seen as being a key to putting in place an empowered government that could better handle the current crisis.

Mikati and Berri last week said they supported the election of a new president, but have expressed appreciation for Hezbollah in its battle against Israel. Hezbollah's de facto leader, Deputy Secretary-General Naim Qassem, has rejected calls for a political change during the war.

Lebanon's president is elected by the country's 128-member Parliament, where no single bloc has the seats to choose a new leader on its own. Without the support of Hezbollah and its allies, it isn't clear how a political con-

sensus would come together.

Officials from Egypt and Qatar—which have played a key role in truce talks in Gaza and Lebanon—told U.S. officials they view the American plan as unrealistic and even dangerous. In talks with U.S. officials, they have argued that Israel will never destroy Hezbollah, and that the group must be a part of any political settlement to the conflict.

Egypt also has expressed the concern that meddling in Lebanese politics during the crisis could heighten the risk of internecine fighting in a country that suffered a debilitating civil war that ended in 1990.

Anyone seen as taking power as a result of Israel's attacks on Lebanon could face blowback from the Lebanese public and rival political forces, political analysts and diplomats said.

Lebanon's lack of a president has left it with a caretaker government for the past two years, a leadership vacuum that has worsened the country's economic crisis, which the World Bank says is one of the worst in the past century and a half.

Lebanese officials are skeptical that any force in the country can challenge the country's political elites. "We lack any leadership to at least initiate a course where we can see a light at the end of the tunnel," said Ibrahim Mneimneh, a reformist member of Parliament.

WORLD NEWS

Mideast War Upends U.S. Military Plan

White House had wanted to shift forces to deal with China and Russia

By MICHAEL R. GORDON
AND NANCY A. YOUSSEF

The Pentagon came up with a recipe for keeping watch over the Middle East as the U.S. fight against Islamic State wound down, while using the bulk of its forces to deal with the greater threats it saw from China and Russia.

The U.S. would cut back its military presence in the region to a handful of ships and a couple of Air Force squadrons. Carrier battle groups wouldn't be stationed regularly in the region.

To augment U.S. capabilities, the Pentagon would rely on naval and aerial drones to gather intelligence and lean on an emerging security collaboration among Israel and Arab states to combat threats from Iran. If things threatened to get out of hand, the Pentagon reasoned, it could always temporarily surge forces into the region.

It was a plan that reflected the heightened priority the Trump and Biden administrations placed on deterring China and Russia. But it collided with the upsurge of violence in the Middle East on Oct. 7, 2023.

The war that began with the Hamas-led attacks on southern Israel that left 1,200 people dead quickly spread. As fighting flares across Lebanon, Gaza, Syria, Iraq, the Red Sea and Iran, many of the U.S. assumptions about how to cope with dangers in the Middle East tin-

derbox have been upended.

At the center of the new reality is the recognition that Israel, a nation that has long prized its independence but is now embroiled in conflicts on multiple fronts, has found itself increasingly dependent on the U.S. military. Over the past year, it has relied on supplies of American munitions, benefited from U.S. help in shooting down enemy missiles and drones, as well as the rapid deployment of American naval and air forces to deter more substantial Iranian attacks.

The U.S. has had to modify its strategic priorities to adapt. Struggling to head off an all-out Middle East war, the Pentagon has deployed two aircraft carrier battle groups to the region for much of the year. Twice, it has had to shift a carrier from the Pacific, leaving no carrier in Asia for weeks at a time. Before Hamas attacked Israel last year, the U.S. hadn't planned to keep a carrier in the Middle East on a regular basis. And while the Pentagon is hoping further escalation can be avoided, some military experts say that a substantial American military role will be needed in the region for years to come.

"We've been trying to shoe-horn events in the theater into a mental construct," said retired Marine Gen. Frank McKenzie, a former head of the U.S. Central Command, which is responsible for the Middle East. "We need to recognize that if we want to actually have an effect on events in the theater and deter Iran, we are going to have to put forces into the region."

This wasn't the Middle East the Pentagon anticipated when the Biden administration took



An HSC-7 helicopter lands on the Arleigh Burke-class guided-missile destroyer USS Laboon in the Red Sea.

Current Conflicts Prove More Complex

Washington has pulled out the stops to come to Israel's aid before. During the 1973 war, President Nixon ordered the Pentagon to carry out Operation Nickel Grass—the largest aerial supply of weapons and supplies since the Berlin airlift, when the U.S. flew supplies to areas of the German city under allied control to get around a Soviet land blockade.

But a growing threat and the prolonged confrontation between Israel, Iran and Iran-backed militias have combined to present a new challenge for Washington.

The fast-flying ballistic missiles and evasive drones Iran and its regional proxies use are more sophisticated

than the dangers the U.S. and Israel confronted decades ago.

The conflicts also have gone on far longer than wars Israel fought in the past. The 2006 war against Hezbollah in Lebanon lasted 34 days, while the 2014 fight against Hamas in Gaza took 51 days. The current fight in Gaza has just entered its second year.

that were heading toward Israel, while a U.S. destroyer fired an SM-3 missile to knock down a ballistic missile.

Tensions soared in August following Israel's killing of a top Hezbollah commander in Beirut and a Hamas political leader in Tehran. Concerned that Iran might attack Israel or U.S. forces before all of the reinforcements arrived, the Pentagon took the unusual step of advertising the presence in the region of the USS Georgia, a

missile-carrying submarine whose undersea movements are generally kept secret.

To expedite the arrival of American forces and better position them to take action, U.S. commanders also ordered a dozen F/A-18 fighters and an E-2D Hawkeye surveillance plane to take off from the USS Theodore Roosevelt aircraft carrier and operate from a base in the Middle East.

All told, the U.S. has nearly doubled the number of fighter jets in the region over the past year, adding hundreds of airmen to support new squadrons of F-15E Strike Eagles, F-16s, A-10s and drones, the Pentagon has said.

The U.S. has also bolstered its air defense in Iraq, Syria and Saudi Arabia to protect its forces from attacks by Iranian-backed proxies, adding some of its much demanded Patriots back into the region.

With Israel facing a continuing threat, some former Israel officials said the country is increasingly dependent on Washington.

Israel understands that the conflict with Iran and its proxies is "about material endurance, about national power, about your industrial base, about your stockpiles and the ability to employ force over long periods of time, which basically are beyond the size and scope of Israel," said Assaf Orion, a retired Israeli brigadier general who served as the head of strategy for the Israel Defense Forces from 2010 to 2015. "The necessity and need for a stronger U.S. role is pretty evident."

DEFEND YOUR DOORS & YOUR WALLS

NEW



GARAGE WALL PROTECTOR

WeatherTech's all-new Garage Wall Protector is the perfect solution to help you avoid the frustration of your car doors hitting the walls of your garage. Available in three sizes for the perfect fit, this patent-pending wall guard is perfect for garages, parking structures, bike storage and more. Avoid expensive bodywork and drywall repairs with this easy-to-install, easy-to-clean Garage Wall Protector.

WeatherTech.com
Auto. Home. Pet. Find Your Fit. 1-800-441-6287



© 2024 MacNeil IP LLC

ROSS SIMONS

THE LAB OF LUXURY®



FIRST TIME EVER

15% OFF
All Lab-Grown Diamonds

LIMITED TIME ONLY

BIGGER SIZES, BETTER QUALITY
ross-simons.com/lab



ARTIST'S COLONY: A visitor photographed penguins Wednesday at the Frieze Art Fair in London.

HAITI Death Toll Hits 115 After Gang Attack

The death toll in an Oct. 3 gang attack on Pont-Sondé in central Haiti has risen to 115, Myriam Fièvre, mayor of the nearby city of Saint-Marc, said on Wednesday.

The attack was one of the biggest massacres that Haiti has seen in recent history. The victims included babies, young mothers and the elderly, with the gang approaching Pont-Sondé via canoes, a human-rights group said.

Survivors have questioned why authorities didn't do anything to stop the attack since the Gran Grif gang had warned in a video posted on social media that it planned to target Pont-Sondé.

More than 6,200 survivors have fled Pont-Sondé and temporarily settled in Saint-Marc and surrounding areas. Haiti's National Human Rights Defense Network says the gang was angry that a local self-defense group was trying to limit gang activity in Pont-Sondé and prevent it from profiting off a makeshift road toll it set up.

—Associated Press

JAPAN Premier Dissolves The Lower House

New Prime Minister Shigeru Ishiba dissolved the lower house of parliament on Wednesday to set up an Oct. 27 snap election, asking people to trust the governing party's policies even as critics said the vote comes far too soon.

Ishiba took office last week as Fumio Kishida resigned after leading the governing Liberal Democratic Party for three years while it was dogged by corruption scandals.

With the early election, Ishiba seeks to secure a majority in the lower house, the more powerful of the two chambers, for his governing party before the congratulatory mood fades.

The move has been criticized as giving priority to an election rather than policies and for allowing little debate.

But Japan's opposition has remained too fractured to push the governing party out of power, which it has held almost without interruption in postwar times.

—Associated Press

MOZAMBIQUE Ruling Party Seen Winning Election

Mozambique voted for a new president on Wednesday in an election expected to extend the ruling party's 49 years in power, though the opposition was already alleging manipulation of the process.

"I trust the electoral process, but not the people deployed to run the election," said independent Venancio Mondlane, a 50-year-old newcomer to national politics who was expected to pose the biggest challenge to the governing party's candidate, Daniel Chapo, 47.

Mondlane and the two other challengers raised concerns about the fairness of the election process soon after polls opened, claiming among other things that some of their delegates were denied accreditation to monitor voting.

The governing Front for the Liberation of Mozambique, or Frelimo, has routinely denied allegations that it rigs elections.

President Filipe Nyusi has served a maximum two terms.

—Associated Press

FROM PAGE ONE

‘Spiritual Warfare’ For Trump

Continued from Page One

country," Vance told the crowd.

Evangelical voters have leaned Republican for many years. George W. Bush, who described himself as a faithful Christian, won nearly 70% support from white evangelical Christians in 2000 and nearly 80% four years later. Other Republican candidates have blended evangelical beliefs with blue-collar populism, including former Arkansas Gov. Mike Huckabee, a onetime pastor, in 2008.

Yet Donald Trump—with his three marriages, tabloid lifestyle and reality-show background—managed to win the hearts of Republican voters in 2016 over the likes of Huckabee and Ted Cruz, son of an evangelical preacher. Wallnau was an early advocate, with prophecies that promoted Trump in 2015, when many evangelical voters were skeptical.

Matthew Taylor, a scholar who tracks the New Apostolic Reformation, says that no evangelical leader did more than Wallnau to provide a theological rationale for religious conservatives to accept Trump. "Wallnau was already popular," said Taylor, of the Maryland-based Institute for Islamic, Christian, and Jewish Studies. "But he became a mega-evangelical celebrity through his endorsement of Trump and using his ideas to backstop Trump."

Now, Taylor sees Wallnau as presenting a threat beyond his advocacy for one candidate. "I would call Lance Wallnau a Christian supremacist," Taylor says. "He wants Christians to be in charge of society and to tear down the wall of separation between church and state."

In an interview, Wallnau said that he supports Christian influence rather than a takeover. "I'm for people with a Christian worldview, even if they're not a card-carrying evangelical, like Trump. If Trump is better at it than we are, I'm going to get behind him."

Growing movement

Republican campaigns have long counted on mobilizing evangelical voters. Ralph Reed, the veteran Christian political operative, says he aims to raise and spend \$62 million this year to reach evangelicals who cast ballots infrequently—some 14.5 million voters, by his estimate..

Wallnau, based in Dallas, offers a new and different model of political activism. He doesn't lead a megachurch or large ministry, like other influential evangelicals such as televangelist Joel Osteen or Rick Warren, the bestselling author and former Saddleback Church pastor. Instead, Wallnau reaches millions of people online, through his podcast, a YouTube channel and a Facebook page that the platform says has one million followers.

Social media has propelled the growth of the New Apostolic Reformation and thousands of other charismatic



Lance Wallnau 'laying hands' on a woman in Eau Claire, Wis., at a July 'Courage Tour' event, where about 2,000 people gathered in person and tens of thousands more joined online.



nondenominational churches by spreading their brand of gospel and linking the churches in a loose network. These independent churches have about 33 million U.S. members combined, compared with about 74 million U.S. Catholics and 54 million members of denominational Protestant churches, said Todd Johnson of the World Christian Database, which tracks religious affiliation. About 10% of those worshippers subscribe to the ideas and approach of the New Apostolic Reformation.

Many of the old denominations are shedding members, and Wallnau sees them, and conservative leaders such as Reed, as inadequate to the present political moment.

"I would suggest that they aren't nearly as powerful as the untapped capacity of the grassroots Christian movement that self-organizes in other ways," said Wallnau.

Reed said his organization, the Faith & Freedom Coalition, "is reaching more conservative Christian voters at the door in 2024 than any faith-based organization in the history of modern American politics."

Wallnau has a talent for turning complex theological concepts into easily digestible slogans. He also has a disarming personality and often

sprinkles jokes into his sermons. He met one of his heroes, the comedian Jackie Mason, in a Manhattan diner in 2016; Wallnau did his impersonation of Mason on the spot and snapped a photo with the appreciative comedian.

But his political ideas are uncompromising. He defends Trump as an imperfect politician who has nevertheless been anointed by God to save America from the advance of left-wing ideology. In 2015, when Trump was seen by many evangelicals as a flawed figure, Wallnau argued in his book "God's Chaos Candidate" that

the apparently irreligious billionaire was akin to Cyrus, the Persian king from the Bible, who didn't acknowledge God but was chosen to liberate the Jews from exile in Babylon for their return to Jerusalem.

Wallnau has said that "powers of darkness" are influencing the presidential election and has called Vice President Kamala Harris a "Jezebel spirit," suggesting she has literally been influenced by demons. Wallnau and other leaders in the New Apostolic Reformation often call for "spiritual warfare" to defeat political opponents



Merchandise including Wallnau's book, 'God's Chaos Code', on display at the July event in Wisconsin.

peared on Flashpoint, an online nightly news program for the Christian right, where he blamed "antifa activists" for the Capitol violence.

Wallnau plays down his ties to the former president. "Trump doesn't even know who I am," he said. "I've met him a few times, but I'm quite sure he doesn't." He first met the former president at Trump Tower in Manhattan in 2015 at the invitation of Paula White-Cain, a Florida televangelist who Trump appointed in 2019 to a White House position organizing religious outreach. Earlier this year, Wallnau posted a video of himself in a tuxedo at a party at Mar-a-Lago, Trump's Palm Beach home, saying he was about to meet with "the Trumpster."

The Courage Tour

Wallnau grew up in Bucks County, Pa., and found his Christian faith while he was attending Valley Forge Military Academy and College. His father was a vice president at home heating oil company, Meenan Oil, outside Philadelphia, and in his 20s Wallnau headed up marketing for the company. In the 1980s and 90s, he led nondenominational churches in Pennsylvania and Rhode Island. He runs several ministries, including one called Furnishing Families of Texas that provides beds and furniture to single mothers. He has led corporate leadership retreats and calls himself a Tony Robbins for Christians.

Like Trump, Wallnau has hawked a variety of products, including commemorative coins and bone broth. In September, he held up bottles of dietary supplements on his online show, saying they were "for people that fast and are really focusing spiritually on the next 30-day, 40-day battle over the destiny of America."

At the "Courage Tour" event in Wisconsin in July, people sat on plastic chairs overflowing an enormous white tent in a field. They swayed and spoke in tongues under an American flag. Tens of thousands more watched online.

Wallnau told the crowd it was a mistake for Christians to remain silent as the country shifts toward a liberalism that is antithetical to their beliefs. He criticized pastors in particular.

"Think about the weird spirit in America right now, that there are churches that wouldn't want to be at an event like this," Wallnau said. "The church has been ceding ground to spirits from the pit of hell that are telling pastors that they can't talk about anything other than a few narrow subjects, lest they get political."

Tom Dzielwaczynski, a retired meat-cutter, traveled from Osceola, Wis., to hear Wallnau for the first time. He said he planned to help register people to vote ahead of the election. Sheryl Dzielwaczynski, his wife, said her top issue was immigration. "We need to close our borders and start taking care of the American people," she said. She wants to see a return of faith in society: "Christians need to rise up," she said. "We got to get God back in this nation."



PERSONAL TECHNOLOGY
JOANNA STERN

IN FLORIDA? Update your iPhone to iOS 18 right now. No, not for the new homescreen designs—for the satellite messaging. If cell service goes down when Hurricane Milton hits the coast, your iPhone could be a lifeline to friends, family and emergency services.

Matt Van Swol lives 10 miles outside of Asheville, N.C. When Hurricane Helene took out cellular networks and the electricity that powers Wi-Fi connections, he couldn't tell his family he was safe. But once the storm passed, he

stepped outside and pointed his iPhone 15 Pro Max at the sky. "It said 'Connected.' All of a sudden, my phone just starts lighting up with these texts from my parents and friends," said Van Swol, age 30, who works for a smart-home company. "I cried immediately, to be able to get a text out to my parents." Starting with the iPhone 14 line, Apple has quietly turned its popular handsets into satellite phones. First, people could use them to contact emergency services. With the latest software update, you can text family and friends, too. In the

aftermath of Helene, many relied on iPhones. The Journal's Rachel Wolfe, reporting from Asheville, used satellite texting on her iPhone 14 Pro to send her story updates to her colleague. Whether or not you're in the path of Hurricane Milton, here's how to enable satellite messaging on your iPhone: **What you need** The hardware needed to connect to satellites is in all iPhone 14, 15 and 16 models. Not sure which phone you have? Go to Settings, then General > About > Model Name. The emergency SOS capability should just work. But to enable satellite texting, you have to be on iOS 18. Check or update your software under Settings > General > Software Update. If you're up-to-date, you can send iMessage or SMS texts to anyone when you don't have cellular or Wi-Fi coverage. All iPhone users receiving your

messages should be running iOS 18, too. And it works best if you add anyone you might need to reach to your Family Sharing or emergency contacts, in the Health app. You're on Android? Satellite texting hasn't yet caught on for those phones. But the new Pixel 9 is Google's first phone with the ability to contact emergency services via satellite. **Where you need to be** If you are out of cellular range, a pop-up will ask if you want to use Messages via satellite. You need to be outside with a clear view of the sky and horizon. (Clouds won't block signals, but trees will.) The iPhone's software guides where to point your device. Once connected to a satellite, it may prompt you to move left or right—or turn around—to maintain the connection. "You look like a moron when

you're doing it, you're just spinning around on your back porch," Van Swol said laughing. In the days after the storm, Van Swol and his wife, Erin Derham, would walk to a nearby golf course where they had better luck sending and receiving messages. It isn't fast: Apple says in ideal conditions, it might take 30 seconds to send a message. If you are under trees with "light or medium foliage," it might take a minute. When I tested the original iPhone 14's emergency SOS capability, I definitely had to fiddle to connect with a satellite—even while standing in a wide open field.

What you can send Apple says you can't send pictures, videos or audio messages. Van Swol said he had difficulty sending iMessage texts. Wolfe had better luck. There was a 500-character limit on the iMessages she sent, and each took about a minute to send. Getting responses was also hit or miss. Van Swol said responses would come in slowly, especially when he first connected after being offline for 36 hours. Wolfe said she didn't receive all the messages from her colleague until she got back on cellular. Still, both North Carolina testers were relieved they had the right software and hardware. "It's just a fluke that we updated our phones the day before the storm," Van Swol said. I hope you'll never need to use this feature, but you should update, too. You might be glad you did.



Erin Derham on her iPhone 14 Pro.

Apple-to-Android Messaging Improves



PERSONAL TECHNOLOGY
NICOLE NGUYEN

Texting between iPhones and Android devices can be miserable. A new iOS setting stands to make it less painful. Apple's iOS 18 software update supports Rich Communication Services, or RCS—the first big change to texting since SMS in 1992. It brings some familiar "blue bubble" iMessage features to "green bubble" chats with Android phones, such as emoji reactions and read receipts. Most Americans have iPhones, and iMessage is a big reason people stick with Apple's devices. Android-iPhone chats have historically been bad, which is why some iPhone users, especially teens, bemoan them. Low-resolution images, broken group chats and cutoff messages are some shortcomings of cross-platform text chains. RCS aims to fix them. Google has supported RCS, available in most current Android phones, since 2019. Apple's adoption of the tech has given my husband,

Will, a longtime Android user, reason to hope that green-bubble discrimination may end. To be clear: RCS on iPhone isn't iMessage for Android. You'll still see green bubbles in the chat, but it's better than SMS and doesn't require having to open a separate app. iPhone users need to upgrade to iOS 18; many Android device owners just have to flip on a switch. My iPhone-Android household has been testing the green-bubble upgrade for a few weeks. Here are the highs and lows so far, and how to try it for yourself.

