

## What's News

### Business & Finance

◆ **A stock-market selloff** intensified, wiping out hundreds of billions of dollars in value from the Magnificent Seven group of tech giants and pushing the Nasdaq down 3.6%. The S&P 500 and Dow lost 2.3% and 1.2%, respectively. **A1**

◆ **The red-hot hiring** and rock-bottom unemployment that helped millions of workers find new gigs, boost their wages and reinvent their careers are giving way to more prosaic times. **A1**

◆ **The NBA said** it has signed media-rights deals worth \$77 billion with Disney's ESPN, Amazon.com and Comcast's NBCUniversal, turning away a last-minute bid from current rights holder Warner Bros. Discovery. **B1**

◆ **Rupert Murdoch** is engaged in a legal fight with some of his children, as he tries to hand control of his media empire to his eldest son, Lachlan Murdoch. **B1**

◆ **CrowdStrike** said it had identified a quality-control flaw that led to outages for millions of Microsoft Windows users and how it got onto its systems. **B4**

◆ **Reckitt Benckiser**, the consumer-goods giant, said it would sell off some of its home-care brands and launch a strategic review of its troubled infant-formula unit Mead Johnson. **B3**

◆ **Porsche's profitability** suffered in the first half of the year as sales revenue and car deliveries dropped. **B3**

◆ **Gucci owner Kering** expects earnings to continue falling in 2024 after both profit and revenue were hit in the first six months. **B3**

### World-Wide

◆ **Biden laid out** in an address from the Oval Office why he decided to "pass the torch" to Harris and what he hopes to accomplish in his final months in office. **A1**

◆ **Israeli leader Netanyahu** dived into a volatile moment in U.S. politics with a fiery address to Congress, defending his handling of the Gaza war and appealing to Biden and Trump to back Israel against its Mideast enemies. **A1**

◆ **Health workers in Gaza** worry the untreated sewage, shortages of clean water, insufficient food and other problems from the war are creating the risk that diseases could break out. **A7**

◆ **The Winter Olympics** will return to Salt Lake City in 2034, bringing the Games to the U.S. for a fifth time and back to a host city mired in a bribery scandal over two decades ago. **A3**

◆ **The gunman** who tried to kill Trump searched Google a week before the shooting for information about the assassination of President John F. Kennedy in 1963. **A3**

◆ **A surprise eruption** of steam in a Yellowstone National Park geyser basin that sent people scrambling for safety highlighted a little-known hazard. **A3**

◆ **Ukraine's top diplomat** met with his Chinese counterpart for talks, as Kyiv seeks Beijing's support to end the war on "just" terms. **A16**

◆ **China is tightening** its rules on the protection of confidential information, including intensified scrutiny on international travel by people privy to state secrets. **A16**

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# Biden: Time to 'Pass the Torch'

### President says 'democracy is at stake' in election and praises Harris

By ANNIE LINSKEY

WASHINGTON—President Biden laid out why he decided to "pass the torch" to Vice President Kamala Harris and what he hopes to accomplish in his final months in office as he addressed the nation from the Oval Office on Wednesday evening, his first formal remarks since his dramatic announcement Sunday that he

would end his re-election campaign.

"The defense of democracy, which is at stake, is more important than any title," Biden said. Without mentioning the name of former President Donald Trump, whom he has characterized as a threat to democratic institutions, Biden cast his decision to leave the race as self-sacrifice to protect the country.

Biden added: "I have decided the best way forward is to pass the torch to a new generation. That is the best way to unite our nation."

Biden spoke for just over 10 minutes. The president, who

just recovered from a Covid-19 infection, delivered his speech with a hoarse voice.

It is part of a wider effort by Biden's team to burnish his accomplishments while in office and ensure that his contributions don't get lost, as the party moves on to Harris, who has already locked up enough support to be the Democratic nominee. The Oval Office address kicked off that effort.

Biden, 81 years old, imperiled his candidacy when he performed badly during a 90-minute debate in June. The president and his team initially dismissed the dismal debate as "one bad night." But

he flubbed subsequent public appearances, cementing a view among Democrats that he would be unable to effectively prosecute a case against Trump, the Republican presidential nominee.

Biden referenced his age during his remarks. "There's also a time and a place for new voices. Fresh voices. Yes, younger voices," the president said. "And that time and place is now."

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◆ **How Harris gained Biden's confidence..... A4**  
◆ **Vice president's past hints at economic policy..... A5**



'Our enemies are your enemies,' Israeli Prime Minister Benjamin Netanyahu told U.S. lawmakers. 'Our fight is your fight.'

# Netanyahu Defends Gaza War to Congress

WASHINGTON—Israeli Prime Minister Benjamin Netanyahu dived into a volatile moment in U.S. presidential politics with a fiery address to Congress, defending his handling of the war in Gaza and appealing to both President Biden and Donald Trump to back Israel against its Mideast enemies.

By Lara Seligman, Dov Lieber and Sabrina Siddiqui

Netanyahu displayed his penchant for intervening in U.S. politics honed over decades, delivering pointed jabs

at Democrats and sometimes lavishing praise on Trump.

He thanked Biden for supporting Israel in its nine-month war but also sought to put the White House on the defensive, calling for the U.S. to "fast track" additional weapons shipments. He also urged the U.S. to help counter a growing threat from Iran, denouncing protesters against the Gaza war outside the Capitol as "anti-Israeli" and "Iran's useful idiots."

"Our enemies are your enemies. Our fight is your fight. And our victory will be your victory," Netanyahu said in the jammed House chamber. "As

we defend ourselves on all fronts, I know that America has our back."

Vice President Kamala Harris, the expected Democratic presidential nominee who would normally preside over a joint session, and dozens of Democratic lawmakers skipped the speech, as did Republican Sen. JD Vance, Trump's vice-presidential nominee, who was at campaign events.

But House and Senate members who did attend applauded Netanyahu raucously, especially Republicans, giving him a standing ovation as the prime minister walked off the dais to chants of "1,400 dead,

1,400 dead," referring to the initial Israeli death toll in the Oct. 7 attacks by Hamas that launched the Gaza war. Israel now says an estimated 1,200 people died in the attacks.

Sen. Chuck Schumer (D., N.Y.), who called for Netanyahu to be replaced in March over his handling of the Gaza war, grimaced during parts of the speech, and Rep. Rashida Tlaib (D., Mich.), who has been a strident critic of the war, held up a small black circular sign that said "war criminal."

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◆ **Disease threatens war-battered Gaza..... A7**

# Signs Grow That Hottest Job Market In Decades Is Cooling

By JEANNE WHALEN

Americans' once-in-a-generation job market has come to an end.

The red-hot hiring and rock-bottom unemployment that helped millions of workers find new gigs, boost their wages and reinvent their careers are giving way to more prosaic times. While the market is still healthy by many measures, signs of difficulty are creeping in.

The unemployment rate ticked up to 4.1% last month—the first time it has crossed above 4% since 2021. That's still low by historical measures, but it's up from 3.4% early last year.

Workers have stopped quitting jobs at a frenzied pace, and college grads are having a hard time breaking into the market. The number of open positions for every unemployed person is back to the prepandemic level of 1.2, down from over 2 in 2022.

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### SPORTS

Baseball's quest for more parity has worked—maybe a little too well. **A12**



### BUSINESS & FINANCE

Investors place a big bet on a Beverly Hills office and retail complex. **B1**

## Zoos' New Dilemma: Gorillas and Screen Time

Great apes have become interested

in watching videos of themselves on phones

By SARA RANDAZZO

SAN DIEGO—The four hulking male gorillas roamed their zoo enclosure, sitting pensively on rocks overlooking a waterfall and climbing a wooden structure.

Suddenly, an 18-year-old western lowland gorilla named Ekuba bounded up to

the glass. The 380-pound animal looked expectantly at a man wearing a shirt bearing the gorilla's image as he pulled out his phone.

Ekuba stood on all fours and began watching gorillas—of himself and other gorillas.

"He really is watching! I wonder what he's thinking,"

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# Threats to Olympics Turn Paris Into Open-Air Fortress

Massive security force deployed to protect crowds, athletes, world leaders

By MATTHEW DALTON AND NOEMIE BISSERBE

PARIS—France is transforming its capital city into an open-air fortress, rolling out the largest peacetime security operation in the country's history to protect athletes, residents and more than 10 million visitors during the Olympic Games.

Officials say as many as 45,000 police, 10,000 soldiers and 22,000 private security guards will keep watch at the Paris Olympics, which began Wednesday and spans the heart of the city—on streets, at landmarks and in the waters of the Seine River.

Place de la Concorde, the city's largest public square, is set up for BMX bike races, skateboarding and breakdancing, a French addition to the Games. Sand-covered beach volleyball courts are going up in front of the

Eiffel Tower. Archers will loose arrows on the grassy esplanade by the Invalides, a 17th-century military complex that houses Napoleon's tomb.

France's plan to conduct the Games at locales around the city is intended to demonstrate that Western democracies, for all their tumult, can host a monumental event that is accessible to the public. The security challenge is as immense as the scale of the quadrennial contest that is expected to draw around 10,500 athletes from more than 190 nations, along with 100 or so world leaders.

Authorities are preparing for potential attacks by Islamist militants, as well as state-sponsored sabotage originating in Russia or Iran.

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◆ **Olympics officials to watch for athlete protests..... A12**

# Markets Stumble As Tech Shares Swoon

By DAVID UBERTI

A stock-market selloff intensified on Wednesday, wiping out hundreds of billions of dollars in value from the Magnificent Seven group of technology giants and pushing the Nasdaq Composite to its first decline of 3% or more in 400 trading days.

After a frenzy over artificial intelligence sent stocks to new heights in the first half of the year, investors have suddenly grown more skeptical of its potential payoffs. Traders trained those newfound doubts Wednesday on Tesla, where a delayed robotaxi rollout helped shares slide 12% in a move that reverberated across the technology sector.

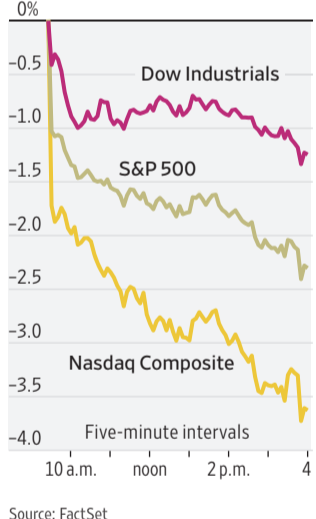
The thrashing left the S&P 500 down 2.3%, or 128.61 points, its worst day since December 2022, while the Dow Jones Industrial Average lost 1.2%, or 504.22 points.

The tech-heavy Nasdaq's decline of 3.6%, or 654.94 points, was its largest drop since October 2022, when Federal Reserve officials were cranking up interest rates to tamp down inflation.

Stocks had climbed to records since then on the back of AI optimism. Then a cool inflation report this month convinced many traders that rate cuts are around the corner.

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### Index performance Wednesday



Source: FactSet

# U.S. NEWS

## U.S. WATCH



**BRONZE MENAGERIE:** People played and posed for photos on the bronze octopus titled 'The Arms of Friendship', part of the 'Wildlife Wonders' exhibit of sculptures by artists Gillie and Marc outside the Oculus World Trade Center in downtown Manhattan. The grouping is meant to encourage support for wildlife preservation and conservation.

### NEW YORK Rushdie Attacker Faces New Charges

A man charged with severely injuring author Salman Rushdie in a frenzied knife attack in western New York faces new terrorism charges. A three-count indictment unsealed in U.S. District Court in Buffalo on Wednesday charges Hadi Matar with attempting to provide material support to Hezbollah, a militant group based in Lebanon and backed by Iran. The indictment didn't detail what evidence linked Matar to the group. It also includes charges of committing terrorism transcending national boundaries and providing material support to terrorists.

The federal charges come after Matar earlier this month rejected an offer by state prosecutors to recommend a shorter prison sentence if he agreed to plead guilty in Chautauqua County Court, where he is charged with attempted murder and assault. "Mr. Matar plans on denying the accusations in the indictment," his attorney, Nathaniel Barone, said. Matar, 26 years old, has been held without bail since the 2022 attack, during which he stabbed Rushdie more than a dozen times as the acclaimed writer was on stage about to give a lecture at the Chautauqua Institution. Knife wounds blinded Rushdie in one eye. —Associated Press

### PUERTO RICO Referendum's Cost Draws Criticism

Plans to hold a nonbinding referendum on Puerto Rico's political status came under scrutiny Wednesday for its multimillion-dollar cost as election officials announced the order and description of choices on the coming ballot. The \$1.3 million referendum that critics have described as "inconsequential" will feature three choices in the following order: independence with free association; statehood and independence. Under the free association option, issues like foreign affairs, U.S. citizenship and use of the U.S. dollar would be negotiated. The order of options was

set following a televised drawing supervised by judges at Puerto Rico's elections commission. Regardless of the outcome of the referendum scheduled for the Nov. 5 general elections, the island's status won't change. That would require approval from the U.S. Congress and the U.S. president. Jesús Manuel Ortiz, leader of the main opposition Popular Democratic Party, said in recent days that the referendum is "a totally unjustified expense at a time when the (island) is experiencing a real crisis in the cost of living." Meanwhile, leaders of the Puerto Rican Independence Party have gone to court to challenge the referendum. —Associated Press

### DETROIT Murder Conviction In '87 Case Tossed

A man who served nearly 40 years in prison for a Detroit-area murder won't face another trial after a judge threw out his conviction based on new evidence. The decision by prosecutors means Paul Clark, who has been out on bond since May, is free — for good. "I just can't believe it. I have waited for this day my entire life," said Clark's daughter, DeAngelic Clark, 36, who was born shortly after he was sent to prison in 1987. Clark was convicted of first-degree murder and sentenced to life in prison for the fatal shooting of Trifu

Vasilije during an attempted robbery in Highland Park. Clark has repeatedly expressed his innocence but appeals failed for years. The effort took a major turn in 2020, with assistance from the Innocence Clinic at the University of Michigan Law School. The Wayne County prosecutor's office uncovered a police mug shot of a man who had been arrested in 1987 for a similar homicide in Highland Park. The photo showed a large, fresh scar on the man's face. That wound was significant: Vasilije was found with a knife in his hand when he was killed. Clark's lawyer wasn't given that mug shot before the 1987 trial. —Associated Press

## Job Market Signals a Cool Down

Continued from Page One  
And while the risk of getting laid off is still low, hiring has fallen beneath its pre-Covid level.

Many economists see a job market that has come back into balance, though some worry that conditions could continue worsening. "The labor market cooled back to a strong place. This is a good labor market. But it's not clear if the cooling is done," said Claudia Sahn, chief economist at New Century Advisors, an investment firm.

Economists say the historically unusual dynamics that caused the boom—an economy that shut down and then roared back to life during a pandemic—were always going to be fleeting.

"Frankly, I'm not sure that labor market was ever sustainable. It was built on the back of a huge Covid shock. It was amazing to see, but it was never going to stick around long," said Nick Bunker, an economist at the job-search site Indeed.

The boom times were fun while they lasted. Wages soared as employers fought for workers during a nationwide labor shortage, peaking at year-over-year growth of 5.9% in March 2022, federal data show.

Unions seized the moment to negotiate big gains in pay and benefits, from UPS drivers and auto workers to healthcare and brewery workers.

Wage growth has since fallen back to earth, hitting 3.9% year-over-year last month, still higher than the 3% or so of the months before the pandemic.

The U.S. economy is still adding a solid number of jobs each month—206,000 in June—continuing an impressive 42 consecutive months of employment growth.

Last month's hiring was concentrated in a few sectors, however, including healthcare, construction and government work. Other occupations, such as restaurant work and cer-

tain white-collar jobs, have plateaued or dipped after feverish gains during the pandemic.

Dan Roth, a human-resources professional in San Diego, has been looking for work since getting laid off from Amazon.com in January 2023. Competition is so fierce that it is hard to get an interview, said the 39-year-old father of twins.

Six months ago, he had a great meeting at Kickstarter

but ended up getting rejected. "I asked the person why and it was like, there were 3,000 applicants," Roth said. "There was nothing I could have done."

The grim search marks a comedown from the heyday of the labor shortage, when companies were snapping up HR professionals to oversee brisk hiring of other workers. Roth got hired full time at Amazon in 2022 with a salary and bonus totaling \$170,000 a year,

substantially more than he had ever earned.

From his HR perch he saw how big tech firms were throwing money at software programmers and others who could easily play employers against each other. Some Amazon employees were leaving for higher pay elsewhere with the intention of returning, just to boost their compensation, Roth recalled. "There was so much hopping."

In some professions, the ta-

bles have turned.

"As soon as a position is open on LinkedIn, within an hour over 100 people have applied," said Carren Jones, an HR professional in the Philadelphia area who has been job hunting for more than a year. Her savings are dwindling and some of her networking has fallen through.

"One HR professional who was trying to help me land my next opportunity, she wound up getting laid off," Jones said.

Ed Samuel, a career coach in Kennett Square, Pa., said he has seen downward pressure on salaries for some executive positions, in fields including cybersecurity. "You see jobs posted on LinkedIn in the \$175,000 to \$225,000 range, with job descriptions that are almost identical to a position that would have been \$275,000 a few years ago," he said.

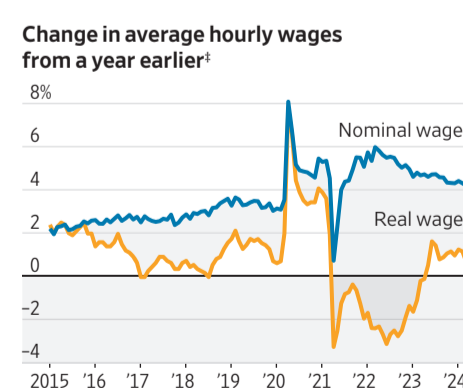
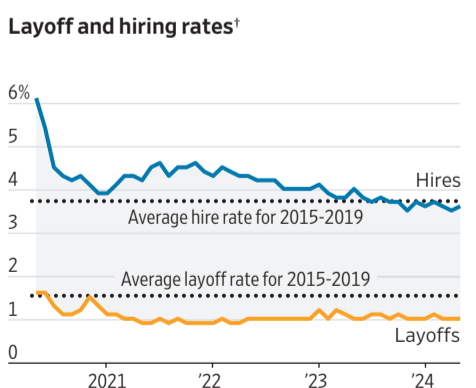
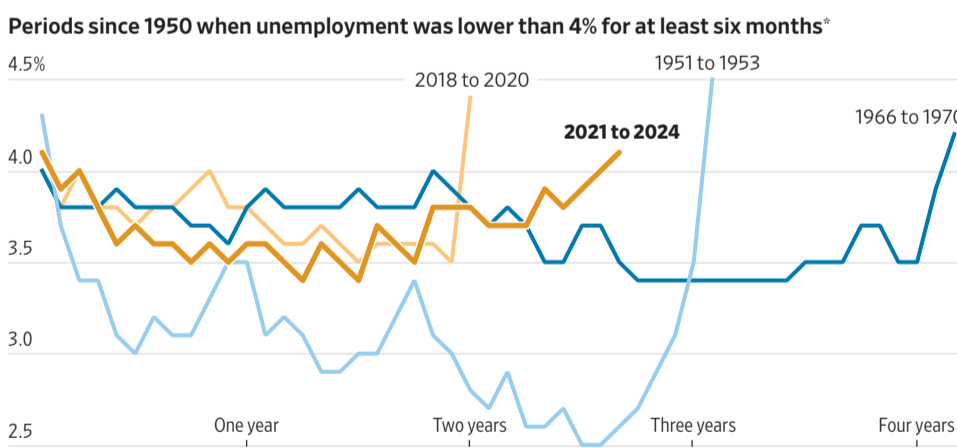
Last week's beige book, a regular economic update from the Federal Reserve's regional banks, reported that some employers are still struggling to find skilled workers for manufacturing, engineering, accounting and other jobs.

But most regions also described signs of labor-market cooling. The Minneapolis Fed said job fairs and job centers were experiencing increased traffic. Hotels in Boston are "finally adequately staffed" after labor shortages, according to the Boston Fed. And many businesses in the Kansas City Fed's district have reduced staff hours and pulled back on job postings.

One bright spot for workers: The layoff rate remains low, with many businesses holding on to employees they struggled to find during the labor shortage. It is the hiring rate that has come down, to a level a bit below pre-Covid times. "It's a good time to have a job. It's a harder time to find one," said Sahn, the economist.

Where companies are trimming, it is often because of overhiring during the pandemic, said Andy Challenger, senior vice president at Challenger, Gray & Christmas, a firm that helps employers handle layoffs. "It's slow cooling," he said. "I don't think there is evidence that we're going to hit a cliff and see layoffs accelerate."

The low unemployment rate of the last several years has been rarely matched and is more remarkable for how quickly it fell and how gradually it is now rising.



\*Seasonally adjusted †Rates are as a percentage of total employment for that month and are seasonally adjusted. ‡Wages are seasonally adjusted for all private workers. Real wages are inflation adjusted by the Consumer-price Index. Source: Labor Department



The U.S. economy is still adding a solid number of jobs each month—206,000 in June.

## CORRECTIONS & AMPLIFICATIONS

A photo caption with a U.S. News article on Monday about gun rights misidentified the weapons displayed as AR-15 rifles.

The name of Thrive Nutrition Sciences was given incorrectly as Thrive Nutritional Sciences in a Personal Journal article on Wednesday about cooking oil made from algae.

Berkshire Hathaway has lowered its holdings in BYD to 4.94% of the Chinese electric-vehicle maker's Hong Kong-listed shares from 5.06%. In 2008, Berkshire Hathaway held nearly 40% of BYD's Hong Kong-listed shares. A Business News article on Wednesday about the share sale didn't make clear that these stakes referred to Hong Kong-listed shares, not Berkshire's stake in BYD overall.

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U.S. NEWS

# Rally Gunman Researched JFK Killing

By SADIE GURMAN

WASHINGTON—The gunman who tried to kill former President Donald Trump searched Google a week before the shooting for “How far away was Oswald from Kennedy,” referring to the 1963 presidential assassination, the clearest indication yet that the 20-year-old had been plotting a similar attack.

Federal Bureau of Investigation Director Christopher Wray disclosed the gunman’s search at a congressional hearing Wednesday where he provided new glimpses into what led up to the July 13 shooting at a Trump campaign rally in western Pennsylvania.

“That’s a search that obviously is significant in terms of his state of mind,” Wray said during a congressional hearing. The gunman, Thomas Matthew Crooks, researched President John F. Kennedy assassination on July 6, a search of his laptop revealed—around the time he registered to attend the rally.

“He was interested in public figures more broadly, and, I think this is important, starting somewhere around July 6 or so, he became very focused on former President Trump and this rally,” the FBI director said.

Multiple investigations are under way into how Crooks was able to open fire from the roof of a building roughly 400 feet away from where Trump spoke, killing one spectator, critically injuring two others and leaving the former president with a graze wound to the ear. A Secret Service sniper team shot back, killing him.

Crooks fired at least eight shots from an AR-15 rifle with a collapsible stock, Wray said, a feature that may explain why no witnesses reported seeing him carrying the weapon before the attack. He had purchased a ladder the same day as the shooting, but authorities haven’t found it, Wray said. They believe instead that he used mechanical equipment on the ground and piping on the side of the building to get on the roof.

Searches of his cellphone and other electronics and interviews with hundreds of people paint only a murky portrait of a loner with few regular face-to-face contacts, the director said. He revealed that Crooks bought the rifle from his father, who kept 14 legally purchased firearms in the home they shared about an hour south of the rally site in Butler, Pa.

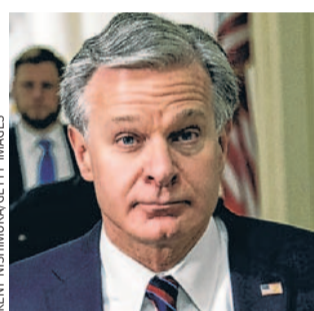
“It’s fair to say that we do not yet have a clear picture of

his motive,” Wray said. “So far, we have not found any evidence of any accomplices or co-conspirators, foreign or domestic.”

Wray testified before the House Judiciary Committee on Wednesday, a day after Secret Service Director Kimberly Cheatle resigned in the wake of the agency’s most stunning failure since President Ronald Reagan was shot in 1981.

Crooks had been identified as suspicious more than an hour before the shooting, mulling about with a range finder—which resembles binoculars that hunters use to measure distance to a target—and backpack. But officers ultimately lost sight of him, and the Secret Service allowed Trump to take the stage, even after agents had received several notifications of a person acting suspiciously.

Crooks started planning the attack well before the rally, Wray’s testimony made clear, including by visiting the site a week earlier and on the morning of the shooting. At about 4 p.m. that day, less than two hours before Trump was set to speak, Crooks was able to fly a drone over the vicinity for 11 minutes, Wray said, confirming a Wall Street Journal report about the drone last week.



FBI Director Christopher Wray at a hearing Wednesday.

Crooks was likely livestreaming or viewing footage from the device as it was flying about 200 feet away from the stage. The FBI reconstructed the drone’s flight path, but didn’t recover any video or pictures from the device.

“We’re still trying to figure out exactly what he saw,” Wray said.

Investigators found the drone in his car, along with two “relatively crude” homemade bombs that appeared to be designed to be set off by remote control. Investigators found a transmitter on the gunman’s body but, “at the moment it looks to us like, because of the on-off position on the receivers, that if he had tried to detonate those devices from the roof it would not have worked.”



Celebrations broke out in Salt Lake City after the International Olympic Committee chose it a second time as host.

# Salt Lake City to Host Winter Games In 2034, a Fifth Time for the U.S.

By GARETH VIPERS

The Winter Olympics will return to Salt Lake City in 2034, bringing the Games to the U.S. for a fifth time and back to a host city mired in a bribery scandal over two decades ago.

The 2002 Winter Games were overshadowed by accusations of bribery against members of the International Olympic Committee and a separate judging scandal involving the figure skating competition.

Several IOC members were eventually dismissed over accusations they had accepted cash and gifts from local officials as part of the bidding process.

Utah Gov. Spencer Cox and Salt Lake City Mayor Erin Mendenhall were in Paris for Wednesday’s announcement ahead of the 2024 Summer Olympics opening ceremony.

“We have a history together,” Cox told the IOC at the ceremony. “We have been good partners before and you can count on us.”

The Games will be held in the city in February 2034, followed by the Winter Paralympic Games the next month.

The bidding committee was praised for its proven ability to host large-scale sporting events, and many of the venues built and used in 2002 will be repurposed for 2034, the IOC said.

“These venues carry on the prolific 2002 legacy that continues to benefit the state of Utah and its people today,” CEO of the Salt Lake City-Utah Committee for the Games Fraser Bullock said after the winning bid was announced.

The University of Utah



lighted a cauldron at the Rice-Eccles Stadium to mark the return of the games to the city.

Lake Placid, N.Y., hosted the 1932 and 1980 Winter Games, while California’s Squaw Valley hosted in 1960.

Los Angeles is set to host the Summer Olympics in 2028, while the next two Winter Games will be held in northern Italy in 2026 and the French Alps in 2030.

The 2002 Games were marred by a bidding scandal that resulted in multiple independent investigations and the sanction or expulsion of several IOC members. The official IOC report into the Salt Lake City scandal found that some committee members had received cash or gifts in excess of \$100,000. Gifts in-

cluded college scholarships, medical services, jobs, airline tickets, hotel accommodations and cash for IOC members and relatives.

The payments occurred starting in late 1991, shortly after the city’s failed bid for the 1998 Winter Games, and continued into 1996, after it had been awarded the 2002 Games, the report said.

Accusations that the pairs’ figure skating competition had been fixed resulted in two teams receiving gold medals for the event and led the International Skating Union to revise its scoring system.

The announcement of the return of the Games to Salt Lake City came ahead of the opening ceremony in Paris on Friday, where a 4-mile parade

of boats on the Seine will carry the Olympic athletes through the city.

A vast security operation has been launched in the French capital, with authorities estimating the ceremony will draw 300,000 spectators.

Officials say as many as 45,000 police, 10,000 soldiers and 22,000 private security guards will keep watch at the Games.

American police departments are lending a hand for the first time, including officers from New York and Los Angeles, according to U.S. diplomatic security service officials who coordinated the arrangements with France.

The U.S. also is sending bomb-sniffing dogs at the request of French authorities.

# In Yellowstone, Surprise Eruption Causes a Stir



BILLINGS, Mont.—A surprise eruption of steam in a Yellowstone National Park geyser basin sent people scrambling for safety as large rocks shot into the air. The blast highlights a little-known hazard that scientists hope to be able to predict someday.

The hydrothermal explosion on Tuesday in Biscuit Basin caused no injuries as dozens of people fled down the boardwalk before the wooden walkway was destroyed. The blast sent steam, water and dark-colored rock and dirt an esti-

mated 100 feet into the air. The boardwalk damage was inspected by park staff, above.

The park teems with geysers, hot springs and other hydrothermal features that attracts millions of tourists annually. Some, like the famous Old Faithful, erupt like clockwork and are well understood by scientists who monitor the park’s seismic activity.

But Tuesday’s type of explosion is less common and understood, and potentially more hazardous given that they happen without warning.

“This drives home that even small events—and this one in the scheme of things was relatively small, if dramatic—can be really hazardous,” said Michael Poland, lead scientist at the Yellowstone Volcano Observatory. “We’ve gotten pretty good at being able to understand the signs that a volcano is waking up and may erupt. We don’t have that knowledge base for hydrothermal systems like the one in Yellowstone.”

Scientists are trying to change that with a fledgling

monitoring system that was recently installed in another Yellowstone geyser basin. It measures seismic activity, deformations in the Earth’s surface and low-frequency acoustic energy that could signal an eruption.

—Associated Press

Watch a Video



Scan this code to see video of tourists fleeing the blast in Yellowstone.

July 5th – 28th

SALE



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rochebobois PARIS

## U.S. NEWS

Harris,  
Trump  
Exchange  
Barbs at  
RalliesBY VIVIAN SALAMA  
AND TARINI PARTI

Against the backdrop of a sitting president relinquishing his candidacy, Kamala Harris and Donald Trump escalated their attacks on one another, setting up a brutal election campaign with each side painting the other as a threat to the country's future.

Both Harris and the former president held events Wednesday, looking to make their case to the American people as the latest polls show a close contest—something the Trump campaign dismissed as a brief “honeymoon” for Harris.

Harris criticized Trump for handpicking three Supreme Court justices “because he intended for them to overturn Roe v. Wade.” Trump, in his first rally since President Biden dropped out of the race, called Harris “a radical left lunatic who will destroy our country.”

Harris was in Indianapolis, where she called on thousands of members of the Zeta Phi Beta sorority to mobilize voters ahead of the November election, pointing to the group's history of advocacy on behalf of Black women. Zeta Phi Beta is one of the “Divine Nine,” a group of historically Black sororities and fraternities that includes Harris's sorority, Alpha Kappa Alpha.

“In this moment, our nation needs your leadership once again,” she told the sorority. “In this moment, I believe we face a choice between two different visions for our nation: one focused on the future, the other focused on the past.” She said she would sign legislation to restore abortion rights.

Harris said that as president she would invest in affordable child care, eldercare and paid family leave, while Trump, she argued, would take the country back. The vice president pointed to Project 2025, a vision for the next Republican presidency that outlines conservative goals, put forward by some former Trump administration officials.

Harris called it “a plan to return America to a dark past.” Trump has repeatedly tried to distance himself from Project 2025, including on Wednesday, when he wrote on social media: “I have nothing to do with, and know nothing about, Project 25.”

Speaking in Charlotte, N.C., later Wednesday, Trump said he “defeated” Biden, calling him “the worst president in the history of our country.”

“He quit because he was losing so badly in the polls, he was down in every single poll,” Trump said.

He quickly redirected his speech to focus on Harris, lamenting the media's focus on her and the enthusiasm of the crowds at her rally, while “they never mentioned our crowds.”

Trump also attacked her as Biden's “border czar” and linked her to everything from high inflation to Russia's invasion of Ukraine.

He contrasted his views on the economy, abortion and immigration to those of Harris, saying that her “California socialism would kill the American dream.”

Trump said his position on abortion polls better with voters. “That's because she is so radical,” he said. “She wants abortions in the eighth and ninth month of pregnancy,” he said, a false claim he has repeated on the campaign trail.

Harris likely will need to pick her vice presidential running mate by Aug. 7, based on a virtual nomination procedure approved Wednesday by the Democratic National Convention's rules committee.

Harris's remarks on Wednesday were the latest in a series of events she's held focusing on Black voters. Harris's speech before Zeta Phi Beta was scheduled before Biden's announcement.

With Trump making inroads with some Black voters, according to polls, Harris had been working to shore up support in the Black community for the Biden campaign.



President Biden addressed the nation Wednesday night, sitting at the Resolute Desk in the Oval Office, as his son Hunter and other family members looked on.

Biden Says  
It's Time to  
Pass Torch

Continued from Page One

He only referred to the 59-year-old Harris once. “She's experienced, she's tough, she's capable,” he said. Harris is the expected nominee for the Democratic presidential contest now that he has bowed out.

As he spoke, Biden was joined in the Oval Office by members of his family including his wife, Jill Biden, their daughter Ashley Biden and his son Hunter Biden along with several of his grandchildren. His longtime adviser Mike Donilon also was there along with other members of his

staff. They broke out into applause when the president finished speaking.

The president said that he was grateful for his roughly 50 years in public service and praised the American system of government that allowed him to rise to the pinnacle of power. “Nowhere else on earth could a kid with a stutter, from modest beginnings in Scranton, Pennsylvania, and Claymont, Delaware, one day sit behind the Resolute Desk in the Oval Office as president of the United States,” Biden said. “But here I am.”

He also praised the government that he has been a part of for all that time. “The great thing about America is here, kings and dictators do not rule. The people do. History is in your hands. The power is in your hands. The idea of America—lies in your hands.”

Trump, the Republican nominee for president, reacted

to the speech by posting on social media. “Crooked Joe Biden's Oval Office speech was barely understandable, and sooo bad!” Trump wrote.

Other Republicans are pushing for the president to leave office immediately. “If Joe Biden is not fit to run for president, he is not fit to serve as president,” said House Speaker Mike Johnson (R., La.) in a statement. “He must resign the office immediately. November 5 cannot arrive soon enough.”

White House press secretary Karine Jean-Pierre said that any suggestion of Biden leaving office before his term ends was “ridiculous.” She also disputed that the White House purposefully hid any decline in Biden's health. “There's been no coverup,” Jean-Pierre said.

Biden gave some flavor of where he plans to focus over the remaining six months of

his presidency, saying he still hopes to make progress on the Cancer Moonshot, his effort to cure the disease that killed his son Beau at age 46 and impacts millions of Americans. He also said that he'll keep “calling out hate and extremism.”

He said there is still work he can do on stemming climate change and preventing gun violence. And he plans to push for ethics reforms to the Supreme Court.

On foreign policy, Biden said he would continue to focus on a peace deal in the Middle East, rally the coalition of countries trying to stop the Russian invasion of Ukraine and work to secure the release of Americans unjustly held abroad. Wall Street Journal reporter Evan Gershkovich is among those being wrongly held, though Biden didn't mention him by name.

It is only the fourth time

that Biden has addressed the nation from the Oval Office, a venue that presidents typically use for only the most important messages. He spoke from there a little over a week ago, after the assassination attempt on Trump.

Members of Biden's senior staff stayed at the White House Wednesday evening to be there as Biden gave the address.

Biden's weekend exit marked the third time that he has departed from a presidential race. In 1987, he bowed out of the 1988 campaign amid a plagiarism scandal. He left the 2008 presidential race after finishing poorly in the Iowa caucuses.

But Biden's defeat that year didn't shadow him for long: He was tapped to be Barack Obama's vice presidential candidate months later, and served in the second-highest office from 2009-17.

## How Harris Gained Biden's Confidence

BY TARINI PARTI

WASHINGTON—Hours before President Biden tasked Vice President Kamala Harris with her first public assignment—helping with the administration's response to the surge of migrants at the southern border—White House staff working on the issue were still unsure what exactly the announcement would say.

Harris, then two months into her tenure as vice president, was already reckoning with sky-high expectations and intense scrutiny. She wasn't expecting Biden to ask her to play a similar role on immigration-related diplomacy as he had during the Obama administration, people familiar with the discussions said. Her aides wanted to shield Harris as much as they could from what they knew had become a much more politically toxic issue in recent years.

The episode, which launched the rockiest stretch of the vice president's tenure, illustrated the unfamiliarity between Harris and Biden at the start of the administration, with Biden looking to his own experience in that role to guide how Harris would fit into his administration. The assignment led to a foiled first foreign trip to Central America for Harris, criticism from immigration advocates and an NBC interview about the border that continues to haunt her.

## A gradual shift

But over the years—and at times at a cost to Harris's own political capital—their relationship found firmer footing. Though Harris never broke into Biden's inner circle of longtime advisers, their relationship became warmer and grew into one of mutual respect, people close to both the president and vice president said. In the aftermath of the president's halting debate performance, Harris became his strongest public defender, as other Democrats called on him to step aside.

On Sunday, the president tasked Harris with another job: replacing him on the ticket as the Democratic nominee. This one, she more readily accepted, locking in hundreds of delegates within hours.

The shift in their relationship was gradual, as Harris, the first female and Black vice

president, navigated how best to advise the president in private, gain the trust of his allies and help bolster his standing in public. Biden, meanwhile, came to count on Harris's questioning in meetings and trust her counsel.

During the 2020 campaign, Biden and Harris, who were living in different cities and dealing with pandemic restrictions, didn't have much time to get to know each other. Harris had worked with the president's late son Beau Biden while they were serving as attorneys general in their states, but didn't know the president personally before the campaign.

“Beau was the kind of guy who inspired people to be a better version of themselves,” Harris said during her first joint appearance with Biden as his running mate. “He really was the best of us. And when I would ask him, ‘Where'd this come from?’ he'd always talk about his dad.”

Harris entered the White House knowing she had to prove her loyalty to Biden and his top aides. Some of them thought Harris's ambitions would lead her to overshadow the president and were still skeptical of her after she questioned his busing policy and relationship with segregationist senators during a 2019 Democratic primary debate. Harris terminated her political committees and didn't staff her top ranks with campaign aides to assuage concerns from the president's advisers about her bringing what was seen as a messy presidential campaign

into the White House.

During her first foreign trip, when the White House asked Harris to deliver a message of deterrence to migrants in Central America, some aides working on the issue warned against it but were ignored. Even though it expressed the administration's policy, it would come across differently coming from a daughter of immigrants. “Do not come,” Harris said in Guatemala, drawing immediate backlash from immigration advocacy groups and Democrats.

In addition to her role on immigration, other jobs that were seen broadly as thankless—including voting rights, which she requested—started stacking up. At the staff level, tensions bubbled between the West Wing and her office. The president's inner circle was frustrated with media coverage of Harris, including news of staff departures, and complaints from her allies about how she was being used.

But with travel still limited early in the administration, Harris and Biden started to get to know each other one-on-one. They met for lunch weekly, if their schedules aligned. Biden, at times, popped into Harris's office while she was on a Zoom with staff, including once to present her with a mug with a drawing of Harris's face on it.

Though she had served in the Senate, Harris didn't come into the White House with as many longstanding relationships on Capitol Hill as Biden did when he was vice president. And while she was in the room with Biden as he pushed law-

makers to pass his legislative agenda, her influence was more on the inclusion of certain policies rather than on the deal-making.

The vice president pushed for the inclusion of funding to replace lead pipes in the infrastructure bill and investments for historically Black colleges and universities in the early months, people familiar with the discussions said. She also advocated for proposals that didn't ultimately pass, such as an expanded child tax credit and investments in paid leave, child care and public housing. As Biden faced pressure from progressives to make a decision on student debt cancellation, Harris was one of the major internal backers of the idea and helped Biden in his decision to support it.

## A more public role

Harris also interviewed the finalists for Biden's Supreme Court nomination and helped the president with his decision. “I've been fortunate to have the advice of the—Vice President Harris—and I mean this sincerely—an exceptional lawyer,” Biden said while announcing his nomination of Judge Ketanji Brown Jackson.

For Harris, trying to establish some internal clout—quietly—often came at the cost of losing external support, people familiar with the issue said.

The vice president, who was still gaining the trust of the president and his advisers, didn't publicly discuss most of her efforts, even as Democrats



Kamala Harris boarded Air Force Two in Indianapolis, where she held a rally Wednesday.

KANIL KRZACZYNSKI/AP/GETTY IMAGES

## U.S. NEWS

# Harris's Past Hints At Economic Policy

She has focused on low-income workers, women, small businesses

Kamala Harris is well known for her forceful defense of abortion rights, her role within the Biden administration on immigration and border security, and her legacy as a prosecutor and attorney general of California.

By Jon Kamp, Richard Rubin and Justin Lahart

But the economy is a central election issue, and there, her positions and policy goals haven't yet been as clearly defined.

Her record does reveal, however, some clues about her priorities, including a focus on low-income workers, women, small businesses and middle-class families.

As vice president, Harris has largely moved in lockstep with President Biden on economic issues, and some analysts see this record as a road map. "In general, we think she'll pick up the Biden-Harris mantle," policy analysts at Evercore ISI said in a note Tuesday.

Before her time in the administration, she sometimes differed with Biden—specifically in trade and climate-related policy—often by favoring bigger governmental interventions in the economy.

She shed light on some of her economic priorities Monday in an address to campaign staff. As president, she said, she would push for paid family leave and affordable child care.

"Building up the middle class will be a defining goal of my presidency," Harris said. "Because we here know when our middle class is strong, America is strong."

Spokespeople for the Harris campaign didn't respond to a request for comment.

Harris's most immediate hurdle might be overcoming Americans' dour views on the economic legacy of her own administration. Under Biden, inflation spiked to a 40-year high in 2022. The effects ranged from soaring prices at the grocery store to Federal Reserve interest-rate increases that contributed to many Americans finding it harder to afford mortgages and purchase homes.

Inflation has cooled, and many economists expect the Fed will cut interest rates by September. But Americans are

still dealing with the fallout. As of last month, the Labor Department reported that consumer prices were up 19.5% since December 2020.

The vice president understands how high prices affect working families and has long focused on measures aimed at easing those burdens, says a former Harris adviser, who counseled on economic issues. "What you see in that is a desire to really impact people's lives on the ground," the former adviser said, highlighting issues such as reducing drug prices and widening broadband access.

Early in the administration, Harris focused on helping small businesses access forgivable loans through the Paycheck Protection Program, especially in minority communities, said a former White House aide.

Some aspects of Biden's economic legacy are more favorable. The economy expanded, and job growth has been strong, bringing the share of Americans in their prime working years—ages 25 to 54—who are employed to its highest level since 2001. Wage growth has outstripped inflation, especially so for low-income workers.

As vice president, Harris has backed Biden's tax agenda,



Kamala Harris says if elected president she would work to strengthen the middle class.

which calls for making corporations and high-income households pay more while keeping taxes flat or cutting them for households making under \$400,000 in income.

While she was a senator and presidential candidate, Harris's signature tax proposal was the LIFT Act, which resembles a universal basic income and would have cost about \$3 trillion over a decade. Harris's plan would have provided a \$3,000 tax credit for individuals and \$6,000 for married couples. It would have phased out for middle-income and higher-income households so that only 10% of the benefits went to the top 40% of households, according to the Tax Policy Center.

The LIFT Act went nowhere in Congress, but its basic

idea—income support through tax credits—is a core piece of Biden-Harris economic policy. In 2021, Democrats expanded the child tax credit and the earned-income tax credit for childless workers. Those expansions expired at the end of 2021, but the Biden administration has said it wants to revive them.

Like all other Senate Democrats, Harris in 2017 voted against the Republican tax law that lowered individual and corporate tax rates and curtailed some tax breaks. As a presidential candidate in 2020, she backed a full repeal.

The Biden administration position now calls for extending many of the tax cuts that expire after 2025 and pairing that with tax increases on high-income households.

Home prices are at record levels and rents remain stubbornly high, making housing prices another political vulnerability for the Biden administration.

Harris as a senator sought to tackle high rental prices with legislation known as the Rent Relief Act, which would have provided a tax credit mostly for renters who make up to \$100,000 and spend at least 30% of their gross income on rent and utilities. A group of Democrats continue to push for such legislation.

She has also touted her role as California attorney general in negotiating settlements with mortgage lenders that went well beyond an initial offer following the foreclosure crisis that stemmed from the 2007-09 recession.

# Oil Billionaires Bet on Trump's Energy Agenda

By Benoît Morenne and Collin Eaton

As Donald Trump accepted the GOP presidential nomination last Thursday, he reminded the megawealthy coterie of oil tycoons backing him why he is their man.

"We have more liquid gold under our feet than any other country by far, we are a nation that has the opportunity to make an absolute fortune with its energy," Trump said during his prime-time address.

The speech was music to the ears of oil billionaires Harold Hamm of **Continental Resources**, Kelcy Warren of **Energy Transfer**, Jeffery Hildebrand of **Hilcorp**, and George Bishop of **GeoSouthern Energy**.

Since March, they, together with their spouses and companies, have contributed at least \$9.9 million to Trump-aligned committees and the Republican National Committee, according to Federal Election Commission data.

Those donations make the

magnates among some of Trump's biggest donors and represent an increase from past election cycles. Their contributions and those of another oil billionaire, Tim Dunn of CrownRock, topped \$16 million since October, compared with the more than \$20 million the tycoons donated to fund Trump's 2016 and 2020 bids combined.

Energy policy is shaping up as a key campaign issue. Some of Trump's allies immediately attacked Vice President Kamala Harris's energy record this week as she moved to nail down the Democratic nomination following President Biden's withdrawal from the race. Harris previously backed a ban on fracking as a presidential candidate in 2019, but was also part of a Biden administration that presided over record oil production.

The oil executives are banking on promises from the former president and his allies for an energy agenda that is more stridently pro-fossil fuel than Trump's first administra-



Oil magnate Harold Hamm met with President Trump in 2019.

tion. Many of Trump's top oil backers are openly skeptical about the effects of climate change, in contrast with the industry's biggest companies, and want to slash regulations and subsidies for green energy.

"President Trump was pro-energy, you know, there's no secret to that," Hamm said in a television interview from the GOP convention.

In May, Hamm, Warren, Hildebrand and Bishop co-

hosted a fundraiser for Trump at a lavish hotel in Houston. At a small private meeting afterward with top industry executives and politicians, Trump went through a laundry list of grievances he shared with the group, including subsidies for electric vehicles and permitting delays for natural-gas export projects.

When one chief executive complained about the Federal Trade Commission's months-

long investigation into a recent deal by the executive's company, people familiar with the meeting said Trump asked, "Can you wait five months?"

Dan Eberhart, CEO of oil-field services company Canary, attended the private meeting and said he plans to give \$100,000 to help fund Trump's presidential run.

"Trump's energy policies—less regulation and favoring fossil fuels—are better for business and the economy," Eberhart said.

The event raised \$27 million for the Trump campaign, Eberhart said, and the candidate raised another \$14 million at a Dallas dinner the same day. The \$41 million haul amounted to one of Trump's most prolific fundraising days this year.

The oil magnates join other billionaires adding to Trump's campaign coffers. The Wall Street Journal has reported that Elon Musk has said privately he plans to commit around \$45 million a month to a pro-Trump super political-

action committee.

Musk posted a meme on X in response to the article with the caption "Fake Gsus." He later posted that he had created a political-action committee and that "funding to date has been far below that level."

When he was president, Trump withdrew the U.S. from the Paris Climate Agreement, rolled back Obama-era environmental regulations and approved two controversial oil pipelines. Some of his donors now expect him to follow a more aggressive agenda.

Many of Trump's most active oil-and-gas donors come from smaller or private companies. That gives them more freedom to express support for controversial views on climate change and other energy issues compared with their larger, publicly traded peers.

Bigger companies such as Exxon Mobil and Chevron avoid taking public positions on U.S. presidential elections, and the oil giants' PACs have donated to both Republicans and Democrats in the past.

# Everyday Investors Pledge Crypto, Hoping to Win Trump Support for It

By Caitlin Ostroff

There is an often-repeated rule that many crypto fans live by: HODL, or hold on for dear life. It is a crypto slang for buying and holding indefinitely, even when markets go haywire.

Yet dozens of everyday investors quickly answered the call when former President Donald Trump became the first major-party presidential candidate to accept crypto donations in May.

Trump has embraced crypto of late, an about-face from his presidency when he derided it as "based on thin air."

His campaign revealed last week that it raked in about \$3 million in various tokens through the end of June, most of which was donated by crypto industry titans and professional investors.

The individual investors who jumped in say they hope to encourage Trump's burgeoning support.

These are some of their stories:

Ricky DiMartino, a 40-year-old media specialist for a Christian nonprofit, gave Trump \$500 of bitcoin in mid-June.

DiMartino first bought bitcoin four years ago, persuaded

by a college friend's argument on Facebook that bitcoin's dollar value would go higher.

DiMartino bought a small amount on CashApp—he liked that bitcoin isn't controlled by a government and transactions don't need to be approved by a third party. (Those same characteristics can make bitcoin and other cryptocurrencies attractive for illicit activities.)

The Dallas resident voted for Trump in 2016 and 2020.

When he saw the campaign welcome crypto, he made his first donation to the former president.

"I really wanted to send a message to Trump that bitcoin is a good thing for people, for America, for himself, because he had been critical of it in the past," DiMartino said. "I wanted to encourage him to see that bitcoin is good."

Rob Licker, a ticket-vending machine agent for the Long Island Rail Road, opted to donate \$100 of a cryptocurrency called XRP to Trump, rather than give up his bitcoin.

The 52-year-old got into

crypto in 2017, after watching a Netflix documentary.

He views bitcoin as an investment akin to gold, an asset that will go up in value in part due to its scarcity. Only 21 million bitcoins will ever be created, more than 90% of which have already been mined.

Licker said he voted for Trump in 2016 and for Biden in 2020. Higher prices for groceries and energy bills have led him to rethink his support for the Democrats, so he intends to cast his vote for Trump again.

Due to inflation, Licker said he has already had to sell some bitcoin. He wants to keep his remaining bitcoin and instead opted to donate XRP, a token developed to facilitate cross-border payments. Licker said he wouldn't base his support of a candidate on crypto policy alone, but he is pleased to see Trump embrace digital assets and has been surprised that the Democrats haven't.

Because the party supported the growth of the Internet back in the 1990s under

former President Bill Clinton, Licker says he thought the Biden administration would do the same with crypto.

"I thought that Biden would be more supportive. I couldn't be more wrong," he said.

Gerard Guillemette, an engineer living outside Boise, Idaho, tries to spend his bitcoin whenever he can. Although some investors are betting that bitcoin's value will go up, Guillemette sees it as a form of payment.

The 61-year-old has donated bitcoin to the Atlas Society, a nonprofit focused on the philosophy of Ayn Rand, and purchased a U.K. soccer club scarf using bitcoin.

He has previously donated to Trump's campaign and to other Republican political-action committees. When he saw Trump open crypto donations, it brought together his pre-existing support of the Republican nominee with his love of bitcoin.

"It's a merger of the same interests," he said. "When you start using something, whoever is offering it is encouraged to keep doing it. If people stopped eating McDonald's sandwiches, McDonald's would stop selling them, but they don't, so McDonald's keeps selling."

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U.S. NEWS

Markets  
Stumble on  
Tech Swoon

Continued from Page One  
spurring a shift of money to other sectors in what could be a stock-market rotation of historic proportions.

Disappointing earnings reports by Tesla and Alphabet provided the spark for Wednesday's fireworks, which pushed each member of the Magnificent Seven into the red. The stocks collectively lost \$768 billion in market value, according to Dow Jones Market Data, the biggest such wipeout on record since Meta Platforms went public as Facebook in 2012.

Market reaction Wednesday to the Google owner's earnings, which slightly outpaced estimates but sparked AI-spending concerns, showcased the sky-high bar for the group as investors await results from Nvidia, Microsoft and others.

"You can't just meet estimates. You have to beat estimates," said David Lundgren, portfolio manager at Little Harbor Advisors. Referring to the unofficial projections shared on Wall Street, he added, "You have to beat the whisper number, frankly."

The vibe shift on Wednesday rippled through stocks linked to the emerging AI supply chain for semiconductors and other



Qualcomm and Advanced Micro Devices, below, were among the stocks that are tied to the AI supply chain and saw big declines.

products. Super Micro Computer dropped 9.1%, while Broadcom fell 7.6%. Qualcomm and Advanced Micro Devices each fell by more than 6%.

The ascendance of such tech firms over the past 18 months shielded indexes from other industries that have underperformed. On Wednesday, that

dynamic flipped to some extent, with the S&P 500's utilities, consumer staples, health-care and energy sectors all finishing in the green.

Defense contractor Lockheed Martin rose 2.8%, extending its post-earnings bump and notching an all-time high. AT&T logged an increase of

5.2%, its biggest gain of the year. Visa slipped by 4% after the credit-card company reported quarterly revenue growth that came in below analysts' estimates.

As tech stocks have been battered in recent weeks, investors shifted money toward small and midsize firms. The

Russell 2000 index fell 2.1% Wednesday, but its 11% outperformance of the S&P 500 over the past 11 trading sessions is the largest such margin in more than 24 years, according to Dow Jones Market Data.

"Equity market leadership has experienced a dramatic shift in recent weeks," John

Lynch, chief investment officer of Comerica Wealth Management, wrote in a recent note.

Many analysts believe smaller firms, which tend to be more exposed to higher rates in the form of floating-rate debt, could be among the beneficiaries of rate cuts. Yields on 10-year Treasuries, a rough proxy for investors' rate expectations, held roughly steady Wednesday at 4.285%.

In commodity markets, oil prices ticked up 0.8%, closing at \$77.59 a barrel, after trading Tuesday at their lowest level since early June. Copper futures retreated for an eighth consecutive day.