Apple brings some familiar 'blue bubble' features to 'green bubbles.'

to iOS 18. Go to Settings, then Apps and select Messages. If not on by default, tap on RCS Messaging to enable. In an RCS chat, the typing field will say "Text Message · RCS" instead of "Text Message · SMS" or "iMessage." **Android:** Open Google Messages, which comes pre-installed on most new Android phones. Tap your profile picture, then Messages settings.

Select RCS chats. The text input field will say "RCS message" for compatible contacts. **The good** RCS chats are more fun than SMS texts. You can send high-quality media, react with emoji and create mega group chats. **Wi-Fi:** SMS messages are sent via cell networks. RCS behaves more like third-party chat apps, such as Meta's WhatsApp. Messages travel over cellular data or Wi-Fi, which offers more flexibility. **Receipts:** In one-on-one chats, "delivered" or "read" appears below texts to answer the age-old question, "Did you get my text?" When Will actively types, a bubble with flashing dots appears on my screen. **Emoji reactions:** A thumbs-up, heart or other emoji shows up on the message. No awkward texts that say "Laughed at *Insert message here*"—unless you try reacting to a picture or in-line reply. **Multimedia:** Text messages often yield blurry images or videos. RCS still compresses media, but they come through clear enough to zoom in on details. You can send audio messages, though the recordings aren't transcribed like in iMessage. **Group chats:** You can have up to 100 participants in a group RCS chat. Most carriers limit SMS groups to 20. Better yet: Anyone can leave—or enter—the chat without it breaking off into a separate thread. **The bad** Will and I were surprised about some missing features: **No receipts for groups:** People in group RCS chats don't see read receipts or typing indicators. This



RCS chats let you send higher quality media, audio messages and emoji reactions. allow in-line replies, which is when a user responds to a specific message in a conversation. RCS doesn't support those replies, but the apps still allow it, causing communication confusion. And if you tap-back on a reply, cue the awkward "Liked a message" text. **No encryption:** iMessage is fully encrypted. Android-to-Android RCS messaging is also encrypted. Android-to-iPhone (and vice versa) RCS isn't. Encryption shields messages until they arrive at your recipient's device. Without it, they can be read by your carrier, law enforcement or a malicious attacker. Apple said it is working with Google to build an encryption standard for RCS. A general manager at Google recently said the company is "working with the broader ecosystem" to establish more secure messaging for the platforms. Defaults are powerful, which is why preloaded iMessage has become a dominant force among Apple users. But iPhone users are adopting other chat platforms. Earlier this year, Meta Chief Executive Mark Zuckerberg said WhatsApp reached 100 million monthly active users in the U.S., with over 50% on iPhones.

PERSONAL JOURNAL.

TreasuryDirect Delays Vex Bond Buyers

Demand surges on Treasury’s clunky website for buying government debt, leading to a backlog of customer requests

By IMANI MOISE

People who want to move investments from their accounts on the Treasury Department’s website to their brokerage accounts may have to wait as long as a year.

The website, TreasuryDirect, is dealing with a deluge of customer-service requests. The number of funded accounts on TreasuryDirect grew to more than four million last year, from 656,000 in 2019. Americans rushed to the website in recent years to buy inflation-adjusted savings bonds at yields nearing 10%.

The resulting customer-service backlog is straining the Treasury Department’s antiquated system, which can require verified signatures and paper forms sent through the mail. People transferring securities from TreasuryDirect to third-party brokerages experience especially long waits because those requests are processed manually, according to people familiar with the matter.

TreasuryDirect tries to complete most of them within six weeks, but it can take 12 months, depending on capacity. A notice on the TreasuryDirect website says some customer-service requests “may require 12 months or more to process.” The notice had said the longest delays were about six months until the end of July.

A spokesperson for the Treasury’s Bureau of the Fiscal Service said the program has “significant processing delays due to resource and technology constraints.” The Treasury Department is looking to modernize its program “to ensure better, more modern experiences.”

For people who hold Treasurys through the website, the long wait



to transfer is doing away with one of the investment’s key selling points. Treasurys are generally so easy to trade that they are considered cash-like. TreasuryDirect only allows customers to purchase Treasurys. They have to be transferred to a brokerage like Fidelity or Charles Schwab to be sold.

Inflation-adjusted savings bonds aren’t subject to the delay because they can’t be traded.

• Bond transfer

David Janus purchased a 20-year Treasury bond through TreasuryDirect in January to lock in 4.75% returns. The Silver Spring, Md., resident was prepared to hold on to the bond through a mandatory 45-day waiting period before he could transfer it to his brokerage account.

Over the summer, he called TreasuryDirect’s customer-service line to check on the status of his transfer and was told processing could take up to a year.

“I never in a million years would have put away \$10,000 that I couldn’t get for a year if I needed it,” he said.

If that were his intent, he would have purchased a 12-month certificate of deposit, he said.

Even before learning about the delay, Janus had to print a transfer request form and get a medalion signature, a notary-style stamp to verify security transfers, before mailing it to the Treasury Department. The delay prompted him to file several complaints with the site and write a letter to his congressional representative hoping to expedite the process.

The TreasuryDirect website has the feel of an earlier era of the internet. Until last year, customers entered login credentials by using

a mouse to click keys on a keyboard embedded in the browser.

Still, more than \$134 billion worth of marketable securities have been purchased through TreasuryDirect so far this year, according to federal data. About 5% of those securities had durations longer than a year.

Inflation-adjusted savings bonds, or I bonds, accounted for a large part of the increase in demand on the TreasuryDirect website when inflation soared in 2022. I bonds offered some of the best yields because they are based on a calculation tied to the consumer-price index.

Marketable securities like Treasury bills and notes have also been in high demand and can be transferred to a brokerage account. About two-thirds of the purchases on TreasuryDirect so far this year have been marketable securities instead of savings bonds.

• Brokerage vs. TreasuryDirect

There are very few reasons to use TreasuryDirect to buy regular Treasurys if you have a brokerage

account, said Jennifer Lammer, a financial adviser who specializes in helping individual investors navigate fixed-income markets.

Even though there is usually a price advantage to cutting out the middleman, everyone pays the same price for new issue Treasurys regardless of where they buy.

“It’s a concept that a lot of people just don’t believe,” she said.

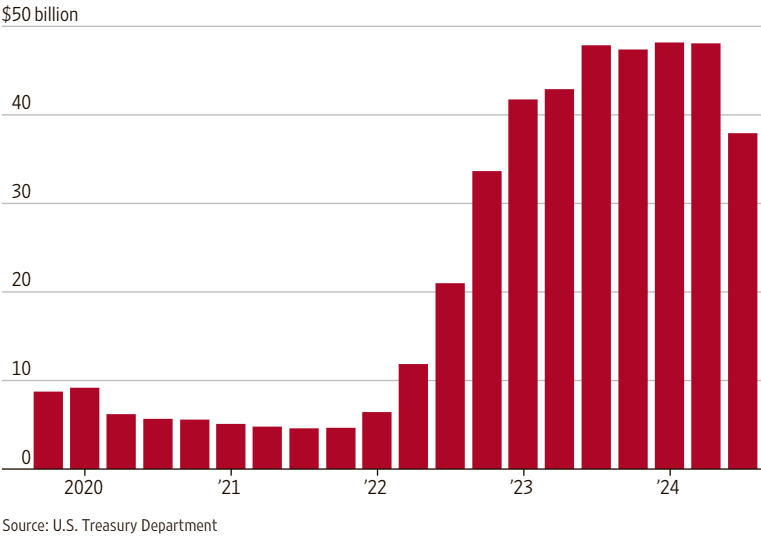
She tells clients only to use the platform to purchase savings bonds like I bonds, which can’t be bought anywhere else, and Treasurys they plan to hold to maturity. Most brokers don’t have waiting periods so you can sell almost immediately after purchasing.

One advantage TreasuryDirect has over third-party brokers is its low minimum order size. The site lets investors purchase Treasurys in increments of \$100, compared with \$1,000 at some brokerages. It can be a good option as long as you have the patience, Lammer said.

“At the end of the day, it is a government institution,” she said. “They do their best, but they’re not the fastest in everything.”

Long waits are doing away with one of the investment’s selling points.

Marketable securities purchased through TreasuryDirect, quarterly



Bird Watching Takes Off

Continued from Page One

bile videogame where an app uses a phone’s GPS and camera to lead players to real-life locations where they collect virtual items.

Riley worries the new breed of watchers overlooks the well being of the birds in their rush to collect as many sightings as they can.

This spring, he helped censor a Toronto-area Discord chat channel to remove references to the location of a pair of bald eagles. The pair were the first eagles ever to be seen nesting in Toronto. Conservationists feared that if too many birders appeared with cameras they would cause the eagles to abandon the nest. The gawkers stayed away, and two eaglets were born in May.

Dominik Mosur, an animal care attendant at San Francisco’s Randall Museum, was strolling in the city’s Pine Lake Park in July when he startled a red and black slate-throated redstart, a bird that usually roams between Mexico and South America. This was the first known sighting in California.

Mosur quickly posted a blurry picture to a chat group. Within 20 minutes, the first birder appeared in the park. After 45 minutes, 30 people were looking to get pictures of the rare find. The flow of people continued for weeks.

“The quiet little neighborhood park that I would enjoy was all of a sudden overrun with people,” he said.

Mosur, a self-described “bird nerd,” is a reviewer for eBird, an online database created by Cornell University. So far, 930,000 people have submitted 1.6 billion bird reports to the database, which helps

people track bird migration patterns and keep tabs on nearby sightings.

Long gone are the days when bird watchers with binoculars hanging around their necks and thick field guides in hand would log their sightings in little notebooks. Now, people can access tomes of knowledge by opening the eBird app. They can hold up their phones and identify a bird by its call, using the artificial intelligence-powered Merlin Bird ID app.

Mary Birrer, a teacher-naturalist at New Jersey Audubon, encourages participants on her bird walks to use the apps to help identify species.

Birrer, 30, this year participated in the World Series of Birding, an annual competition where teams vie to spot as many birds in the Garden State as they can within 24 hours.

The competition prohibits most tech. Participants can’t use their Merlin app to identify a bird



Mary Birrer encourages participants on bird walks to use apps to help identify species.



In the World Series of Birding, teams compete to see how many birds they can spot within 24 hours.

through its song; they have to physically see or hear the bird for it to count.

Ken Walsh, a Pennsylvania resident who has been birding for more than 50 years, competed in the World Series as a member of the “1000 Birds” team, which spotted 180 birds over 24 hours, including a winter wren, a brown creeper and a black skimmer.

When Walsh was starting out, he relied on illustrated bird guides and tape recordings of birdsongs to identify birds.

“There was something more organic about how we found birds,” he said. “Now a lot of people just drive around finding birds that other people found.”

Some apps allow users to lure

birds to them by playing birdsongs. Most national parks have banned the apps, however, because the recordings can stress out and confuse the birds.

They can also confuse the birders.

Several years ago, in a nature preserve in Maine, Walsh thought he had heard the call of a rare Kentucky warbler. He took off in the direction of the song, bursting through the bushes only to find another birder holding up his phone and playing a recording of the warbler’s call.

Tom Burke, 81, is holding on to the old ways. He still records weekly updates to his phone hotline, the New York City Area Rare Bird Alert. Birders can call the hotline to listen

to a four-minute voice message from Burke that lists notable bird sightings. Burke, who has been maintaining the Rare Bird Alert since 1986, said roughly a dozen listeners every week listen to the entire message.

“A couple of Amish friends have told me that they’ve always been able to phone the number and get information even though they can’t look it up on the internet,” said Burke.

On Long Island, Meigan Rocco said she has no regrets about the experience with the lazuli bunting. The crowds were respectful and they didn’t leave any garbage behind. She now has an eBird account, and she’s kept in touch with a few of the birders she met.

“I think I accidentally became a crazy bird lady,” she said.



RING COMMAND SYSTEM



SAROS ANNUAL
CALENDAR



ROLEX GLIDELock
EXTENSION SYSTEM

AN INVITATION TO TRAVEL

A technological masterpiece that combines elegance and ease of use. The Sky-Dweller allows travelers to keep track of time across the world. Its Saros annual calendar, which distinguishes between 30- and 31-day months, and the dual time zone feature can be quickly and securely set via the ingenious Ring Command system. With cutting-edge performance, it embodies Rolex's unique culture of innovation that constantly pushes the bounds of mechanical watchmaking. **The Sky-Dweller.**

#Perpetual



OYSTER PERPETUAL SKY-DWELLER

OFFICIAL ROLEX JEWELER

WEMPE

ESTABLISHED 1878

700 FIFTH AVENUE & 55TH STREET
NEW YORK • 212.397.9000

WEMPE.COM



ROLEX

ROLEX ⌚ OYSTER PERPETUAL AND SKY-DWELLER ARE ® TRADEMARKS.



#Dadication



fatherhood.gov

ARTS IN REVIEW



Installation and performance view of 'Edges of Ailey' at the Whitney.

By ROBERT GRESKOVIC

EXHIBITION REVIEW

Alvin Ailey's Art On Sprawling Display

The Whitney devotes a show to the renowned American choreographer

New York
'EDGES OF AILEY,' curated by Adrienne Edwards with assistance from Joshua Lubin-Levy and CJ Salapare, which runs through Feb. 9, 2025, at the Whitney Museum of American Art, mates a full-floor, 18,000-square-foot gallery display with a program of over 90 live dance performances, classes and talks presented two floors below in the museum's intimate theater. Its subject is the life, art and what its promotional materials call "adjacencies" of dancer and choreographer Alvin Ailey (1931-1989), whose career in modern dance led him to international renown.

The gallery installation includes more than 290 artworks by over 80 artists chosen to position them in aesthetic relationship to Ailey, as well as over 150 pieces of ephemera, mostly shown on the perimeter of the space, where they amount to a sprawling scrapbook featuring handwritten pages of Ailey's journal-like jottings and ruminations, as well as family snapshots and photographs, some documenting Ailey's performing days. Streaming above all this is a frieze-like loop of audio and visual projections that make for a large-scale, animated, upper-story element of performance excerpts and talking heads culled from recordings of Ailey's life and works.

This 18-screen expanse reveals sometimes grainy footage with often fuzzy audio that makes it



Ailey circa 1960, two years after he founded his company.

tricky to focus on those speaking amid the gallery's ambient sounds. "I'm Alvin Ailey. I'm a choreographer. I'm a Black man whose roots are in the sun and the dirt of the South," for instance, can be heard in passing if one can home in on Ailey's mellow, delicately resonant voice, but those words are better conveyed as a heading for the "Southern Imaginary" wall label.

Ailey's life as a gay man is doc-

umented here through the loose leaves of his displayed writings and grouped into the show's "Black Liberation (Queerness)" section. No related sound bites exist from his on-camera interviews, where his private life remained private as, arguably, the times demanded.

Given their number and often large-scale dimensions, the paintings, sculpture and artifacts—all categorized by headers that range from "Blackness in Dance" to "Ailey's Influences"—dominate the space. There are not only big-name visual artists, such as Jean-Michel Basquiat and Kara Walker,

but—for me—unfamiliar ones. And while the paintings, in general, can often feel more incidental than integral to the performing art that Ailey practiced, I found those of the self-taught Purvis Young (1943-2010) most affecting—at once raw of touch and delicate of color, making for painterly blends offering naïf figures and atmospheric cityscapes.

Museum-goers familiar with the eagerly attended December

seasons of the Alvin Ailey American Dance Theater at City Center—this year's will run from Dec. 4 through January 2025—might wonder why Ailey's ever-popular 1960 dance suite "Revelations," created two years after he founded his company, and set to spirituals and gospel music, isn't as prominent here. While this, the troupe's signature work, closes nearly every one of the company's programs at City Center, signs of it are fleeting in the Whitney's displays.

One of them comes in a vitrine at the left end of the gallery, where it should not be missed. It's a modestly presented, slightly creased Kaufmann Concert Hall program from the dance's premiere year, when its three parts included 16 numbers; today's now-standard 3-part structure features 11.

Some years ago, Sylvia Waters, a veteran AAADT dancer and the first artistic director of Ailey II, AAADT's second company, spoke of Ailey's basic interest in his dancers' abilities: "Alvin wanted a ballet bottom and a modern top," she noted, meaning he preferred his dancers to have strong, limber and articulate legs and feet, complemented by a flexible and dynamic torso and arms.

The Whitney's performance component began last month. I caught one bill, called "Harmonic

Echo," danced by Ailey II. Its 4-part program offered excerpts from three Ailey dances, plus one by Judith Jamison, who over her long career had been a stellar Ailey dancer and the first artistic director of AAADT following Ailey's death.

The approximately half-hour presentation was danced with authority and ease, with each featured man and woman projecting strength and confidence throughout. It was a special pleasure to see these impressively trained dancers up close, framed within the confines of the Whitney's 109-capacity venue. Theatrical rewards from the stylish and economic means that Ailey deftly employed with simple costuming and props held sway—a neck scarf or a fringed shawl establishing character, or a stool indicating place.

Alvin Ailey died of AIDS-related complications at age 58, having made his last dance in 1988, the year before his death. The nearly year-by-year chronology in the show's hefty and profusely illustrated 388-page catalog continues beyond 1989 with four select years to note significant publications—a 1996 biography and a 1997 dissertation on Ailey's choreography—and special honors that have sustained Ailey's legacy.

"Edges of Ailey" sometimes keeps the man and his art at the physical edges of this expansive exhibition, but even when the show's related artworks tower in size and shape, dominating the gallery's expanse, they do so as Alvin Ailey's spirit accumulates all around them.

Edges of Ailey

Whitney Museum of American Art, through Feb. 9, 2025

Mr. Greskovic writes about dance for the Journal.

CULTURAL COMMENTARY

A Swinging Steward Of American Song

By WILL FRIEDWALD

This year marks the centennial of Bobby Short, the cabaret singer and pianist renowned for his 36-year tenure at the Café Carlyle in New York. The occasion is being commemorated at Jazz at Lincoln Center this week and on Oct. 23, as well as on numerous radio shows and podcasts, including NPR's "Broadway to Main Street" and my own "Sing! Sing! Sing!" on KSDS San Diego. In addition, the Carlyle—whose corner at East 76th Street and Madison Avenue was renamed Bobby Short Way in 2004—has announced that its entire fall season is being performed in his honor.

Robert Waltrip Short, who died in 2005 at age 80, had been a professional entertainer for over 30 years prior to his debut at the Carlyle, ceaselessly promoting the Great American Songbook. His chief accomplishment early on was a brilliant series of six albums released by Atlantic Records between 1955 and 1960, including "The Mad Twenties," an uproarious set of jazz age anthems, and "Sing Me a Swing Song," which reveals the common ground

between Duke Ellington and Cole Porter.

Short was 43 when, in April 1968, he was first invited to perform at the Carlyle. No one could have predicted this would turn out to be a magical combination: The Café was then merely one of many upscale uptown venues that featured a singer-pianist specializing in the songbook. This was also a moment when rock and soul were in their ascendancy, and the traditional songbook, consisting largely of vintage show tunes and movie songs, seemed increasingly irrelevant to baby boomers in a nation divided by Vietnam and the civil-rights movement.

Yet the instant Short began that residency it became an event—one of the great happenings of the era. Even as New York entered the roller-coaster ride that was the 1970s—the age of Elaine's, Studio 54 and the fiscal crisis—it was the in thing for the city's literati and glitterati to catch him at the Carlyle. The Great American Songbook now had a permanent address of its own.

Though Short was far from the only artist specializing in this material, he became the anointed one,



Singer and pianist Bobby Short, who was born 100 years ago.

with his picture in the newspapers, appearances on the talk shows, and eventually even cameos in films. The rich and famous wanted to be seen with him, and he was such an icon of elegance and sophistication that Revlon enlisted him as a spokesman for a new perfume.

And why? Bobby Short was doing things that other pianist-singers were not. He "played" his voice as if it had even more emotional notes and degrees than the 88 keys of his piano. In Ivor Novello's "And Her Mother Came Too," on the 1968 album "Mabel Mercer & Bobby Short at Town Hall," he conveys a suppressed but mounting sense of frustration on the lines "She likes to

shimmy with me / and her mother does too." Here his voice is low and grumbling, but he expresses his increasing dramatic anger by going to the very top of his range and making his notes crack on "We lunch at Maxim's" and "How long a snack seems." He ratchets up the suspense by using the repetitions of the title phrase as a punchline; by the end of a single, highly effective chorus, we're aware that he's playing the audience as much as he is the piano, inviting us all to repeat that last line with him.