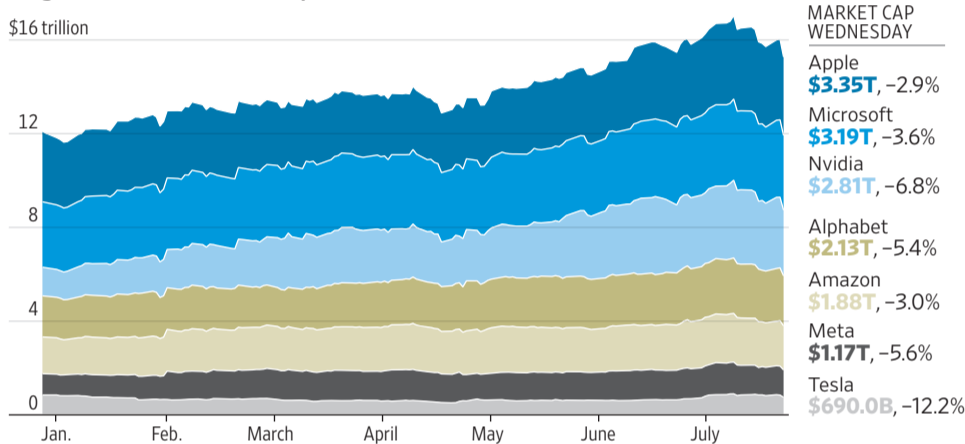
The selloff extended to Asian markets at midday Thursday. Japan's Nikkei 225 was down 2.9%, the Shanghai Composite had lost nearly 1% and South Korea's Kospi had fallen 1.8%.

Investors evaluating whether the stock-market rotation has legs will parse earnings Thursday, from companies including Northrop Grumman, Honeywell International and Norfolk Southern. Colgate-Palmolive, Bristol Myers Squibb and 3M are among those due Friday.

For now, many traders expect more turbulence. The Cboe Market Volatility Index, known as Wall Street's fear gauge, rose Wednesday at its steepest rate since 2022.

José Torres, senior economist at Interactive Brokers, told clients factors are lining up for a potentially violent correction to stocks to continue. "Risk-off sentiments are indeed dominating Wall Street," he said.

Magnificent Seven market cap



Source: FactSet



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Member Voices | Three of our members respond to the below question:

Whoever wins the race for the White House, what would you advise the next US administration to do to improve the health of the business sector at home and abroad?



**M. Susan Hardwick**  
President and CEO  
American Water

"Certainly, there are many issues in this election. An issue that needs more focus is the state of the nation's infrastructure, specifically water infrastructure and the fragmentation of our systems. PFAS, lead and extreme weather raise awareness of our water infrastructure episodically, but as a country, we have not addressed the challenges posed by the aged infrastructure. This impairs our ability to ensure access to safe and reliable drinking water and sanitary services for all."



**Mihir Shukla**  
Co-founder and CEO  
Automation Anywhere

"Our country is undergoing a remarkable transformation with artificial intelligence and automation. With responsible use, these technologies will benefit society—but skill development must be prioritized. The next administration can lead by establishing tax credits and subsidies for AI training programs to incentivize businesses, supporting workers and students to access these valuable skills, providing federal research grants, and launching an "AI for All" initiative to democratize AI tools and education in the U.S. and abroad."



**Jim Continenza**  
Executive Chairman and CEO  
Eastman Kodak Company

"I'd advise the next administration to ensure there's a level playing field so offshore companies are not hindering the ability of U.S. companies to compete globally. I'd also suggest simplifying the tax code, cutting spending and mandating a balanced budget, which would help control inflation and stimulate growth in small/mid-sized businesses. Finally, the federal government should encourage educational institutions to partner with businesses to develop the skills needed by the workforce of the future."

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# WORLD NEWS

# Disease Threatens War-Battered Gaza

Untreated sewage, lack of clean water, poor medical care create risk of spread

By **CARRIE KELLER-LYNN**  
AND **ABEER AYYOUB**

TEL AVIV—The Israeli military's declaration that it had found remnants of poliovirus in sewage in the Gaza Strip was a reminder that nine months of war have unleashed threats beyond bombs and bullets.

The virus has been all but eradicated in most of the world, but Gaza's shattered public-hygiene facilities have created an opening for it and other pathogens. Health workers, including at the World Health Organization, worry the interlinked problems of untreated sewage, shortages of clean water, insufficient food, compromised medical facilities and a lack of the basics for personal hygiene are exacerbating each other, creating the risk that diseases could break out.

Chief among aid groups' concerns are waterborne infections, including hepatitis A and cholera, which spread in the type of poorly sanitized, dense conditions many Palestinians have been forced into in Gaza. There aren't any active cases of polio, because of high levels of vaccination before the war, an Israeli official said. But local health authorities say more than 1.7 million cases of various infectious diseases have been recorded since the war began.

"I'm most amazed we haven't had an outbreak," said Scott Anderson, the director of Gaza affairs for the United Nations Relief and Works Agency, one of the organizations charged with managing the humanitarian response in Gaza. He said raw sewage flows in the streets near where Unrwa has set up its operations in central Gaza, and that he was infected with E. coli. Raw sewage also flows in



Trash and stagnant wastewater in Deir al-Balah in the central Gaza Strip are among the health hazards Palestinians face.

front of the Deir al-Balah base-ment where Alaa Khatib and her family fled from fighting elsewhere in Gaza. With clean water scarce, her family has been washing with seawater, and her three children suffer from painful rashes and head lice. Shampoo is too expensive to buy at nearly \$30 a bottle, she said.

"We are all suffering because of the smell and the insects," she said. "No matter how I describe it, it's worse."

Medical services have been severely hindered by the war. The WHO says 66% of hospitals and clinics weren't operational as of mid-July and that just 16 permanent hospitals

are still functioning at some capacity. International organizations are running nearly 200 health-service points serving about 300,000 people weekly in Gaza alongside at least eight additional field hospitals, the WHO says. But aid workers say they are hampered by limited supplies.

Arlan Fuller, director of Project HOPE's emergency response, said the organization has observed surgical teams operating without bibs or scrub suits, and at times with limited medications and insufficient suturing material for closing wounds. The battlefield itself remains highly dangerous, and has been

encroaching on areas that Israel's military has designated as humanitarian zones. On Monday, Israel cut back part of the previously announced humanitarian zone of Al-Mawasi as it began aggressive military action there, saying Hamas had established itself in the area and had been launching rockets from the zone. Health authorities in Gaza said more than 70 people were killed in the fighting.

Aid workers say disease and poor hygiene will continue to take a toll long after the fighting ends because of the high level of degradation of infrastructure. The U.N. estimates that about two-thirds of Gaza's water and sanitation infrastructure has been destroyed.

Palestinians say they have to queue for hours in Gaza's stifling heat to fill jugs with drinking water. Water is flowing from three main lines from

Israel into Gaza, but these pipes only supplied about a 10th of Gaza's water needs ahead of the war, and more is needed.

Anderson said the water often needs to be purified, which is hard to do, as Unrwa says Israel's military limits highly concentrated chlorine as a potential weapon.

Col. Elad Goren, the Israeli military officer in charge of civil affairs in Gaza and the West Bank, said the military is working to repair power lines that feed a major desalination plant in Gaza and is coordinating with Palestinian authorities to rebuild some water and sewer lines.

Fixing the sanitation problem to head off outbreaks of disease has been a priority for the Biden administration in meetings with Israel, Israeli officials said. Trash collection has been severely hindered. Aid

## Munitions Debris Poses Risk

The Israeli military said it has hit more than 37,000 targets in Gaza since October, which the U.N. estimates might have created nearly 40 million tons of debris.

The rubble likely hides a large amount of unexploded ordnance. Unrwa expects about 8%-10% of all ordnance fired won't detonate, said Scott Anderson, the director of Gaza affairs for Unrwa. The U.N. organization responsible for removing unexploded ordnance mainly is tapping off areas where munitions are found so civilians will avoid the charges, rather than disposing of the explosives.

"We have nowhere to put the stuff we would retrieve, and we have no way to dispose of the stuff we would retrieve," Anderson said.

Israeli officials have claimed that Hamas and other militant groups likely pick up unexploded Israeli munitions and repurpose them to make weapons that are directed back at Israel.

**More than 1.7 million cases of infectious diseases have been recorded.**

## Netanyahu Implores Congress

Continued from Page One

Netanyahu used much of the first part of his speech to highlight the Gaza war, pointing out former hostages and Israeli soldiers in the audience. He told the story of Noa Argamani, standing next to Netanyahu's wife, Sara, in the House chamber, who was rescued in June by Israeli special forces along with three other hostages seized on Oct. 7.

"As we speak, we're actively engaged in intensive efforts to secure their release," Netanyahu said, referring to talks on reaching a cease-fire and release of the hostages. "Some of them are taking place right now."

Israel says there are now 116 hostages abducted that day remaining in Gaza, most of them Israeli, including dual nationals. That total includes hostages whom Israel has concluded are no longer alive.

In a forceful defense of Israel's conduct of the Gaza war, Netanyahu denounced what he called "anti-Israeli" protests against the Gaza war on college campuses and in cities across the U.S., accusing protesters of antisemitism and of receiving

secret funding from Iran.

He also rejected criticism that Israel has intentionally targeted civilians in Gaza and restricted the flow of humanitarian aid. "If there are Palestinians in Gaza who aren't getting enough food, it's not because Israel is blocking it, it's because Hamas is stealing it."

Over 39,000 Palestinians have now been killed in the war, according to Gaza health authorities, who don't say how many were combatants.

Netanyahu appealed to the U.S. to quickly send additional weapons, an implicit reference to the Biden administration's decision to hold up a shipment of 2,000-pound bombs.

"Give us the tools and we will finish the job," Netanyahu said. "Give us the tools faster and we will finish the job faster."

Netanyahu thanked Biden for his support to Israel, but he spent much more of his speech praising Trump, condemning the "dastardly" assassination attempt on Trump at a Pennsylvania campaign rally this month.

He thanked Trump for brokering the "historic" Abraham Accords that established diplomatic relations between Israel and the United Arab Emirates, Bahrain and several other Arab countries. He also applauded Trump for recognizing Israel's sovereignty over the Golan Heights, moving the American Embassy to Jerusalem and "confronting Iran's aggression."

Netanyahu said he supported broadening the Abraham Accords to other Arab countries in the region, but didn't mention establishing diplomatic relations between Israel and Saudi Arabia. The White House has been working to broker such a deal for months, but Riyadh has refused to agree to recognize Israel without a cease-fire in Gaza and a withdrawal of Israeli troops from the enclave.

Under pressure from the White House almost since the war began to outline a plan for postwar Gaza, Netanyahu said little beyond what he has said before about Israel's intentions and provided few details.

He didn't mention reviving talks on the creation of a Palestinian state in the West Bank and Gaza, a Biden administration objective.

Netanyahu spoke of what he called his "vision" for Gaza after "our victory." With the help of regional partners, he said, his goal is a "demilitarized and deradicalized" Gaza.

The U.S. blueprint for postwar Gaza envisions an infusion of aid from Gulf Arab states and bringing in a peacekeeping force to maintain security after Israel withdraws. The Palestinian Authority, which currently rules parts of the West Bank, would eventually take over governance of Gaza, replacing Hamas, under the U.S. plan.

—Gordon Lubold contributed to this article.

## 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)



Israelis with relatives held hostage in Gaza watched Netanyahu speak on a screen in Tel Aviv.

WORLD NEWS



**DEADLY FLOODING:** A man grasps a pole on a flooded Manila road. Monsoon rains whipped up by Typhoon Gaemi left at least 12 people dead and 600,000 displaced in the Philippines.

**KENYA**  
**President Appoints Rivals to Cabinet**  
 Kenya's president on Wednesday incorporated the opposition in his new cabinet, appointing four ministers from the main opposition party in a bid to form a broad-based government that would address issues raised in deadly protests. President William Ruto named the minority leader in parliament and opposition leader Raila Odinga's party chairman in his cabinet despite a split in the opposition coalition. Weeks of turmoil have led to dozens of deaths, the firing of most cabinet members and calls for Ruto's resignation. Protests began with Kenyans' rejecting a proposed bill to raise taxes.  
 —Associated Press

**SPAIN**  
**Court Challenges Catalan Amnesty**  
 Spain's Supreme Court on Wednesday challenged the constitutionality of an amnesty law pushed through by the government this year to potentially help thousands of Catalan separatists. The Supreme Court can't strike down the amnesty, but it has asked the nation's Constitutional Court to weigh in. Spain passed the amnesty law in March to help the separatists in legal trouble for their roles in a failed 2017 secession attempt by elected officials of the northeastern region. The Supreme Court said it believes the amnesty violates the principle of equality before the law guaranteed in Spain's constitution.  
 —Associated Press

**NEW ZEALAND**  
**Inquiry Finds Thousands Abused**  
 New Zealand's independent inquiry into decades of abuse of children and vulnerable adults released a blistering final report Wednesday finding the country's state agencies and churches failed to prevent, stop or admit to the mistreatment of those in their care. The scale of abuse was "unimaginable" with an estimated 200,000 people abused over seven decades, many of them Māori, New Zealand's indigenous people, the report said. In response, the government agreed for the first time that treatment of some children in a state-run hospital was torture, and pledged an apology to those abused in state, foster and religious care since 1950.  
 —Associated Press

Paris Plays Defense at The Games

Continued from Page One  
 French officials said. Wars in Ukraine and Gaza have magnified those threats, according to Western officials and security experts.

"The idea is really to have events in the heart of the city, to allow access for as many people as possible," said Nicolas Nordman, security adviser to the mayor of Paris. "That means the security challenges are clearly more significant than doing this in a stadium."

France is mobilizing nearly three times as many security personnel as the number deployed for the London Olympics, the last one held in Europe. American police departments for the first time are lending a hand to an overseas Olympics host, including officers from New York, Los Angeles and Fairfax County, according to U.S. diplomatic security service officials who coordinated the arrangements with France. The U.S. also is sending bomb-sniffing dogs at the request of France.

The thorniest security challenge will be protecting the opening ceremony on Friday, expected to be the most-attended Olympics kickoff in modern history. A 4-mile parade of boats on the Seine will carry the Olympic athletes, who in past Games traditionally marched through more easily protected stadiums.

Authorities estimate the ceremony will draw 300,000 spectators.

"The security measures and the resources deployed for the Games' opening ceremony are unprecedented," said Bruno Le Ray, a retired general who is in charge of Olympics security for the Paris 2024 organizing committee.

The banks of the Seine were sealed off to the public a week ahead of the ceremony. During the event, police will be stationed every 6 feet or so along the river, said Loïc Walder, a spokesman for UNSA, one of France's largest police unions. Authorities are clearing homeless encampments that dot the river banks and moving people into temporary housing. They will also patrol the city's catacombs, a maze of underground galleries that contain the bones of millions of Parisians.

The French military will close off surrounding airspace during the opening ceremony and deploy antidrone squads throughout the Games.

The government also is unspooling a massive dragnet to shield the Games from potential terrorists and saboteurs. Police have sent administrative orders forbidding people deemed a security risk from coming near Olympics events, interior ministry officials said. They are conducting more than one million background checks of people living around and working in restricted areas related to the Games.

French security services face the challenge of keeping tabs on thousands of suspected Islamist extremists and people who have been convicted of terror offenses since the deadly attacks in the country by Islamist militants in 2015 and 2016.

The Paris Games happen to coincide with one of France's biggest political crises in decades. Snap elections called by President Emmanuel Macron have left France with a frac-

tured parliament. His government resigned July 16, remaining only as a caretaker until a new one is formed.

The potential for unruly mass demonstrations over the elections adds to the pressure on French police charged with securing the Paris Games. Unions have called for protests to pressure Macron to allow a leftist coalition to form a new government after it won the largest number of seats in parliamentary elections this month.

"We must be careful that our people don't arrive at the Olympic Games exhausted or injured," said Walder, the police union spokesman.

Under orders

A 40-year-old software developer, his wife and three children were asleep in their Paris apartment last month when a squad of French police broke down his door. They handcuffed the man and ordered him to reveal the passwords to his computer and phone.

The man had served 10 months in prison for spreading Islamic State propaganda on social media in 2015 and 2016, and he was released from parole in 2022. Police said they were investigating whether he was a threat to the Games.

Authorities spent two hours searching his apartment and found no incriminating evidence, according to the man and his lawyer. Days later, the man received a notice from the Interior Ministry forbidding him from visiting any sites of the Games.

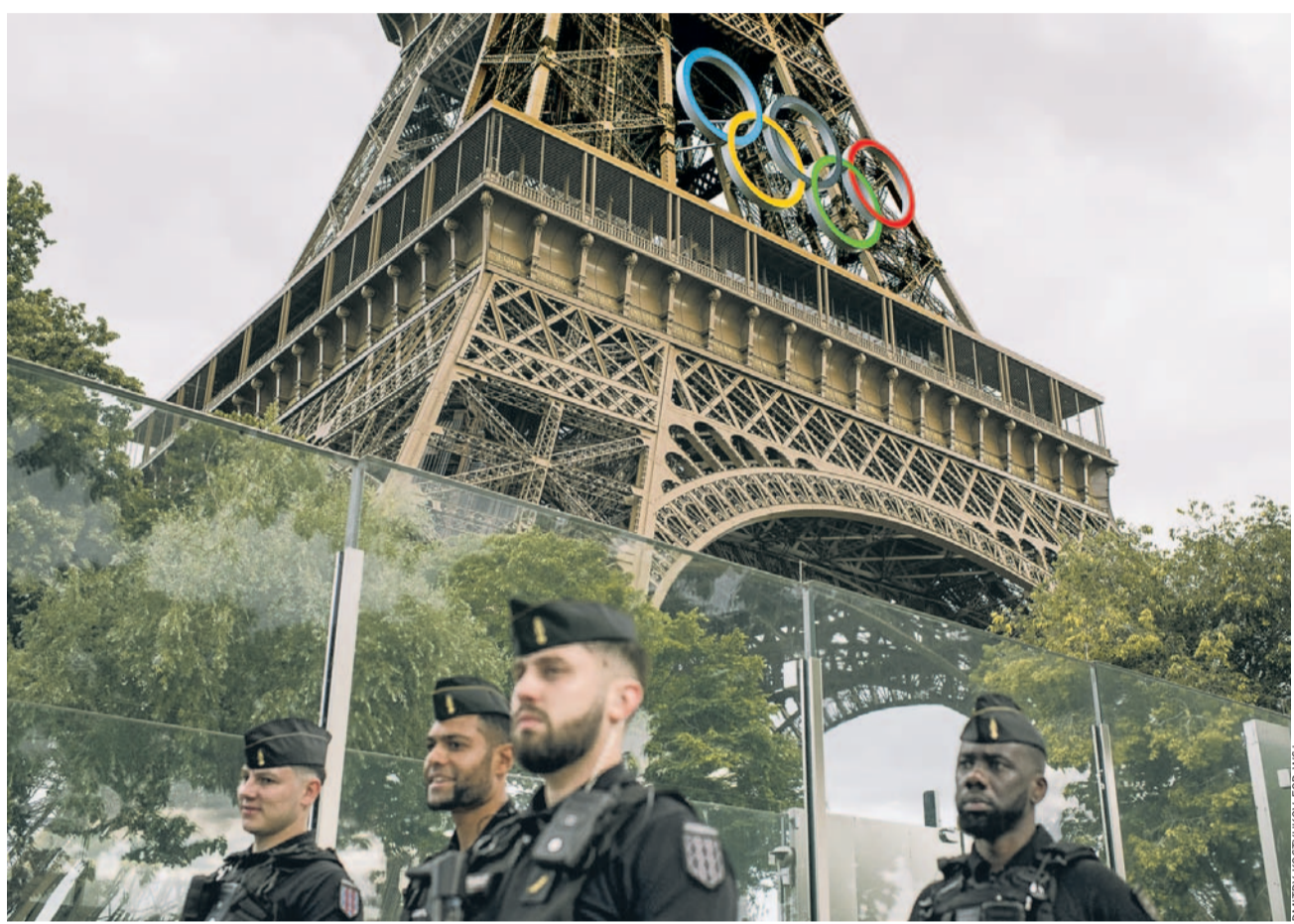
The ministry ordered him to check in with his local police station every morning at 8 a.m. for the next three months, according to a copy of the order reviewed by The Wall Street Journal.

"I haven't had any contact with radicalized people. I kept away from all of that," the man said.

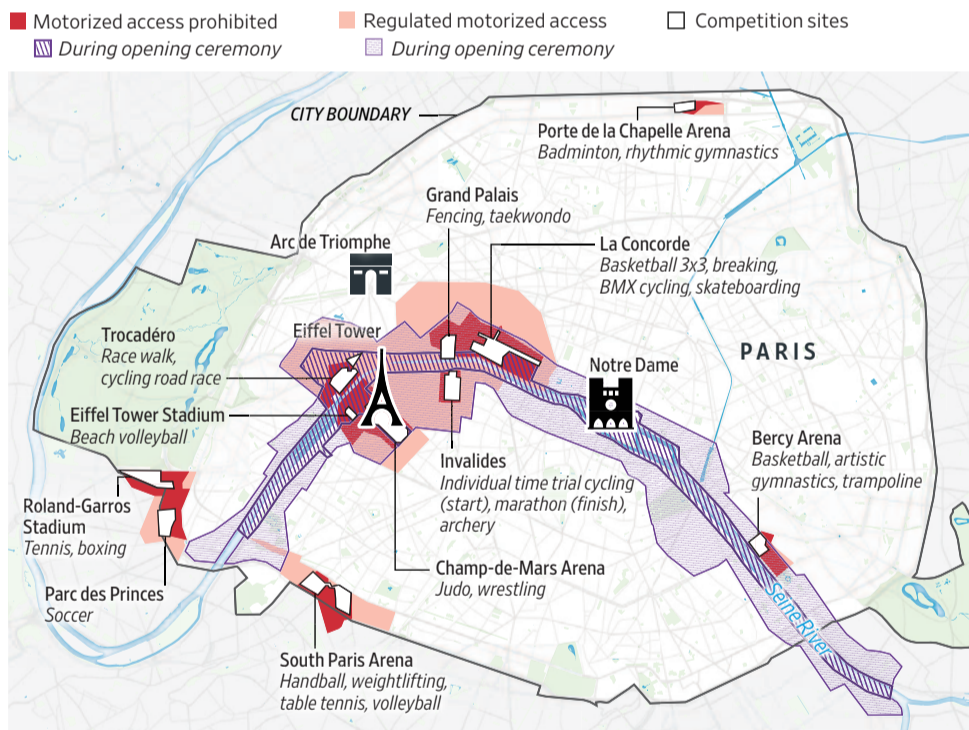
"All of my old clients are calling me," said the man's lawyer, Jean-François Morant, including more than 10 people seeking to challenge the administrative orders in court. "I can understand the Interior Ministry wants to secure the games. But when they take measures that restrict freedom so much—this, I understand less."

Interior Minister Gérald Darmanin said 155 people were subject of such orders, and 164 "home visits" were conducted before the Games.

The government is using the Paris Olympics to test new security technology, including algorithmic video surveillance. Computer programs analyze live video streaming from cameras throughout the country and alert police to fires, dangerous crowd movements,



French gendarmes patrolling the glass fence around the Eiffel Tower, the site of beach volleyball contests.



Note: Shows restrictions from July 24-Aug. 11. Certain Olympic events will close areas for shorter timeframes, which are not shown. Source: French Ministry of Transportation

EMMA BROWN/WSJ

a person with a weapon and other potential threats. Video cameras nationwide connect to a command center overseen by the Interior Ministry.

Officials said defending against a cyberattack was a priority because event tickets will all be electronic. Hackers targeted the opening ceremony of the 2018 Winter Olympics in South Korea, shutting down computer systems at the stadium and frustrating people trying to retrieve their e-tickets.

Russia is the main concern, officials and security experts said. Macron has pushed

Western allies to station military personnel inside Ukraine, crossing a red line drawn by the U.S. and some in Europe to avoid directly confronting Moscow.

"They're going to try and disrupt the Games," said Dale Buckner, chief executive of Global Guardian, which is providing security at the Olympics for corporate delegations and affluent families. "The objective is to embarrass the French government and put a stain on the Games."

French authorities said Tuesday they arrested and charged a 40-year-old Russian

man with planning an operation to sow disorder at the Olympics.

The International Olympic Committee announced Paris was a candidate city in September 2015. Two months later, Islamic State militants killed more than 130 people in coordinated attacks across the Paris region. The following year, an Islamist radical drove a truck through a packed boardwalk in Nice on Bastille Day, killing 86 people.

The truck attack showed how an unarmed extremist could produce mass casualties. French authorities canceled dozens of events around the country for the rest of the summer, concluding that security forces didn't have the resources to protect against such threats.

Despite the security challenge, officials saw hosting the Games as a way for France to bounce back.

Take the plunge

In May 2017, two days after Macron was sworn in, he hosted inspectors from the Olympic Committee at the Élysée Palace to make the case for Paris.

Early on, French officials said the Paris Games would help the development of France's blighted suburbs. The Olympic Village and the media center were built in Seine-Saint-Denis, one of the country's poorest districts. The site

will eventually be converted into commercial offices and housing, some of it subsidized. The new aquatics center will serve local residents.

The idea to hold the opening ceremony on the Seine came from Tony Estanguet, the former Olympic canoeist in charge of the Paris 2024 organizing committee. He gave his pitch to Macron during a meeting in 2020.

"At the very beginning, it seemed to be a crazy and not very serious idea," Macron said Monday. "But we decided it was the right moment to deliver this crazy idea and make it real."

The Interior Ministry first needed to make sure the plan for the ceremony could be carried out safely, Le Ray said.

At first, the Paris 2024 organizing committee hoped to welcome as many as 600,000 spectators for the opening ceremony. They cut that number in half, largely for security reasons.

More than 100,000 people are expected to watch from ticketed seats on the lower banks of the Seine, closer to the spectacle. Ticket prices for the most plum riverbank spots near the Eiffel Tower, Place de la Concorde and the Louvre are selling for as much as €2,700, just under \$3,000. The city has been sending free tickets to Paris residents for the river's upper banks.

Luxury conglomerate LVMH, controlled by French billionaire Bernard Arnault—among the world's wealthiest individuals—is hosting an opening ceremony party at its Cheval Blanc hotel, overlooking the Seine.

During the Games, the Seine will host open-water swimming, the triathlon and other events. France spent \$1.5 billion to limit sewage runoff, opening the river to swimming for the first time in a century. The government built a massive underground tank to store a mix of sewage and rainwater that for decades flowed into the Seine after a heavy rainfall.

French politicians have taken a dip in the river as a show of confidence, despite test results showing bacteria levels still exceed safety thresholds on some days.

"It's great," said Paris Mayor Anne Hidalgo after her plunge in front of journalists and onlookers. "Not only can we welcome the games but also swim in the Seine in the years to come."



French President Emmanuel Macron, center, watching members of the nation's fencing team.

YVAN VALAT/REUTERS

By ANN-MARIE ALCÁNTARA

It's no longer enough to accessorize with jewelry or to match the day's outfit with a cute handbag. The new thing is buying accessories for your accessories.

These include lip-balm holders that attach to Stanley tumblers, and charms to decorate the tumbler and the lip balm. Bogg sells \$20 cup holders that hook onto its beach bags, while kids across the country (and many adults) are fans of the themed Jibbitz charms that adorn Crocs. People are even buying PopSockets for their Kindles and special bags to carry them.

The baubles aren't just a testament to the wearer's personality. They also show how easy it is to buy stuff from Instagram and TikTok. Nearly three out of every four U.S. adults who are active on social media have purchased something they saw there, according to a survey from buy-now-pay-later service Citizens Pay.