Yet Short was more than the leading exponent of musical-theater's pantheon of composers. He was fiercely proud of his African-Ameri-

can heritage, and he honored the legacies of Duke Ellington, Fats Waller, Bessie Smith, Andy Razaf and Ethel Waters as much as he did Cole Porter and the Gershwins.

There always was a jazz element to his work. But more important—and more than anyone else singing songbook standards on the fashionable Upper East Side—Short knew and understood the blues. "Gimme a Pigfoot (And a Bottle of Beer)" was as suave and sophisticated as "Miss Otis Regrets," and "If Love Were All" was as earthy and charged with erotic energy as "Rocks in My Bed."

In 1957, he growled out a dynamic, mature interpretation of the Coasters' hit "Down in Mexico," and at his final season at the Carlyle, in 2004, he charged into Smith's "Empty Bed Blues." He also sang rumbas and calypsos, like "Sand in My Shoes" and "An Island in the West Indies." He celebrated female songwriters like Dorothy Fields and Carolyn Leigh, as well as then-current writers like Cy Coleman and Stephen Sondheim.

Bobby Short showed us that the essential American songbook extended far beyond Broadway, Tin Pan Alley and Hollywood; it not only went up to Harlem but also deep down into New Orleans and the Mississippi Delta. He was at once a tireless archivist for the music's past and a role model and a template for its diverse and inclusive future.

Mr. Friedwald is the 2024 winner of the Jazz Journalists Association Lifetime Achievement award.

SPORTS

By JOSHUA ROBINSON

Throughout the spectacular rise of pickleball in the U.S., American tennis has always insisted that there was no war between the two sports. More people picking up rackets of any kind, the U.S. Tennis Association argued, could only be a good thing.

But on at least one front, there is no longer any denying that tennis and pickleball are in direct conflict. The battle for court space has arrived—and tennis is losing ground fast. Today, the USTA says, at least 10% of tennis courts in America have been taken over and repurposed for pickleball.

“There are not enough courts to support tennis growth,” says USTA chief executive Lew Sherr. “And court infrastructure being compromised with people playing pickleball on those courts or courts being repainted.”

The land grab should come as no surprise considering pickleball is the fastest-growing sport in America, according to the Sports and Fitness Industry Association. In February, the SFIA reported a 223.5% increase in participation since the pickleball boom began three years ago, with more than 10 million people picking up a pickleball paddle over the past 12 months. And all of those new players are now spread across 65,000 courts at some 15,500 facilities nationwide, according to USA Pickleball.

“If I was in tennis’s shoes, I know that that wouldn’t be something I would appreciate either,” USA Pickleball CEO Mike Nealy said. “The market will find its way.”

The problem is all the more urgent for tennis as the sport experiences its own revival. The USTA expects to surpass 24.5 million

Turf War Between Tennis and Pickleball Is Escalating

The U.S. Tennis Association says that 10% of courts in America have been taken over or repainted since the pickleball boom began



A version of tennis resembling pickleball was set up on the grounds during this year’s U.S. Open.

players this year and has set itself a goal of having 35 million players by 2035. Sherr chalks up the growth of his sport, in part, to the pandemic—people were handed more flexibility in their work schedules and tennis was a socially distanced activity.

“But at a time that tennis is growing and experiencing really unprecedented growth, it does create stress,” Sherr says. “We’re

trying, as best we can, to support tennis infrastructure.”

For private clubs, pickleball makes plenty of commercial sense. The same court that accommodates up to four paying customers for a doubles tennis match can be carved up into at least two separate pickleball courts, meaning that clubs can charge up to eight players to rent the same real estate.

All it takes to convert a court from tennis to pickleball is a few licks of paint.

“The fact that it’s just so much cheaper to paint than build new is a problem for us at a time that tennis has experienced growth we’ve not seen in generations,” Sherr says.

Even top tennis players have been calling attention to the issue. At Wimbledon this summer, 24-

time major winner Novak Djokovic said that he believed the economics of sports such as pickleball and its European counterpart padel meant that “tennis is in danger.”

“If we don’t do something about it,” Djokovic added, “we’re going to see more tennis courts converting to padel and pickleball because it’s cheaper.”

The USTA is ramping up efforts to fund more construction. But on the court, it’s also mounting a counterattack with its own chatty, tennis-adjacent game of minimal running. They call it Red Ball Tennis and, like pickleball, the USTA brands it as a “FUN adult social experience designed to bring new players to your courts,” according to the organization website.

The name comes from the fuzzy, softer tennis balls that are generally used to give children a feel for swinging a tennis racket and introduce them to basic technique. Now, the USTA hopes that it can expand the audience for the game by highlighting the aspects of it that people already enjoy about pickleball. It’s social, it requires little athleticism, and even beginners can quickly find themselves in a rally.

Most importantly, the game takes place at tennis facilities without any permanent modifications to the courts. The USTA said that red ball is now being played by 20,000 people at more than 500 venues around the country.

Those numbers, however, pale in comparison to the millions clamoring for space to play pickleball. “If we were not growing or tennis players were defecting it would be very different,” Sherr says. “Participation is not zero sum, but the court space is.”

MATT ROURE/ASSOCIATED PRESS

The WSJ Daily Crossword | Edited by Mike Shenk

1	2	3	4		5	6	7	8	9		10	11	12	13
14					15						16			
17					18						19			
20									21					
			22		23	24		25						
26	27	28					29		30		31	32	33	34
35					36				37		38			
39			40		41				42		43			
44					45		46				47		48	
49						50		51			52			
					53		54		55					
56	57	58	59				60			61		62	63	64
65								66	67					
68						69					70			
71						72					73			

- 27 Sports complex
- 28 Start for lock or lace
- 29 Matthew Stafford, e.g., for short
- 31 ___ bleu (intellectual woman)
- 32 Top story
- 33 “The Sound of Music” girl
- 34 “I can handle it!”
- 37 George of “The Goldbergs”
- 40 Roguish
- 42 Founder of the Stoics
- 45 Govt.-backed investment
- 47 Vacant look
- 50 Look up to
- 52 Queued up
- 54 “Nightline” creator Arledge
- 56 Crude content
- 57 Hankook product
- 58 Advantage
- 59 Unspoiled spot
- 60 Small salamanders
- 62 Tribeca neighbor
- 63 Fail utterly
- 64 Tumults
- 66 Leaves in the pot
- 67 Time sheet abbr.

MODERATION | By Alan Olschwang

Across	30 *“Stairway to Heaven,” for one	56 Boot feature, sometimes	7 Told
1 Vocal nudge		61 Dreaded believer?	8 Peaks in Peru
5 Winner of the first humanitarian Emmy	35 Sports agent Tellem	65 Not extreme, like the answers whose clues start with asterisks	9 Like a smartphone’s vibration
10 Germany’s most popular card game	36 Long stories	68 Longing	10 Prepare in the ring
14 Minute portion	38 “Vexations” composer	69 Keypad key	11 Deck in the ring
15 Half Lord of the Fishes or Cow Face, e.g.	39 Becomes firm	70 “How awful!”	12 Montreal-based shoe brand
16 At serious risk of sunburn, maybe	41 2015 World Series MVP Salvador	71 Freshman, usually	13 Abound
17 *Not put up any resistance	43 Apple topper	72 Flat formations	18 Cat Nation people
20 Berth choice	44 Used a prie-dieu	73 Taipan’s fry pans	19 Is missing
21 Reaction to a too amorous couple	46 Makes a scene		23 “Now!”
22 Omani money	48 School of thought		24 Brewer’s beverage
25 Disclaimer in brackets	49 *One of many that may be prayed upon		26 Mardi Gras accessories
26 *Caesar, essentially	51 *Hugh Grant in “Notting Hill,” e.g.		
	53 Mt. Carmel location		
	55 One might be forgiven		
		Down	
		1 Tedious sort	
		2 Unescorted	
		3 Put in the carry-on bin	
		4 Ale seller	
		5 Galley item	
		6 Ad Council spot, for short	

Previous Puzzle's Solution

A	T	T	I	C	U	M	A	S	T	R	A	W						
U	H	U	R	A	T	O	M	C	H	I	N	A						
N	A	T	A	L	A	N	A	R	E	N	T	S						
T	W	O	N	I	G	H	T	S	T	A	N	D	S					
S	S	R		B	O	N	E	S	E	T								
			D	E	B		S	C	A	M	P	S						
			T	E	R	R	I	B	L	E	T	H	R	E	E	S		
			M	O	L	D		O	A	K		O	R	R	S			
			F	O	U	R	L	E	G	G	E	D	R	A	C	E		
			A	L	L	E	S			E	A	R						
			I	T	A	L	I	A	N		A	H	A					
			D	O	W	N	O	N	A	L	L	I	F	T	I	V	E	S
			G	O	B	I	G		T	R	I		R	O	A	N	S	
			A	M	I	N	O		E	V	A		O	N	I	C	E	
			L	E	T	O	N		S	A	D		M	A	L	E	S	

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

The Hottest Ticket in Football Is a Seat With This Lake View

By ROBERT O’CONNELL AND LAINE HIGGINS

THE HOTTEST TICKET in college football this season isn’t a seat at Darrell K. Royal–Texas Memorial Stadium, home of the top-ranked Longhorns. It doesn’t get you into the Big House at Michigan or Notre Dame Stadium, either. In fact, the team that has fans scrambling to come watch is a long way outside the top 25, with a losing record and no-name roster. Less than two months into the season, its chances of reaching the playoff are exactly zilch.

Yet somehow, the place to be in college football this fall is Northwestern. Yes, that Northwestern.

Tickets for last Saturday’s home game against Indiana started at \$129 on the school’s official site, an increase of more than 900% on the \$17 average secondary-market price for last season’s home opener. And that’s just for the cheapest seats in the house. A perch behind the south end zone would set you back \$249, while shelling out for the highest tier of luxe season tickets costs \$3,049.

The sudden rush to watch Wildcats football is down to the tiny, temporary field on the shores of Lake Michigan where Northwestern is playing this season. A stopover between its demolished old stadium and a new one set to open in 2026, it doesn’t have a massive jumbotron or a six-figure capacity. Instead, its 12,000 seats offer sweeping views of the sparkling water—traits that have created a velvet-rope exclusivity around one of the game’s less decorated programs.

Despite its sub-.500 record, Northwestern has stuffed its stadium for each game, with tickets fetching high prices on secondary markets as well. As Jesse

Marks, the school’s deputy athletic director, puts it, “Who doesn’t like waterfront property?”

Tickets for Northwestern’s upcoming game against Wisconsin are selling for an average of \$273, according to SeatGeek—nearly as much as the price of Alabama’s top-25 matchup against Missouri.

The humble size of Northwestern’s temporary field, known officially as Lanny and

multiyear plan. Back in April, Marks had a problem to solve: a football team with nowhere to play. The old Ryan Field had been torn down, and its replacement wouldn’t be ready for two years.

Marks mulled various options for where to stash the Wildcats in the meantime. They could schlep to Soldier Field, the home of the Chicago Bears, or to SeatGeek



Northwestern is playing football at a temporary field this season.

Sharon Martin Stadium, has turned a football season into something like a case study for its Econ classes: a simple lesson in supply and demand. Ryan Field, where Northwestern played until this season, sat over 47,000 fans—nearly four times as many as the lakeside stadium. But that stadium also featured plenty of empty seats most Saturdays.

“The average ticket price is higher on a smaller quantity sold,” said Kieran Kelliher, who leads the finance and retail operations of the Chicago Bulls and lectures in Northwestern’s graduate sports management program. “So the math works out that they’re able to generate the same funds to reinvest into the program.”

The craziest thing about Martin Stadium is that it wasn’t part of some grand,

Stadium, the home of the National Women’s Soccer League’s Red Stars. (The Wildcats will play select games at the Cubs’ Wrigley Field later this season.) But that would require fans to drive some 30 minutes or an hour to games. Then Marks had an idea: “Hey, can we build on campus?”

“From April 1 to Aug. 31, to build a venue that sells out its first game,” Marks said. “I don’t think that’s been done before.”

On June 6, construction began. Less than three months later, the Wildcats were hosting a home opener. During halftime of that game, Kelliher, the lecturer, took a stroll along the water. The game might not have been much to look at—Northwestern won 13-6—but this was the only view of its kind in college football.

MICHAEL REAVES/GETTY IMAGES

OPINION

Election 2024: The Big Meh



WONDER LAND
By Daniel Henninger

Where did the election go? The “Big Mo,” short for big momentum, was brought into the political lexicon in 1980 by George H.W. Bush after he won the Iowa caucuses. In fact, Ronald Reagan had the Big Mo that year, winning 44 states in November to defeat President Jimmy Carter. But Big Mo stuck. Borrowed by Bush from sports to describe a team that had caught fire, it captured what every presidential campaign wants in a close race.

The 2024 presidential election has arrived at the opposite of the Big Mo. Somehow, this election has become the Big Meh.

Opinion polling across the seven swing states has been static for weeks, with both candidates rotating around 49%. Some of this is embedded polarization. Meanwhile, the political schedule shows up every day. TV attack ads engulf voters. During this week’s “media blitz,” Kamala Harris announced a new, budget-detonating Medicare home-care benefit on ABC’s “The View.”

At the Trump rally last weekend in Butler, Pa., Elon Musk said, “This is the most important election.” He’s right. But if the stakes are as high as Mr. Musk says, there are two reasons this election seems to have gone flat: Kamala Harris and Donald Trump.

Kamala Harris is the political equivalent of a fireworks

display. One’s first reaction is: Wow, look at that! Then in a blink, it’s gone. Ms. Harris always spikes on entry, but never quite delivers.

Expectations were high when she entered the 2019 Democratic presidential primary debates, but by the fifth debate she was gone. Andrew Yang lasted longer. This year, notwithstanding her elevation to the party’s presidential nomination after the Biden dethronement, the momentum she got from the Democratic convention in August looked substantial. Then it fell away.

The primary-free circumstances of Ms. Harris’s accession into this role remain a problem. She’s just a vice president who was plucked four years ago to be a running mate. When the dockworkers threatened an economy-crushing strike, eyes turned to still-President Joe Biden and whether he would invoke the Taft-Hartley Act. A presidential candidate became a bystander.

But where’s the Trump bump? The past argument that Donald Trump always “underpolls” is not implausible, but it would be surprising if Mr. Trump’s “shy voter” phenomenon was happening simultaneously for the third time in seven separate states.

A legitimate campaign question: How much Trump can the country take? I’m not talking about the Democratic notion that Mr. Trump is a “threat to democracy.” The more interesting question is whether the infinitely repeated image of the fellow in the white shirt, red tie, dark suit and blond hair simply has reached saturation with the public.

One might have expected that two shocking assassination attempts would have boosted the former president, but it didn’t happen. Mr. Trump’s *modus operandi*, after all these years, is the Trump rally, which has become more an experience than an expression of forward-looking political ideas.

The presidential candidates have failed to ignite an important American campaign.

Mr. Trump remains a charismatic political personality with unlimited confidence in his own appeal. But as a former TV performer, he should know that even the most popular series and characters eventually become familiar and fade.

An irony is that the two candidacies have gone flat amid a shaking world. Domestic disasters, such as Hurricane Helene, sometimes turn into challenges for presidential leadership. The disorder in the Middle East and Ukraine *should* be presidential campaign issues. Neither really is.

Serious questions have been raised about the Federal Emergency Management Agency’s response to Hurricane Helene. But with the onset of Hurricane Milton’s path through Florida, the overwhelming scale of the human tragedy isn’t giving the relief debate much political traction.

In the 1960 presidential contest between John F. Ken-

nedy and Richard Nixon, the Cold War with the Soviet Union preoccupied the candidates and voters. That’s not happening today despite politically significant wars in Eastern Europe and the Middle East that could disrupt the world order. Both call out for presidential leadership.

Here, Ms. Harris may pay a higher political price. She, not Mr. Trump, is the current officeholder, but she has chosen to subordinate her views on Israel to Mr. Biden’s, whose “cease-fire” mantra looks increasingly irrelevant to the battle’s daily realities.

Her “60 Minutes” answer on Israel was a trip to the Harris salad bar: “. . . an ongoing pursuit around making clear our principles, which include the need for humanitarian aid, the need for this war to end. . .” The world is giving Vice President Harris an opportunity to reveal her commander-in-chief skills, and she isn’t taking it.

Mr. Trump’s default answer is that none of this happened when he was president, but that doesn’t provide much clarity on his current views. The candidates’ stand-offishness is sucking the importance out of an issue on voters’ minds.

If a generalized enthusiasm gap emerges in these final weeks, it will be hard to predict its effect on turnout among key demographic groups—undecided voters, young Democrats, college students or minority voters. But at the moment, the most exciting thing out there is taking place on baseball and football fields.

Write henninger@wsj.com.

BOOKSHELF | By Allan Massie

The Restoration’s Other Monarch

The Lost Queen

By Sophie Shorland
Pegasus, 352 pages, \$29.95

Charles II, the Stuart king who restored England’s monarchy in 1660 after years of turbulence and civil war, is well known to history—the man who presided over a period of cultural flourishing and whose reign, for some, helped redeem the tragedy (or martyrdom) of his father, Charles I, beheaded in 1649. Charles II’s queen-consort, though, is all but forgotten. In “The Lost Queen,” Sophie Shorland aims to acquaint us with this remarkable woman.

Catherine of Braganza, the daughter of John IV of Portugal, had not met Charles when she arrived in England in 1662, and she had no English, so the king and his bride-to-be conversed at first in Spanish. A marriage contract had been signed the year before. Like all royal marriages at the time, theirs was to be a diplomatic and political union. For Charles, and his country, the chief attraction was Catherine’s dowry, by which Tangier in the Mediterranean and Bombay in India were handed over to England. The match was not popular with England’s Parliament, given that Catherine was—like Charles I’s French wife, Henrietta Maria—a Roman Catholic.

In any case, the marriage was concluded, and the new queen made a good first impression, being pretty and modest. Charles treated her with affectionate courtesy, but she was distressed by his obvious preference for his mistress, the beautiful and sexually energetic Barbara Palmer, Countess of Castlemaine. Fidelity was not common in Charles’s court. He soon had other mistresses, prominent among them the low-born Nell Gwyn. Meanwhile, Barbara had numerous non-monarchical lovers, among them John Churchill, an ancestor of Winston.

Alas, Catherine failed in her prime royal duty: to produce an heir to the throne. Nobody could hold the king at fault, for he had sired so many bastards that he was popularly called “Old Rowley,” after a prolific stallion in the royal stables. Even so, Charles was polite to his queen, and they got along well enough.

Ms. Shorland, an independent historian based in Britain, has researched Catherine’s tastes and domestic life thoroughly, showing her to be more cultured and engaging than one might have assumed. She was “a taste-maker, helping to introduce the baroque to England [and] popularising tea drinking.” She was musical and hosted concerts and dances at court. She didn’t proselytize, Ms. Shorland notes, but her co-religionists were allowed to worship in her chapel at Somerset House on the Strand, a “dazzling” chapel with “a tabernacle of gleaming silver, a dais of red velvet and gold embroidery.” Even Samuel Pepys, the diarist, and other Protestants “nosed their way into a service to see what all the fuss was about.”

Ms. Shorland thinks the queen should be known as “Catherine the Tenacious.” She won some popularity despite the intensely anti-Catholic feeling that marked the late 1670s, and she remained in place despite efforts to remove her.

The trouble began with a scoundrel named Titus Oates. He had been dismissed as a chaplain in the Royal Navy and then, so he said, converted to Catholicism, attending a Jesuit college in Spain from which he was expelled. Returning to England, he declared that he had evidence of a “popish plot” to kill the king. Oates was a master of what we might today call fake news.

As anti-Catholic feeling gathered, the Whigs in Parliament sought to change the succession to the throne to exclude the immediate heir—the king’s brother, James, a Catholic convert—and replace him with Charles’s oldest illegitimate son, the Duke of Monmouth. The Tories opposed this move but urged Charles to divorce Catherine, take a new wife and father a legitimate son. Charles, to his credit, refused. “She is a weak woman,” he said, “and has some disagreeable humours, but, considering my faultiness towards her, I think it a horrid thing to abandon her.”

She favored tea and the Baroque and was liked despite strong anti-Catholic feeling. Charles II resisted the political pressure to divorce her.

She favored tea and the Baroque and was liked despite strong anti-Catholic feeling. Charles II resisted the political pressure to divorce her.

The storm raised by Oates’s claims eventually died away, and the last years of Charles’s reign were serene, though the strain of the “plot” years left Catherine “fretful, periodically depressed and ill,” Ms. Shorland writes. On the other hand, Catherine and Charles “reached a new accord.” She was with the king at his deathbed in February 1685.

Catherine remained in England as queen dowager after Charles’s death and found herself on good terms with James II. She endured the Glorious Revolution of 1688, which deposed James and brought William and Mary over from the Dutch Republic to ensure a Protestant monarchy. “Although Catherine was shocked by the suddenness of the revolution, and afraid initially of mob violence,” Ms. Shorland writes, she accommodated herself to the new regime and was treated well.

Even so, she longed to return to Portugal. When at last her brother, the king, permitted this move, she found much unfamiliar, even strange. Manners were more formal than in England. The king asked her what women talked about in England, and, upon Catherine answering that they spoke of news, said that he was “scandalised at so undecent a liberty.” At her little court, Catherine affected in most things, according to one account, “the continuance of the English customs.” It was as if, for so long a foreigner in England, she was now a foreigner at home.

Nevertheless she adapted, and when her brother’s health was failing toward the end of his life, she was named regent. In 1703 she lent crucial support to Portugal’s decision to join a grand alliance against the France of Louis XIV. Indeed she signed the treaty. So the pretty and modest bride from long before had become, in her final years—she died in 1705, at age 67—a player in European geopolitics.

Ms. Shorland, as well as giving a rich portrait of a figure too long ignored, recounts early in her narrative the events that led up to the Portuguese rebellion against Spain in 1640 and the subsequent struggle for independence. It is a fascinating episode, and it neatly sets the stage for Catherine’s formation and her entry into marital diplomacy—that is, into English history.

Mr. Massie is the author of “The Royal Stuarts: A History of the Family That Shaped Britain.”

What Trump Gets Wrong About McKinley

By Karl Rove

Donald Trump calls himself a “tariff man.” And when he talks about “making America great again,” he praises President William McKinley for his advocacy of protective tariffs. He urges the U.S. to return to this 19th-century practice—even as he mischaracterizes McKinley’s contribution to it.

While there’s much to admire in the often-ignored 25th president, Mr. Trump’s account of McKinley is incomplete and superficial. A respected congressman and Ohio governor, McKinley was nicknamed the “Napoleon of Protection” by Democrats for his strong advocacy of tariffs that shielded domestic manufacturers from foreign competition. But when McKinley rose to prominence in politics, tariffs had already been a staple of American policy for decades. His more important contribution to trade policy was his advocacy of reciprocity—levying tariffs proportional to those of other countries and negotiating to lower them when possible.

McKinley was never a high-tariff man. He supported only what he felt industries needed, rebuffing greedy corporate demands for unnecessarily high increases. After Benjamin Harrison won the presidency in 1888, McKinley, as House Ways and Means Committee chairman, drafted the tariff reform measure the GOP had run on, raising levies

from 38% to 49.5% while expanding the duty-free list.

Compare McKinley’s 11.5-point hike to the 100% tariff Mr. Trump has advocated for Mexican imports. Or the 200% tariff he has threatened for John Deere machinery if the company shifts some of its production to Mexico. Or Mr. Trump’s proposed 60% tariff on all Chinese goods. Or his 20% tariff on any imports from everywhere else. These are fundamentally different approaches to trade.

McKinley was unhappy when the Senate amended his bill to raise tariffs even higher on 4,000 items. What he did support was Secretary of State James G. Blaine’s call for the Senate to allow the president to levy tariffs on duty-free goods from South American countries that imposed tariffs on U.S. goods. This was tailored reciprocity, not mindless taxation.

Ultimately, McKinley reluctantly supported the Senate’s tariff measure, which had momentum. “Some things were too high,” he admitted, “but I couldn’t get my bill through without it.”

Yet he continued pressing reciprocity. In his First Inaugural Address in 1897, he called for “additional discretionary power” in the White House to make “commercial treaties” for the “opening up of new markets” and urged “fair, reasonable, conservative and just” tariffs to bring in government revenue, which was faltering.

Congress responded by passing the Dingley Tariff, named after its sponsor, Rep. Nelson Dingley (R., Maine). It restored many tariff rates Democrats cut after they took power 1892 and, importantly, expanded reciprocity. For two years, the president could negotiate treaties with trading partners to reduce each country’s tariffs by 20%. These

The 25th president was a different kind of ‘tariff man’ from the 45th president.

agreements required congressional approval and were in effect for five years. McKinley quickly appointed America’s first trade representative, former Rep. John Kasson (R., Iowa).

McKinley didn’t stop there, continuing to promote reciprocity. His most powerful advocacy came at the Pan-American Exposition in Buffalo on Sept. 5, 1901. Addressing representatives of trading partners and a large crowd, the president heralded global modernization, saying “isolation is no longer possible or desirable.” America’s “capacity to produce has developed so enormously,” he declared, that we can’t entertain the “fancied security that we can forever sell everything and buy little or nothing.” He called for “a

broad and enlightened policy” of reciprocal agreements, “essential to the continued and healthful growth of our export trade.” His words were warmly received.

They were also his last public ones. The following afternoon, McKinley was shot by an anarchist while receiving visitors in the Exposition’s Hall of Music. He died eight days later.

Mr. Trump skips over a lot of history when he calls McKinley “a big tariff guy.” And he misses the facts when he insists America was “probably the wealthiest it ever was” in the 1890s because of tariffs. Starting in 1893, America wallowed in a depression that lasted nearly four years. It ended only after McKinley defeated William Jennings Bryan over the Democrat’s call for an inflationary silver currency. McKinley’s endorsement of the gold standard restored business confidence. It was this sound-money policy—not tariffs—that restored prosperity. Gold discoveries in Alaska also helped.

What was true in the 1890s is still true today: America needs foreign markets. McKinley used tariff policy to open the way for trade. If he wins, will Mr. Trump?

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

Save the Small-Business Tax Break

By Chris Jacobs

On “60 Minutes,” Kamala Harris said that as president, she would “invest in small businesses” and “strengthen America’s economy.” She said that “small businesses are part of the backbone of America’s economy,” but the vice president has yet to express support for continuing a tax provision whose expiration would damage that economic backbone.

After I opened my consulting firm in 2016, I discovered the many inequities for small businesses that are buried in the tax code. As a sole proprietor, I pay both the employee and employer share of payroll taxes. As a District of Columbia business owner, I pay a franchise tax with a flat rate of 8.25%. That means I pay more in taxes on my business income than if that income came to me as wages from an

employer. I pay high health insurance premiums on the ObamaCare plans, and receive a smaller tax deduction for those premiums than people with employer-sponsored coverage do.

Congress recognized these inequities when it passed the Tax Cuts and Jobs Act in 2017, allowing certain pass-through entities to deduct 20% of their

Harris should come out in favor of keeping this vital deduction.

business income on their personal income taxes. (Pass-throughs are legal entities not subject to corporate income tax.) This provision—the qualified business income deduction—also reflects that owners of pass-through entities pay taxes through their indi-

vidual income-tax returns at rates of up to 37%, rather than at the corporate tax rate of 21%.

In 2021 nearly 26 million households used the qualified business income deduction, according to the latest Internal Revenue Service data, covering returns filed in 2022. Most of them are middle class. Among households claiming the deduction, 20 million reported adjusted gross income below \$200,000, claiming an average \$2,811 write-off. An additional 4.3 million households using the deduction reported adjusted gross income between \$200,000 and \$500,000, claiming a deduction averaging \$9,194.

Despite the many households claiming the qualified business income deduction and the substantial savings to small-business owners, Ms. Harris hasn’t publicly commit-

ted to renewing it when it expires at the end of 2025. If the deduction lapses, the entrepreneurs Ms. Harris said “invest in the middle class” would face tax increases of hundreds or thousands of dollars a year.

Some might think Ms. Harris’s proposal for a \$50,000 small-business deduction will reduce or even eliminate the need for the qualified business income deduction. Far from it. It would apply only to startup costs, providing scant benefit to existing small businesses.

If Ms. Harris supports what she says is the backbone of the American economy, she should publicly pledge to extend the qualified business income deduction.

Mr. Jacobs is founder and CEO of Juniper Research Group and author of “The Case Against Single Payer.”

OPINION

REVIEW & OUTLOOK

CNN and Bob Casey’s Economic Illiteracy

You can tell the Pennsylvania Senate race is tightening because CNN on Wednesday rolled out a hit piece on GOP Senate candidate Dave McCormick’s record as former CEO of Bridgewater Associates. The story happens to fit perfectly with Democratic Sen. Bob Casey’s campaign strategy vilifying private business.

“Senate candidate Dave McCormick led hedge fund that bet against some of Pennsylvania’s most iconic companies,” reads the headline, which Mr. Casey tweeted. The Democratic incumbent and his allies in the press can’t find any wrongdoing during Mr. McCormick’s five years (2017-2022) running Bridgewater, so they’re peddling economic illiteracy disguised as investigative reporting.

The piece claims that Bridgewater under Mr. McCormick shorted the stocks of roughly four dozen companies headquartered in Pennsylvania, including Hershey Co., U.S. Steel, Comcast and Penn National Gaming. Short-selling is when an investor borrows a security and then sells it with the intent of buying it back at a lower price.

Well-diversified investors take short positions to hedge risks in their portfolio. As the Biden Securities and Exchange Commission explained last year, “short selling provides the market with important benefits, such as providing market liquidity and pricing efficiency.”

Yet the CNN story makes short-selling sound nefarious. “Short positions, which are essentially bets that the companies’ stocks will drop, can hurt corporations by depressing their stock prices, making it harder to gain new financing, invest or hire more workers, according to experts,” CNN says. “For financial institutions, short positions can be lucrative.”

Yes, and so can long positions. The goal of investing is to make money, but short sellers can also lose money if the price of stocks they short rise before their short bets come due.

In any case, there’s no indication that Bridgewater was betting against Pennsylvania companies. Its investment managers don’t take

The network spins short selling into a hit piece on Senate challenger Dave McCormick.

short positions in particular stocks. Rather they short industries. Pennsylvania companies happened to be in baskets of stocks its investment fund managers shorted.

Mr. McCormick’s campaign says long positions accounted for 61% to 98% of Bridgewater’s investments in nine of the largest publicly traded firms headquartered in Pennsylvania between 2017 and 2021. They are AmerisourceBergen/Cencora, Hershey, U.S. Steel, Comcast, Penn National, PNC, Lincoln National, PPG and Aramark.

CNN acknowledges 18 paragraphs into the story that Bridgewater “did invest in stocks of some of the same Pennsylvania companies it shorted in other years, and overall, it reported spending more money buying stocks of Pennsylvania companies than shorting them in four of the five annual reports reviewed by CNN.” That’s a long way of saying its short-selling story is political spin.

If Mr. Casey disapproved of Bridgewater’s investment strategy, why did he tap the hedge fund to manage government worker pension investments when he was state treasurer some two decades ago? CNN tries to dress up its non-scoop by opining that Mr. McCormick’s investment strategy was “politically risky” even if it was “financially smart.”

The implication seems to be that Mr. McCormick shouldn’t have managed his investment funds in the best interest of investors, including pensioners, because risk-mitigation strategies could later be twisted by his opponents if he made a future bid for political office. But if Bridgewater had lost money under Mr. McCormick’s leadership, you’d be hearing about that from Mr. Casey and CNN too.

This episode goes far to explain why Congress is filled with lawyers and political lifers who’ve never met a payroll. Any business person who runs for office these days can expect his record to be distorted as somehow scandalous. It’s far easier to run as a cipher with no record of accomplishment like Mr. Casey. No wonder Washington is a mess.

lips to request another custom cake, this one celebrating a gender transition. He also requested a second cake depicting Satan smoking marijuana. Mr. Phillips declined again on religious free-exercise grounds. The attorney then sued. This is the lawsuit the Colorado Supreme Court dismissed this week on grounds that it wasn’t filed

The left keeps harassing Jack Phillips, despite High Court victories.

Jack Phillips won another legal victory for religious liberty on Tuesday, but when will the progressive cultural police finally leave him alone? The Colorado Supreme Court dismissed a suit that is part of the lawfare harassment campaign waged against the cake maker for more than 12 years. It’s also a victory for common sense and civil comity.

Mr. Phillips is the owner of the Masterpiece Cakeshop in Lakewood, Co., which specializes in creating custom-designed cakes. His troubles began in 2012 when he declined to bake a custom wedding cake for a gay couple. The Colorado Civil Rights Commission ruled his refusal violated the state’s anti-discrimination law.

Mr. Phillips argued that the request violated his Christian faith. Ultimately the case went to the U.S. Supreme Court. In 2018 the Justices ruled narrowly for Mr. Phillips, finding that the Colorado Civil Rights Commission had acted with particular animus toward his faith.

Meantime, an attorney had called Mr. Phil-

correctly.

It was bound to lose eventually. Last year the Supreme Court delivered a more robust ruling in favor of religious liberty for people like Mr. Phillips. In *303 Creative v. Elenis*, the Court ruled that the government cannot force creative professionals—in this case, a website designer—to create speech they don’t believe in.

Religious intolerance against other faiths has a regrettable and often violent history. But in modern America the dominant intolerance is by secular enforcers against religious believers. The 12-year hounding of Mr. Phillips is a sorry case in point. It threatens no one to let him bake in peace.

Elon Musk to Biden’s Hurricane Rescue

As Hurricane Milton wreaks destruction through central Florida, the recovery from Hurricane Helene is a long way from over in the rural Southeast. But one good news story is how Elon Musk’s Starlink satellite service has rescued cell phone and internet service in rural counties that desperately needed it.

Private groups and the Federal Emergency Management Agency (FEMA) in recent days have deployed more than a thousand Starlink terminals to restore internet service in hard-hit areas of Appalachia. The Federal Communications Commission has also given Starlink the green-light to test a direct-to-cell service to broadcast emergency alerts.

Mr. Musk says Starlink will provide temporary free satellite service in affected areas. He’s doing so even though the FCC last December yanked an \$885 million grant for Starlink to furnish high-speed internet to 640,000 rural homes and businesses—including in the very counties where FEMA is now deploying Starlink’s satellites.

As we wrote at the time, the FCC awarded Starlink the grant in 2020 because it can cover remote regions at lower cost than traditional broadband providers. But the FCC’s Democratic majority revoked Starlink’s funding last year, claiming it wasn’t making fast enough progress to connect rural Americans—never mind that other FCC funding recipients weren’t doing any better.

The Biden FCC majority called Starlink unproven and unreliable, though Ukraine’s military and people were relying on its service after Russia destroyed other networks. As GOP commissioner Brendan Carr noted in dissent, the FCC’s decision “cannot be explained by any objective application of law, facts, or pol-

icy,” adding that the decision “fits the Biden Administration’s pattern of regulatory harassment” of Mr. Musk’s businesses.

The de-funding by Democrats is now looking even more political. Two weeks ago FCC Chair Jessica Rosenworcel granted Dish Network chairman Charlie Ergen a three-year extension to meet FCC deadlines to build out his fledgling 5G network and

avoid stiff penalties for squatting on valuable spectrum. Starlink was well on its way to meeting its commitments to the FCC, but Mr. Ergen wasn’t close to meeting his.

Ah, but Mr. Ergen is a Biden-Harris campaign donor while Mr. Musk is a critic. Note also that Dish lobbied the FCC in 2022 to scrap the Starlink award, saying it “cannot credibly claim that it will be able to fulfill its obligations.” Perhaps Mr. Ergen hopes to win federal funding to cover the rural areas that the FCC had tapped Starlink to connect.

It would be better if the government weren’t subsidizing the expansion of any private broadband networks. But if they’re going to pick winners and losers, the feds should do so based on objective criteria and ensure taxpayer money is spent efficiently.

Instead, the Administration has prioritized \$42.5 billion in broadband funding from the infrastructure bill for the most expensive fiber projects while effectively excluding Starlink even though it can connect rural Americans at a fraction of the cost. It’s no small irony that FEMA is deploying Starlink systems in some of the same rural areas that Biden officials earlier wouldn’t let Starlink serve.

Starlink’s FCC award would have covered all or parts of 17 of the 21 North Carolina counties hardest hit by the hurricane. The least President Biden could do is thank Mr. Musk for saving the day.

LETTERS TO THE EDITOR

Readers Respond to Kessler on the Youth Vote

“Why Do the Young Vote Left?” (Inside View by Andy Kessler, Oct. 7). It’s simple. The family is a socialist paradise. It’s mostly invisible to the kids that their parents work hard, have worries and have made sacrifices. “From each according to their abilities, to each according to their needs” makes sense for the family. But it can’t be extrapolated to the larger society. Parasitism and the grabbing of unearned rewards can’t be effectively policed at that scale.

With the extension of childhood from the end of high school to the end of college or graduate school, the most spoiled kids now spend 25 years in the “everything is free” socialist paradise. Why would anyone be surprised they desire freebies forever and will vote accordingly for the charlatans who promise to make someone else pay?

DAO SUNG
Queens, N.Y.

Mr. Kessler helps conservative readers confirm their worldviews with distorted stereotypes. But what value do conservative politicians bring to younger generations of adults? Conservatives offer lack of bodily autonomy, less access to healthcare, school-shooter drills, book bans, favoritism for the financial elite, ethnocentrism and, frankly, a bunch of old, white guys who complain and can’t paint a positive picture of the future of America. Who on earth would vote for that?

STEVE SHANNON
Floram Park, N.J.

The old line has it right: If you’re not a liberal when you’re 25, you have no heart. If you’re not a conservative by the time you’re 35, you have no brain. Every fiscal conservative I know grew into it; we start out very altruistic and naive, but with experience we become realistic.

If anyone is to blame for the collapse of fiscal conservatism, it isn’t the “capitalism-hate social-studies teachers,” but the politicians in both parties who set false expectations about what government can accomplish.

MIKE COLLIER
Kingwood, Texas

It frustrates me, as a parent, to hear that young people vote left simply for handouts. My son, 32, and his new wife support the left due to in vitro fertilization needs and abortion bans, avoiding our state of Texas over its stance on women’s rights. My married daughter, 31, won’t return to the U.S. because of high housing, healthcare and childcare costs. School-shooter drills still haunt her. My youngest, 27, prefers the left’s approach to climate change, renewables and technology.

The reasons they vote left are varied. None of them took Covid handouts. They and their peers work hard and vote for change, not handouts. Mr. Kessler’s yelling at them to get off the lawn merits only a dismissive “boomer” jab in reply.

PAULA VANDERHORST
Dallas

I applaud Mr. Kessler’s attempt to analyze the youthful bent toward socialism, but I disagree with his assessment. Possibly less than half of the attraction is “free stuff.” The real siren song of socialism is the promise of equity (equality after the fact) and “fairness.”

These promises inspire teens and 20-somethings far more than “stuff,” something that few have been deprived of in their short lives. Having lived in Latin America, the land of Che and Fidel, for the past six years, I would contend that it’s older, poorer and less-educated people who fall prey to the false promises of free stuff.

JON F. PUGH
Oaxaca, Mexico

Mr. Kessler writes, “To aggressive progressives, government is simply a magic money tree. Vote left and dollars appear.” In fact, the government can “magically” make additional dollars appear. The problem is that it can’t also magically make additional goods and services appear. The additional dollars simply compete with existing dollars for the same goods and services and, voilà, inflation appears.

EM. PROF. WOODY ECKARD
University of Colorado Denver
Evergreen, Colo.

Israel Has Taken Out Nuclear Programs Before

Your editorial “Biden Protects Iran’s Nuclear Program” (Oct. 3) makes a strong case for not precluding an Israeli strike on Iran’s nuclear facilities. Historical precedent does too.

In June 1981, the Israel Defense Forces destroyed Iraq’s nuclear reactor to the surprise of the U.S. government. Rather than applaud Israel, the Reagan administration punished it by censuring the raid at the United Nations and suspending shipments of F-16 fighters. Washington later realized Israel had been in the right. U.S. officials, including Dick Cheney, praised Israel for denying Saddam Hussein nuclear weapons.

Israel carried out a similar attack against Syria in 2007, this time coordinating with the Americans. After

the Israelis shared intelligence about the Assad regime’s al-Kibar nuclear reactor, Washington and Jerusalem negotiated secretly for months, ultimately deciding that the Israelis would bomb it themselves. President George W. Bush’s support enabled the Israelis to take out the reactor successfully. Like Iraq, Syria hasn’t built nuclear weapons since.