People tend to go to Amazon and other retailers for items they already know they want, while they go to social media for inspiration and impulse buying, says Forrester analyst Kelsey Chickerling. "You're discovering things you probably didn't know you needed."

It is easy to be tempted into buying more accessories in the name of keeping up with trends. They are often cheap, and online shopping is frictionless. Just because someone bought a new bauble doesn't mean they won't buy another in a week—especially if they consider the purchases a way to express their personalities online and off.

According to data from consumer research firm GWI, 28% of Americans who are interested in accessories want other people to like and notice what they wear.

Liv Reese, a 21-year-old beauty and lifestyle influencer in Boston, describes her style as maximalist.

Last year, she came across TikTok videos of people accessorizing their Stanley tumblers with tiny pouches to hold their credit cards, and snack trays that balance on top of the cups. She ended up buying a lip-balm holder and charm with her initials, and made videos about them. They are two of her most popular TikToks.

"It's almost a hobby to decorate and accessorize things," Reese says. "It's definitely a way for you to express yourself and show your personal style with items that you're already using."

## Conversation starters

Bogg Bags—square, rubberlike totes that are popular among beach and pool-goers—didn't initially have accessories during their 2010 debut. But now people buy \$12 Bogg Bits charms with initials or sports jersey numbers to stick in the holes on the sides, much like Croc Jibbitz.

Sabrina Aguilar, a 26-year-old special-education teacher in Firebaugh, Calif., thought Bogg Bags resembled Crocs, which aren't her

► Liv Reese, who has dolled up her phone cases and Stanley cup, considers accessorizing a hobby.



## PERSONAL TECHNOLOGY

# Accessories Now Come With an Accessory

Stanley cups, Bogg Bags and phone cases aren't enough on their own

style. But after seeing people on social media rave about the bag and its decorative charms, she bought one.

"TikTok has a big influence on what I'm buying right now," Aguilar says. She switches her bag's charms based on her mood, and bought a second, smaller bag and the Bogg Bevy drink holder for her Stanley cup.

"People get to see who you are," Aguilar says, "based on the charms you have on your bag."

Most Bogg customers accessorize their bags with more than

four items, says Bogg founder Kim Vaccarella. The company, which introduced its bag accessories in 2014, has seen a surge in bag decorating during the past two years, she says. Later this year, the company plans to introduce new accessories like a tray that sits on top of the bag, she says.

Now that Bogg has sold over three million bags, and many people carry them, Vaccarella considers the accessories to be useful as identifiers. "It kind of lets you point out your Bogg Bag quickly," she says.

## Buzzy releases

One item that encapsulates social media's influence on accessories is the Rhode Lip Case. Hailey Bieber, the beauty brand's founder with the middle name Rhode, started teasing the product on Instagram and TikTok weeks before it became available in February. The \$35 iPhone case holds an \$18 Rhode lip tint or treatment. It sold out in 25 minutes.

At a time when everything seems more expensive, small accessories can be cheaper than new shoes or clothing, but equally

► Accessories for accessories include a Bogg Bag drink holder that can fit a Stanley cup.

buzzy, says Jake Bjorseth, founder of Trndstrs, a Gen Z marketing agency.

In June, Rhode introduced new case and lip-tint colors, and opened a pop-up shop in New York. Young women waited in a line that stretched around the block—even though they could buy the new cases and some of the beauty products online.

Trinity Ijoma, a 22-year-old recent mechanical-engineering graduate in Dallas, saw the new colors on social media and wanted to check them out in person during a visit to New York. She ended up spending about \$53 for the limited-edition guava spritz-colored case with a matching lip tint.

Ijoma no longer rummages through her purse to find her lip gloss—and gets plenty of compliments on her phone case.

## Personality traits

Vivian Nguyen's charm obsession started in May. The 23-year-old communications major from Houston punched a hole in her lip-balm tube to hang a keychain loop and charms, a trend she saw on TikTok. She is planning a girls' night to make lip-gloss keychains with her friends.

Nguyen thinks more people are accessorizing to express their personalities post-Covid-19. "People are just more comfortable with putting themselves out there now," she says.

Social media is awash in videos from influencers promoting products. Nearly half of Gen Z says a product going viral is important to them when considering whether to buy something, data-intelligence company Morning Consult says.

After the pandemic, trends seem to shift at a faster clip, says Trey Hyde. The 18-year-old says he and his peers tend to switch their accessories often to communicate their moods and how they see themselves.

Hyde, a fashion-business-management student based in Kansas City, Mo., started off by hooking keychains onto his belt loops. He has since "Jane Birkinified" his purses with trinkets and pins. He started off with a few keychains, but has since added more.

"We're the first generation to actually grow up with social media," Hyde says, "so we've been conditioned to change quickly."



# Should You Turn Off Google's Cookies?

By JOANNA STERN AND SHARA TIBKEN

Google was going to dump its cookie jar into the garbage.

For now, it's back on the shelf. The company reversed course on Monday and said it isn't getting rid of the software cookies that track you across the web. Instead, it says it will make it easier for you to turn them off.

So now what? Do you block them yourself? Internet cookies have long been a standard part of web browsers and a way advertisers track potential customers who view their products online. They're the reason you see an ad for spatulas on some random website after you search for them on Amazon.

So, yeah, if you like spatulas following you around the internet and companies keeping tabs on you, keep cookie-ing on. If you don't, turn them off. Privacy is a big reason other browsers have moved away from third-party cookies.

Confused? Hungry? Here's where things stand now.

## What are cookies?

There are two different types of internet cookies. First-party cookies are the best kind. Like your grandma's special chocolate-chip cookies, they were made at home—that is, by the website you're using. They remember

your login details and other preferences so you don't have to put in your username and password every time you come back to that website.

Third-party cookies are the ones used for tracking you across different websites, typically for advertising—of spatulas and pretty much everything else. This is why marketing companies pushed back on Google's plans to get rid of them.

## What's Google doing here anyway?

Google had said it was going to ban third-party cookies from working in its Chrome browser, to better protect users' privacy.

Now, it's saying cookies are here to stay, but it's going to be easier for you to block them. The company wouldn't detail exactly what you'll see, but the U.K. competition regulator overseeing Google's plans to block cookies said Google will present you with a prompt that asks if you want cookies on or off.

"We're exploring an approach that elevates user choice," a Google spokesman said.

Sound familiar? Remember back in 2021 when Apple came out with



App Tracking Transparency? Nowadays, when you download a new iPhone app, you might see a pop-up asking if you want the service to track you across other apps. Because the top option says "Ask App Not to Track," that's what most people choose, says Eric Seufert, an independent analyst who writes the Mobile Dev Memo newsletter. He expects Google's prompt to be similar.

"The way Apple worded the language of the prompt was to give users no reason to want to allow tracking," he says. "People see no downside in opting out and feel like their data is being protected."

## How do I turn off cookie tracking in Chrome?

If you're using Chrome on a Windows, Mac or Chromebook com-

puter, click on the three vertical dots in the top right near the address bar. Select Settings and then Privacy and security. Scroll down to

Third-party cookies. You can choose from three settings: allowing them, blocking them or blocking them while in Incognito mode.

Android phones give you the same options on their mobile Chrome browsers, under More Settings. Those settings don't affect your other apps. On an iPhone or iPad, Chrome already has third-party tracking disabled, just like on Apple's own Safari browser.

## What about other browsers?

Microsoft Edge for Windows, Mac and Android has third-party cookie tracking on by default. You can disable them entirely by going to edge://settings/content/cookies or by navigating to Settings, then Cookies and site permissions. Choose Manage and delete cookies and site data, and then enable the toggle for Block third-party cookies.

Third-party cookies are blocked by Brave, Mozilla's Firefox and Apple's Safari on computers, iPhones and iPads.

You could turn them on, but if everything works fine without them, why bother?

## PERSONAL JOURNAL.

# Deciding When To Step Back Is Never Easy

How these stars and CEOs entered a new phase of their lives; 'something's got to give'

By Chip Cutter

It's one of the toughest moments in any career: deciding when, and how, to leave a job. Plenty of people want to step down at the top of their professional game, yet they struggle in making a well-timed exit. Saying goodbye too soon risks missing additional accomplishments during a period of career momentum. Some executives hold on for decades, well into their 80s and 90s.

The debate preceding President Biden's decision to withdraw from the 2024 presidential race pushed the topic of quitting into the center of the national dialogue. The debate, though, isn't a new one. In business, government, entertainment and more, many have wrestled with how to step aside.

Some, such as the comedian Jerry Seinfeld and the billionaire Jeff Bezos, left high-profile jobs or projects long before some thought necessary. A look at why they did so, and how others articulated decisions to enter a new phase of their careers, can offer insights for anyone approaching a difficult career juncture.

## Jerry Seinfeld

When the comedian in 1997 decided to end his top-rated NBC sitcom after nine seasons, despite lucrative offers from the network to renew the popular show, he did so because he wanted to go out on a high note.

"I didn't want to be on a boat that was starting to struggle," Seinfeld told the author Tim Ferriss on a podcast in 2020. "I didn't want to have that experience. Even more than that, I didn't want the audience to have that experience."

Seinfeld added: "I could also describe the TV series to you as a weather event that has an energy that gathers and becomes cyclonic. But every storm blows itself out, and that storm was about to run out of energy. So was I."

## Jeff Bezos

The **Amazon.com** founder started the company in a Washington state garage 30 years ago, and he stepped down as CEO in 2021, handing the reins to a close lieutenant. Bezos became Amazon's executive chair. His reasoning in giving up the CEO role? Time. Bezos wanted to devote energy to his other projects and invest-



Indra Nooyi, former CEO of PepsiCo, above, and David Novak, right, who ran Yum Brands.

ments, including the space company Blue Origin and the Washington Post.

"Being the CEO of Amazon is a deep responsibility, and it's consuming," he wrote in a 2021 email to employees. "When you have a responsibility like that, it's hard to put attention on anything else."

## Wayne Gretzky

Hockey legend Wayne Gretzky told comedian Conan O'Brien that he felt it necessary to step off the ice when he realized his opponents started taking it easy on him.

"I knew it was time to retire when I was playing my last year and people I was playing against, before they would hit me, they would scream my name and say, 'Hey, heads up,' or, 'Wayne, get out of the way,'" Gretzky said. "I remember thinking, 'Wow, something's not right about this.'"

Gretzky called stepping down a gut decision, and a difficult one.

"I wish I could play a lot longer. I wish it'd keep going. The reality is, I'm probably smarter than I was 20 years ago, but I know I'm not as good as I was 20 years ago, or even 10 years ago," he said in a broadcast interview following his final game in 1999. "Physically, and mentally, I could feel in my heart it was getting to the point where I needed to make a change."

## Indra Nooyi

Indra Nooyi spent 24 years at **PepsiCo**, including a dozen as CEO, until she stepped down in 2018.

During her tenure, she survived challenges from activist investors, and could have conceivably stayed in the role for years to come.

Instead, she told *The Wall Street Journal* in 2018, she picked



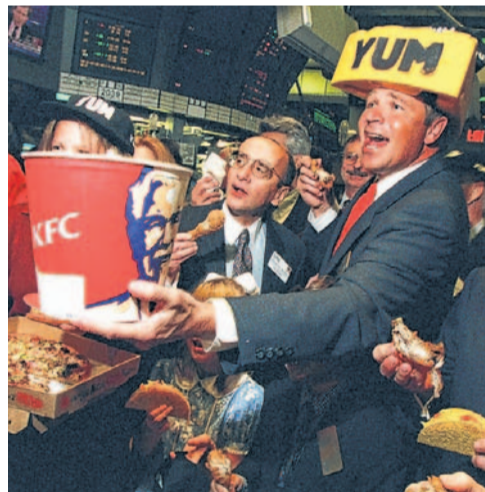
Jeff Bezos, Serena Williams and Jerry Seinfeld all left high-profile careers to begin anew.

a different path. She had already long surpassed the average tenure of a big-company CEO, and started a discussion with PepsiCo's board about transitioning out of her role.

"You know what? It's time to make the change. Twelve years is a long time, and I'd like to do something different with my life, and let's talk about how to effect an orderly transition," she said.

## David Novak

For about 17 years, David Novak led **Yum Brands**, owner of the fast-food giants Taco Bell, Pizza Hut and KFC. In 2014, he announced that he would step aside as CEO, becoming executive chairman. He retired from that role



about two years later.

During that period, Novak's late wife was dealing with health complications related to diabetes, and he wanted to care for her at home, he said in an interview. Novak often spent 80% of each year on the road, flying to restaurants in Thailand, Australia, China and Europe.

"I made the decision to step down because I basically told everybody that I couldn't put the uniform on like I used to," he said. Novak felt he had developed a stable of other executives who could take on the top role, making the decision easier.

## Barry Sanders

Barry Sanders, a Heisman Trophy winner, played for the Detroit Lions as a running back for 10 seasons. When he decided to retire in 1999 at age 31, his exit took many by surprise. He had four years left on his contract, and many still considered him in the prime of his career.

In a statement at the time, he articulated his thinking. "The reason I am retiring is simple: My desire to exit the game is greater than my desire to remain in it," Sanders said. "I have searched my heart through and through and feel comfortable with this decision."

Speaking to the *Journal* in 2023, Sanders added that he faxed in his resigna-

tion letter and left for London, not wanting to be around people second-guessing his decision.

## Serena Williams

Tennis superstar Serena Williams announced her departure from the sport in a first-person essay in *Vogue* in 2022, saying she wanted to focus on her family and other interests, such as building her investment firm.

"I'm here to tell you that I'm evolving away from tennis, toward other things that are important to me," she wrote in *Vogue*.

She had been reluctant to admit she needed to move on from tennis, calling it a "taboo topic." "I never wanted to have to choose between tennis and a family," she wrote. "But I'm turning 41 this month, and something's got to give."

## Warren Buffett

One notable figure has asked others to speak up if they feel his capabilities are declining.

Warren Buffett, the 93-year-old chairman and chief executive of **Berkshire Hathaway**, has remained in his role for decades. The company has outlined its succession plans, with Greg Abel to follow Buffett as chief executive.

When Buffett and his late business partner, Charlie Munger, were asked in a 2019 Yahoo Finance interview how they would make the choice to leave if they might not have the acuity to decide, Munger said: "Warren has told people to speak up when the time comes. If we've been rational all this way, do you think we're not going to try and be rational right to the bitter end?"

# Gorillas Are Having Screen Time

*Continued from Page One*  
said Cecilia Lee, a visitor from Orange County. "Anything that brings us together is fascinating."

Ekuba isn't the only gorilla enthralled with devices. Across North America, zoos have grappled with, and sometimes embraced, primates taking an interest in screen time.

In Louisville, Ky., a 27-year-old gorilla named Jelani has been enamored with phones for years, flicking his finger or tapping the glass when he's ready for a visitor to swipe to the next shot. At the Toronto Zoo, keepers have hung signs to dissuade showing screens to gorillas, citing disruption to their family dynamic.

The interactions speak to man's age-old attraction to gorillas, which share 98% of our DNA, and a desire to connect with them.

"They are a window to ourselves, they really are," said Ron Evans, general curator at the Louisville Zoo. "Except for their superhuman strength."

Evans said Jelani's phone-watching hasn't been a detriment to the otherwise quiet life he leads with his troop-mate, Bengati, so they've allowed it in moderation.

On a recent day in San Diego, visitors marveled at the phone-watching gorillas. A spokeswoman for the San Diego Zoo Wildlife Alli-

ance, however, said the trend is one "we do not condone and strongly discourage."

Adam Chiu came over to get a closer look at Ekuba's video habit, surprised. He concluded it was cool. "It's interesting to see how similar they really are to us," Chiu, who lives in San Francisco, said. "You look them in the eyes and see consciousness, there's something there."

Eleven-year-old Calla DaCruz stood riveted, taking selfies and watching as male gorillas swung from ropes and tussled. She said she was surprised to see a gorilla watching a woman's phone, but more amazed by their natural instincts. "I've never seen any other animal fight like how they do."

A few self-proclaimed gorilla groupies come almost daily to the world-renowned San Diego Zoo, filming and then showing the "home videos" to the apes.

Four brother gorillas who live in a troop are sometimes shown videos of their mother, who resides apart from them with a silverback male. The separation reflects how gorillas would organize in the wild, where a single alpha male lives with several females and young offspring, while mature males must go off on their own or band together as bachelors.

The San Diego superfans prefer to bond with the primates in anonym-



A gorilla checks out a phone in June at the San Diego Zoo.

ity. The man in the gorilla shirt (with a matching baseball hat) and a female regular refused to give their names, citing a fear of having zoo access removed. "This is my happy place," said the man, who used nods and hand signals to try to goad gorillas into photogenic moves.

Tears came to the woman's eyes as she said the zoo might want to block her and others from showing

the animals videos. "Any enrichment is good enrichment," she said.

Volunteer docents that day appeared split, with some smiling and chatting with superfans as they showed videos, and one saying she was told in training to discourage it.

The San Diego Zoo spokeswoman said: "We make a concerted effort to prevent guests from distracting the gorillas with their screens, and if we do see this happening, we will step in to stop it." Instead of trying to connect with apes through technology meant for humans, guests should passively observe them "as they behave like gorillas."

By the 1930s, young gorillas were taken from African rainforests and transported to barred zoo enclosures with bare floors. The few born in zoos were separated from their parents and raised by humans.

Seismic change for zoo gorillas took place from the late 1970s to 1990s. Scientists realized the key to the apes' well-being would come from letting gorillas raise their young, in sprawling enclosures that gave an option to roam away from the glare of visitors.

Gorillas, who can live into their 50s or 60s in captivity, stopped being taken from the wild. One of the last "founder" gorillas in U.S. zoos, as those born in Africa are known,

died in San Diego this month at 52. Today, there are around 350 gorillas in accredited North American zoos.

Some see the trend of gorillas watching phone videos as the latest human indignity foisted upon the endangered gentle giants, which spend most of their time in the wild eating vegetation.

"I get that people want that sort of connection," said Beth Armstrong, a conservationist who helped shape a pioneering gorilla program at the Columbus Zoo beginning in the 1980s. "But the reality is: What does it do for the gorilla?" She wishes people would put down their phones and learn from watching the animals, be it parenting tips or how to navigate a tough social dynamic.

Decades ago, scientists debated whether great apes could actually recognize images in photos or videos. Today, it's abundantly clear they do, said Robert Shumaker, president and chief executive of the Indianapolis Zoo and a great-ape researcher.

In the Indianapolis Zoo, chimpanzees and orangutans use touch screens to learn to communicate using symbols and play cognitive games like tic-tac-toe. Shumaker said visitors who watch apes demonstrate mental abilities often come away with more support for conservation efforts.

Shumaker said it doesn't surprise him, based on his research, that gorillas are engaging with phones.

"But I would give the same advice to any great ape I know as I would to anyone in my own family," he said. "This can't be all day for you. You've got to do other things."



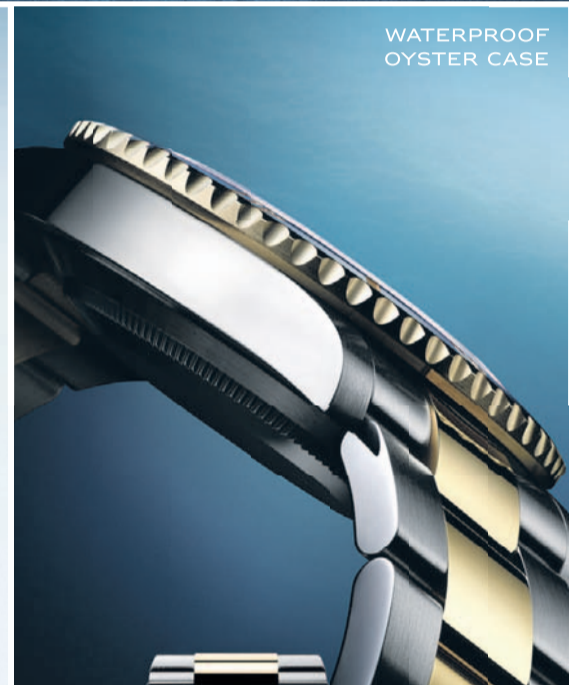
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# ARTS IN REVIEW

ART REVIEW

## An Island's Fantasies of the Mainland

An exhibition spanning 300 years explores a fascinating aspect of Chinese culture's influence on the art of Japan

By MICHAEL J. HATCH

Washington

In 1937, as Japan's army began a full invasion of mainland China, Kosugi Misei (1881-1964) secluded himself in the mountains of central Japan to paint "Album of an Idle Person." In one of its 10 small scenes a hermit perches by a stream and stares into the tangled wall of monochromatic branches rising from the opposite shore.

Given the year, it's difficult to avoid reading the small figure as the painter's avatar and the interlocked brushwork patterns he faces as a barrier against the tumult of the outside world. Yet how does our understanding of Kosugi's refuge change when we know he appropriated his style, motifs and theme from Chinese painting traditions, even while Japan aimed to colonize China?

The complicated relationship Japanese artists had with mainland Chinese culture from the 17th century through the 20th is the subject of "Imagined Neighbors: Japanese Visions of China, 1680-1980." The show, at the National Museum of Asian Art, brings together 39 paintings and three ceramics from the recently donated Mary and Cheney Cowles Collection to explore Japanese literati art, a term applied to intertwined practices of painting, poetry and calligraphy that relied on allusions to classical Chinese culture.

The Japanese celebration of Chinese culture had longstanding precedent before the 17th century. For much of Japanese history, cosmopolitanism meant a command of the newest mainland ideas, technologies and products.

But Japan's isolation throughout most of the Edo period (1603-1868) resulted in the increasingly liberal Japanese inventions of Chinese culture that are the central subject of "Imagined Neighbors." As the exhibition's curator, Frank Feltens, put it to me, "the literati phenomenon in Japan, while inspired by Chinese artists, really becomes its own ecosystem."

Some of the most blatant reimagining of China occurred in folding screens, and the exhibition devotes one gallery to this painting format. Yosa Buson's (1716-1783) two-panel screen, "Moon at Mount Emei," makes its Chinese roots plain from the start. It illustrates a famous eighth-century Chinese poem of the same title by Li Bai (701-762) and uses a standard composition derived from Chinese album leaves of the Southern Song dynasty (1127-1279): a scholar looking with his companion from the bottom left corner across an open expanse to a distant peak in the upper right cor-

ner. Even the brushwork Buson applies to the mountainside, a combination of ropy parabolic arcs and hard staccato dashes, is loosely borrowed from Chinese Yuan dynasty (1271-1368) painters.

But whereas Chinese album leaves were small, portable objects, Japanese screens divided interiors, standing taller than the audiences that kneeled or sat at floor level in front of them. Buson takes advantage of this scale shift, expanding the original composi-

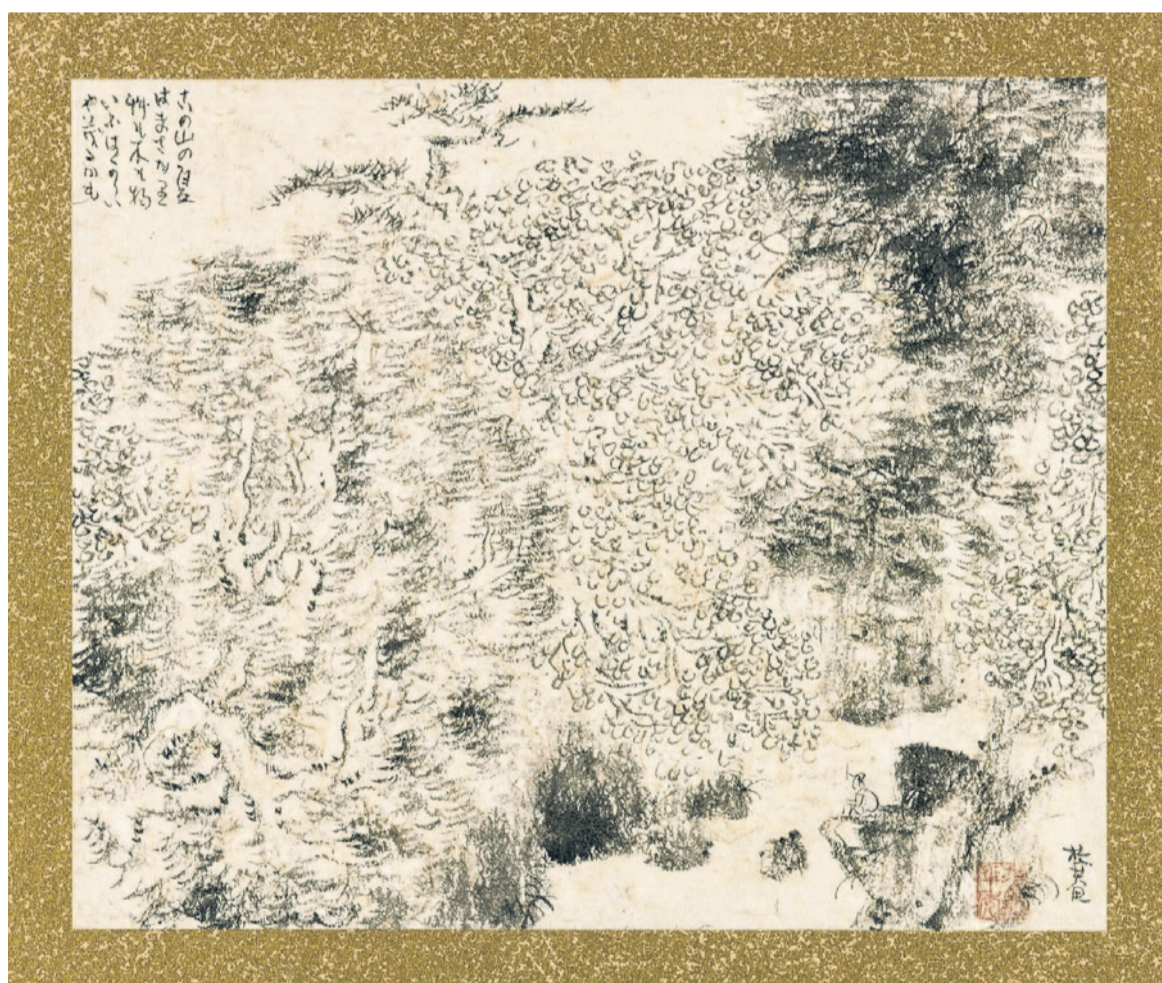


Clockwise from above: 'Land of the Immortals in the Northern Mountains' (1939), by Murakami Kagaku; 'Moon at Mount Emei' (late 1770s), by Yosa Buson; and 'Album of an Idle Person' (1937), by Kosugi Misei.

tion formula across two hinged screen panels to envelop his viewers. Seated within a Chinese scene, surrounded by Chinese brushwork, and reading the Chinese poem inscribed on the screen, 18th-century Japanese viewers experienced an idiosyncratic version of this famous peak in southwestern China that they could never see in person.

Artworks like Buson's elicit questions about what kinds of Chinese art Edo-period artists actually did see. The exhibition, however, intentionally excludes Chinese artworks, allowing us to similarly experience the lack of knowledge about China that encouraged Japa-

**Some artists borrowed Chinese motifs; others freely adapted them.**



nese literati to project their own imaginings. The earlier artworks may best reflect the show's central theme of invention in isolation, but the post-isolation paintings, especially those from the start of the 20th century, stand out for me. Made while Japan was rapidly

modernizing via Western models, their bolder compositions prompt complicated questions about the effects that renewed access to China had on centuries of accumulated Japanese fantasy about the mainland.