Both Israeli airstrikes advanced U.S. interests. They stopped nuclear proliferation without expending American blood or treasure. Yet today President Biden is publicly repudiating an Israeli strike against Iran’s nuclear facilities that would do the same thing. He ought to brush up on events he witnessed as a senator.

DANIEL J. SAMET
Washington

Embarrassed by Your Mayor? Join the Club

As bad as New York’s mayoral woes are, Chicago’s are looking pretty grim (“The Chicago School Board Coup,” Review & Outlook, Oct. 7). Our mayor in Chicago owes his job to the teachers union and is clumsily trying to tip the scales in teacher contract negotiations by calling for the head of public schools to step down. Our school board has resigned en masse, and the finger-pointing is out of control.

Mayoral elections can’t come fast enough. I grew up in New York and now live in Chicago, so I’m bookended by embarrassment. The pizza may be different, but the politics of bad leadership is all too similar.

LINDSAY RESNICK
Chicago

About the ‘Cycle of Violence’

Regarding your editorial on Elizabeth Warren (“The Anti-Israel Mind in Profile,” Oct. 8): We can only wonder what advice my senior senator would have offered Winston Churchill in 1941 once the Battle of Britain had provided a temporary measure of security. Would she have suggested Churchill and the allies “stop the cycle of violence” by leaving the Nazi regime in power? Are Hamas and its brethren so different?

No doubt Churchill would have replied, as he did to this kind of appalling naiveté, that “an appeaser is one who feeds a crocodile, hoping it will eat him last.”

TOM LAUER
Wellesley, Mass.

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

Chicago should consider simply shutting down its school system. This would solve the city’s budget problem and the educational results would be about the same as they are now.

KEVIN CLARK
Franklin, Tenn.

The Big Fear, Then and Now

In 1948, as a student at the Wharton School, I had weeklong classes taught by business leaders (“Now Comes the Hard Part of the Dockworkers Fight: Automation” by Peter Tirschwell, op-ed, Oct. 8). At the end of one week, the president of U.S. Steel was asked, “What is greatest threat to the common workingman?” His one word reply: “Robots.”

ROBERT G. BROWNING
Fort Myers, Fla.

Pepper ... And Salt

THE WALL STREET JOURNAL



“He’s always been more of a shoulder dog than a lap dog.”

KEEPING MEDICATION COSTS UNDER \$250 PER YEAR FOR MILLIONS OF PATIENTS.¹ THAT'S NOT A MIDDLEMAN. THAT'S AN ADVOCATE.

We're Express Scripts® by Evernorth. We're not middlemen.

We're 18,000 advocates who take pride in being the primary line of defense for millions of Americans against rising health costs.² Fighting every day to make the health care system better and people better.

In 2023, the median annual price of new drugs coming to market was \$300,000.³ Yet four in five of our patients still spent less than \$250 a year out-of-pocket for all of their medications.¹

And we're not stopping any time soon.

We know there is more work to be done to make the health care system work better. But we remain steadfast in our mission to make health care more affordable, more accessible, and to improve health outcomes for those we serve.

See how we're making it possible at evernorth.com/express-scripts-facts

Express Scripts
By **EVERNORTH**

© 2024 Evernorth Health, Inc. All rights reserved. All products and services are provided exclusively by or through affiliates of the Evernorth companies, including Evernorth Care Solutions, Inc., Evernorth Behavioral Health, Inc., Evernorth Behavioral Health of Texas, Inc. and Evernorth Behavioral Health of California, Inc. 1) Evernorth, "Express Scripts by Evernorth Members Paid Less for Prescriptions in 2023 Despite Drug Price Increases," 2) Evernorth, "The Value Express Scripts Delivers," 3) Reuters, "Prices for new US drugs rose 35% in 2023, more than the previous year."

BUSINESS & FINANCE

© 2024 Dow Jones & Company. All Rights Reserved.

THE WALL STREET JOURNAL.

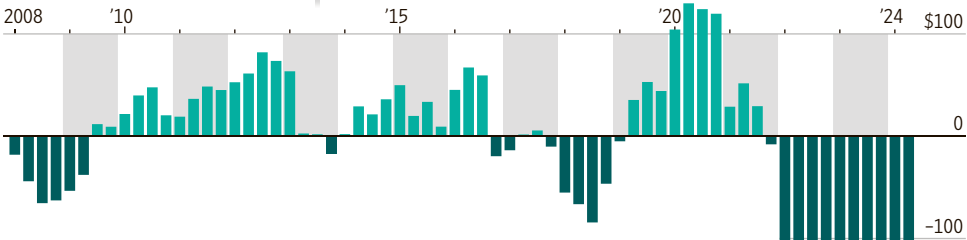
Thursday, October 10, 2024 | B1

S&P 5792.04 ▲ 0.71% S&P FIN ▲ 0.87% S&P IT ▲ 1.01% DJ TRANS ▲ 0.56% WSJ \$IDX ▲ 0.44% 2-YR. TREAS. yield 4.015% NIKKEI (Midday) 39395.05 ▲ 0.30% See more at WSJ.com/Markets

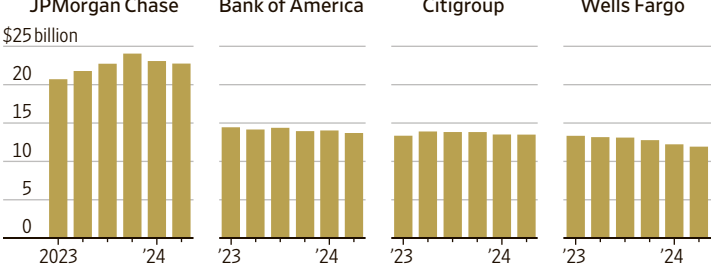
Investors Get Early Line on Rate Cuts

How banks have performed on key metrics ahead of earnings

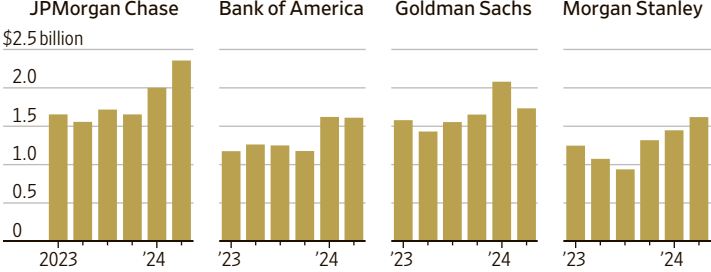
Banks' unrealized gains or losses on securities, in billions, quarterly



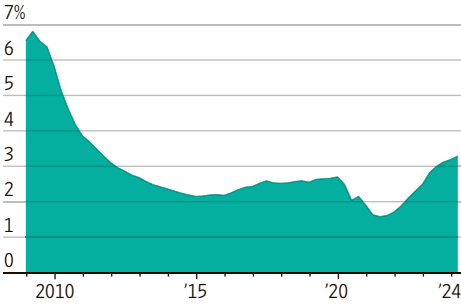
Net interest income for the four biggest U.S. banks, quarterly



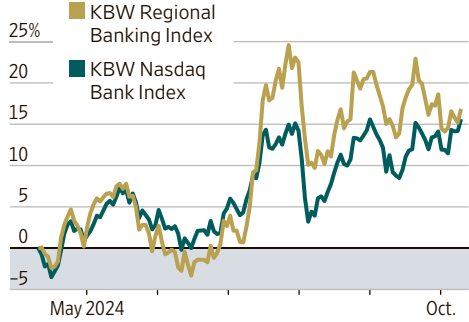
Select banks' investment-banking fees, quarterly



Delinquency rates on credit-card loans at commercial banks, quarterly



Bank index performance, past six months



Sources: FDIC (gains/losses on securities); the companies (net interest income, fees); Federal Reserve Bank of St. Louis (delinquency rates); FactSet (index)

JPMorgan, Wells Fargo are first big banks to report earnings on Friday

By JUSTIN BAER

Two of the nation's biggest banks will kick off earnings season for lenders Friday when **JPMorgan Chase** and **Wells Fargo** report results. It was an unusual quarter for the U.S. financial system, marked by volatile markets and the Federal Reserve's first interest-rate cut in more than four years.

The Fed's bigger-than-normal cut came in mid-September, too late to have much of an impact in the third quarter. But investors will be tuned in for an early look at what the new phase in the rate cycle will mean for the rest of 2024 and next year.

Lower rates should have mixed effects on banks' results, including what they earn from their lending activities.

Banks will be able to pay less interest on deposits, for example, but the interest they collect on variable-rate loans may decline. Meanwhile, the fixed-rate loans on banks' books will get a boost in value, but the cash and cash equivalents they have stockpiled will earn less interest.

In recent quarters, banks were still working through the effects of the Fed's rate increases. For many, increases in what they paid depositors outpaced what they brought in on loans and securities.

Banks were caught flat-footed a couple of years ago by the Fed's push to tame inflation by hiking rates faster

than many expected. The value of many of the government bonds and mortgage-backed securities they bought when rates were lower tumbled in value, leaving them with hundreds of billions of dollars in unrealized losses on their balance sheets.

Most banks haven't had to realize those losses, though some regional lenders did in 2023 after they were forced to sell securities to stem a run on their deposits. With rates headed lower again, the carrying value of those securities should continue to inch higher, erasing the paper losses.

The biggest banks are less dependent on their lending activities, thanks to their sizable investment-banking units. Those businesses bring in hefty fees for advising corporate executives on deals and helping them sell stock or issue debt.

After a two-year slump, that business flickered back to life in 2024 as the economy sidestepped a recession and the stock market rallied. Banks expect strong results again this quarter and remain bullish. Falling rates should also help, by encouraging companies to take risks and borrow more to finance their deals.

Markets were volatile during the third quarter, conditions that should produce solid trading revenue for the largest banks.

More lower-income consumers have fallen behind on their credit-card bills. In July, many of the biggest card-issuing banks reported an uptick in delinquencies and said more borrowers carried balances over from month to month.

BofA Is Losing Business Over Asia Scandal

By ALEXANDER SAEEDY

Allegations that **Bank of America** employees in India shared nonpublic information with investors ahead of stock sales are costing the bank business.

Private-equity firm **EQT** pulled the bank from a mandate for a coming initial public offering of a student-loan company, according to people familiar with the matter. A Norwegian conglomerate planning to take an Indian subsidiary public also has concerns about working with the bank because of the allegations, some of the people said.

The Wall Street Journal reported in September that Bank of America was investigating whether bankers in Asia shared nonpublic information with investors ahead of stock sales. The probe was launched after a whistleblower complaint alleged bankers had done so before a stock sale in India this spring.

Two investment bankers in India, Subhrajit Roy and Vikram Khaitan, were put on leave after the Journal's report, the people said. The whistleblower report was filed in June and the bankers were put on leave in September.

Bank of America previously told the Journal it takes complaints seriously and thoroughly investigates them.

Sharing nonpublic information ahead of a major sale of publicly traded stock is illegal in many countries because it can give the recipients an unfair trading advantage.

Morgan Stanley paid \$249 million in the U.S. earlier this year to settle criminal and regulatory investigations into allegations that some employees improperly shared information about clients' stock sales.

It is typical for bankers to speak with investors ahead of potential deals to gauge potential interest as long as they aren't discussing nonpublic details.

But five current and former investment bankers at Bank of America say it was common practice for bankers to build a "shadow book" on stock sales in Asia and Europe after dropping hints that gave select investors nonpublic information about deals.

Two current bankers said this occurred when Bank of America helped **Uber Technologies** sell a roughly \$400 million block of stock in the Asian food-delivery firm **Zomato** in 2022.

Please turn to page B10

Dominant Chinese Cobalt Miner Worries U.S.

By RHIANNON HOYLE AND YANG JIE

A Chinese mining company has gained control of more than a third of the world's cobalt supply—and the U.S. is worried about getting cut off.

U.S. officials are accusing China-based **CMOC Group** of flooding the market to make it harder for others to invest in producing cobalt, which is used in jet fighters, munitions, drones and electric-vehicle batteries.

"The players are new, but the playbook is old," said Jose Fernandez, a State Department undersecretary in charge of international energy policy. "That predatory conduct is hurting not only the competition," but it is also jeopardizing America's energy transition, he said.

CMOC says its higher production is a byproduct of higher copper output—the metals are mined together—and it is acting responsibly.

The sudden rise of an obscure company to a position of



Chinese mining company CMOC has expanded in the Democratic Republic of Congo.

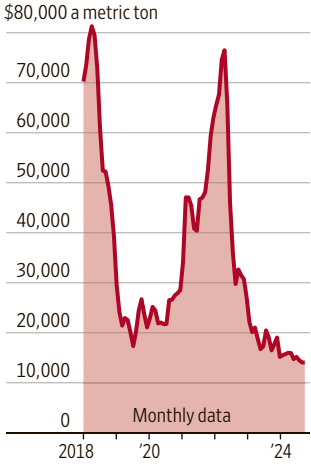
dominance in the mining industry is a study in how Chinese companies are spreading around the globe, often to feed the country's manufacturing machine.

CMOC's story is linked to China's leading position in electric vehicles and EV batteries. Cobalt, used for centuries to make brilliant blues in paint and pottery, has found a

modern role in EV batteries because its high energy density helps EVs travel farther on a single charge.

The world's largest EV battery maker, China's CATL,

Asia cobalt hydroxide price



Source: Benchmark Mineral Intelligence

holds nearly a quarter of CMOC through a subsidiary. CATL has two representatives on CMOC's board.

CMOC jump-started its growth with two big purchases in the Democratic Republic of Congo from Phoenix-based **Freeport-McMoRan**. The first was in 2016 for \$2.65 billion. Please turn to page B2

McDonald's Files Suit Over the Price of Beef

By HEATHER HADDON AND PATRICK THOMAS

McDonald's is seeking damages in a lawsuit the fast-food giant filed against major beef suppliers, and says its franchisees could get a slice.

The Chicago company on Friday filed suit in a New York federal court, alleging **Tyson Foods**, **JBS**, **Cargill** and **National Beef** colluded to artificially inflate beef prices and reduce the supply of slaughter-ready cattle and beef.

McDonald's alleged the anticompetitive practices dated at least to 2015, and continue today. Tyson, JBS, Cargill and National Beef didn't respond to requests to comment.

In an internal message on Tuesday, McDonald's said it spent time reviewing its supply chain to understand the impact of the beef companies' alleged practices. In the mes-

sage, a copy of which was reviewed by The Wall Street Journal, the chain said it intended to pursue damages from each of the meatpackers and eligible franchisees could receive a portion of recovered funds or a credit toward future purchases.

Under terms of McDonald's franchising agreement, restaurant operators purchase food, beverages and other products from company-approved suppliers.

McDonald's declined to comment further.

The suit is the latest in a string of price-fixing and antitrust cases brought against the meatpacking industry in recent years. Similar suits that alleged collusion in the chicken, turkey, pork and beef industries led to hefty payouts.

Meat companies in the settlements deny wrongdoing.

INSIDE



BUSINESS NEWS

Walt Disney raised prices to theme parks at Disneyland Resort in California. **B2**



HEARD ON THE STREET

Amazon's costly space race limits its hopes for the profit margin. **B12**

Rio Tinto Boosts Lithium Play With \$6.7 Billion Acquisition

By DAVID WINNING AND JULIE STEINBERG

SYDNEY—**Rio Tinto** has agreed to a \$6.7 billion takeover of **Arcadium Lithium**, propelling it into the ranks of the top producers of a key commodity used in batteries for electric vehicles.

The Anglo-Australian mining company on Wednesday said it is offering \$5.85 a share in cash to acquire Arcadium Lithium, representing a 90% premium to the stock's closing price at the end of last week. An agreement was reached with Arcadium Lithium's directors just days after Rio Tinto said it was in deal talks.

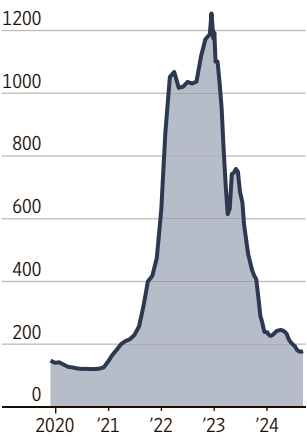
Lithium has become a priority target for Rio Tinto as it seeks to rely less on iron ore for profit and produce more commodities that are growing

Arcadium Lithium share price



Sources: FactSet (share price); Benchmark Mineral Intelligence

Benchmark Mineral Intelligence lithium price index



in popularity as the world decarbonizes.

Rio Tinto expects demand for lithium to rise in the decade ahead because of the

metal's importance to EVs and in large batteries that store electricity that can be released into the grid when consumption is high. Please turn to page B2

BUSINESS NEWS

Volvo’s Deputy CEO To Exit in Shake-Up

Swedish carmaker is making changes amid an increasingly challenging market

By DOMINIC CHOPPING

Volvo Car Deputy Chief Executive Officer Bjorn Annwall will leave the company as part of a broad leadership shuffle as the Swedish carmaker gears up to navigate an increasingly challenging auto market.

The company, which is majority owned by China’s **Zhejiang Geely Holding Group**, said it is implementing a series of organizational changes that are designed to increase simplicity, speed and collaboration and reduce complexity on the commercial side of the business.

The new leadership structure will be better placed to counter current market conditions when implemented from Nov. 1, with more decision-making responsibility given to employees that are closest to customers, it said.

“The automotive industry is currently challenged by different headwinds driven by geopolitical and macroeconomic uncertainties that impact the entire industry, including market sentiment, rapid technology shifts and supply chains,” the company said in a statement.

Volvo last month trimmed its earnings targets after warning of complex market conditions and increasing concern around tariffs after it abandoned plans to solely sell purely electric vehicles by the end of the decade.

The global transition to cleaner vehicles has stuttered, denting the global auto industry and prompting Volvo to continue producing hybrid vehicles for longer than originally planned.

Escalating tensions around tariffs also have clouded the future for carmakers. After the EU last week confirmed plans to move ahead with tariffs of up to 45% on electric vehicles made in China, many European manufacturers have expressed concern over retaliation, with Beijing saying it will continue to study measures such as raising tariffs on imported large-engine vehicles.

“In a rapidly changing world, we need to ensure our organization is equipped to navigate a more challenging market,” Volvo Car Chief Exec-



Bjorn Annwall will step out of his role and support the transition before leaving the company.

utive Jim Rowan said Wednesday.

Annwall, who serves as chief commercial officer in addition to his position as deputy CEO, will step out of his role and support the transition before leaving the company, the company said.

Arek Nowinski will become president of international markets, leading the Europe, U.S. & Canada, APEC, Latin America and global importers business as well as volume planning and global offer.

Gretchen Saegh-Fleming, who leads the Volvo Car mar-

keting teams globally, will lead customer experience and marketing going forward, while Oscar Bertilsson Olsborg will become head of global commercial operations, and Chief Product and Strategy Officer Erik Severinson will lead commercial strategy.

Continental Shares Rise on Outlook

By ADAM WHITTAKER

Continental reassured analysts that its full-year guidance remains in reach despite a weak car market and challenges in its ContiTech division.

Shares rose in 7.2% in Europe to €59.02, or \$65.80, but are down roughly 20% year to date.

The German automotive supplier delivered a hopeful message that it could meet its full-year guidance in a briefing call with analysts Tuesday, Bernstein analysts wrote in a research note.

Analysts are skeptical about the company’s ability to hit its target and Wednesday’s share-price increase is primarily driven by the absence of a profit warning on the briefing call, Bernstein analyst Harry Martin said.



The German auto supplier delivered a hopeful message.

Continental didn’t rule out future profit warnings on the call and made references to a lack of September data and challenges in the European car-manufacturing market, meaning a warning remains possible ahead of its third-quarter results due on Nov. 11,

Martin said.

Several analysts said the update from Continental would be well received by investors, with Jefferies saying it should be sufficient to see relief in the company’s shares and Deutsche Bank describing it as a sign of comfort in the

context of recent profit warnings in the sector.

Forvia and **Hella** recently lowered their outlooks for 2024, as did a number of carmakers including **Volkswagen** and Jeep maker **Stellantis**.

Continental said it still expects a full-year adjusted earnings before interest and taxes margin—a company-preferred profitability metric—between 6% and 7%. It said it expects its auto division to meet its target of an adjusted Ebit margin of 2.5% to 3.5%, thanks to cost savings and higher sale volumes in the fourth quarter.

Some analysts expressed doubts. Even with higher fourth-quarter volumes, the auto division is unlikely to meet its margin corridor, with the result likely to be closer to 2%, Stifel analysts Alexander Wahl and Daniel Schwarz wrote.

Circle K Owner Makes Fresh Offer For 7-Eleven Parent

By MEGUMI FUJIKAWA

TOKYO—**Seven & i** Holdings has received a fresh nonbinding takeover offer from Canada’s **Alimentation Couche-Tard**, the owner of the Circle K convenience-store chain, weeks after the Japanese company rejected an earlier proposal.

“We will continue to aim for maximizing the benefits of our shareholders and other stakeholders,” the 7-Eleven parent said in a statement on Wednesday, adding that it plans to maintain confidentiality of discussions, as requested by Couche-Tard.

Seven & i didn’t disclose details of the new proposed deal.

In early September, Seven & i rejected Couche-Tard’s previous offer to acquire the company for \$39 billion, or \$14.86 a share.

Seven & i said then that Couche-Tard underestimated the value of the company and failed to sufficiently address regulatory issues.

Both companies have large store networks in the U.S., creating possible antitrust issues.

Seven & i is scheduled to release earnings results on Thursday, with Chief Executive Officer Ryuichi Isaka expected to speak at a news conference.

It’s always been easier for me to help others than to help myself



As a Veteran, when someone raises their hand for help, you’re often one of the first ones to respond. But it’s also okay to get help for yourself. Maybe you want or need assistance with employment, stress, finances, mental health or finding the right resources. No matter what it is, you earned it. And there’s no better time than right now to ask for it. **Don’t wait. Reach out.**



VA



U.S. Department of Veterans Affairs

Find resources at **VA.GOV/REACH**

TECHNOLOGY

WSJ.com/Tech

China’s Baidu Aims to Offer Robotaxi Service Overseas

Search-engine giant has been operating driverless taxis in some Chinese cities

By RAFFAELE HUANG
AND TRACY QU

SINGAPORE—Chinese internet company **Baidu** is seeking to roll out its driverless ride-hailing service overseas in an effort to extend its competitive advantage outside China.

The Beijing-based company hopes to test and deploy its Apollo Go robotaxis in places including Hong Kong, Singapore and the Middle East, people familiar with the matter said. It has been discussing the plans with companies and regulators in those regions, they said.

An Apollo Go representative said Apollo Go intended to release a new version of its autonomous-driving platform, called Apollo 10.0, that is “designed for a global audience.”

Chinese and U.S. companies are looking to put autonomous-driving technologies into wider commercial use, both in driverless taxi services and in driver-assistance software for consumer cars.

Geopolitical tensions have arisen in the area. The U.S. Commerce Department in September proposed banning Chinese software and hardware in connected vehicles on American roads due to national-security concerns. China also has tightened scrutiny of data collected by cars running on the road.

Tesla is set to unveil its robotaxi this week after repeated delays. Separately, in China, the U.S. electric-car maker has said it expects to win local government approval to introduce its higher-level driver-assistance software in



The company seeks to launch Apollo Go robotaxis to Hong Kong, Singapore and the Middle East.

the first quarter of next year. Baidu and other Chinese companies have been operating robotaxi services in multiple cities in China. Baidu’s Apollo Go said in August that it operated more than 400 driverless taxis in the central Chinese city of Wuhan, which was its biggest fleet in the country. In the April-June quarter, the company provided nearly 900,000 rides in China.

Another Chinese company, Pony.ai, which is backed by Toyota and Saudi Arabia’s NEOM Investment Fund, has explored deploying its autonomous-driving technology in South Korea, Europe and the Middle East. Pony.ai has inked a partnership with a Singaporean taxi operator to run robotaxis.

China’s WeRide, which counts **Nissan** as an investor,

said it has obtained test permits for autonomous-driving vehicles in four countries, including the U.S. It has teamed up with **Uber** to operate robotaxis in the United Arab Emirates and has run autonomous shuttle buses on Singapore’s Sentosa Island.

WeRide had been planning an initial public offering on Nasdaq in the U.S. but delayed the IPO in August ahead of the Commerce Department’s proposed restrictions. “The primary motivation for expanding overseas is the intense and unhealthy competition in the domestic market,” said CCB International analyst Qu Ke.

In recent months, Chinese robotaxi operators have offered discounts to attract passengers at home, pushing ride fares lower than traditional taxi services and sparking

driver protests.

Baidu, China’s biggest search-engine operator, has been seeking new growth engines in fields such as self-driving technology, artificial intelligence and cloud computing, as its core advertising business has slowed in recent years. Its revenue comes mostly from China. Industry executives say the most advanced version of Tesla’s driving-assistance technology stands ahead of Chinese rivals, but while Tesla waits to get regulatory approval in China, many local competitors have started providing similar features and at a lower cost.

In the U.S., Waymo, owned by Google parent **Alphabet**, offers its autonomous ride-hailing service in several cities including San Francisco and Los Angeles. **General Motors**-backed Cruise, which halted operations after an accident in San Francisco last year, is seeking to return to U.S. roads. Both are working with Uber to reach more consumers.

OpenAI to Open Asia-Pacific Hub in Singapore This Year

By KIMBERLEY KAO

Artificial-intelligence company **OpenAI** plans to open a Singapore office later this year to serve as an Asia-Pacific hub, as it aims to grow its presence in the region.

The maker of ChatGPT said Wednesday that it has started building a team in the city-state and the Singapore office will support customers in the region, focusing on tie-ups with governments and businesses.

OpenAI said it appointed Oliver Jay as managing director for international to lead the efforts in Singapore and oversee the company’s international operations and global expansion. Jay was formerly the chief revenue officer at software company Asana, and once served as a board member at ride-hailing company Grab.

Singapore will host OpenAI’s second office in Asia, after it opened its Tokyo office earlier this year. The expansion signals a long-term commitment in the country and aims to tap and hire local talent in technology.

“Singapore, with its rich history of technology leader-

ship, has emerged as a leader in artificial intelligence,” said Sam Altman, CEO of OpenAI, in a statement. “We’re excited to partner with the government and the country’s thriving AI ecosystem as we expand into the APAC region.”

About five to 10 roles will be hired by year-end to support OpenAI’s technical, global affairs, operations, and communications needs, and the firm is currently looking for office space.

The AI firm said that Singaporeans are some of the highest per capita users of ChatGPT globally, with the number of weekly active users in Singapore doubling since the beginning of the year.

OpenAI also announced a partnership with AI Singapore, a national program focusing on research and adoption of AI, and will provide up to \$1 million “to help develop resources, including open datasets, to ensure AI models are better suited to Southeast Asia’s diverse languages and cultures.”

News Corp, owner of The Wall Street Journal and Dow Jones Newswires, has a content-licensing partnership with OpenAI.



OpenAI CEO Sam Altman touted Singapore’s leadership in AI.

SOUTH SUDAN 2023 © SEAN SUTTON/PANOS PICTURES/MSF



Compassionate **HUMANITARIANS**. Concerned **GLOBAL CITIZENS**. Purpose driven **ADVOCATES**. Committed **PHILANTHROPISTS**.

On DAF Day, we are grateful for the extraordinary generosity of our donor-advised fund donors and the outstanding impact they enable. **Thank you** for fueling our emergency medical care around the world.

Together, we go further.

Learn more about how to support us through a donor-advised fund by visiting **DoctorsWithoutBorders.org/DAFDay**



BUSINESS & FINANCE

It Is Time To Worry About Quantum Security

By STEVEN ROSENBUISH

It isn't certain when quantum computers will be able to break the encryption used to protect the world's most sensitive data, but corporate technology leaders need to assess the risks of this scenario now.

Quantum physics, famously regarded by Albert Einstein as "spooky," has always fed the imagination with the promise of unimaginable future technological prowess. While time travel remains science fiction, quantum computing is very real and holds the potential to take computing power to another level entirely.

Even the most powerful traditional computers use binary digits, or bits, which can either be zeroes or ones. Quantum computers use quantum bits, or qubits, which represent and store information in both zeroes and ones simultaneously, known as superposition. Such machines have the potential to sort through a vast number of possible solutions to a problem within a fraction of a second to come up with a likely answer.

IBM is on track to deliver a fault-tolerant, error-corrected system by 2029, according to IBM Director of Research Dario Gil, and expects to achieve "quantum advantage" with its systems even before that point. That means solving some problems faster or more accurately than traditional computers by providing precise solutions to problems whose answers can only be estimated today.

The big question, Gil said, is when this research will lead to so-called fault-tolerant quantum computers, which will have the capacity to correct the errors that occur when quantum machines interact with interferences from the outside world, including sound, microwaves or temperature fluctuations. Those interactions disrupt the fragile quantum state in which these machines are effective, narrowing the window in which they can function and the work they can do.

A fault-tolerant quantum computer will be able to hammer away at problems indefinitely, giving them wherewithal to break encryption algorithms that companies and governments use to protect their most price-sensitive and important information, Gil said.

That moment might reasonably occur by around 2035, he estimated, but regardless of the timing, he is convinced it will happen.

"The reality is that the thing that we used for that ultimate line of defense is vulnerable. It will be broken. There's no ifs or buts about it," Gil said.

Why worry about a scenario that is looming perhaps a decade or more in the future? Because of a scenario some call "harvest now, decrypt later."

It envisions hackers stealing encrypted data today and sitting on it for years, hoping to realize its value at some point in the future when quantum computers are able to decrypt the information, said Markus Pflitsch, founder and chief executive of quantum-computing company Terra Quantum.

Quantum computing has already progressed enough that companies can begin strategizing now for Q Day, the point at which quantum computers can break classic encryption, Pflitsch said. That means adopting so-called quantum-safe algorithms that can't be hacked by other quantum technology because they make use of problems that are difficult for quantum computers to solve.

In August, the National Institute of Standards and Technology, an agency of the Commerce Department, published three new algorithms for post-quantum encryption.

Some companies are already moving ahead. But for many companies and individuals, quantum safe algorithms will be built into the services that they use, just as encryption is built into many software and services today.

Chiefs Seek Return on AI Investing

Period for mere experimenting with the technology is ending, leaders say

By BELLE LIN

Business technology leaders are winding down two years of fast-paced artificial intelligence experiments inside their companies and putting their AI dollars toward proven projects focused on return on investment.

"When generative AI came along, there was a certain amount of discretionary funding that we could look at to go experiment and test out some of the technology," said Jonny LeRoy, chief technology officer of industrial supplier W.W. Grainger. "But really to scale beyond some of those experiments, we're seeing the need to actually make a better business case."

While technology leaders previously had the blessing of corporate leadership to freely experiment with AI, "the win-

dow for experimenting is mostly behind us now," Erik Brynjolfsson, co-founder of research and software company Workhelix, said Monday at The Wall Street Journal's CIO Network Summit in New York.

"This is a year where you have to be expecting business results," Brynjolfsson said, adding that the technology is mature enough to deliver them. "This is a time when you should be getting benefits, and hope that your competitors are just playing around and experimenting."

The problem is that roughly 70% of business customers' generative AI projects are still stuck in pilot or testing phase, Philip Rathle, CTO of graph database software company Neo4j, said. Generative AI models are good at summarizing text, for instance, but less capable of more sophisticated tasks, he added.

Naveen Rao, vice president of generative AI at cloud data firm Databricks, said some 90% of generative AI experiments aren't making it beyond the lab. "Accuracy and reliability is a big problem," he said.



Harman executive Nicholas Parrotta at the CIO gathering.

To get over the experimentation hump, businesses need to ensure there is widespread access to corporate data so that technology builders can use it to implement AI, said Jim Siders, chief information officer of data analytics company Palantir. "That's how you get to the workable prototype that you know is fit for purpose, that you know will move the needle on the business," he

said.

One way to tell if the needle has moved: AI-based tools must be able to prove their worth in less than 12 months, said Nicholas Parrotta, chief digital and information officer and president of digital transformation solutions at Harman. That can be measured by either higher employee productivity or revenue generation, he said.

Another option is breaking down AI initiatives into smaller chunks that are more easily proven out, instead of approaching them as a "big, monolithic" beast, Rao said. That means getting to the point that AI projects can be treated as computer code that simply needs maintenance, he added.

For other CIOs, the technology's limitations, and pressure from the business, are forcing them to take a pause and figure out where generative AI can actually produce better employee productivity or sales.

"We're taking a little bit of time to work out what we think the savings or the benefits are, what are the next best places to go," Grainger's LeRoy said.

But that doesn't mean his enthusiasm about AI has diminished. "I'm quite happy that it's not a magic wand," LeRoy said. "We understand that it really is a useful, powerful tool, but it fits into the broader ecosystem."

—Isabelle Bousquette and Steven Rosenbush contributed to this article.

Tech Leaders Divided Over How to Regulate AI

By ISABELLE BOUSQUETTE

California's AI safety act is dead following Gov. Gavin Newsom's veto last week, but its specter lingered over technology leaders some 3,000 miles away who remained divided about what future regulation could look like.

The technology sector remains divided over whether Newsom made a mistake by using his veto, but SB 1047's introduction and ultimate demise raise bigger questions, including whether regulation should target AI model makers or AI applications and whether it should be directed more by states or federal agencies.

"I think we should be very narrowly focused on the application of AI, not the training of AI models and the operation of AI models," Aaron Levie, co-founder and chief executive of Box, said at The Wall Street Journal's CIO Network Summit in New York on Tuesday. Levie added that he was against SB 1047 and the government shouldn't risk slowing down the pace of AI innovation.

"Right now, we need as much progress as humanly possible," he said. Levie added that is especially the case since he believes we are still far away from any kind of existential risk from AI—although that is debated.

While regulation should definitely come, Levie said it should come more from individual agencies designed to regulate specific markets, like

the Federal Aviation Administration and the Food and Drug Administration.

The California bill would have required developers of large AI models to take "reasonable care" to ensure that their technology didn't pose an "unreasonable risk of causing or materially enabling a critical harm."

"I would say that both politically and substantively, Newsom was wrong" to veto the bill, Bradley Tusk, co-founder and chief executive of Tusk Venture Partners, said at the summit.

For AI to grow into a truly multibillion-dollar industry, "you've got to give the public some level of confidence that somebody is keeping an eye on this thing," Tusk said, calling the bill a reasonable first step to setting up intellectual frameworks for mitigating risks and harms. While it may not have been perfect, Tusk said, a better move would have been passing the bill and then a trailer bill next year. He also said he tends to agree with some opponents of the bill who felt regulation should focus more on the application level than the model level.

Arvind Narayanan, professor at Princeton University, director of the Center for Information Technology Policy at the school and author of "AI Snake Oil," agreed. There is a lot of concern that the misuse of AI in the financial system will cause panic in the market—but that market is already regu-



Box CEO Aaron Levie.

lated by federal agencies and has been for decades, he said at the summit.

"I look at the [Federal Trade Commission] a lot, in particular consumer protection, and they have been doing this work, and that's the kind of thing I want to see at a number of other federal agencies," Narayanan said.

He added that it would make sense to regulate the model makers to some extent, but at the moment that should be focused more around transparency. "We don't know a lot about what is going on inside these companies," he said.

Tusk said he saw 800 some bills generally related to AI introduced in state legislatures last year and that he has been in touch with legislators from New York state looking to draft their own AI bill. He said the New York bill likely will be

stricter than California's SB 1047.

Meanwhile, CIOs remain torn: certain that some kind of regulation is good but uncertain how it could impact their work and technology innovation overall.

Still, there is a need to do something, Andrea Malagodi, CIO of software company Sonar, told The Wall Street Journal at the event. "Of course, there's the view that innovation is going to be encumbered," he said. "I wonder if that kind of thing is based on fear."

"There is a reasonable friction that should be expected between innovation and safety," he added.

—Belle Lin contributed to this article.

THE WALL STREET JOURNAL.

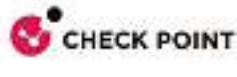
CIO Network

The Wall Street Journal would like to thank the sponsors of the 2024 CIO Network October Summit for their generous support.

Founding Sponsor

Deloitte.

Presenting Sponsors



CIO Network is by invitation.

Learn more at CIONetwork.wsj.com

THE WALL STREET JOURNAL.

Futures Contracts

Metal & Petroleum Futures						
	Contract					
	Open	High	Hi lo	Low	Settle	Open interest
Copper-High (CMX) -25,000 lbs.; \$ per lb.						
Oct	4.3905	4.3905	4.3610	4.3550	-0.0570	1,470
Dec	4.4740	4.5045	4.3735	4.3995	-0.0570	133,185
Gold (CMX) -100 troy oz.; \$ per troy oz.						
Oct	2603.00	2607.70	2603.00	2606.00	-9.00	508
Nov	2628.80	2630.60	2612.00	2614.10	-9.40	1,279
Dec	2640.70	2642.90	2622.80	2626.00	-9.40	434,917
Feb/25	2663.60	2665.20	2646.70	2648.80	-9.40	42,329
April	2682.00	2683.90	2665.90	2668.50	-9.20	23,771
June	2702.50	2704.70	2686.60	2688.40	-9.00	11,905
Palladium (NYM) - 50 troy oz.; \$ per troy oz.						
Oct	1041.00	1049.50	1041.00	1036.90	33.30	4
Dec	1023.50	1050.00	1012.00	1042.90	36.00	17,647
Platinum (NYM) -50 troy oz.; \$ per troy oz.						
Oct	948.00	952.20	948.00	948.70	-3.00	24
Dec	965.90	969.40	953.00	957.30	-4.70	70,757
Silver (CMX) -5,000 troy oz.; \$ per troy oz.						
Oct	30.485	30.485	30.485	30.425	0.070	18
Dec	30.860	31.005	30.435	30.670	0.070	120,026
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.						
Nov	73.84	74.45	71.53	73.24	-0.33	221,249
Dec	73.27	73.82	71.00	72.59	-0.39	255,424
Jan/25	72.86	73.33	70.63	72.07	-0.47	144,758
March	72.37	72.55	70.05	71.27	-0.60	107,814
June	71.51	71.79	69.50	70.50	-0.65	155,266
NY Harbor ULSD (NYM)	70.24	70.45	68.53	69.28	-0.64	160,303
NY Harbor W2SD (NYM) -42,000 gal.; \$ per gal.						
Nov	2.3104	2.3176	2.2403	2.2769	-0.0203	103,825
Dec	2.3215	2.3298	2.2526	2.2870	-0.0231	88,051
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.						
Nov	2.0699	2.0867	2.0200	2.0664	-0.0017	96,167
Dec	2.0486	2.0636	1.9974	2.0404	-0.0063	81,176
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.						
Nov	2.709	2.724	2.632	2.660	-0.073	223,638
Dec	3.176	3.185	3.084	3.116	-0.083	159,970
Jan/25	3.448	3.448	3.341	3.374	-0.088	191,878
Feb	3.334	3.337	3.240	3.272	-0.085	104,982
March	3.080	3.086	2.993	3.021	-0.082	179,060
April	2.955	2.957	2.876	2.902	-0.072	84,461

Agriculture Futures						
Corn (CBT) -5,000 bu.; cents per bu.						
Dec	420.25	423.50	420.00	421.00	.25	731,486
March/25	437.50	441.00	437.25	438.00	-.25	344,084
Oats (CBT) -5,000 bu.; cents per bu.						
Dec	389.25	390.00	376.75	387.25	-1.75	3,258
March/25	385.75	387.00	375.50	383.50	-2.50	629
Soybeans (CBT) -5,000 bu.; cents per bu.						
Nov	1015.00	1027.25	1011.50	1020.25	4.00	353,574
Jan/25	1032.50	1045.25	1029.75	1037.00	2.50	195,070
Soybean Meal (CBT) -100 tons; \$ per ton						
Oct	323.50	324.60	322.60	322.50	-1.10	320
Dec	323.20	327.00	320.00	321.20	-1.80	240,655
Soybean Oil (CBT) -60,000 lbs.; cents per lb.						
Oct	43.38	43.16	42.71	43.26	-1.11	304
Dec	43.10	43.58	42.34	43.06	-0.03	229,042
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.						
Nov	15.15	15.27	15.14	15.17	.03	7,512
Jan/25	15.28	15.38	15.28	15.31	.04	1,641
Wheat (CBT) -5,000 bu.; cents per bu.						
Dec	594.75	604.75	594.25	599.00	4.25	208,865
March/25	618.00	632.00	618.00	622.25	4.00	100,373
Wheat (KC) -5,000 bu.; cents per bu.						
Dec	601.75	614.50	601.75	608.75	5.00	122,734
March/25	620.00	630.50	619.50	625.00	4.75	60,765
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.						
Oct	250.800	250.800	248.400	249.275	-1.050	6,767
Nov	250.500	250.800	247.800	248.675	-1.625	18,147
Cattle-Live (CME) -40,000 lbs.; cents per lb.						
Oct	188.550	188.750	187.725	188.200	-.275	13,429
Dec	187.800	188.100	186.600	187.225	-.650	138,428
Hogs-Lean (CME) -40,000 lbs.; cents per lb.						
Oct	84.100	84.175	83.700	83.925	-.200	25,435

Borrowing Benchmarks | [wsj.com/market-data/bonds/benchmarks](#)

Money Rates

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

Inflation				U.S. government rates			
	Aug. index level	Chg From (%)					
	July '24	Aug. '23					
U.S. consumer price index							
All items	314.796	0.08	2.5				
Core	320.017	0.25	3.2				
International rates							
	Latest	Week ago	-52-Week-High	Low			
Prime rates							
U.S.	8.00	8.00	8.50	8.00			
Canada	6.45	6.45	7.20	6.45			
Japan	1.625	1.625	1.625	1.475			
Policy Rates							
Euro zone	3.65	3.65	4.50	3.65			
Switzerland	1.50	1.50	2.25	1.50			
Britain	5.00	5.00	5.25	5.00			
Australia	4.35	4.35	4.35	4.10			
Overnight repurchase							
U.S.	4.87	4.93	5.48	4.85			

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 September 19, 2024. **Other prime rates** arent directly comparable;lending practices vary widely by location. **Discount rate** is effective September 19, 2024. **Secured Overnight Financing Rate** is as of October 8, 2024. **DTCC GCF Repo Index**: s 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.