In "Land of the Immortals in the Northern Mountains," from the 1930s, Murakami Kagaku (1888-1939) pushes the possibilities of literati landscapes to the extreme. Chinese literati tradition relied on recognizable citations of past brushwork styles and motifs that cohered into clear forms. But the wide, wet gray curves of Kagaku's peculiar brushwork create a smoky rhythm that nearly dissipates the very mountain it shapes, stopping just shy of fully abstracted pattern.

Ogawa Usen's (1868-1938) "Desolate Garden in Clear Autumn," dated to the 1920s, similarly destabilizes our understanding of the image it offers. Two dying plantain trees punctuate the foreground, rising from somewhere beyond the picture frame in warm, ghostly orange tones to obscure our view of the garden beyond. The cat-like creature lingering on the cool, dark boulders in the image center ought to be the focal point. But

the blind these plantains form prevents us from clearly comprehending what, if anything, is going on.

Kagaku's and Usen's paintings may seem aligned with European modernism in the ways they deny audiences the pleasures of easy images. Yet these compositions were just as likely inspired by earlier 18th-century Chinese painting of the so-called eccentric style, a term used to describe artists who flouted compositional norms and preferred intentionally strange subjects. From this perspective, Japanese literati artworks reveal a narrative of East Asian modernism wholly independent of Western influence.

The variety of formal invention on display in "Imagined Neighbors" alone will surprise any fan of painting, regardless of background knowledge about Japan. But this venue offers audiences unique resonances with the exhibition's central themes of cultural appropriation and invention.

Walk down the hall to James McNeill Whistler's "Harmony in Blue and Gold: The Peacock Room," created by the American artist in 1876-77, and you'll find a spectacle of Western imagination about East Asia that was contemporaneous with the Japanese literati art of "Imagined Neighbors." Seen together, they remind viewers that indulging in fantasies about foreign culture could be as transformative for modern Western artists as for East Asian ones.

**Imagined Neighbors: Japanese Visions of China, 1680-1980**  
National Museum of Asian Art, through Sept. 15

Mr. Hatch teaches art history at Trinity College.



NATIONAL MUSEUM OF ASIAN ART (3). NATIONAL MUSEUM OF ASIAN ART/KOSUGI SHOTARO

# SPORTS

## Baseball Grapples With Parity Problem

With about two months left in the regular season, all but a few teams remain in contention

By Jared Diamond and Lindsey Adler

Major League Baseball expanded the postseason field from 10 participants to 12 two years ago in the hope that the new format would keep more fans invested in the sport as the summer dragged on. The theory was that having more markets alive in September would mean fewer people changing the channel to watch preseason football in August.

It seems the strategy has worked—maybe even a little too well.

There were 20 teams either holding onto a playoff spot or within 3½ games of one at last week's All-Star break, an all-time record. Entering Wednesday's play, all but six teams were within 6½ games of the postseason, an almost unfathomable level of parity—or mediocrity, depending on your perspective.

It means that with barely two months remaining in the season, two-thirds of the entire league is essentially one productive weekend away from vaulting into the October conversation.

The National League in particular is an unprecedented cluster, to the point where simply finishing with a record above .500 might be enough to sneak into the playoffs. Even so-so teams, like the Cincinnati Reds and Washington Nationals, are close enough to postseason position to dream about playing meaningful baseball on cool autumn nights.

In some ways, this is exactly what MLB wanted when the club owners and players' union agreed to add two playoff teams in the sport's most recent collective bargaining agreement.

In fact, the league proposed a 14-team tournament but relented following dissent from players in what was a contentious negotiation. More teams in the playoffs creates more playoff games to sell to television networks, which results in more money in MLB's coffers.

The current situation stands in contrast to recent seasons, which have featured a collection of haves and have-nots with virtually no middle class. Union chief Tony Clark said recently that while players "still have concerns" about competitive balance, new measures have made it so fans are no longer "questioning whether or not their



Entering Wednesday's play, all but six MLB teams were within 6½ games of the postseason, an almost unfathomable level of parity.

team has an interest in being the last team standing."

But there's a potential downside to having so many contending teams—and it's one that could reveal itself in the next few days.

The July 30 trade deadline, which ideally would feature a flurry of top players going from bad teams to good ones to generate attention to baseball for the stretch run, could wind up being weirdly boring.

And it isn't just the entertainment value that's at stake—the logjam could make it difficult for teams on the cusp of the playoffs to reel in the upgrades they need to transform into genuine contenders.

That's because there is a whole bunch of teams who think of themselves as buyers—but not enough sellers for them to call. There are realistically only a handful of teams that could now be described

as definite sellers, including the Chicago White Sox, Miami Marlins and Colorado Rockies.

The upshot of all this is that any team willing to part with any player of value will be able to command an exorbitant return, which could further slow activity. Interested in Jesús Luzardo, the Marlins left-hander with an ERA of 5.00? He won't come cheap. Want Oakland Athletics slugger Brent Rooker? Be prepared to pay.

And if you're a team thinking about making a run at one of the few true stars on losing teams—like Tarik Skubal of the Detroit Tigers or Bo Bichette of the Toronto Blue Jays—swallow hard. It's going to cost a collection of prospects that will make any responsible general manager break out in hives.

As a result, it won't be easy for the best teams to fill their holes before the deadline, a time-honored strategy that has resulted in

enormous success. The upstart Baltimore Orioles and surging Houston Astros desperately need pitching. The surprising Cleveland Guardians could use another bat. The New York Yankees have more issues than could possibly be solved in a week. It's unclear at this point how any of them will be able to find reinforcements.

Of course, there is still time for teams to move off the bubble and turn into sellers. One of those dominoes fell earlier this week, when Chicago Cubs president of baseball operations Jed Hoyer said that "unless things change dramatically" between now and the end of the month, he doesn't expect to make any trades to improve the 2024 roster. Suddenly, 32-year-old Jameson Taillon, with a career ERA of 3.92, could be one of baseball's hottest commodities.

Once the trade deadline passes and the calendar turns to August,

the attention of the baseball world will turn to the postseason—and the current format will no doubt once again emerge as the subject of scrutiny.

Last fall, the 12-team system received plenty of criticism after all of the top regular-season teams lost quickly. All three 100-win squads—the Orioles, Los Angeles Dodgers and Atlanta Braves—went a combined 1-9 in October. Not long after, MLB commissioner Rob Manfred said the results would "motivate a conversation about whether we have it right."

Ultimately, the World Series featured the Texas Rangers and the 84-win Arizona Diamondbacks, a matchup that drew the lowest television ratings on record. This year, the Diamondbacks seem mediocre, with a record right around .500. But don't count them out yet: They're only a game back of the wild card.

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

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- 22 Word with day, bay or pay
- 25 Con man's con
- 26 Dark
- 27 Charged
- 28 Character on El Al planes
- 29 Make fun of
- 30 A cube has twelve
- 31 Needs a break, perhaps
- 32 Doesn't fold
- 33 Nonsense, in Nottingham
- 37 Mayday plea
- 38 Dentist's demand
- 40 Fulminate
- 41 Track great Zatopek who won three gold medals in the 1952 Olympics
- 43 Cracker Jack bit
- 44 Back down
- 47 Radiator attachment
- 48 McGregor of "Big Fish"
- 49 Good battler
- 50 Ma's ma
- 51 Yemeni port
- 52 Polish writing
- 53 "Sesame Street" youngster
- 54 Penetrating
- 55 Got together

### OLYMPIC GAMES | By Mike Shenk

- Across**
- 1 Approach to a problem
  - 5 Closer's stat
  - 10 Notice
  - 14 Exertion aftereffect
  - 15 Rome district with a famed fountain
  - 16 Ill-fated priestess of Greek myth
  - 17 Game stopper, sometimes
  - 18 Summoned to the emergency ward, perhaps
  - 19 Package in the copier room
  - 20 Headline about a creaking cucumber? (war)
  - 23 Scarf, say
  - 24 Family
  - 25 Concert souvenirs from the early 2000s? (marriage)
  - 33 Radio dial
  - 34 Smart guy
  - 35 Random number generator
  - 36 Just
  - 37 Move with stealth
  - 38 Scary brute
  - 39 Tech. sch. study
  - 40 Brings in
  - 41 They've been wielded in the Olympics since 1900
  - 42 Big cat who's chaotic and self-destructive? (messages)
  - 45 Word with tight or loose
  - 46 German article
  - 47 Not following any religion, even on the Sabbath? (wisdom)
  - 55 Like fairways, often
  - 56 Shake, as a tail
  - 57 Between jobs
  - 58 Jacob's twin
  - 59 Irish export
  - 60 Canadian coin with a schooner on the reverse
  - 61 Focus of a pitching scout?
  - 62 Magic show volunteer, at times
  - 63 School founded by Henry VI
- Down**
- 1 Protector during 17-Across
  - 2 Amazonian fruit
  - 3 Styling
  - 4 "Sometimes a Great Notion" writer
  - 5 Tropicana Field setting, familiarly
  - 6 Many an Omani
  - 7 Star in Lyra
  - 8 On any occasion
  - 9 Robin, e.g.
  - 10 Dwindled
  - 11 Zest source
  - 12 Paperless test
  - 13 Olympic diver Daley
  - 21 Co-star of Garland, Bolger and Haley

#### Previous Puzzle's Solution

G	R	A	D	E	R	D	E	S	Z	A	C	H		
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## The Paris Olympics Could Also Be the Protest Olympics

By Rachel Bachman

**EVERY TIME AN ATHLETE** steps onto the podium at the Paris Olympics this month, officials will be watching even more closely than usual. What they'll be looking for is any sign of political messaging at what could become the most fraught Summer Games in a generation.

The Olympics officially kick off on July 26 amid several crises inside and outside the world of sports. And athletes haven't been shy about expressing their views on topics ranging from wars in the Middle East and Ukraine, to the inclusion of Olympians from Russia and the involvement of Chinese swimmers in an alleged doping scandal.

But once Paris 2024 begins, those athletes will be told to keep their opinions quiet.

International Olympic Committee rules forbid athletes from protesting on the field of play or on the medal stand. That creates a dilemma for the athletes who see the Games as the biggest possible platform to raise awareness of issues close to their hearts.

Travis Tygart, CEO of the U.S. Anti-Doping Agency, has been feuding with the World Anti-Doping Agency over what he sees as its mishandling of a number of doping positives among Chinese swimmers, some of whom will be competing in Paris. Tygart said American athletes are frustrated but feel pressure from sports governing bodies and their sponsors to "shut up and go perform and compete."

At the U.S. Olympic swimming trials in Indianapolis, Tygart said, several athletes who made the team

asked him, "What should we do?"

"They are totally conflicted," he added. "They want to be good sports, they want to be good role models." Tygart declined to say what he told the swimmers, but said he talked through how to sound the alarm about what they see as a deeply unfair situation.

The American swimming community still remembers the headlines branding 1976

protest at the 1968 Mexico City Olympics. There, U.S. sprinters John Carlos and Tommie Smith each thrust a black-gloved fist in the air while on the medal stand to advocate for the civil rights of Black people at home and abroad. They were expelled from the Games.

Since then, few protests have generated as much attention, but that hasn't stopped athletes from seizing their moment in the spotlight.

At the 2022 Beijing Winter Olympics, Vladyslav Heraskevych, a Ukrainian athlete in the sliding sport of skeleton, held up a sign that read, "No War in Ukraine" in front of TV cameras. At the time, Heraskevych said he thought the risk was worth it.

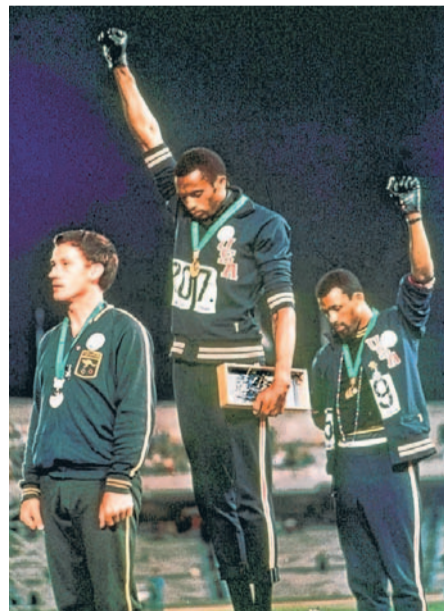
"If I can do something to stop war, I can sacrifice something in my life," he said. Days later, Russia invaded Ukraine.

Heraskevych has since become a critic of the IOC's decision to allow some Russian athletes cleared by the IOC to compete as neutrals in Paris. The IOC has said that, among other things, Russian athletes who "actively support" the war and those who are contracted to the Russian or Belarusian military or national security agencies cannot compete.

If athletes with those ties make it into the Paris Games despite the screening process, Heraskevych said, then athletes would be justified in protesting.

What might happen to athletes deemed to violate the IOC's policy is unclear. Although the Olympic charter says it could kick athletes out of the Games or even force them to return medals, the IOC has no recent history of doing that.

—Louise Radnofsky contributed to this article.



Tommie Smith and John Carlos in 1968.

U.S. Olympian Shirley Babashoff as "Surly Shirley" for implying that the East German women she was competing against were using performance-enhancing drugs. History would later show that many of those athletes were doping.

Under IOC rules, Olympic athletes are allowed to express themselves on social media, in interviews or in the host city outside of Olympic venues or the athletes' village. On the field of play or medal stand, however, "No kind of demonstration or political, religious or racial propaganda is permitted," according to the Olympic Charter's Rule 50.

That rule grew out of the

## OPINION

## Why Kamala Could Win



**WONDERLAND**  
By Daniel Henninger

An assumption in Republican circles is that Kamala Harris can't win, and it is reasonable to think so. She becomes the carrier of the Biden economic burdens; her performance in office has been poor; her favorables are worse than Mr. Biden's; she is a committed woman of the left and likely no match for the ascendant, post-assassination-attempt Donald Trump.

All true. Focus, however, on another assumption: that this is Mr. Trump's election to lose. Also true, but the smart money won't skip past those last two words—"to lose."

Of the cascade of recent historic events, history may record the most determinative was Mr. Trump's acceptance speech at the Republican convention.

The idea that it was Mr. Trump's election to lose emerged after the assassination attempt. Mr. Trump survived, rose triumphant and sat at the convention looking like a man who by God's grace was alive to carry on. With Mr. Biden refusing to admit reality about himself or his election prospects, and his party in disarray, Mr. Trump had been handed the election on a silver platter.

All he had to do was deliver a statesmanlike acceptance speech and pocket the election, with or without Mr. Biden in the race. Instead, once past

his moving words about the attempt on his life, Mr. Trump gave a shopworn, meandering stump speech. After all his travails, controversies and wars with the Democrats, this was a chance to show himself to the entire country as the president. Instead he gave them something familiar—Trump.

If Mr. Trump couldn't pull himself together to deliver a solid 60-minute case for his candidacy then, there is no reason to expect he will do so in the campaign ahead.

This election will be decided by independent and undecided voters in seven states. Whatever they knew about Mr. Trump before the assassination attempt is what they're going to know for the next several months. Which means that Ms. Harris, for all her liabilities, has a good chance of making this election competitive. She could win.

Track records matter in political forecasting. An established reality is that Trump elections are close (including down the ballot). With the millions of votes cast in 2016, Mr. Trump barely beat Hillary Clinton. After four years as president, Mr. Trump narrowly lost to Mr. Biden, a multiple loser in previous White House runs. What reasons has Mr. Trump given voters—despite that golden convention opportunity—to give him a landslide victory in 2024?

Mr. Trump has proved he possesses political gifts. Amid unending assault, he has shown resilience, adaptability, fortitude and now even courage. I am emphasizing his convention speech because I think

it reveals a potentially fatal Trump flaw.

Donald Trump is the Dr. Jeckyll and Mr. Hyde of American politics. Most of the time, he displays unusual talents to advance his own interests. But once in front of a big crowd—even the convention coronation—a switch flips and he becomes Mr. Hyde, uncontrollably going off-script and raving about whatever enters his mind.

### Donald Trump could have closed the deal with his acceptance speech. He didn't.

An example: Notwithstanding abortion, the campaign's biggest issue remains the unpopular Biden-Harris economy and inflation. Mr. Trump's economic record when president, as compiled toward the end of his term by his Council of Economic Advisers, is impressive. But Mr. Trump struggles to present his own economic achievement with anything resembling clarity. It's a hodge-podge of claims.

The off-script discontinuity of Mr. Trump's presentation style, at times entertaining, didn't matter when his opponent was the even more discontinuous Mr. Biden. Ms. Harris may yet give voters her signature word salads, but with the stakes this high, don't bet on it. She'll fix that.

During the silent Biden coup, no name came up more often—and no major figure

said less—than Barack Obama. Turns out the job fell to Nancy Pelosi, the most skilled politician of our times at getting people to go where they don't want to go. But the Obamas—Barack and Michelle—will be back.

One of Mr. Trump's most remarkable recent achievements has been gaining the support of black and Hispanic voters, especially younger males. That, too, is the product of his record at creating private job opportunities. To win, Ms. Harris needs to pull those voters back to the Democratic Party. She can't easily do that, but the still-charismatic Mr. Obama can.

I would look for the Obama sphinx to re-emerge in the campaign as a Harris proxy to talk black men back into the party. Michelle will join the candidate in reaching out to suburban women. If Mr. Trump loses, the Obamas will ascend to the Democratic Mt. Rushmore. And maintain an open phone line to the Oval Office.

The Harris campaign plans a nonstop ad hominem assault on Mr. Trump. Convicted, "will take us back" and all that. The rationale for going low is it will make Mr. Trump go even lower against "the first black woman to run for president." That in turn will be the offset against Mr. Trump's gains with the public from the assassination attempt.

Mr. Trump had a chance to close the deal with his acceptance speech. He didn't. If Trump-rally mode is as good as it's going to get, she has a chance.

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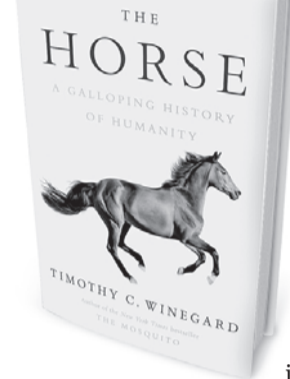
BOOKSHELF | By Andrew R. Graybill

## Beast of Burden, Partner in Battle

### The Horse

By Timothy C. Winegard  
Dutton, 544 pages, \$35

During the winter of 1786-87 in a camp near present-day Calgary, Alberta, an elderly Indian warrior described to a British fur trader how his people, the Blackfeet, had initially encountered the horse five decades before. As the old man explained, the Blackfeet had become alarmed when they first heard rumors about the animal, "for we had no idea of horses and could not make out what they were" until they discovered the corpse of a fallen steed that had belonged to an enemy tribe. "He put us in mind of a stag that had lost his horns; and we did not know what name to give him. But as he was a slave to man, like the dog, which carried our things, he was named the big dog." In time, the Blackfeet acquired horses of their own, which revolutionized their society by



annihilating distance and facilitating the hunt. This "centaurian pact" is at the heart of the historian Timothy Winegard's sprawling and instructive "The Horse: A Galloping History of Humanity." The author, who teaches at Colorado Mesa University and has written, among other volumes, a study of the relationship between people and mosquitoes, argues that "the human-horse dyad is the most dominant animal coalition ever witnessed," thanks to human ingenuity, on the one hand, and the horse's "freak-of-nature fusion of size, strength, stamina, and speed" on the other. Mr. Winegard notes that the animal developed a suite of evolutionary advantages, including teeth and jaws suited to chewing grass; a digestive tract efficient in breaking down cellulose; enormous eyes set far back on the head, allowing for excellent peripheral vision even while grazing; and toes that became hooves, ideal for both plains and pastures.

Horses were domesticated approximately 5,500 years ago, on the Pontic-Caspian Steppe, a swath of grassland stretching from Eastern Europe to Central Asia. The earliest human adopters used the animal as a resource, consuming its meat and milk and fashioning tools from its bones, but they found equines helpful, too, in transporting people and goods. Yet it was on the battlefield that the animal's impact proved decisive. The horse was the ultimate force multiplier, such that, according to the author, it "dominated the art of war for almost four thousand years." Foot soldiers were no match for cavalry, especially after the invention of the stirrup, by the Chinese, in the fourth century, which enhanced the rider's control and allowed for the wearing of heavier armor and the wielding of bigger weapons. (For a sense of the mounted warrior's advantage, see the charge of the Rohirrim in the 2003 movie "The Lord of the Rings: The Return of the King.")

In America, where horses originated but died out some time before 5000 B.C., the species was reintroduced by the Spanish in the late 15th century, leading to the ascendance of the nomadic indigenous cultures that flourished on the Great Plains, groups like the Arapaho, Cheyenne and Sioux. Equines were prized as well in the urban industrial society that emerged in the United States after the Civil War, so much that, as Mr. Winegard declares, the animal's "final curtain call, between 1870 and 1920 . . . was also the Age of the Horse." In the 1890s, New York City was home to more than 100,000 horses (which produced millions of pounds of manure daily). Today there remain an estimated 58 million horses worldwide, and, as the author puts it, they are still "an integral part of what it means to be human."

### Horses brought to those who tamed them the gifts of strength, speed and stamina. Their use in combat would transform the art of war.

Mr. Winegard's prose style is beguiling, characterized by pithy chapter titles (from "Eat Like a Horse" to "Riders on the Storm"), clever analogies (likening mounted traders to "the FedEx, UPS, or Amazon Prime of their age") and memorable details ("all modern Thoroughbreds trace their lineage to just three stallions" imported to England from the Middle East between 1686 and 1730). But on occasion his writerly gifts disappear beneath waves of information that threaten to drown the reader. The dawn of intensive agriculture, the education of Alexander the Great and bone-hunting in the American West all connect in meaningful ways to the history of the horse, but the depth of such treatments (and others) by the author can be enervating.

What's more, he has a tendency to overreach. To be sure, some of the author's bolder assertions ring true enough and help crystallize his thesis about the bond between people and horses. "The Horse" also showcases the author's keen ability to turn a phrase like "history marched forward to the cadence of drumming hoofbeats." But sometimes Mr. Winegard tries to squeeze too much from the evidence. For example, after describing the Norman Conquest and connecting it to the eventual rise of the British Empire, he wryly observes that, "In this sense, the modern world order—and, of course, William Shakespeare, James Bond, the Beatles, and Harry Potter—was birthed in 1066 by William and his heavy cavalry horses at Hastings." The associative logic is amusing but not very convincing.

For all the benefits of the horse to humanity so ably sketched by Mr. Winegard, his book is also attuned to the downsides of this pact, from the cycles of devastating conflict it produced and intensified to the problem of waste management. In this way, the author is in conversation (if unwittingly) with the biologist Barry Commoner, whose 1971 classic, "The Closing Circle: Nature, Man, and Technology," posits four laws of ecology, the last of which is "There is No Such Thing as a Free Lunch." As Commoner explained, "in ecology . . . every gain is won at some cost." So it was with the Blackfeet and other native nations that, thanks to the advent of the horse, reigned supreme on the mid-continental grasslands of North America for much of the 18th and 19th centuries. In the end, the price of a horse-based culture proved high. It replaced earlier social conventions with a militaristic society that featured "constant intertribal raiding and warfare" and depended on the availability of vast bison herds to survive. This is but one of many valuable lessons from Mr. Winegard's ambitious and entertaining synthesis.

Mr. Graybill is a professor of history at Southern Methodist University. He is writing a book about the Texas Longhorn.

## Harris Saves Democrats From Certain Defeat

By Karl Rove

Donald Trump has led the 2024 race for a long time. He has generally led in the RealClearPolitics national average since Sept. 12, 2023. As for Joe Biden, since his catastrophic debate performance on June 27, it has been clear that he was headed for a massive defeat.

But after Mr. Biden's withdrawal Sunday, Democrats are now back in the game.

Vice President Kamala Harris's elevation has unleashed enormous enthusiasm among Democrats. In an instant, the issue of Mr. Biden's age and mental and physical deterioration was gone as a candidate in his 80s stepped aside for one in her 50s.

A younger face leading the Democratic ticket could bring back voters who saw Mr. Biden as out of touch and old—the young in particular. Mr. Biden's exit means that Mr. Trump will be the oldest presidential nominee in U.S. history.

Ms. Harris will attack Mr. Trump with more vigor and precision than Mr. Biden could and prosecute the abortion issue more effectively. The Sept. 10 debate, which looks likely to happen, won't be the walk in the park for Mr. Trump that the first debate was. Borrowing from Bill Clinton's 1996 playbook, Ms. Harris is portraying herself as a bridge to the future and Mr. Trump as a bridge to the past.

The turnaround in Demo-

cratic enthusiasm has energized fundraising. Ms. Harris received \$81 million in her first 24 hours in the race, accompanied by \$150 million in pledges for her super PAC. The Trump campaign's recent financial edge could be gone.

She's aiming for tough operatives to lead her campaign, grabbing Biden campaign chairwoman Jennifer O'Malley Dillon and reportedly talking to Barack Obama's 2008 manager, David Plouffe. Ms. O'Malley Dillon and Mr. Plouffe could present a formidable challenge to Susie Wiles and Chris LaCivita, Mr. Trump's honchos.

Ms. Harris's vice-presidential choice looms. Will she try to broaden her appeal with an experienced governor or member of Congress who appears ready for the top job if something happens? Such a pick would raise public estimations of her judgment, especially by comparison with Mr. Trump.

The Democrats' Chicago convention will test her candidacy. Republicans had the advantage of holding their confab first. Mr. Trump's favorable ratings and ballot numbers rose, perhaps out of sympathy following the attempted assassination. Can Democrats now showcase party unity and make their case as effectively as Republicans did?

Ms. Harris's acceptance speech could provide a real contrast to Mr. Trump's, which after a riveting start

turned into a meandering mess that likely didn't convert a single undecided voter.

That could prove a real misfire by Mr. Trump if Ms. Harris has a successful speech to close out a unified convention and then immediately hits the campaign trail hard, drawing big, enthusiastic crowds. Democrats could go into Labor Day ahead in the

### A younger face atop the ticket makes it a real race again. Can Team Trump adapt?

race, having consolidated and energized their party and made modest inroads among swing voters. A week ago, that was unthinkable.

Still, Ms. Harris has big problems. Her vice-presidential tenure is associated with one of the Biden administration's most conspicuous failures: the chaotic southern border. Nor can she escape responsibility for Mr. Biden's other disasters, from inflation and the Afghanistan withdrawal to out-of-control spending and antienergy policies. She's to the left of Mr. Biden; the electorate isn't. And after flaming out in her 2020 primary run, it's questionable how likable a candidate she is.

Team Trump should keep going after these policy points, while offering its own

positive agenda. Blasting Ms. Harris for hiding Mr. Biden's mental and physical decline is a waste of time. Swing voters will be more interested in the future. Republicans who demand Mr. Biden's resignation should be careful what they wish for. If that happened, Ms. Harris would immediately have much greater stature as the new president. Attacking Ms. Harris's replacement of Mr. Biden on the ticket as "undemocratic" and "a coup" is similarly ineffective. Referring to her as a "DEI hire"—diversity, equity and inclusion—is stupid and ugly and alienates voters.

It's been a staggering few months, from Mr. Trump's conviction and Mr. Biden's historically bad debate performance to the attempted assassination of Mr. Trump, Mr. Biden's abrupt withdrawal and Ms. Harris's coronation.

It'll take time to absorb all that's been thrown at us. But when it sinks in, what's been a close race is likely to stay that way, albeit with its underlying dynamics greatly changed. How this contest shakes out will still depend on how candidates conduct themselves in the next 100 or so days. They may be among the most interesting and consequential in American history.

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

## A Not-So-Fond Farewell to Joe Biden

By Joseph Epstein

I'm pleased that Joe Biden has left the 2024 presidential race. I'll be even more delighted when his term ends. Even though the old boy has limited his interviews and public appearances more than any other president in the modern era, I long ago had more than my fill of him.

After more than 50 years in government, Mr. Biden has become the emblematic politician, which is no compliment. He came into office promising to heal the rifts dividing the country, and instead widened them by his own leftward political turn. He continues to call himself Catholic yet is blithely pro-choice on abortion. Everything about him—his ideas, his language, his very smile—seems fake.

Mr. Biden doesn't lie as often as Donald Trump, but his lies are grander. He claims to have inherited high

inflation and worked sedulously to lower it. He claims to have enlarged and held the North Atlantic Treaty Organization together. He claims to have created millions of new jobs. None of these claims hold up under even cursory investigation.

### The old boy's winking Irish charm never worked on me.

He frequently recounts uninteresting advice his working-class father gave him. He never misses a chance to tell you that he lost his son Beau, who served in Iraq but didn't die there. No Irishman is ever taken in by Irish charm. If I am any measure, it doesn't work so well on Jews either.

So many of Mr. Biden's sentences begin with the word "look." A great many others never find their end-

ing. During speeches he is imprisoned by the teleprompter; interviews often find him clutching his notes. When he leans in to whisper what he takes to be crucial sentiments, as if speaking in italics, he doesn't deliver. He has managed to seem, somehow, fragile yet unsympathetic.

Democrats hold that Mr. Biden has forgone a second presidential term out of selflessness, on behalf of the American people, for the greater good of the country. Of late I have heard him referred to as "lovable." Not a word about how he became rich while in political office, owning several costly homes, a Corvette and who knows how many other cars, nor of a son and brother, not to speak of grandchildren, who have also grown rich as his star ascended.

Many say Mr. Biden's term as president has been historic. And so, I suppose, it has been. His years in office saw

the intrusion of woke culture, and with it the fall in prestige of American institutions of higher education. During the same years antisemitism found a home in the Democratic Party, where identity politics took a firm hold. All this while Mr. Biden pursued the electrification of our vehicles and was off chasing climate change.

If America is one day to have the equivalent of the Roman historians, our Suetonius is likely to emphasize Mr. Biden's plagiarism as well as the cocaine found in his White House. Our Tacitus may dwell on his contribution through ignorance to the decline of the American empire. As for me, I have come to view him as the Russian people were said to view the czar, that is, may he live and be well but not too close to me.

Mr. Epstein is author, most recently, of "Never Say You've Had a Lucky Life."

## OPINION

## REVIEW &amp; OUTLOOK

## Kamala Harris Confounds the GOP

Democrats are newly energized as they rally behind Kamala Harris for President, which is no surprise after their weeks of despond over President Biden. Yet Republicans seem suddenly and oddly on the back foot, as if they didn't think this could happen. The U.S. now has a presidential race that Donald Trump and the GOP could lose.

The relief rally among Democrats is palpable even without new polling data. Money is flowing into the Democratic campaign, there is nary a voice of party dissent about the coronation of the Vice President, and the press corps is already trumpeting her as an historic figure. All of this is before the Democratic convention in August that will introduce her to the public in the most favorable terms.

Ms. Harris is shrewdly now pitching the campaign as the future versus the past, a new generation versus the old, contrasting her relative youth at age 59 with the 78-year-old Mr. Trump. That has often worked for Democrats—recall JFK, Bill Clinton and Barack Obama. Nikki Haley warned Republicans that the first party to select a nominee from the next generation would have a political advantage this year, and here we are.

The burst of Democratic enthusiasm caused Mr. Trump's pollster, Tony Fabrizio, to issue a public memo on Tuesday warning about the coming "Harris Honeymoon" in the polls. He said this is expected and nothing to worry about. But such an admission is highly unusual for a campaign that never concedes a polling disadvantage. It suggests the campaign knows the enthusiasm gap that had favored Republicans may have vanished.

The puzzle is why all of this seems to have confounded Republicans. They're grasping for attack lines that aren't likely to work or are counterproductive. One bad argument is that Ms. Harris is "a DEI candidate." That may literally have been true in 2020 when Mr. Biden promised to appoint a woman as his running mate. But diminishing her in this way now, after she's been VP for four years, will alienate women and the minority voters the GOP is trying to attract.

Another misfire is asserting that Mr. Biden should resign now since he isn't running for reelection. Voters can distinguish between the next six months and the next four years, and in any case Mr. Biden is now yesterday's man. Ms. Harris is the candidate to beat.

Calling out Ms. Harris for being childless is

another false note. The decision to have children is intensely personal and often a matter of chance as much as choice, and the attack underscores the culturally censorious side of the GOP that alienates many voters. She has two stepchildren. It's possible to stress the virtue of families, and children, without sounding like moral scolds.

Some Republicans think they can win by portraying Ms. Harris as "weird," as if her laugh is disqualifying. But that only works if a candidate plays into the critique. So far on the stump she's performing better than she did in 2019 or in her early days as Vice President. Too many Republicans seem to have bought the triumphal claims in the conservative press that Ms. Harris can't win. Of such media-bubble overconfidence are defeats made.

The GOP fumbling suggests that the party didn't believe Democrats would make a candidate switcheroo. But when the Democratic establishment makes a decision, it moves with ruthless dispatch to preserve its hold on power. Tossing Mr. Biden aside so late in the campaign was historic, but it wasn't a surprise.

\* \* \*

None of which is to say that Ms. Harris is a juggernaut. She will have to prove she is up to the role of Commander in Chief even as she will have to defend the Biden foreign-policy record. Mr. Trump still has the advantage of strength versus weakness amid global turmoil.

The Veep's biggest vulnerability is that she is a product of California's progressive political hothouse. She has never had to appeal to moderate voters nationwide. This shows in the many left-wing positions she took as a state Attorney General and Senator that are unpopular in middle America.

We told you about some of them earlier this week, and Republicans will have reams of video to inform voters about her extreme views. Republicans turned "Massachusetts Democrat" into an epithet to defeat Michael Dukakis and John Kerry, and they will try to do the same with her California history. She would be wise to make some prominent policy moves to the political middle.

One wild card will be candidate performance, especially in debate. Mr. Trump defeated the declining Joe Biden in a walkover, but Ms. Harris won't be so easy. The former President will have to make a case on policy, rather than personal insults, and that isn't his strength. The economic and security fundamentals still favor Mr. Trump, but this is now a competitive race.

## A Dirty Nantucket Wind Ride

There's no such thing as clean energy, as the liberal gentry on Nantucket are learning after an offshore wind turbine blade snapped and littered beaches with debris. Somehow the uproar among progressives is more muted than after an oil spill or train derailment.

Beaches on Nantucket, Mass., were shut down last week after sharp fiberglass and green foam from the broken blade washed up on shore. Several truckloads of debris have been collected, and the federal government ordered the wind project to stop producing power until the cause of the break is determined. Natural gas power will have to ride to the electric grid's rescue again.

This is the second major break in recent months involving GE Vernova's Haliade-X turbines, which are nearly as tall as the Eiffel Tower. Another blade broke on a turbine off the coast of England. GE Vernova and Siemens Gamesa have also struggled with defective on-shore turbines, with some toppling over and requiring expensive repairs.

Manufacturing defects are more common in new technologies, though one problem for wind projects is that developers are commissioning bigger turbines that can produce more power—and capture more government subsidies—at a

lower marginal cost. Smaller turbines can be noneconomic, but larger ones are difficult to install and manufacture.

The inconvenient truth is that all sources of energy involve economic and environmental trade-offs. Solar and wind require far more land or ocean space than fossil-fuel production, and their components are junked after 10 to 20 years. Manufacturing solar panels and wind turbines also requires loads of energy, largely from coal in China. Wind turbines kill birds, including some endangered species, and noise from offshore turbines may affect whales.

Donald Trump mentioned some renewable power pitfalls in an interview with Bloomberg News published last week, albeit not with great clarity. "It always amazes me that people that consider themselves to be green, in terms of energy," he said.

Meantime, Commerce Secretary Gina Raimondo last week announced \$27 million in grants for removing marine debris, which she said "can present significant threats to the water quality, habitats and economic opportunity." Too bad none will go to cleaning up the disaster on Nantucket, which Democrats are ignoring because it undermines their climate agenda.

## Netanyahu Makes Israel's Case to Congress

When an ally is at war, the least its leader deserves is a hearing. The lawmakers who boycotted the speech by Israel's Prime Minister to Congress on Wednesday revealed more about themselves than they did about Benjamin Netanyahu.

Had they listened, they might have learned why Israel fights. They also would have heard from Mr. Netanyahu that "Israel has enabled more than 40,000 aid trucks to enter Gaza. That's half-a-million tons of food and more than 3,000 calories [a day] for every man, woman and child in Gaza" before Hamas's theft. They could have considered how "the ability of all democracies to fight terrorism will be imperiled" by the constraints international institutions seek to impose on Israel.

"The war in Gaza could end tomorrow if Hamas surrenders, disarms and returns all the hostages," Mr. Netanyahu said. But if they don't, Israel will fight until victory. "Give us the tools faster, and we'll finish the job faster," he said. The implication that President Biden's decision to delay weapons transfers has dragged out the war is true, but it was wisely left unsaid.

Mr. Netanyahu thanked Mr. Biden and Donald Trump—and all Americans—for their support. Democrats are still sore, however, from his 2015 address criticizing the Iran nuclear deal. The Prime Minister warned then that Iran was sur-

rounding Israel in Gaza, Lebanon and Syria, and "seizing control of Yemen, threatening the strategic straits at the mouth of the Red Sea." He asked, "Would Iran be less aggressive when sanctions are removed and its economy is stronger?"

We know the answer. The Biden Administration filled Iran's coffers by ceasing to enforce oil sanctions, and Iranian aggression increased. Tehran's proxies laid waste to Israel's south and have made its north a no-man's land.

Vice President Kamala Harris declined to preside over the joint meeting of Congress, the first she has declined, to address a sorority. Sen. J.D. Vance skipped to campaign. Rep. Nancy Pelosi boycotted, saying she wishes Mr. Netanyahu would "open his eyes" and make a hostage deal. He'd like to—is the criticism that he won't give in to Hamas at any price?

Sen. Bernie Sanders called Mr. Netanyahu a "war criminal." Rep. Jamaal Bowman said he should be arrested. Joining them in boycott were dozens of Democrats, including Sen. Chris Van Hollen, who has tried to cut off all weapons to Israel while its enemies keep shooting.

While protesters in Washington tore down and burned U.S. flags, chanting "Allah akbar," Mr. Netanyahu argued, "Our enemies are your enemies, our fight is your fight, our victory will be your victory." The American people know that. Do their leaders?

## LETTERS TO THE EDITOR

## Harris Dodges Scrutiny on Her Way to the Top

Regarding your editorial "What Kamala Harris Believes" (July 23): In 2018 Sen. Harris questioned whether Brian Buescher was fit to serve on the U.S. District Court in Nebraska because he belonged to the Knights of Columbus, a Catholic charitable and fraternal organization founded in 1882. She said the knights take "extremist" positions, i.e., they adhere to church teaching on marriage and family, including the right to life. "Were you aware that the Knights of Columbus opposed a woman's right to choose when you joined the organization?" she asked.

At the time she was roundly criticized, and not only by Catholics, and Judge Buescher was confirmed. It is incredible that Vice President Harris, a former state attorney general, didn't know that the Constitution expressly forbids a religious test for public office (Article VI, Section 3).

I am a Catholic and a proud member of the Knights of Columbus. It is one thing to disagree with a religious organization's beliefs. It is quite another to say that no member of that organization is fit to serve in public office.

ROGER RITTER  
Alexandria, Va.

Ms. Harris is concerned about Gaza and says, "Our common humanity compels us to act." But why does she conclude that our action should be to pressure Israel to call a cease-fire in Gaza? The quickest and only sure way

to end the suffering of the Palestinians in Gaza is for Hamas to surrender all the hostages, lay down its weapons and end its avowed quest to kill its neighbors. The war would end the very next day.

Ms. Harris is falling into the trope of blaming Israel for all that is wrong in the region. It is Hamas against whom our common humanity should compel us to act.

JUDY SHAPIRO  
Phoenix

Regarding your editorial "It's Kamala Harris by Acclamation" (July 23): I don't want to hear any more about the GOP being a "threat to democracy" after what a small number of Democratic Party elites have done. The senior party officials convinced President Biden to withdraw, thereby negating the millions of voices of all who voted for him in the primaries, after also doing everything they could to prevent others from running against him in those primaries. Now these same party officials are anointing his successor without allowing the people to have any say about who they want to represent them. Sound like democracy to you?

MARGARET SWANSON  
Asheville, N.C.

Did you hear the deafening roar of apologies to special counsel Robert Hur? Neither did I.

JIM BARBER  
Mesa, Ariz.

## Democrats Are Jubilant to Have a New Leader

Matthew Hennessey doesn't seem to realize how most Democrats are feeling in this moment ("Democrats Will Pay for the Biden Big Lie," op-ed, July 22). July 21 was the best fundraising day in history for the Democratic Party. We are ecstatic that we are all rallying around Vice President Kamala Harris and that President Biden did the noble thing by withdrawing from the race and putting his country first. That's something the GOP front runner could never even imagine doing. As we all rallied around Mr. Biden four years ago, all the possible contestants have now endorsed Mr. Biden's pick: Ms. Harris.

I wrote here that I felt gaslit by the Democratic leadership after watching the presidential debate, but all is forgiven as I celebrate with my unified party and again feel hope for the future. I, for one, will cold call, knock on doors and do everything in my power to put Ms. Harris in the

Oval Office. President Biden went from being an albatross to a hero.

SARA STEVENSON  
Austin, Texas

Democrats like me will rejoice that Mr. Biden has stepped aside because it was apparent to us (and just about everyone else) that the president was in decline. This doesn't mean that the next party's nominee will suffer any electoral consequences.

After all, the ostensible cover up failed in a key way: little was actually covered up. While former President Donald Trump successfully duped his supporters into supporting his "big lie," Democrats can claim no such achievement—and thankfully so. The party can now move on and throw its support behind a new nominee who overcomes the president's obvious and well-known shortcomings.

JAMES J. BERNSTEIN  
Philadelphia

## The Limits of the Indian Immigrant Experience

Tunku Varadarajan rightly points out how, as an immigrant-group, the Indian American diaspora has "prospered without quotas and grievances" ("J.D. Vance and the Indian American Dream," op-ed, July 17). He concludes with: "Unapologetic about their drive to thrive, they are rightly scornful of those who would say that America is a place that thwarts people on the basis of race."

As a proud and successful member of the Indian American immigrant community, I am unapologetic about my group's drive to thrive but emphatically not scornful of those who say that America is a place that thwarts people on the basis of race. Mr. Varadarajan leaves out that most of the Indian immigrants to this country came as highly educated professionals seeking better opportunities. Some also came with the support of already established family-run businesses (motel owners and such).

No one should be scornful of those

African-Americans who were born into poverty, educated at subpar schools and discriminated against at every turn in the job market. Such a reaction shows a lack of regard for American history as well as an absence of empathy, which, ironically, is the essence of Indian spiritual notions of dharma and karma.

KUMBLE SUBBASWAMY, PH.D.  
Chancellor emeritus

University of Massachusetts, Amherst

## Jersey's 'National Disgrace'

In 2017, Gov.-elect Phil Murphy showed up at the train station in Summit, N.J., and stated that NJ Transit was a "national disgrace" that was "in need of a wholesale makeover." Six-and-a-half years, several leadership changes and billions of wasted dollars later, we still have what by any objective measure is unacceptable service ("New Jersey's Trains Are Late, and NJ Transit Billions Short" by Matthew Skrod, Cross Country, July 20).

With our dysfunctional state government, no NJ Transit rider expects the service to improve any time soon. After this most recent fare hike, our local leaders need to look in the mirror. A "national disgrace" will be looking back at them.

DANIEL DUGAN  
Summit, N.J.

## We Can Send More Weapons, But Ukraine Needs Fighters

George Barros's point that "Biden Gives Putin a Sanctuary" (op-ed, July 19) is a good one. But his solution, allowing Ukraine to use U.S. weapons to strike inside Russia, comes too late. We should have adopted that policy at the beginning of this conflict. At this point, the big-picture view is that even if the U.S. and NATO ship an unlimited supply of weapons, Ukraine is now starting to run out of Ukrainians, and there is nothing we are willing to do that will solve that problem.

Unless Ukraine greatly expands its pool of conscript soldiers, which it seems reluctant to do, or NATO starts sending troops to fight directly against Russia, which it will not do, some kind of negotiated settlement with Russia will result. Not because it is a desirable outcome, but because it is the only possible remaining solution.

KURT HARRIS  
Rockford, Ill.

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## Pepper ... And Salt

THE WALL STREET JOURNAL



"We need brand new eyes envisioning brand new concepts through the same old budgets."

## OPINION

## For a Vice President, It's Hard to Succeed

By Robert B. Zoellick

Kamala Harris probably hasn't had time to reflect on the election of 1988—the last time a vice president succeeded directly to the presidency by election (and the first time since Martin Van Buren in 1836). George H.W. Bush's campaign offers lessons for today, even if the circumstances are different.

When I joined the Bush campaign to oversee policy and speeches in July 1988, some polls had the vice president 17 points behind his opponent. Bush had to step out from under President Ronald Reagan's considerable shadow. As understudy, Bush's task was to capitalize on the

**George H.W. Bush was the only one elected since Martin Van Buren. There are lessons for Harris.**

benefits of Reagan's legacy while distinguishing himself as a new leader. And Bush had to define his Democratic opponent, Massachusetts Gov. Michael Dukakis.

With his convention speech, Bush reintroduced himself to the American public. His speechwriter, Peggy Noonan, listened closely to the vice president so his public statements hewed to how he expressed himself privately. In her drafts she tried to avoid the pronoun "I," knowing he had long ago internalized his mother's instruction not to brag. The speech began with Bush's personal story. He then explained what his mission would be as president.

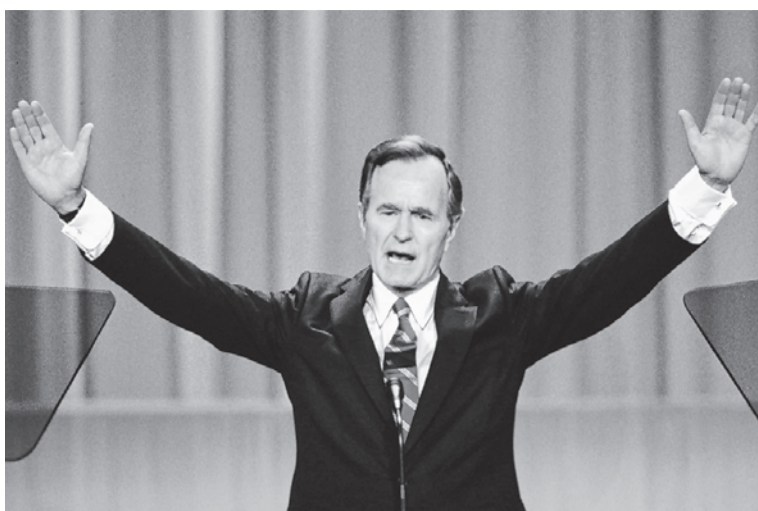
People need to know why a candidate wants to be president and why

the No. 2 should advance to the top job. Ms. Harris must answer those questions while telling her story. She can highlight that the Democratic Party has recognized the yearning for generational change. She should also take a stand on political culture: Bush ripped Mr. Dukakis for vetoing a 1977 bill that would have required Massachusetts teachers to lead their classes in the Pledge of Allegiance. Ms. Harris should likewise corner Mr. Trump on whether he'll accept the results of a free and fair election—a vital principle of democracy. She should also look for ways to distance herself from woke politics while treating her electoral base respectfully.

Selecting a running mate is the first independent decision a presidential candidate can make. Bush chose Sen. Dan Quayle of Indiana. Mr. Quayle was young and brought congressional experience and contacts to the ticket. Ms. Harris's pick should highlight her centrism and desire to draw Americans closer together. A governor from another part of the country would bring executive skill and supportive perspectives.

Ms. Harris has to be careful not simply to follow President Biden's campaign handbook of stressing the danger of a Trump presidency. She needs to show policy substance—and that she's up to the job—while drawing contrasts with both Mr. Trump's views and frequently unmoored behavior.

Pollster Bob Teeter designed such an approach for Bush in 1988. Mr. Dukakis was running on his competence while skating over substance. In September and October, Bush devoted time to a series of policy themes, giving positive and contrast speeches and using visuals that reinforced his message. By November, Bush had succeeded in presenting his own serious agenda and under-



George W. Bush at the 1988 Republican National Convention.

scoring Mr. Dukakis's weaknesses.

Ms. Harris has at least seven opportunities to pursue a similar approach. She has already spoken energetically on abortion. She can punch at Mr. Trump's judicial appointees, who provided the votes to overturn *Roe v. Wade*. Ms. Harris's position will be that Democrats stand for safe care and a woman's right to make decisions about her own body. She would also be wise to show respect for other views on life, treating abortion as a sad circumstance while encouraging adoption.

Second, Ms. Harris needs to counter a vulnerability: illegal immigration. Bush turned environmentalism to his advantage with an event in Boston Harbor and an agenda on clean air, safe beaches and wetlands. Ms. Harris should acknowledge the administration's failures, while pressing the specifics of the bipartisan Senate bill spearheaded by Sen. James Lankford (R., Okla.) that Mr. Trump torpedoed. Then she should blast Mr. Trump's promise of mass deportation as a humanitarian and

economic disaster—and one more example of his ineffective posturing, like his expensive, failed wall.

Third, Ms. Harris should face inflation frustrations head on. Inflation and interest rates are coming down. But Mr. Trump's high tariffs, hostility to beneficial immigration, calls for a weak dollar and attacks on the Federal Reserve would reignite inflation. Ms. Harris should signal how she will help Americans compete and use trade positively through digital accords, the renewal of the African Growth and Opportunity Act and the extension of the U.S.-Mexico-Canada trade pact.

Fourth, Ms. Harris should explain the strategic stakes in Ukraine to sharpen the contrast between her and Mr. Trump—who is infatuated with Vladimir Putin—and to highlight the danger of J.D. Vance's retreat to isolationism. By pressing Europe harder on transferring frozen Russian assets to Ukraine, Ms. Harris could show that she recognizes the need for alliance

partners to do more.

Fifth, every presidential candidate must demonstrate an understanding of the centrality of national defense. Every China hawk had better ante up for a larger defense budget. Yet Ms. Harris should add that neither Mr. Trump nor Joe Biden modernized the Defense Department effectively. She must make clear that America can't afford to fall behind.

Sixth, Ms. Harris should own the future. Unlike her 78-year-old opponent, she should welcome the potential of artificial intelligence to improve productivity, medicine, education and America's innovative advantage. Ms. Harris can emphasize, contrary to the Republican platform, that the U.S. and close partners can lead on AI while keeping critical infrastructure safe, protecting against bioweapons and cyberattacks.

Finally, I hope, perhaps forlornly, that Ms. Harris will acknowledge that a budget deficit of 7% of gross domestic product and federal debt near the postwar high of 104% of GDP put the U.S. at risk. The interest expense now approximates defense and Medicare spending. In addition to her tax plans, Ms. Harris should state she will seek spending restraint and at least a re-examination of Mr. Biden's profligate industrial policies.

Vice President Bush erased his initial 17-point deficit and won by 8, carrying 40 states with 426 electoral votes. Vice President Harris has time to win if she runs her own campaign, not Mr. Biden's.

*Mr. Zoellick served as White House deputy chief of staff (1992-93), U.S. trade representative (2001-05), deputy U.S. secretary of state (2005-06) and World Bank president (2007-12). He is author of "America in the World."*

## China Can't Evade the Iron Laws of Economics

By John Lee

Xi Jinping seeks "high quality" rather than "high speed" growth, he told the Chinese Communist Party's Third Plenum, held last week to decide the country's economic policy over the next five years. Some observers say this is simply rationalizing the Chinese economy's problems—enormous government and corporate debt, an inflated property sector, and disappointing growth in private and household consumption—which have gotten worse under Mr. Xi's watch. Others counter that Mr. Xi is doing the right thing by focusing on high-tech sectors such as semiconductors, artificial intelligence, aeronautics and renewables to underpin a high-quality growth model.

Perhaps Mr. Xi is trying to make a virtue out of necessity. Up to now, China has relied on a "high debt, high leverage, high turnover" model that created rapid growth based on enormous levels of fixed investment in infrastructure and housing. That system is flaming out. But rather than adroitly managing an intentional slowdown to usher in a new era of sustainable growth, Mr. Xi is presiding over the

next phase of Chinese economic waste, market distortion and failure.

To give Mr. Xi his due, rapid economic expansion isn't always an indicator of national economic health. Doubling down on the discredited fixed-investment approach would make matters worse. Beijing's new "high-quality growth" model is based on stimulating domestic consumption through rising wages and growing household incomes. The theory is that the government can achieve this by supporting handpicked firms in high-tech and green sectors that will improve the quality of China's economy.

Although that reasoning is seductive, the Chinese political economy is too flawed for it to work. China's earlier approach to solar panels is instructive. In the previous decade, Chinese entities with the support of the government and lending institutions bought international solar companies and invited leading foreign firms to establish operations in China. At great expense, and even before Mr. Xi's era, the Chinese strategy to bolster a given sector has been to acquire, develop or steal world-class technology and capabilities, support the creation of entire supply chains inside the country, eliminate overseas

competition, and subsequently dominate domestic and global markets.

Mr. Xi seeks to apply this approach to technologically important and advanced sectors as part of his high-quality-growth mantra. The problem is that there is no escaping the iron laws of economics. The massive assistance that the government provided to Chinese firms on solar led to a predictable oversupply of

**Xi shifts to 'high quality' from 'high speed' growth. He will preside over a new phase of failure.**

panels domestically and in global markets. Even as global demand fell, Chinese companies ramped up production of panels to remain in business, and this was possible only due to even more subsidies worth billions of dollars. China did achieve its objective of dominating the global solar-panel industry. But applying this state-led approach to an ever-expanding list of advanced and green sectors will only worsen the prob-

lems of overcapacity, indebtedness and inefficiency that Mr. Xi is seeking to alleviate.