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended October 4. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import and demand data are available monthly only.

Inventories, 000s barrels						Imports, 000s barrels per day					
	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg	Current	Expected change	Previous week	Year ago	4-week avg
Crude oil and petroleum prod	1,258,981	...	1,267	1,278	1,269	1,270	7,576	...	8,217	8,329	7,905
Crude oil excluding SPR	422,741	1,300	417	424	418	441	6,239	...	6,628	6,329	6,411
Gasoline	214,898	...	221	226	219	220	428	...	540	589	545
Finished gasoline	14,944	-300	17	17	16	19	55	...	89	65	59
Reformulated	18	...	0	0	0	0	0	...	0	0	0
Conventional	14,926	...	17	17	16	19	55	...	89	65	59
Blend. components	199,954	...	204	208	203	201	373	...	451	524	487
Natural gas (bcf)	3,547	...	3	3	3	4	...	...	...	...	...
Kerosene-type											
jet fuel	44,069	...	46	43	46	40	47	...	95	131	56
Distillates	118,513	-1,000	122	117	122	125	104	...	194	120	135
Heating oil	6,942	...	6	8	7	9	1	...	0	0	2
Diesel	111,571	...	115	109	115	58	103	...	194	120	133
Residual fuel oil	24,129	...	25	28	25	29	27	...	187	104	108
Other oils	312,707	...	316	317	317	311	617	...	487	955	556
Net crude, petroleum products, incl. SPR	1,641,911	...	1,650	1,629	1,651	1,809	-3,015	...	-2,829	-1,757	-2,982

Weekly Demand, 000s barrels per day							Natural gas storage	
	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg	Billions of cubic feet; weekly totals	
Total petroleum product	21,185	...	19,847	19,666	20,553	20,755	4250	
Finished								
motor gasoline	9,654	...	8,521	8,581	9,039	9,027	3250	
Kerosene-type								
jet fuel	1,707	...	1,927	1,492	1,762	1,471	2250	
Distillates	4,031	...	3,638	3,670	3,872	4,086	1250	
Residual fuel oil	128	...	375	246	267	305	250	
Propane/propylene	996	...	879	587	954	...		
Other oils	4,669	...	4,507	5,089	4,659	...		

The chart displays weekly natural gas storage in billions of cubic feet from October 2023 to September 2024. The y-axis ranges from 250 to 4250. A solid line represents the current storage, and a dashed line represents the five-year average. The current storage is 48 states lower than the average. Storage peaks in winter (around 3250) and troughs in summer (around 1250).

Month	Current Storage (Billions of cubic feet)	Five-year average (Billions of cubic feet)
Oct 2023	3250	3250
Nov 2023	3250	3250
Dec 2023	3250	3250
Jan 2024	3250	3250
Feb 2024	3250	3250
Mar 2024	3250	3250
Apr 2024	3250	3250
May 2024	3250	3250
Jun 2024	3250	3250
Jul 2024	3250	3250
Aug 2024	3250	3250
Sep 2024	3250	3250

Note: Expected changes are provided by Dow Jones Newswires' survey of analysts. Previous and average inventory data are in millions. Sources: FactSet; Dow Jones Market Data; U.S. Energy Information Administration; Dow Jones Newswires

COMMODITIES

	Contract					
	Open	High	Hi lo	Low	Settle	Open interest
Dec	5799.25	5846.50	▲	5780.75	5841.25	40.75
March/25	5854.00	5903.50	▲	5837.75	5899.00	42.25
Mini S&P Midcap 400 (CME) -\$100 x index						
Dec	3121.60	3153.10	3105.30	3143.20	21.50	33,011
March/25	...	3167.70	3142.70	3169.80	30.50	n.a.
Mini Nasdaq 100 (CME) -\$20 x index						
Dec	20294.25	20482.75	20196.00	20463.50	165.00	248,977
March/25	20499.25	20703.00	20415.50	20685.00	169.25	1,151
Mini Russell 2000 (CME) -\$50 x index						

Source: FactSet

Bonds | [wsj.com/market-data/bonds/benchmarks](#)

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return close	YTD total return (%)	Index	Yield (%) Latest	Low	High
Broad Market Bloomberg Fixed Income Indices					
2125.71	2.9	U.S. Aggregate	4.520	4.100	5.740
U.S. Corporate Indexes Bloomberg Fixed Income Indices					
3246.59	4.0	U.S. Corporate	4.950	4.640	6.430
3139.88	4.8	Intermediate	4.750	4.400	6.350
4321.21	2.4	Long term	5.360	5.070	6.600
619.76	2.7	Double-A-rated	4.590	4.260	5.760
881.76	4.4	Triple-B-rated	5.160	4.850	6.700
High Yield Bonds ICE BofA					
n.a.	n.a.	High Yield Constrained	n.a.	n.a.	n.a.
n.a.	n.a.	Triple-C-rated	n.a.	n.a.	n.a.
n.a.	n.a.	High Yield 100	n.a.	n.a.	n.a.
n.a.	n.a.	Global High Yield Constrained	n.a.	n.a.	n.a.
n.a.	n.a.	Europe High Yield Constrained	n.a.	n.a.	n.a.
U.S. Agency Bloomberg Fixed Income Indices					
1044.14	3.4	U.S. Agency	4.350	3.960	5.390
1631.59	3.5	10-20 years	4.310	3.920	5.370
3537.42	2.4	20-plus years	4.700	4.240	5.740
2638.90	4.0	Yankee	4.740	4.380	6.110

Total return close	YTD total return (%)	Index	Yield (%) Latest	Low	High
Mortgage-Backed Bloomberg Fixed Income Indices					
2102.03	3.0	Mortgage-Backed	4.800	4.340	6.050
2066.42	2.6	Ginnie Mae (GNMA)	4.890	4.460	6.020
1240.11	3.2	Fannie mae (FNMA)	4.780	4.310	6.050
1907.35	3.2	Freddie Mac (FHLMC)	4.650	4.150	6.190
n.a.	n.a.	Muni Master	n.a.	n.a.	n.a.
n.a.	n.a.	7-12 year	n.a.	n.a.	n.a.
n.a.	n.a.	12-22 year	n.a.	n.a.	n.a.
n.a.	n.a.	22-plus year	n.a.	n.a.	n.a.
Global Government J.P. Morgan¹					
549.56	1.1	Global Government	3.270	2.950	3.810
818.27	2.0	Canada	3.260	2.910	4.210
360.84	1.3	EMU\$	2.966	2.669	3.785
655.36	-0.7	France	3.090	2.540	3.620
469.03	0.3	Germany	2.340	2.020	3.000
272.71	-2.3	Japan	1.380	0.960	1.490
509.95	0.2	Netherlands	2.600	2.260	3.300
799.33	-1.6	U.K.	4.420	3.790	4.880
908.48	7.1	Emerging Markets **	7.290	n.a.	n.a.

FINANCE NEWS

Freddie Mac to End Blacklist of Meridian

Real-estate broker will resume business with the mortgage-finance giant in 2025

By GINA HEEB

Freddie Mac is set to end its blacklist of **Meridian Capital Group** after the real-estate broker overhauled its risk and controls, signaling the type of requirements the rest of the industry could soon face as regulators ramp up a broader fraud crackdown.

Freddie will resume business with Meridian in January, Meridian said, more than a year after it was banned in response to allegations that

some of its brokers falsified client financials to get bigger loans.

Fannie Mae also has a blacklist on Meridian, which remains in place, the firm said. Other brokers have since been banned by the mortgage-finance giants.

After the blacklists, Meridian shook up its management and started to build a risk and control framework, largely from scratch. As part of that, Meridian would require brokers to obtain internal approval before they move forward with certain deals, Chief Executive Brian Brooks said in an interview.

A credit approval committee that includes members of management would have to

sign off on all Fannie and Freddie loans, for example, as well as those that are \$75 million or above in size or some that have known concerns.

“Whatever is coming out of Meridian today doesn’t look like what might have come out Meridian a year ago and doesn’t look like any other broker shop,” Brooks said. “It looks clean.”

Fannie and Freddie, which are backed by the government, purchase and securitize a huge portion of loans in the U.S. residential and commercial mortgage markets.

The financial backing of Fannie and Freddie is crucial for mortgage brokerage firms, which can struggle to get new business without it. Between

15% and 20% of business at Meridian was tied to the two firms, Brooks said.

The agreement with Freddie came with terms that could slow the breakneck speed of deals in the real-estate brokerage industry.

Lenders would face repurchase obligations if a Meridian loan defaults within the first 12 months, for example. Lenders also would have to complete extra due diligence for Meridian loans, such as by certifying the absence of fraud, a person familiar with the matter said.

Meridian separately rolled out a review system for loans each quarter. As part of that review, loans would be assigned a score on a so-called

risk scale designed to assess whether and to what degree brokers may have altered the financials of the borrower, as well as whether that was disclosed.

The firm also cut more than 100 employees—or roughly one-quarter of the firm—from its workforce. That included around 40% of brokers.

“I don’t want to imply that everybody who was let go was let go because of some kind of misconduct, that’s not the case,” Brooks said. But some of them “probably don’t belong in the new world. They have come out of an environment that had no oversight and no regulation,” he said.

Fannie and Freddie have

launched a wider probe into allegations of fraud across the industry.

As part of that, the two firms have prepared to require lenders to independently verify financial information related to borrowers for apartment complexes and other multifamily properties.

Meridian has a particularly close relationship with New York Community Bancorp, the regional bank that recently got a rescue deal from investors led by Steven Mnuchin after trouble in its commercial real-estate books sparked panic.

Bloomberg previously reported the news of Freddie Mac ending its blacklisting of Meridian.

Bayer Shares Battered After U.S. Legal Setback



Bayer shares fell sharply after Washington state’s top court granted a petition for review in a case over allegations of chemical contamination at a school.

The Washington Supreme Court agreed to review a decision by a state appeals court that had handed Bayer’s Monsanto a legal victory in May. That ruling had overturned an

initial verdict that ordered Monsanto to pay \$185 million to plaintiffs who alleged they suffered injuries because of exposure to chemicals known as PCBs, or polychlorinated biphenyls. Monsanto stopped making the product in 1977.

Shares in Bayer fell 6.8% in Germany on Wednesday, taking the stock’s decline since the start of the year to

nearly 19%.

The setback shows the challenges Bayer faces in fighting U.S. legal cases arising from its acquisition of Monsanto while trying to bring down debt and to overhaul an organization with operations spanning agriculture, pharmaceuticals and consumer-healthcare products.

Investors have been watch-

ing the Washington case, with analysts at Jefferies pointing to the risk of it resulting in a multibillion-dollar hit for a company. As of Wednesday’s close, Bayer had a market capitalization of €26.77 billion, equivalent to \$29.31 billion, having shed around 37% of its value over the past year.

—Adrià Calatayud

London-Listed Firms Get More Freedom on Pay

By CRISTINA GALLARDO

London-listed companies will be given more freedom to boost wages of their top executives, after a large investor body changed its guidance for remuneration committees.

The Investment Association, which represents 250 large investors with stakes in businesses listed in the U.K., said Wednesday that it had simplified its principles of remuneration, following a review aimed at ensuring that the U.K. markets continue to attract high-quality companies.

The move comes after David Schwimmer, the chief executive of the **London Stock Exchange Group**, warned last month that London’s prestige as a top financial center was at risk if executives’ wages weren’t increased.

Andrew Ninian, director of stewardship, risk and task at the IA, said that the association has simplified its principles of remuneration “to demonstrate that investors want to incentivize delivery of long-term performance.”

“Investors want to see companies succeed and deliver long-term returns to their shareholders, with the structure of executive pay playing an important role in driving and rewarding these results,” he added.

The chief executives of the companies listed in the FTSE 100 index are being paid more than ever before, according to the High Pay Centre think

tank, which estimates that they received an average 2.2% pay rise in 2023, boosting median annual pay to £4.19 million, equivalent to \$5.5 million.

But the gap with their peers in U.S.-listed companies has widened. Chief executives’ pay at S&P 500 companies increased almost 13% in 2023 to an average of \$16.3 million, according to data analyzed for the Associated Press by information services firm Equilar.

The IA’s updated principles, which are often followed by remuneration committees when setting executives’ pay, now allow for companies to benchmark their wages against competitors overseas, in a bid to help London-listed businesses struggling to poach chief executives being paid higher wages elsewhere.

Remuneration committees of companies “deriving significant revenues from particular markets such as the U.S.” or “competing for talent globally” would be “encouraged to set out the impact of attracting global talent on the positioning of remuneration,” the updated guidance document stated.

The IA, which represents investors responsible for £9.1 trillion worth of assets, also backed the use of hybrid pay schemes—a combination of performance shares and restricted shares—recognizing that these are more commonly offered in companies with a significant footprint in the U.S. than those listed in Britain.

Insurer Ambac Looks to Rebrand After Crisis

By MARK MAURER

Ambac Financial Group, an insurer hit hard by the 2008 subprime mortgage crisis, is looking to rebrand and grow through acquisitions as it tries to put the crisis completely behind it.

The New York-based company is months away from re-making itself. The sale of its bond-insurance business would leave Ambac with two business segments: property and casualty, and specialty underwriting. It also is planning for new acquisitions, in part funded by the sale, to boost the revenue and offerings of those businesses, and considering changing its name after the sale.

“Once that happens, we are truly a completely new company, having reinvented ourselves in a post-financial crisis world,” Chief Financial Officer David Trick said.

Ambac is expected to close on the sale of its bond-insurance business to funds managed by Oaktree Capital Management for \$420 million as early as later this quarter, which would allow it to complete the shift to property-and-casualty offerings. The deal, to which Ambac agreed in June, would signal the end of a legacy business for which it has long been known.

At the time of the financial crisis, Ambac’s business centered on selling protection on mortgage securities and municipal bonds. The company faced major losses on con-

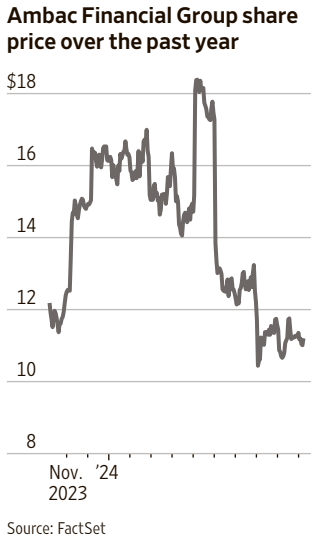
tracts that insured collateralized debt obligations. Investors made bad bets on the CDOs, fueling the crisis.

“We got into lots of troubles from the great financial crisis, ultimately with exposure to CDOs and underlying mortgages,” said Trick, who has served as CFO since January 2010.

Ambac filed for chapter 11 bankruptcy in November 2010. The company emerged from bankruptcy in 2013 and exited from the Wisconsin state-run rehabilitation of its bond-insurance business in 2018. State regulators had begun a rehabilitation proceeding in 2010, splitting the company’s insurance book to stem the damage and position it to potentially return to solvency.

Ambac continued its recovery, reaping several billion dollars from settlements with banks as well as diversifying its offerings. For example, Bank of America in 2022 agreed to pay \$1.84 billion to resolve claims by Ambac that mortgage-backed securities it insured before the crisis were backed by poorly underwritten loans.

In 2020, it broke into the property-and-casualty business and bought several managing general agents, a specialized type of insurance broker that handles underwriting and managing of products, over the next few years. To expand its property-and-casualty operations, Ambac in August acquired a 60% stake in Beat



Capital Partners, a London-based insurance-focused venture capital investor, for \$278 million, one of its largest purchases to date.

“We always had this vision of becoming something else,” Trick said. “Ultimately through a lot of hard work and effort and a lot of long-term thinking and perseverance, we’re on the other side of that now.”

Ambac booked \$105 million in revenue for the quarter ended June 30, up 69% from the prior-year period. Its net loss narrowed to \$1 million for the quarter from \$13 million a year earlier.

The company has about \$1 billion in debt, which it whittled down over the past decade from \$8 billion, which largely stemmed from insurance losses. The bond-insurance

sale will wipe out the remaining leverage, making Ambac debt-free but likely not for long.

Ambac is considering either securing private credit or bank financing to fund a future acquisition sometime after the sale closes, Trick said.

The company is looking at several potential deals, a couple of which wouldn’t require financing, he said, adding that a large acquisition would likely be further down the line. The potential move comes as the Federal Reserve cut rates by half a percentage point last month, lowering borrowing costs for many companies.

“We’re not letting the markets drive our desire to get financing,” Trick said. He added that the drop in interest rates “will accrue to our benefit for sure.”

Lower rates will increase the company’s flexibility in terms of acquisitions and the markets it might pursue, said Abzal Ayubeally, head of insurance investment banking at Truist Securities who has advised Ambac on acquisitions and capital raising.

“Being able to actually realize the guidance and the vision that they have presented to the market is going to be very important,” Ayubeally said, adding that that is among other factors. “They’re in this broad, very good environment to deliver, but at the end of the day, they have to deliver.” Ayubeally said he’s confident Ambac will deliver.

BofA Loses Business Over Probe

Continued from page B1

In that instance, the bankers say colleagues contacted firms including **Millennium Management**, **Jane Street** and **Segantii Capital Management** on the messaging platform WhatsApp to discuss the timing and the price of the block trade before it was sold.

Hong Kong-based Segantii

has since been accused of insider trading related to a 2017 trade in which a Bank of America trader was involved but not charged.

The practice was most common when a deal was “hard underwritten,” meaning the bank was on the line to buy the shares itself if outside investors didn’t want to participate at the set price, one of the bankers said.

Bankers would try to avoid losses by getting informal price indications from specific investors before deciding whether to take on a deal and where to price it.

—Miriam Gottfried contributed to this article.

CVS, Cigna Seek to Disqualify FTC Officials in Insulin Case

By DENNY JACOB

CVS Health filed a motion seeking to disqualify top Federal Trade Commission officials from participating in a case regarding some of its businesses over alleged bias against pharmacy benefit managers.

The healthcare company said Chair Lina Khan, Commis-

sioner Rebecca Kelly Slaughter and Commissioner Alvaro Bedoya through public statements show they have prejudged the matter at hand and that their participation would violate the due process rights of respondents Caremark Rx and Zinc Health Services.

CVS specified that past statements made false asser-

tions that are critical to the merits of the case, including that pharmacy benefit managers “control” drug pricing and patient access to drugs including insulin.

Cigna Group also filed a motion seeking to disqualify Khan, Slaughter and Bedoya.

UnitedHealth Group, which reportedly filed a similar mo-

tion, didn’t immediately respond to request for comment.

The FTC in September filed an antitrust and consumer-protection lawsuit against the three largest pharmacy-benefit managers and affiliated businesses and accused the firms of inflating the price of insulin.

The FTC on Wednesday declined to comment.

Listen to a Podcast: Homeowners Rebuilding After Helene Face Limited Coverage

Scan this code for a podcast on how recent hurricanes could reshape insurance coverage, as property insurers scale back natural-disaster coverage and raise premiums to make up for steep losses.

MARKETS

S&P 500 and Dow Reach Records

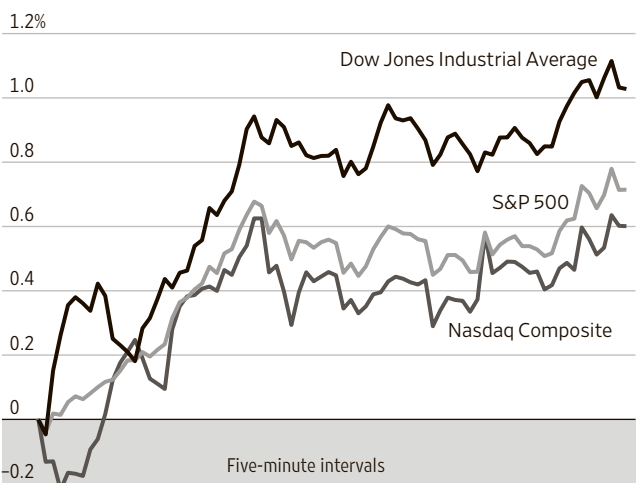
The S&P 500 and Dow Jones Industrial Average closed at records on Wednesday, with attention turning to the start of earnings season.

The Dow industrials closed up 1% to a record 42512. The S&P 500 added 0.7% to also close at a record.

The Nasdaq gained 0.6%. Third-quarter results season gets under way in earnest on Friday, when several of the largest banks are set to report. Investors have been largely upbeat lately, with strong economic data offsetting rising tensions in the Middle East and uncertainty over the U.S. elections.

Minutes from the Federal Reserve's September meeting showed that officials were divided over how much to cut rates, but most favored the larger, half-point interest-

Index performance on Wednesday



Source: FactSet

rate cut.

"The Federal Reserve appears to remain comfortable with where inflation is and

trending," Vanguard senior U.S. economist Josh Hirt said after the minutes were released. Stock and bond mar-

kets reacted little.

In Asia, China's stimulus-driven rally continued to unwind, weighing on U.S.-listed companies like Alibaba, which fell 1.6%.

Elsewhere:

◆ **Treasury yields were broadly steady, with the 10-year at 4.065%.**

◆ **Cruise lines jumped. Norwegian Cruise Line and Carnival rose 11% and 71%, respectively. The companies were among the S&P 500's best performers after analysts upgraded their stocks.**

◆ **Boeing shares fell 3.4% after negotiations broke down between the airplane maker and its largest union.**

◆ **Brent crude-oil prices declined 0.8% to \$76.58 a barrel.**

◆ **Chinese stocks had another wild day: The Shanghai Composite fell 6.6% and its Hong Kong equivalent shed 1.4%.**

—Chelsey Dulaney and Jack Pitcher

THURSDAY'S EVENTS:

The consumer price index for September is due at 8:30 a.m. August CPI data showed inflation hit a three-year low, slowing to a 2.5% annual rate. Economists polled by The Wall Street Journal expect a decline to 2.3%, while core CPI, which excludes volatile food and energy costs, is seen holding steady at 3.2%.

EXPECTED EARNINGS:

Delta Air Lines (before the open)

Domino's Pizza

STOCK SPOTLIGHT

Alphabet

The Justice Department is considering splitting up Google, among other restrictions, to end what it called an unlawful monopoly in search, according to a court filing submitted Tuesday. Shares of Google's parent Alphabet slipped 1.3%, the laggard of the Magnificent Seven technology stocks.

GitLab

The software company's shares rose 7.7% as investors digested a new analyst report from Morgan Stanley suggesting they "overweight" the stock.

Bayer

The German pharmaceutical and agricultural group's U.S.-listed shares fell 6.9% after a legal setback in a Washington state court involving Bayer's Monsanto unit.

Rio Tinto, Arcadium Lithium The Anglo-Australian mining company agreed to purchase Arcadium for \$6.7 billion.

The deal will make Rio one of the top producers of a key commodity used in batteries for electric vehicles. Rio's U.S.-listed shares lost 0.5%, while Arcadium's soared 31%.

AUCTION RESULTS

Here are the results of Wednesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

17-WEEK BILLS

Applications	\$212,363,978,200
Accepted bids	\$64,205,231,000
* noncompetitively	\$503,317,400
* foreign noncompetitively	\$0
Auction price (rate)	98.535639 (4.430%)
Coupon equivalent	4.558%
Bids at clearing yield accepted	67.93%
Cusip number	912797NG8
The bills, dated Oct. 15, 2024, mature on Feb. 11, 2025.	

NINE-YEAR, 10-MONTH NOTES

Applications	\$97,309,077,800
Accepted bids	\$39,535,267,300
* noncompetitively	\$71,548,000
* foreign noncompetitively	\$0
Auction price (rate)	98.455673 (4.066%)
Interest rate	3.875%
Bids at clearing yield accepted	99.31%
Cusip number	91282CLF6
The notes, dated Oct. 15, 2024, mature on Aug. 15, 2034.	

By REBECCA FENG

HONG KONG—After a late-September burst of policy announcements about economic revival and a news conference Tuesday to tout them, the Chinese stock-market roller coaster took a plunge on Wednesday. Beijing's answer: plans for another news conference.

This time, officials said they were going to talk about "intensifying fiscal policy." Analysts said unless the message is reassuring, more wild turns are likely to follow.

China's benchmark CSI 300 index closed down 7.1% Wednesday, its first daily decline in nearly a month and the biggest single-day decline since early 2020, in the depths of the initial wave of Covid-19 cases. Hong Kong's Hang Seng Index, which includes many large Chinese stocks, declined 1.4%, a day after it suffered its

worst daily fall since October 2008.

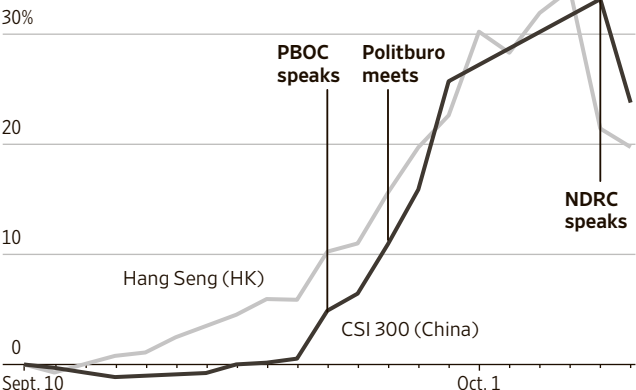
The turnabout this week is coming after a historic run-up in Chinese stock prices driven by hopes for government stimulus to revive the economy.

After the government said in late September it would do more for an economic turnaround, many individual investors in China rushed to open new trading accounts at major brokerages over the seven-day National Day holiday that began Oct. 1.

But a news conference on Tuesday, the first day after the holiday ended, let down many of these stock-market newcomers. At the event, China's economic planning agency, the National Development and Reform Commission, didn't describe concrete stimulus measures, instead reiterating past promises.

Investors remained jumpy

on Wednesday. Stocks have gyrated on statements by the People's Bank of China and the National Development and Reform Commission.



Source: FactSet

on Wednesday.

The CSI 300 fell sharply in the morning, then bounced back briefly after a midday announcement by the Chinese Ministry of Finance that it would hold a news conference on Saturday. That reignited

expectations Beijing was readying fiscal stimulus.

The rebound lasted less than an hour. Investors began to fear that the Saturday event wouldn't produce specifics, and stock prices ended up lower than they had been

before the announcement.

The fundamental cause of stock-market jitters remains the perilous state of China's economy. The property market is unraveling, consumer sentiment is weak and youth unemployment is high. The jobless rate among China's 16-to-24-year-olds—excluding those enrolled in school—rose to 18.8% in August from 17.1% in July. The country is still sitting on the precipice of deflation.

Markets will be closed this Saturday in mainland China, but few investors will be far from their phones. Some analysts said it was misguided to have expected specifics from the previous news conference because the economic agency's job is to implement policy, not find money for new programs. By contrast, the Ministry of Finance has the authority to communicate fiscal stimulus plans.

Explore WSJ

Your WSJ subscription doesn't stop here. Visit our digital product showcase to explore, download and sign up for more of what you're entitled to.



GET STARTED
WSJ.com/benefits

THE WALL STREET JOURNAL.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

AI Sparks Talk of Power Bubble

The current electricity boom has echoes of—but also important differences with—an earlier boom-bust cycle

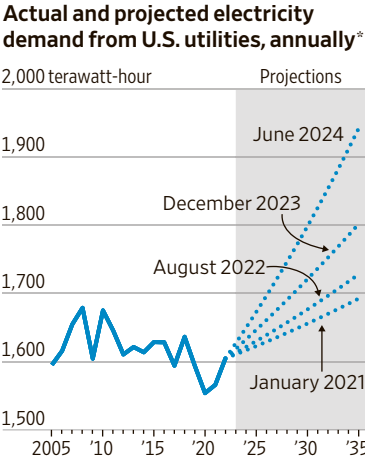
The last time independent power producers were this excited about an electricity-boom cycle was in the late 1990s and early 2000s, when demand-growth expectations were fueled in part by the growth of Silicon Valley. It didn't end well.

In a piece published on Forbes.com in 1999, Peter Huber and Mark Mills wrote: "Southern California Edison, meet **Amazon.com**. Somewhere in America, a lump of coal is burned every time a book is ordered online."

The two authors, who co-wrote books about energy, including "The Bottomless Well," estimated that one billion PCs on the Web would represent electrical demand equal to the total power capacity of the U.S. at that time. The piece drew much attention and push-back, including from scientists at the Lawrence Berkeley National Laboratory, who said the authors were overstating the impact.

In a 2001 PBS interview, Peter Cartwright, who was then chief executive of Calpine, said, "Silicon Valley, as everybody knows, is well aware—is one of the fastest-growing demand centers in the state, and we have very—hardly any power generated in this area."

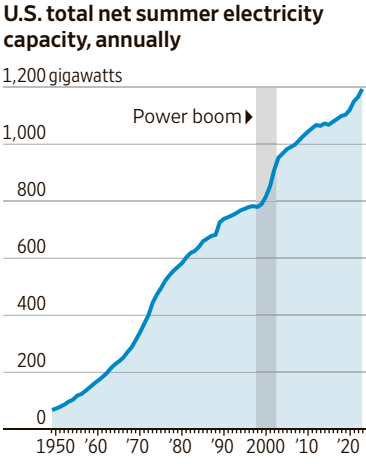
Calpine was one of the most-aggressive independent power producers of that era. Its installed base grew at a compound annual growth rate of 63% between 1998 and 2002 through both new construction and acquisitions. In addition to demand growth, Calpine



and other developers believed their new gas-fired power plants would come to replace older, less-efficient generators that were built by monopolistic utilities rather than competitive developers.

Similar to today, stocks of independent power producers at the time fetched much higher multiples of expected earnings than regulated utility peers, according to Chris Seiple, vice chairman at Wood Mackenzie. Seiple was a power-industry consultant at the time and wrote a report warning that the power-plant construction frenzy could result in a bust. He turned out to be right: Major developers went bankrupt in the aftermath, including Calpine and NRG Energy.

There were other factors driving the power-plant boom at the time.



For one, that was an era when many states—including California—started deregulating power generation, allowing independent developers to build large-scale power projects in a competitive market.

Hugh Wynne, co-head of utilities and renewable-energy research at SSR, worked at a power-project development company from the mid-1990s to 2001. He said developers at the time assumed that the long-term power price would match the long-run marginal cost of new power-plant capacity, covering both variable operating costs as well as capital costs. In fact, Wynne said, after the aggressive build-out resulted in a surplus of capacity in many markets, power prices fell sharply, covering only the operating costs

of these power plants—not enough for the companies to pay off the debt they raised to build them.

Could the current market face similar problems? Likely not in quite the same way. For one thing, the drivers of electricity-demand growth are more tangible this time around. Tech companies are spending real money on building out AI infrastructure, and the Chips Act contains clear incentives for nearshoring chip manufacturing. At the same time, energy demand from transportation and industrial applications—including fracking equipment—is steadily shifting to electricity.

Secondly, the industry today is more familiar with how competitive power markets work. Independent power producers and the financiers backing their projects were burned enough by the last gold rush that they aren't likely to invest in new power plants without some kind of long-term power-purchase agreement, Wynne said. Always-available power is important for data centers, and tech companies have been willing to sign long-term contracts at premium prices.

While power demand looks set to inevitably grow, the magnitude and timing are an open question. The utility Arizona Public Service in its latest planning document forecast that its demand from high-power users—such as data centers—could range anywhere from less than 100 megawatts to more than 1,000 megawatts in the coming years.

Notably, utilities' long-term demand forecasts changed a lot over the past few years and are likely to keep being revised. In early 2021, utilities in aggregate expected load to grow 8.2% by 2035 compared with 2021 levels, according to analysis by the Rocky Mountain Institute. As of June 2024, the expected growth was 23.9%.

So while an outright bust looks unlikely, there is the risk that independent power producers' stocks get ahead of themselves. **Vistra** and **Constellation Energy** are the top and the fourth-best performers of the S&P 500 in the year to date, alongside **Nvidia**, the second-best performer. Constellation Energy is trading at about 30 times forward earnings, 47% higher than its historical average. Vistra is about 30% more expensive than its historical average based on that metric.

Independent power producers might not be the only beneficiaries of rising electricity demand. Regulated utilities have been teaming up with tech companies to develop new generation, including Berkshire Hathaway-backed NV Energy and **Duke Energy**. Utilities in certain states aren't allowed to own their generation, but some have said they would push for legislation to change that.

The power industry has matured a lot in the past two decades. But the same fundamental lesson holds: High-voltage expectations can lead to painful burns.

—Jinjo Lee



Amazon's Project Kuiper satellite push faces challenges. Amazon's booth at 2023's Consumer Electronics Show.

Amazon's Costly Space Race Is Limiting Profit Margin Hopes

Amazon.com's earnings machine might be taking a breather. For how long is the \$2 trillion question.

The e-commerce giant's market cap has stayed mostly below that level since its latest earnings report two months ago. That report contained a disappointing operating income forecast for the just-ended quarter. That itself isn't unusual; Amazon is typically conservative with this projection, which has come in below Wall Street's expectations for 16 of its past 20 quarterly reports, according to data from FactSet.

But the company's revenue growth in the second quarter also fell short, and tech investors in general have grown more concerned about blowout capital

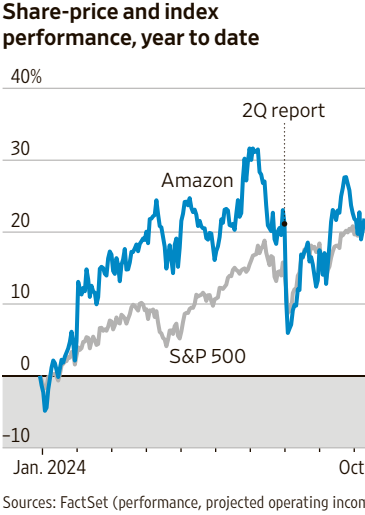
spending on artificial intelligence by Amazon and its big tech rivals. Amazon's earnings power is of particular import, given the company's historically thin-margin retail business, which has been beefed up over the past few years by its other ventures—such as cloud computing and advertising. Amazon averaged an annual operating margin of 2.6% between 2010 and 2019; its operating margin for the 12-month period ended in June was 9%.

Wall Street has been expecting that journey to continue unabated. Amazon's operating income is forecast to surge 69% this year and average 24% annual growth over the next three years—vastly outpacing the 11% revenue growth the company is anticipated to average over the same time, according to

consensus estimates from FactSet.

But that might be a challenge, given Amazon's expanding ambitions. Most notable among those is Project Kuiper—a low-orbit satellite network designed to provide broadband internet connections to underserved parts of the globe. Amazon announced plans in early 2022 to launch up to 83 satellites over a five-year stretch. Two prototypes are already in orbit, while production satellites will start launching in early 2025.

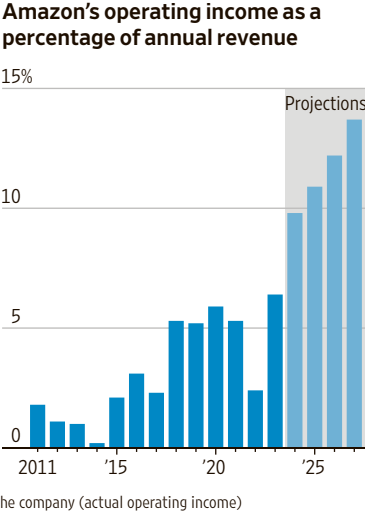
Kuiper is a program near and dear to the heart of Amazon founder Jeff Bezos. It is also far from a sure thing, particularly given the lead of Elon Musk's Starlink service, which recently sent up its 7,000th satellite. Bezos used his last shareholder meeting as



chief executive in 2021 to drive that point home. He said: "Can I stand here and tell you that our \$10 billion investment in Kuiper will generate returns on invested capital? I can't. I believe it will, and we're working hard to ensure that's the case."

Satellites require a lot of upfront investment before turning a profit. Several analysts believe Wall Street's near-term earnings estimates for Amazon aren't fully taking that into account. In a recent report, Brian Nowak of Morgan Stanley cited "tactical risk" to Wall Street's targets for Amazon's fourth-quarter operating earnings in part owing to Kuiper investments. In his own note, James Lee of Mizuho said Wall Street's targets for Amazon's North American segment operating income in 2025 could face "downward revisions" of 6% because of the project's costs.

Both analysts are still positive on Amazon, rating the stock as a buy. But Ken Gawrelski of Wells Fargo went further on Monday, downgrading Amazon to a neutral rating. "In our view, Kuiper is likely to put a cap on margin expansion in the near term," he wrote, adding that other factors such as more competition for third-party sellers by **Walmart** could weigh on bottom-line growth. Amazon, Gawrelski wrote, "remains a margin expansion story, just likely a more moderate



margin expansion pace than the market expects."

Nowak of Morgan Stanley sees near-term risk in Amazon's focus on expanding its share of "everyday essentials" sales, referring to such items as nonperishable foods as well as health, beauty and personal-care products. Such items typically command low profit margins, though Nowak added that capturing more sales in this market "is critical to driving more durable long-term top-line growth." He expects Amazon to project fourth-quarter operating earnings as much as \$1.5 billion below Wall Street's current targets.

Amazon is in the midst of internal changes that might improve its cost structure. In a memo to employees last month, Chief Executive Andy Jassy announced a plan to boost each manager's number of direct reports by at least 15% by the end of March. Some on Wall Street saw this as a stealth layoff announcement, since the move will likely thin out the management ranks of a company now boasting a workforce of more than 1.5 million.

Jassy used the same memo to require employees to return to working in the office five days a week, which could effectively push out some who prefer to stay remote. Amazon might find launching a fleet of expensive satellites to be its easiest task at hand.

—Dan Gallagher

Artificial Intelligence Isn't Selling PCs Yet

Personal computers may be getting smarter, but that alone isn't enough to get them flying off the shelves.

Global PC sales in the third quarter slipped from the same period last year, according to new data from market research firms IDC and Gartner. That follows two straight quarters of gains—a surprising turn considering recent high-profile launches of devices with artificial intelligence proces-

sors built in.

According to IDC's tracking, PC shipments fell 2.4% year over year to about 68.8 million units in the third quarter. **Lenovo** and **HP** recorded slight gains in unit sales during the quarter while sales at **Dell** and **Apple** fell on a year-over-year basis, IDC said.

Sales of AI-enabled PCs weren't specifically broken out. But both firms noted weak consumer demand in the new category. "Even

with a full lineup of Windows-based AI PCs for both Arm and x86 in the third quarter of 2024, AI PCs did not boost the demand for PCs since buyers have yet to see their clear benefits or business value," Gartner analyst Mikako Kitagawa noted in Wednesday's report.

"While we expect AI to reach ubiquity at some point at the end of this decade, the ramp up towards mass market will take lon-

ger than expected, well into 2026," IDC analyst Linn Huang said in her firm's report.

That could splash some cold water on hopes that AI would finally lift the PC category out of its latest slump. Global PC sales have fallen nearly 14% annually over the past two years following a boost in sales sparked by Covid-19 lockdowns, according to IDC's data.

In a report Wednesday, Toni Sacconaghi of Bernstein predicted

flatish PC sales for this year—"a relatively disappointing year given expectations that corporate and Covid refresh cycles would begin." Asiya Merchant of Citi also was lukewarm. "We believe PC demand recovery will be bumpy and recent checks in the PC ecosystem suggest the near-term PC refresh opportunity remains protracted," she wrote Wednesday. PC buyers haven't bought into AI yet.

—Dan Gallagher