Another contradiction of economic looms for Mr. Xi's best-laid plans. The only way China can achieve sustainable growth is by rapidly increasing private consumption, which has been persistently below 40% of gross domestic product. That makes it one of the lowest among major economies. Wages are the major source of disposable income for Chinese households. Beijing is trying to upend classical trade economics by achieving rising wages for all while also dominating exports of high-tech and high-value products and services. This goes against China's own experience, in which it became an exporting superpower thanks to lower-cost inputs than those of its competitors.

If Mr. Xi really wanted to supercharge growth in productivity, wages and household income, he could do it through the systematic transfer of economic access and opportunity away from state-owned firms and nominated national champions toward the much more efficient and innovative private sector. But this would foster a powerful independent business class and undermine Bei-

jing's greater goal of further centralizing power and economic activity under his command.

Finally, there is a broader problem that weighs on Mr. Xi's ambition. He openly criticizes predecessors for ideological laxness and impurity and for leaving China vulnerable to domestic and external threats. He insists that letting individuals and firms choose their paths will lead to national distraction and decay. As the argument goes, China can achieve national rejuvenation, including the conquest of Taiwan, only if the country is preparing for the struggle ahead.

But Mr. Xi's tightening grip on the economy is making China brittle. Rather than overcoming flaws in the Chinese political economy, Mr. Xi is exacerbating them. He is also deepening the resentment felt in America and other major economies against Chinese predatory and distortive policies. This means that an ever more vulnerable China will face an ever more hostile environment of its own making.

*Mr. Lee is a senior fellow at the Hudson Institute. He served as senior national security adviser to the Australian foreign minister, 2016-18.*

## If Republicans Don't Win, Get Ready for a Tax Hike

By Mike Pence And Pat Toomey

The 2017 Tax Cuts and Jobs Act isn't broken and doesn't need fixing. But many of its provisions are set to expire in 2025—and Democrats are threatening to let it happen. That would deliver a serious blow to the U.S. economy and undermine the economic gains the legislation prompted.

Recall what Donald Trump inherited in 2017. The economy remained weak almost a decade after the 2008-09 financial crisis. The Obama years had offered only lethargic recovery, and amid weak growth from 2009 to 2016 the Congressional Budget Office still painted a bleak economic picture.

That was due in large part to our outdated and inefficient tax code, which put American workers and

businesses at a competitive disadvantage with most of the world. The nearly 39% corporate tax rate—35% federally and around 4% on average at the state level—was the highest among member countries of the Organization for Economic Cooperation and Development.

Many American multinational companies kept foreign subsidiaries' profits overseas to avoid punitive U.S. taxes. Others moved their headquarters abroad to reduce their overall tax burdens. These so-called corporate inversions were economically rational, but they cost the U.S. jobs, investment and tax revenue.

The TCJA changed this dramatically by reducing the federal corporate rate to 21%, modernizing the taxation of profits earned by foreign subsidiaries of U.S. companies, and broadening the profit base on which lower rates apply. American busi-

nesses quickly became globally competitive again, corporate inversions ground to a halt, and nearly \$2.5 trillion of previously stranded earnings were invested back in the U.S.

Domestically, the legislation created a 20% tax exemption on income earned by most small and medium-size businesses. It also nearly doubled the estate and gift tax exemption, and it reduced rates for all individuals and families. At the same time, it simplified their tax filings by increasing the standard deduction, meaning that 90% of Americans no longer need to itemize.

The results were incontrovertible: Within two years, the U.S. gained an extraordinary seven million jobs and achieved the lowest unemployment rate in half a century. Unemployment rates for African-Americans, Asian-Americans and Hispanics reached record lows.

Starbucks, Chipotle and many other corporations boosted hourly pay, provided bonuses and introduced new benefits, such as higher matching contributions to 401(k) retirement plans. Small businesses flourished, too, and many reported significant growth for the first time.

**The 2017 Tax Cuts and Jobs Act helped produce the Trump boom. Many provisions expire in 2025.**

Less than a year after the TCJA's enactment, the National Federation of Independent Business's small-business optimism index hit the highest level ever recorded.

Real median household income—

the statistical definition of a middle-class family—increased by nearly \$5,000 in two years. More than six million people were lifted off food stamps, and incomes rose in every metropolitan area in the U.S. for the first time in nearly three decades. Growth was so significant that government revenue as a percentage of gross domestic product increased, driven by higher earnings and booming business activity.

More than six years after the TCJA took effect, tax revenue has exceeded CBO projections from June 2017. By 2023 annual tax revenue had recovered from the Covid-19 recession and returned to its historical average of about 16.5% of GDP.

It's clear that today's ballooning deficit stems not from insufficient taxation but from a massive surge in spending. President Biden and congressional Democrats want to spend more, which would lead to the highest sustained levels of spending as a percentage of GDP in American history. Democrats' proposed tax hikes are unlikely to generate the revenue to pay for these plans—but they might tip the economy into a long-awaited recession.

The TCJA was the most successful tax reform in at least 30 years. Ideally, Democrats would join with Republicans to make all of it permanent. If not, we'll have to rely on a Republican sweep in November—and Republican unity next year—to extend it for as long as possible.

*Mr. Pence served as vice president of the United States, 2017-21. Mr. Toomey, a Republican, served as a U.S. senator from Pennsylvania, 2011-23.*

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## Notable &amp; Quotable: Czar

Stef W. Kight writing for Axios, July 24:

**Driving the news:** In the past few days, the Trump campaign and Republicans have tagged [Vice President Kamala] Harris repeatedly with the "border czar" title—which she never actually had. . . .

**How we got here:** In March 2021, Biden tapped Harris to lead the administration's coordination with Guatemala, Honduras and El Salvador, which were key sources of migration to the border.

• The announcement led to near-immediate confusion in the media

and in the White House over how involved Harris would be, with Republicans and some news outlets, including Axios, giving Harris the unofficial moniker of "border czar."

• Shortly after, the border surge had grown into a full-blown humanitarian and political crisis.

• The "border czar" narrative stuck, especially in conservative circles, and calls mounted in spring 2021 for Harris to visit the border. . . .

*Editor's note: This article has been updated and clarified to note that Axios was among the news outlets that incorrectly labeled Harris a "border czar" in 2021.*

WORLD NEWS

# China Casts Itself as Peacemaker

Ukrainian, Chinese envoys discuss a path to ending the conflict with Russia

By Isabel Coles and Austin Ramzy

Ukraine's top diplomat met with his Chinese counterpart Wednesday for hours of talks in his first such high-level visit to the country since Russia's 2022 full-scale invasion, as Kyiv seeks Beijing's support to end the war on "just" terms.

Chinese Foreign Minister Wang Yi reiterated Beijing's calls for a diplomatic solution to the war during the meeting in the southern Chinese city of Guangzhou with his Ukrainian counterpart, Dmytro Kuleba, who said his country would negotiate when Moscow is ready to engage "in good faith."

"No such readiness is currently observed on the Russian side," Kuleba said, according to the Ukrainian Foreign Ministry. A Kremlin spokesman said Moscow "has always maintained its openness to the negotiation process."

Efforts to kick-start dialogue between Russia and Ukraine have faltered during a war that has upended European security and triggered commodity price shocks worldwide. Several nations have attempted to broker peace talks.

While officially professing neutrality in response to the war, China has been a key partner in helping Russia weather Western economic sanctions imposed in response to the invasion. Trade between the countries has soared, with China buying up Russian oil and gas, while providing consumer goods that are hard for Russia to buy from the West. Chinese leader Xi Jinping and Russian President Vladimir Putin declared a "no-limits" friendship shortly before the war, and see mutual benefit in resisting Western pressure.

U.S. and European officials also have accused China of providing Russia with dual-use equipment such as microchips and drone parts to help Moscow rebuild its military. China has denied supplying



The eastern Ukrainian city of Toretsk was heavily damaged in attacks by the Russian military as the war continues to rage.

weapons to Russia, and says it strictly controls the trade of dual-use goods.

Beijing has sought to portray itself as a global peacemaker. This week, it also hosted a meeting of Palestinian rival factions including Hamas and Fatah, which have been estranged for years. Representatives of the 14 groups signed a deal to work toward unity and establish an interim reconciliation government, but with few details on how that would happen. China has called for a cease-fire in Ukraine and issued a statement with Brazil in May on resolving the war. Russia describes its war on Ukraine as a "special military operation," and China also only refers to it as a "crisis"—a description Wang continued to use Wednesday.

The talks in Guangzhou come on the heels of a public feud between Zelensky and China during a visit last month to Singapore, when he accused Beijing of lobbying countries to boycott a peace conference in Switzerland through which Ukraine sought to build pres-

sure on Moscow to end the war on Kyiv's terms. Xi was invited to the summit by Zelensky but didn't attend. Beijing had said that any peace conference should be endorsed by both Ukraine and Russia, which wasn't invited.

"The best Ukraine can hope for is a patching up of relations with China," said Lucian Kim, a senior Ukraine analyst at the International Crisis Group. "China has already indicated which side it's backing."

Wang didn't allude to that summit or Zelensky's criticism on Wednesday, according to a description of the meeting from China's Foreign Ministry.

"China believes that all conflicts must be resolved by returning to the negotiating table," Wang said. "Recently, the Russian and Ukrainian sides have, to varying degrees,

signaled their willingness to negotiate."

For Ukraine, the talks come as questions grow about continued U.S. support for Kyiv's war effort if former President Donald Trump recaptures the White House.

In his public comments following the talks with Kuleba, Wang didn't criticize the U.S., which China has accused of fueling the war by providing weapons to Ukraine. Instead, he emphasized the six-point peace proposal on Ukraine that

China issued with Brazil in May, which called for no escalation of the fighting and for all parties to avoid provocation. China's Foreign Ministry on Wednesday said the Ukrainians had "carefully studied" the proposal.

A recent poll indicated that support for peace talks among Ukrainians has increased as

**There likely will be little progress until after the November U.S. election.**

# Beijing Tightens Regulations To Protect Its Secrets

By Chun Han Wong

SINGAPORE—China's government is tightening its rules on the protection of confidential information, including intensified scrutiny on international travel by people privy to state secrets, as concerns about espionage rise amid an increase in global tensions.

The changes also put a heavier burden on the country's internet companies to stop leaks of sensitive information.

Published this week, the new regulations offer direction to authorities in implementing China's state-secrets law, which was updated in February as part of Chinese leader Xi Jinping's efforts to shore up safeguards against threats to national security.

The changes require state agencies to draft lists of state secrets related to their areas of responsibility. The agencies also are required to ensure that personnel who handle classified information get permission and undergo confidentiality training before traveling abroad.

All entities defined as "network operators"—a category that includes internet companies and network-infrastructure vendors—must establish mechanisms for detecting and dealing with leaks of confidential information and other secrecy breaches, according to the new regulations. They must cooperate with authorities in investigations and regulatory actions related to state secrets.

"State secrets have become increasingly digitalized and networked, and the risks of leaks and thefts have become more diverse and hidden," officials from China's Justice Ministry and the National Administration of State Secrets Protection told the government-run Xinhua News Agency. "The struggle between theft and anti-theft has steadily manifested as competition and confrontation in scientific and technological capabilities."

Many of the new provisions reinforce existing practices. Foreign travel by Communist Party and government officials already faces tight scrutiny, and internet companies are accustomed to scrubbing sensitive information from their platforms.

The updated rules nevertheless underscore a sweeping counterespionage campaign Xi has launched to tighten the country's defenses amid intensifying geopolitical competition with the U.S. and other Western powers. Within its borders, Beijing has waged a publicity campaign to urge public vigilance against efforts to steal state secrets.

The revised regulations take effect on Sept. 1. Under the new rules, authorities can order network operators to take remedial actions on matters related to state secrets, as well as impose financial penalties on entities and individuals that don't perform their duties in protecting secrets and stopping leaks. Network operators can be fined as much as 500,000 yuan, or about \$69,000; individuals can be fined up to 100,000 yuan.

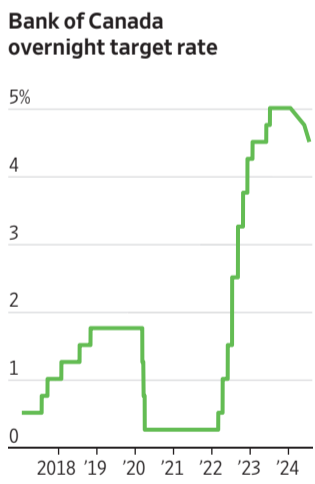
# Canada Cuts Rate, Frets Over Downside Risks

By Paul Vieira

OTTAWA—The Bank of Canada delivered a second straight cut to its main interest rate after a quarter-point reduction in June, and signaled there likely is more to come as officials grow increasingly worried about downside economic risks.

On Wednesday, the Bank of Canada lowered its target for the overnight rate to 4.5% from 4.75%. It was the first Group of Seven central bank to cut interest rates after global authorities raised borrowing costs rapidly to tame historically high inflation. The European Central Bank quickly followed suit, but this month it opted to keep its main interest rate unchanged.

In contrast, Canada's central bank cut for a second time, reflecting a weakening backdrop as the economy—which, as a share of gross domestic product, has among the highest private-sector debt levels



Source: Bank of Canada

in the developed world—deals with sharply higher rates.

The Bank of Canada said the amount of spare capacity in the economy has increased, the labor market has "cooled significantly," and consumption has stagnated as pent-up demand fades and households

sock away more of their earnings to finance loan payments.

Bank of Canada Gov. Tiff Macklem said central bank officials are "increasingly confident" that inflation is on a path toward its 2% target, which he expects to reach next year. The central bank sets rate policy to achieve and maintain 2% inflation.

Inflation in June decelerated to 2.7% after a hotter-than-expected rise in the previous month, and has slowed sharply from a 3.4% reading in December. Core inflation, which strips out volatile items like food and energy, has remained below 3% for several months and the central bank expects that to cool to about 2.5% in the second half of the year.

"With the [inflation] target in sight and more excess supply in the economy, the downside risks are taking on increased weight in our monetary policy deliberations," Macklem said. "We need growth to pick up so inflation

does not fall too much, even as we get inflation down to target."

The central bank said it doesn't expect the slack in the economy to be fully absorbed until 2026. In an accompanying quarterly forecast, the bank said it anticipates growth to pick up, with household spending recovering in the second half of 2025 as "lower interest rates ease debt payments," and housing construction accelerating as high-funding costs become less binding amid lower rates.

All 14 economists surveyed last week by The Wall Street Journal predicted a quarter-point rate cut on Wednesday. The majority of analysts surveyed expect the policy rate to end 2024 at 4%, and move lower still next year to 3%.

Expectations for another rate cut gained momentum after weak jobs data for June, which showed an increase in the unemployment rate to a 29-month high of 6.4%. A quarterly Bank of Canada survey painted

an overall weak portrait of the economy, with the share of firms citing labor shortages as a headwind to growth falling to the lowest level since 2009. Employers continue to add workers, but at a much slower pace than the immigration-fueled growth in the labor force.

Macklem said the labor data indicate job seekers are taking longer to find work, and the job-vacancy rate has dropped sharply. "Overall, indicators suggest some slack in the labor market," he said, adding wage growth also is showing signs of slowing.

The Bank of Canada expects growth to slow in the second quarter, to 1.5% annualized from 1.7% in the first quarter. When adjusted to reflect population growth of more than 3%, the bank said per-capita GDP is anticipated to contract by 1.5% in the second quarter. Economic growth, Macklem said, "remains weak relative to population growth."

# Bank of Canada Sees No Slowdown in Population Growth

By Paul Vieira

OTTAWA—The Bank of Canada revised higher its projection for the country's population growth, saying it is unclear when the Liberal government's plan to curtail visas to temporary workers and students would materialize.

The change is notable because a number of economists say that population growth—the highest among Group of Seven countries by a wide margin—has allowed Canada to escape a recession, or two consecutive quarters of negative growth. On the flip side, the number of newcomers entering Canada has exposed the country's underlying shortage of housing units, and pushed monthly rents to their highest level in decades. Excluding shel-

ter costs, inflation is either at or just below the central bank's 2% target, economists say.

The bank cut interest rates Wednesday, noting that economic activity has been weak relative to the country's 3%-plus annual population growth.

In March, Canada announced plans to reduce the number of temporary work and student visas it issues, and sharply cut their percentage of the population—at the time, 6.2%—to 5%.

In the spring, the Bank of Canada forecast population growth for people ages 15 and older to slow from 3.3% this year to an average of 1% over both 2025 and 2026. In its new quarterly forecast, it expects population growth this year to reach 3.3% and expand 1.7% on average in 2025 and 2026.

A revision was necessary, the

central bank said, because the share of temporary immigrants in Canada is higher, at 6.8%, relative to when the government unveiled its plan, "and the share is expected to continue rising over the near term."

The central bank added there is "considerable uncertainty" regarding inflows of temporary-visa holders, noting federal officials won't be revealing details until the fall. The central bank's population assumptions "will be revised as further measures are announced," it said.

Canada's population grew 3.2% in 2023, to 40.7 million people, or the fastest expansion over a 12-month period since the late 1950s. Excluding temporary immigration, population would have increased by 1.2% last year, Statistics Canada said.



Canada's population grew 3.2% in 2023, to 40.7 million people, or the fastest expansion over a 12-month period since the late 1950s. People celebrated Canada Day in Ottawa on July 1.

## Beverly Hills Deal Makes a Splash

Investor brothers buy Rodeo Drive office complex with prime retail space

By KATE KING

Los Angeles-based investors are paying \$208 million for an office complex in Beverly Hills, Calif., betting the buildings' ground-floor retail in the exclusive shopping district is worth all the empty cubicles that come with it.

Brothers Justin and Tyler Mateen closed Monday on the Wilshire Rodeo Plaza, which encompasses several buildings and an underground parking garage at the southern end of the famed Rodeo Drive shopping corridor.

It is the city's largest property transaction since the Montage Beverly Hills hotel sold for \$415 million in 2019, according to MSCI, but only slightly above what the seller, investment firm Nuveen, paid for the property in 2006.

The buyers benefited from a push by institutional investors to reduce their office exposure, which lowered both competition and the overall price, said Justin Mateen, a co-founder of the dating app Tinder who began investing in commercial real estate with his brother about a decade ago.

Office properties in Beverly Hills have held up a bit better



The transaction spans nearly 300,000 square feet in buildings at the southern end of the famed Rodeo Drive shopping corridor.

than the overall Los Angeles office market, where vacancy has topped 24.4% this year, according to real-estate firm Cushman & Wakefield.

Still, more than one-fifth of Beverly Hills office space was vacant as of the second quarter, up from 11.2% at the same time in 2019. In a sign of how

much values have fallen, Nuveen was in contract to sell this same complex for more than \$300 million but that deal fell through at the onset of the pandemic.

Retail, by contrast, has rebounded strongly from the pandemic, with luxury retailers in particular spending big

to rent or purchase prime locations. In Beverly Hills, French fashion house Chanel reopened its Rodeo Drive flagship last year after doubling its footprint. In February, Saks Fifth Avenue opened a women's store in the former Barneys department store.

The city's retail space is

nearly 94% occupied, according to real-estate firm CoStar Group, a slight increase from 2019.

Sandwiched between the Beverly Wilshire hotel and Saks Fifth Avenue, Wilshire Rodeo Plaza spans one city block with just under 300,000

Please turn to page B2

## Brokers' Assault Claims Lingered For Years

By EMILY GLAZER AND KATHERINE CLARKE

Around 2003, a teenage student at the prestigious Miami Country Day School said she was invited with a friend to a house party by students from a nearby high school.

When the girls arrived, they realized they were the only guests. After drinking some Bacardi 151 offered to her, the woman now recalls, she was led into a bedroom by the Alexander brothers—Tal, Oren and Alon—as well as one of their friends.

She was pushed down on a bed, and the boys held her arms and legs in an X shape. She remembers struggling and didn't know what to do, so she tried to play along. They tried to take her pants off. She remembers seeing a camcorder. Someone opened the door, and she ran out. Two friends of the woman confirmed her account, which she shared with them at the time.

Sexual-assault allegations against Tal and Oren Alexander, two of the country's top real-estate agents, sent shock waves through the world of luxury real estate. Two women filed lawsuits in March accusing Oren and his twin brother, Alon, 37, of rape. A subsequent lawsuit—and accounts by women shared with The Wall Street Journal—contained similar allegations against Tal, 38.

To many in the brothers' orbit, the lawsuits came as no surprise. The assertions swirled around them for roughly two decades, a Journal investigation shows, starting when they were high-school students in Miami and later in New York as Oren's and Tal's careers took off at Douglas Elliman, the large national brokerage known for its associa-

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## Murdoch Trust Plan Triggers Family Legal Battle

Rupert Murdoch is engaged in a legal fight with some of his children, as he tries to hand control of his media em-

By Amol Sharma, Jeffrey A. Trachtenberg and Jessica Toonkel

pire to his eldest son, Lachlan, a battle with major ramifications for the future of the mogul's two companies.

Murdoch, 93 years old, controls a trust that holds the

family's substantial stakes in News Corp, parent of The Wall Street Journal, and Fox News parent Fox Corp. Under the trust's terms, when Murdoch dies, voting control would pass to four children—Lachlan, James, Elisabeth and Prudence.

Recently, the elder Murdoch sought to amend the trust to consolidate power in Lachlan Murdoch's hands, according to people familiar with the situation. He encountered stiff resistance from the three other children who were

slated to inherit some control of the trust.

That has sparked a legal battle that is playing out in a Nevada probate court, a person familiar with the case said. Murdoch has argued that the changes he is seeking to make to the trust are warranted because they will be in the interest of all stakeholders, some of the people familiar with the situation said.

The New York Times earlier reported on the legal battle within the Murdoch family.

Any restructuring of the trust would have significant implications for decision-making at the top of the Murdoch empire, including any major mergers or other strategic transactions News Corp and Fox pursue.

As it stands, the siblings would each have a say on how to exercise influence with the family's roughly 40% voting stakes in each company. If Lachlan Murdoch consolidates control of the trust, he could move faster to push the com-

pany in his desired direction.

The family battle has been years in the making. Murdoch has always sought to keep his media enterprise in the family's hands, and he brought several of his children into the business over the years. At one point he dubbed Lachlan "first among equals," and as time went on that became apparent.

Lachlan began his career at News Corp in 1994 and rose through the ranks. He abruptly left in 2005 after

Please turn to page B4

## Tesla Auto Woes Crash Musk's AI Dreams

By STEPHEN WILMOT

Tesla finally has financial results to support the argument that it is more than a car company. They still don't go anywhere near justifying the latest run-up in the stock.

The electric-vehicle pioneer's second-quarter numbers, reported late Tuesday, missed analysts' expectations at most levels. The automotive gross-profit margin excluding regulatory credits—a

HEARD ON THE STREET

closely watched measure of underlying profitability in the core vehicle business—came in at 14.6%, compared with consensus expectations of 16%, according to RBC's calculation. The stock fell more than 12% on Wednesday.

Tesla offered financing deals during the quarter to make its vehicles more affordable. These boosted deliveries, which came in above expectations earlier this month, but at the expense of gross margin, as it now turns out. Further down the income statement, the hit to margins was exacerbated by high operating costs, but some of this will unwind. The company reported \$622 million of restructuring charges for the quarter, reflecting mass layoffs following a terrible first quarter.

One bright spot was the energy business, which sells

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Cards tied to Sony's PlayStation platform have been available for years.

## Gamers Are Next Big Thing For the Credit-Card Industry

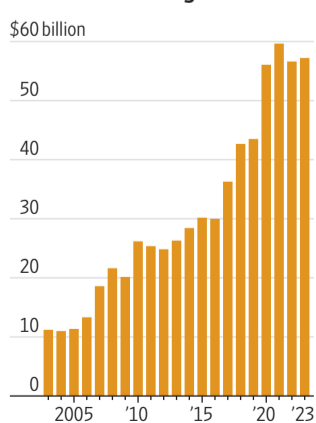
By JOSH MITCHELL AND ANGEL AU-YEUNG

Matt Hertzog spends 50 hours a week playing Xbox. That makes the 37-year-old part of a key target market for big financial firms.

Banks are seeking out millennial and Gen Z customers in the \$57 billion-a-year videogame industry. Leading the charge is Barclays, a big player in U.S. credit cards, which wants to do with gamers what card companies long ago did with airline passengers: boost loyalty, and spending, by offering customers rewards when they charge their card.

JPMorgan Chase, the nation's biggest bank by assets and top credit-card provider, has invested in startup Tilia, which provides a platform for players to make in-game purchases. Meanwhile, financial-

Annual U.S. videogame sales



Note: Includes hardware, software and in-game purchases. Source: Circana via Entertainment Software Association

technology companies and banks are also running advertisements during games, targeting millennials.

Last fall, Barclays introduced an Xbox Mastercard, in

collaboration with the game console's parent company, Microsoft. Cards tied to Sony's rival PlayStation platform have been available for years, first via Capital One and more recently through Bread Financial's Comenity Bank.

Hertzog, a New Jersey program manager for a healthcare company, was an early adopter of the Xbox card. Six months ago, he signed up for a card with a \$10,000 limit and a 19% annualized interest rate.

He instantly got \$50 in points for buying games. He said incentives like these have led him to spend more, including on in-game purchases such as virtual currencies. Recently, he charged \$200 to buy Sega's Dreamcast, a retro console, and two games.

"The rewards you get with the Xbox card are very lucrative

Please turn to page B4

## NBC, ESPN, Amazon Pay \$77 Billion for NBA

By ISABELLA SIMONETTI AND JOE FLINT

The National Basketball Association said it has signed landmark media-rights deals worth \$77 billion with Disney's ESPN, Amazon.com and Comcast's NBCUniversal, turning away a last-minute bid from current rights holder Warner Bros. Discovery.

The new 11-year deals, which go into effect following the 2024-25 season, will more than double the fees the NBA receives each season.

Disney has agreed to pay an average fee of \$2.6 billion a year to keep NBA games on ESPN and ABC, up from \$1.5 billion a year under the current deal. NBCUniversal agreed to pay \$2.5 billion a year to air games on NBC and its Peacock streaming service, while Amazon Prime Video has offered \$1.9 billion a year

for a streaming package.

The league said it rejected a proposal from Warner to keep basketball games on its TNT network, setting the stage for a potential legal showdown. TNT had exercised a clause in its contract that gave it the right to match a rival bid.

"Warner Bros. Discovery's most recent proposal did not match the terms of Amazon Prime Video's offer and, therefore, we have entered into a long-term arrangement with Amazon," the league said in a statement.

TNT said it doesn't believe the NBA can reject its match of Amazon's offer and added that the league has "grossly misinterpreted our contractual rights...and we will take appropriate action."

The rich price of the deal underscores how critical sports rights have become for media

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### INSIDE



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Reckitt Benckiser aims to sell some brands, with Air Wick and Calgon on the table. B3



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Former quarterback Colin Kaepernick launches an AI company. B4

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# AT&T's Profit Falls 20% Despite More Customers

By DREW FITZGERALD

AT&T's quarterly earnings fell 20%, as the price of a continuing network overhaul overshadowed growing profits from wireless and fiber-optic customers.

The Dallas telecom giant added 419,000 postpaid phone connections over the second quarter, easily topping the 285,000-phone estimate of analysts polled by FactSet. The postpaid lines—wireless customers who pay for service after each billing cycle—are a key gauge of growth in the cellphone carrier's main profit center.

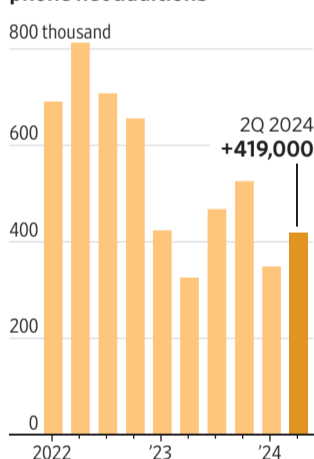
The company's shares rose around 5% to \$19.16 in Wednesday's trading. The stock was already up about 6% for this year through Tuesday.

Overall net income fell to \$3.6 billion from \$4.49 billion a year earlier. Total revenue slipped 0.4% to \$29.8 billion, reflecting an industrywide slowdown in smartphone sales.

The bottom-line result included a \$480 million charge tied to asset impairments, abandonments and restructuring. The company in December said it would swap its Nokia cellular equipment with newer gear mostly from rival supplier Ericsson. Executives said the change would make the network more adaptable—and cost-efficient—in the long run.

AT&T's prepaid-phone business gained a net 35,000 connections. The cheaper pay-as-you-go lines grew despite the

AT&T's quarterly postpaid phone net additions



Source: the company

recent demise of the federal Affordable Connectivity Program, which paid many eligible subscribers \$30 toward their monthly service until it ran out of funding.

The company added 239,000 fiber-optic broadband lines and eked out a slight gain in overall broadband and DSL connections. AT&T has invested heavily in new fiber lines and said Wednesday that nearly 40% of those customers also use its wireless service.

Free cash flow totaled \$4.58 billion, up from \$4.21 billion a year earlier. The recent figure reflected the company's dwindling reliance on some vendor-financing arrangements.

Net debt totaled \$126.9 billion at the end of the quarter after the company repaid \$2.2 billion of long-term debt.



The budget carrier logged a 16% jump in quarterly earnings, fueled by increased passenger numbers and higher revenue.

# EasyJet Sees Record Summer As Its Pricing Holds Steady

By PIERRE BERTRAND

Budget carrier easyJet said it was targeting a record summer performance and that ticket prices were holding firm, contrasting sharply with a warning on weakening fares from peer Ryanair earlier this week that sent European airline stocks sliding.

The London-listed airline didn't see any sign of air-travel demand softening, easyJet Chief Executive Johan Lundgren said in a media call after the company posted a 16% jump in third-quarter earnings, fueled by increased passenger numbers and higher

revenue. The airline's ticket-price environment was expected to be similar to last year's, he added.

Earlier this week, Ryanair, Europe's largest airline by passenger numbers, said average fares had fallen 15% in the three months to the end of June and that pricing was deteriorating.

EasyJet said its bookings were continuing to rise and that it had so far booked 69% of its fourth-quarter flights, a year-over-year increase of 1 percentage point. The airline has sold 1.5 million more seats for the peak summer season than last year, it said. Looking

further ahead, 20% of its first-quarter flights had been sold, an increase of 2 percentage points from a year earlier, easyJet said.

The airline flew 25.32 million passengers in the quarter ended June 30, 8% more than last year, while capacity grew 7% on year, easyJet said.

Headline pretax profit, which strips out exceptional and other one-off items, rose 16% to £236 million, or about \$304.6 million, while revenue grew 11% to £2.63 billion, with increases in both passenger and ancillary revenue.

Analysts had expected £219.3 million in quarterly

pretax profit on £2.65 billion in revenue, according to Visible Alpha consensus.

Revenue per seat rose 1% in the quarter and revenue per seat in the fourth quarter was expected to continue to climb, easyJet said.

EasyJet raised its pretax profit guidance for easyJet Holidays to more than £180 million from more than £170 million previously. The division reported pretax profit of £73 million in the third quarter, up from £49 million a year earlier.

EasyJet's London-listed shares climbed 3% in Wednesday's trading.

## Beverly Hills Deal Makes Stir

Continued from page B1

square feet of mostly office space. The Mateens said they plan to nearly double the buildings' retail footprint to close to 75,000 square feet and to spend "in the low tens of millions" on top of the purchase price to spruce up the buildings.

The complex's retail space has only one occupant, high-end designer Vera Wang. The Mateens said the former owner signed only short-term leases while trying to sell the property. They expect to easily sign long-term retail tenants.

"This is where retailers want to be," Tyler Mateen said. "There will always be demand."

A spokeswoman for Nuveen said that while the firm signed some short-term leases, it also had been looking for credit-worthy long-term tenants but

they were harder to find.

The offices in Wilshire Rodeo Plaza's buildings along Wilshire Boulevard are almost fully leased, with current tenants including Merrill Wealth Management and talent agency William Morris Endeavor.

Another building along South Rodeo Drive has more vacancy. The Mateens said they are considering different uses for some of their office space, including a hotel or members-only social club.

Such a conversion in Beverly Hills is no guarantee. European luxury conglomerate LVMH, owner of Dior and Louis Vuitton, tried and failed to open a hotel on Rodeo Drive after buying a property there for \$245 million in 2018. Voters last year rejected the proposed hotel, which would have been LVMH's first Cheval Blanc property in the U.S.

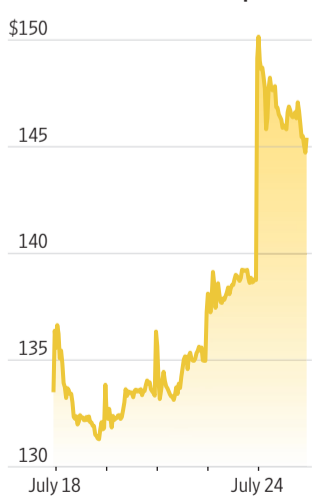
The Mateens said they believed they could get city approval to open a hotel at the property. But even if they don't, they believe their new property can survive as offices.

"It is the best location in Beverly Hills," Justin Mateen said.



The deal is Los Angeles's largest property transaction since 2019. It encompasses several buildings and a parking garage.

Tenet Healthcare stock price



Source: FactSet

## Tenet Healthcare Posts Gains

By MELANIE EVANS

Shares of Tenet Healthcare climbed Wednesday after the national hospital and surgery-center chain reported strong demand and beat analysts' expectations.

The company is the second national hospital chain this week to report strong revenue and earnings as a result of healthy demand from patients and an improved labor market. HCA Healthcare Tuesday reported busier hospitals and raised its guidance for year-

end earnings, sending its shares higher.

Tenet's revenue for the second quarter reached \$5.1 billion, beating the \$5 billion analysts had anticipated. The company reported adjusted earnings per share of \$2.31 for the quarter, up from the expected \$1.90. Tenet raised its earnings outlook for the year.

The company shed some hospitals this year, a drag on overall hospital revenue, but admissions to hospitals in its portfolio for at least a year were up 5.2% in the past three

months from the same period a year earlier.

Adjusted admissions, a key measure of hospital business that includes outpatient services, increased 2.4% and revenue per adjusted admission rose 5.7%, thanks in part to improved pricing, the company said.

Hospitals have won price increases in recent contracting with health insurance companies, to offset sharply rising labor costs that followed disruption from the pandemic.

## T-Mobile, KKR Team Up to Acquire Metronet

By MICHAEL SUSIN

T-Mobile said it entered into a definitive agreement to establish a joint venture with the investment firm KKR to acquire Metronet as the company aims to increase its fiber solution offer to U.S. consumers.

The wireless broadband provider expects to invest around \$4.9 billion to acquire a 50% equity stake in the joint venture and 100% of Metronet's residential fiber retail operations and customers.

The joint venture will also acquire Oak Hill Capital's existing stake. Oak Hill Capital

will make a reinvestment to retain a minority position, and its founder John Cinelli will also retain a minority position once the deal closes.

Following the transaction's close, Metronet will become a wholesale services provider for its retail customers, and its residential fiber retail op-

erations and customers will be fully switched to T-Mobile.

Metronet is expected to reach 6.5 million homes by the end of 2030 from the current reach of 2 million homes and businesses.

The transaction is expected to close in 2025, subject to certain conditions.

### Listen to a Podcast: The Economics Of the Olympic Games



From broadcast rights to sponsorships and tourism, who stands to win big financially from the Paris Olympic Games? Scan this code for a podcast with senior sports reporter Rachel Bachman.



BUSINESS NEWS

# Reckitt to Sell Some Brands In Home Care

Air Wick, Calgon are tagged as noncore; infant-formula unit is under review

By ELENA VARDON

**Reckitt Benckiser**, the consumer-goods giant that makes Lysol and Durex condoms, said it would sell off some of its home-care brands and launch a strategic review of its troubled infant-formula unit Mead Johnson as it seeks to streamline its business with a major overhaul.

Reckitt said Wednesday that it aimed to exit its portfolio of home-care brands that are no longer core by the end of 2025 as it refocuses on its high-margin “powerbrands,” like Lysol, in a bid to be more efficient.

The London-listed group said it would consider all options for brands such as Air Wick, Calgon and Cillit Bang, which brought in £1.9 billion, or around \$2.45 billion, of sales in 2023.

Reckitt also will consider strategic options for its Mead Johnson nutrition business, which faces litigation in the U.S. In March, Reckitt was ordered to pay \$60 million in compensation related to the death of a premature baby that was fed its Enfamil Premature 24 product.

While a disposal of the unit is likely, a sale will be challenging until litigation issues have been resolved, according to analysts.

“These actions allow the company to focus capital against brands that offer the best long-term opportunity for growth,” Reckitt said.

Altogether, the group is reviewing just over one-quarter of the company, representing

£4 billion in revenue, Barclays said in a note to clients.

Reckitt said the reorganization would remove management layers and the global business-unit structure, moving toward a category structure in three regions, resulting in cost savings.

The group expects to incur around £1 billion in cash restructuring and transformation costs over the period to the end of 2027.

From the start of next year, the company will report its results under three divisions—Reckitt, Essential Home and Mead Johnson, it said.

Shares in London rose nearly 2% on Wednesday. Since the start of the year, the stock had shed 16%, dragged down by the Mead Johnson litigation, disappointing results and shareholder pressure.

The review is evidence of management getting a grip, RBC Capital Markets analysts said. Citi said the “shrinking to growth” narrative is appealing but will take time.

Alongside its strategic update, Reckitt published second-quarter results and trimmed its revenue guidance for 2024 due to supply disruptions at a key logistics facility for Mead Johnson caused by tornado damage earlier this month. Reckitt now expects like-for-like revenue growth of between 1% and 3%, compared with previous guidance of growth in the range of 2% to 4%.

For the three months ended June 30, the company posted £3.43 billion in net revenue, in line with estimates taken from a company-compiled consensus. Net revenue like-for-like was flat—falling short of estimates of 0.1% growth—as growth in its hygiene and health businesses offset declines in nutrition.



Porsche said it would refocus its efforts on gas-powered vehicles, after cutting its electric-vehicle targets on Tuesday.

# Porsche Profits Bruised by Tough China Market, High Supplier Costs

By DAVID SACHS

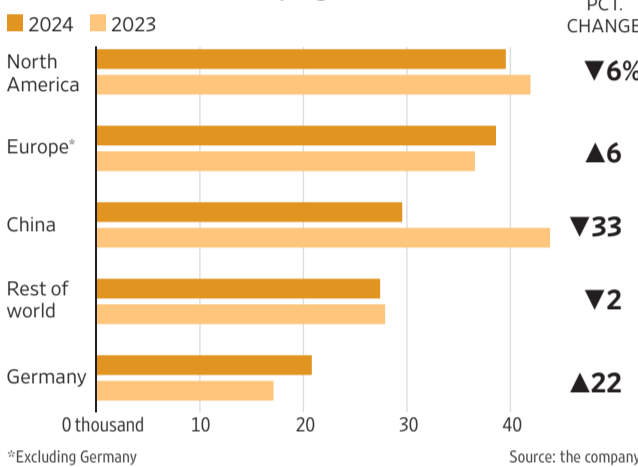
Porsche’s profitability suffered in the first half of the year as sales revenue and car deliveries dropped amid a soft performance in China and the high costs of supplies and new-car launches.

The German premium carmaker said Wednesday that the sales decline hurt profit in the first half, though the second quarter proved better.

The **Volkswagen**-owned company flagged high costs from suppliers and investments in new-model launches, and noted a tough market in China, where less-expensive, locally made electric cars are undercutting European manufacturers as trade tensions persist.

“The Porsche AG Group continues to face a highly challenging macroeconomic environment and various geopolitical tensions,” the company said.

Porsche vehicle deliveries by region in the first half



Porsche will refocus its efforts on gas-powered vehicles, it added, after cutting its electric-vehicle targets on Tuesday.

Despite the performance, Porsche said its strategy of favoring high-margin car sales over high sales volume is intact thanks to a more balanced re-

gional sales mix and new product launches, like the all-electric Macan due in September.

Porsche’s first-half net profit slipped to €2.15 billion, or about \$2.33 billion, from €2.77 billion, it said.

The operating return on sales margin—a key profitabil-

ity measure—stood at 15.7% in the first half compared with 18.9% a year prior. But its second-quarter margin was 17%, the company said.

Porsche’s operating profit fell 20.5% to €3.06 billion. Still, the performance exceeded analysts’ expectations of €2.94 billion, according to Visible Alpha consensus.

Revenue fell 4.8% to €19.46 billion. Porsche delivered about 156,000 vehicles in the first half, down 6.8% from a year earlier.

Automotive net cash flow in the first half was €1.12 billion, down from €2.22 billion on year. Analysts had pegged the cash figure at €1.14 billion.

On Tuesday, Porsche cut its financial forecasts for the year, but didn’t blame the revisions on the first-half performance. Instead, the company cited impending production slowdowns caused by a shortage of alloys due to flooding at an aluminum supplier’s facility.



The company is overhauling its biggest brand, Gucci, in pursuit of less-seasonal designs.

# Gucci Owner Kering’s Results Hit by Revamp, China Woes

By ANDREA FIGUERAS

Gucci owner **Kering** expects earnings to continue falling in the remainder of the year after both profit and revenue were hit in the first six months, with its flagship brand pushing ahead with a turnaround at a tough time for the luxury industry.

The French luxury-goods group—home to other brands such as Balenciaga and Yves Saint Laurent—said Wednesday that it anticipates recurring operating income in the second half to be down by around 30% compared with the year-earlier period, reflecting uncertain demand for luxury goods in the coming months and a slowdown during the first half.

For Kering, the downturn comes in the midst of its efforts to revamp its biggest brand, Gucci, in pursuit of less-seasonal designs to target higher-spending, aesthetically conservative customers.

The company booked revenue of €4.5 billion, or \$4.88 billion, for the second quarter, down 11% compared with the same period last year. The result fell short of consensus expectations of €4.6 billion as measured by Visible Alpha.

The result was dragged lower by a 25% drop in Asia Pacific, which excludes Japan, a steeper fall than the 19% it reported for the region in the previous quarter.

Kering is the latest luxury company to report sluggish demand in China—the industry’s growth engine—as consumers there cut back on spending or shift it to Japan drawn by a weaker yen. The company posted a 27% revenue increase in Japan for the second quarter.

**LVMH Moët Hennessy Louis Vuitton** reported weaker-than-expected results for the first half on Tuesday, confirming investors’ worries about stalling demand in China and prompting share drops across the industry. Last week, Cartier owner **Richemont**, Burberry Group and Swatch Group all reported sharp falls in China sales.

“In a challenging market environment, which adds pressure on our top line and profitability, we are working assiduously to create the conditions for a return to growth,” Kering Chairman and Chief Executive Francois-Henri Pinault said.

Gucci recorded second-quarter revenue of €2.01 bil-

lion, down 20% year over year in reported terms, while analysts had forecast €2.08 billion, according to Visible Alpha.

Second-quarter trends were in line with those of the previous three months, including a continuing marked decrease in the Asia-Pacific region.

In an effort to get the brand back on track, the company appointed Sabato De Sarno as its new creative chief last year. It reshaped other parts of the label’s leadership, with new executives including Jean-Francois Palus as chief executive and Stefano Cantino as deputy CEO.

Some analysts expect the planned launches of De Sarno’s collections to revive the brand in the second half of the year. However, others believe the turnaround will take time, especially in a context of slowing demand for luxury goods, as consumers concentrate their spending on established brands.

“Gucci’s new offering, rolled out in stores in line with plans, is well received, while sales of carryovers remained lower,” the company said.

French rival **Hermès** will publish results on Thursday.



## Relive the Fall of the Berlin Wall With TripSmiths

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TECHNOLOGY & MEDIA

# CrowdStrike Cites Quality-Control Flaw

BY GARETH VIPERS  
AND JAMES RUNDLE

**CrowdStrike**, the cybersecurity company that upended computer systems across the world last week, said it had identified a quality-control flaw that led to outages for millions of **Microsoft** Windows users and how it got onto its systems.

In an incident report published Wednesday, the company said a bug in a quality-control tool it uses to check system updates for mistakes allowed a critical flaw to be pushed to users' machines.

That errant software update caused worldwide disruption Friday, leading to tens of thousands of flights being delayed or canceled, and paralyzing operations at businesses and organizations from financial institutions and government agencies to medical centers and school districts.

CrowdStrike's stock has plunged in the days since. Chief Executive George Kurtz, who has apologized for the incident, has been summoned to

testify before lawmakers.

CrowdStrike in the report said it now plans to do more testing of the type of update that caused the crashes before sending them out. The company also plans to gradually roll out updates to larger groups of users—known as a “canary deployment”—so it can check for problems.

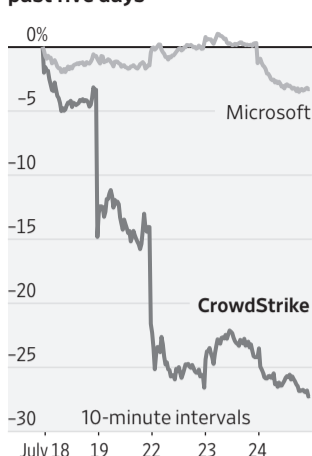
Staging the process is crucial, said Dave DeWalt, managing director of venture-capital firm NightDragon and the former chief executive of cybersecurity company McAfee.

Updates with the power to crash systems should first enter a quarantined area, he said. There, they can be tested for issues before being rolled out to wider company systems.

“A full-blown rollout from a security vendor to every customer within minutes is very dangerous,” said DeWalt, who has been in regular contact with Kurtz, his former employee at McAfee, since Friday's botched update.

The global outages on Friday are likely to put more pressure on vendors to explain ex-

Share performance, past five days



Source: FactSet

actly how they perform tests and detail their processes to ensure their content is safe, said Chris Krebs, chief intelligence and public policy officer at SentinelOne, a CrowdStrike rival.

“The biggest issue is that there's a real lack of transparency in a number of these companies that are providing these critical services,” said Krebs,

former director of the U.S. Cybersecurity and Infrastructure Security Agency, which is charged with hardening federal and critical-infrastructure defenses against hackers.

“My concern is that we're on the cusp of a crisis of confidence in this digital infrastructure that we're all so reliant upon,” he said.

Around 8.5 million devices were affected by the outage, CrowdStrike said in a statement on Monday. Many of those were part of wider corporate IT systems, meaning the impact was felt much more widely.

On Monday, the company warned customers that bad actors were trying to exploit the event. CrowdStrike said in a blog post it had identified a malicious file being sent around by hackers posing as a ‘quick fix’ to the problem.

Among the tens of thousands of disrupted flights, Delta Air Lines was hit particularly hard. The carrier canceled more than 5,000 flights over the weekend, and on Monday, Delta and its regional affiliate

Endeavor accounted for the majority of canceled U.S. flights.

The outage knocked out Delta's crew-tracking IT systems, leaving the carrier unable to locate pilots and attendants and match them to scheduled flights.

In a video to employees after the outage, Chief Information Officer Rahul Samant said Delta had to manually repair over 1,500 systems that had been taken offline in a complex, time-consuming restart process.

Federal transportation officials later launched an investigation into the airline's handling of the situation.

In a statement Wednesday, Delta CEO Ed Bastian said the company had made progress toward restoring normal operations. Cancellations were expected to be minimal on Wednesday with operations fully restored by Thursday, he added. Delta was offering reimbursements and travel vouchers to those affected.

—Sam Schechner contributed to this article.

# Cinema Chain AMC Says Loss Expected

BY ROBB M. STEWART

**AMC Entertainment Holdings** expects to swing to a loss in the latest quarter in the wake of the prolonged Hollywood actors and writers strikes last year, though it flagged a recovery in movie-going last month.

The movie-theater operator said preliminary second-quarter results point to a loss of about \$32.8 million against a year-earlier profit of \$8.6 million, much narrower than the \$159.3 million loss penciled in by analysts. That is expected to translate into a loss per share of about 10 cents for the three months to the end of June, against year-earlier earnings of 6 cents.

The Leawood, Kan.-based company forecast revenue would decline to about \$1.03 billion for the quarter from \$1.35 billion last year, in line with the mean estimate of analysts polled by FactSet.

Last year's strikes cut into the number of movies being released in theaters in the early months of 2024, a trend the company had warned could occur.

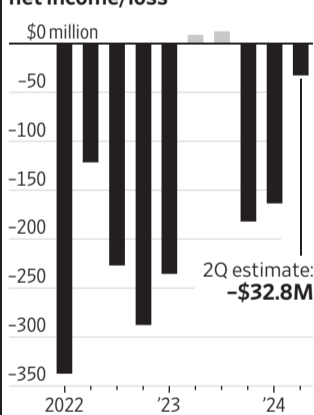
Chairman and Chief Executive Adam Aron said the weakness masked what appears to be an upward trajectory in moviegoing, with a significant rise in daily revenue in June compared with April and May. The industry box office for June was 1.4% below that of April and May combined, and Aron said the improvement has continued into July.

Aron said AMC is confident that industrywide movie revenue for the second half of this year and into 2025 and 2026 will continue to show increasing strength.

AMC is set to release quarterly results after markets close Aug. 2.

—Robb M. Stewart

AMC Entertainment quarterly net income/loss



Sources: S&P Capital IQ; the company

# Football's Kaepernick Launches AI Firm

BY ANDREW BEATON

As former NFL quarterback Colin Kaepernick built out media and publishing companies in recent years, he found that creators looking to get into those businesses often run into a series of roadblocks along the way.

Now he is developing a playbook that seeks to give access and opportunity to storytellers who have found the industry difficult to break into.

Kaepernick is launching a new artificial-intelligence company that aims to use technology to help people clear some of those barriers. Lumi Story AI, which is backed by Reddit co-founder Alexis Ohanian's venture-capital firm Seven Seven Six, plans to use AI's capabilities to give aspiring creators tools to which they might otherwise not have access.

For example, a comic book author might not have the skills to illustrate it, but could

use Lumi to generate graphics to accompany their text. Or, conversely, an illustrator could work with the platform to help pair art with words.

The rapid and widespread proliferation of AI has been a source of tension within creative communities. Now that anyone with internet access can load a website or app that can create unique images or respond to prompts, some have feared it will put people out of jobs en masse. Others have criticized platforms for stealing their work to train their models.

Kaepernick says he believes those concerns are valid and that Lumi helps address them because it turns creators into the beneficiaries of AI.

Lumi launched a beta version on Wednesday focused on comic books, but it plans to expand its product offerings down the road, even to allow people to create and sell merchandise based off their work.



'AI should be empowering and enhancing creators,' Colin Kaepernick says.

# Murdoch Family in Trust Battle

Continued from page B1  
clashing with other senior Fox executives and feeling undercut by his father, but returned years later, and continued his climb, eventually becoming the CEO of Fox.

James, Murdoch's younger

son, once seemed to be the heir apparent. But relations between him and his father deteriorated over the years, and after Lachlan returned and the elder Murdoch sold a chunk of Fox to Disney in 2019, James's career hit a roadblock.

Recently, James had begun to tell associates that he could gain effective voting influence over the trust by operating in a bloc with his sisters, some people familiar with the situation said. Inside Rupert Murdoch's orbit, there was skepticism about

whether James could execute such a power play, but it was viewed warily.

James has been critical, at times, of Murdoch-owned media outlets. When he left the News Corp board in 2020, he said it was “due to disagreements over certain editorial content published by the company's news outlets and certain other strategic decisions.”

He and his wife, Kathryn, are ardent environmentalists who have designed their philanthropy and their investing around fighting climate

change and reshaping the democratic process to discourage hyperpartisanship.

James and Kathryn Murdoch have been particularly concerned by what they see as an extreme turn Fox News took in the age of Donald Trump, according to people familiar with the matter.

Rupert Murdoch stepped down as chair of News Corp and Fox in November 2023, leaving Lachlan as sole chair of News Corp and executive chair and CEO of Fox.

Elisabeth Murdoch held various positions at News

Corp before launching a TV production company, Shine, that she sold to the family company in 2011. She later launched another production outfit, Sister. Prudence, Murdoch's oldest child, has played a relatively quiet role inside News Corp and Fox.

Rupert Murdoch made a push in 2022 to reunite the two wings of his empire through a merger. But he backed away from the plan, which drew resistance from some major investors.

—Keach Hagey contributed to this article.

# Card Issuers Target Xbox Users

Continued from page B1  
tive for me,” said Hertzog.

Barclays and others are targeting a critical demographic. Millennials—or those now in their late 20s through early 40s—have turned to plastic later than prior generations, industry analysts say, partly due to a 2009 law that banned aggressively marketing cards to college students.

More broadly, the global financial crisis led banks to tighten credit and made consumers more resistant to debt, said Brian Riley, co-head of payments at Javelin Strategy & Research.

Videogames offer one way to reach a millennial audience. Many are keen gamers, playing on Xbox, PlayStation and on their mobile phones with games such as Candy Crush Saga. Gamers' average age is 36, according to the Entertainment Software Association, a trade group.

Gaming surged during the pandemic, when lockdowns kept consumers indoors. Gaming outlays grew 32% between

2019 and last year, to \$57.2 billion, according to ESA. More than half of Americans now play videogames.

“The gaming space is enormous and booming,” said Denny Nealon, head of Barclays's U.S. consumer division. “What we love about that is the fact it skews a little bit younger.”

When **Microsoft**, a long-standing investment-banking client, reached out about a potential card for gamers, Barclays liked the idea, Nealon said. An Xbox executive said last year that it started the partnership because it had heard from players that they wanted more value for their purchases.

Barclays has long offered rewards cards in partnership with airlines such as **American Airlines** and JetBlue. Account holders tend to be older, upper-income and savvy, charging daily expenses to rack up points but quickly paying off balances to avoid paying interest.

The bank has looked beyond airlines to offer a broader range of rewards cards, buying a credit-card portfolio from **Synchrony Bank** to offer cards for customers of clothing retailer **Gap** in 2021. Earlier this year, executives told investors that Barclays planned to loosen card-underwriting standards

slightly to reach more borrowers.

Xbox's tens of millions of subscribers skew younger than airline customers, Nealon said, making them more likely to carry a balance and pay interest. Nealon said the bank targets clients with credit scores slightly below its current average of about 750, a high score on a scale

that goes up to 850.

Hertzog, who said his annual outlay on videogames runs to about \$2,000, is one such customer. He has strong credit, a stable and decent-paying job, and is a dedicated gamer. He plays Xbox every night before and after tucking his 8-year-old son into bed. He pays off his balance in full each month.

His generation's habits are also shifting. Millennials are turning to cards as they start families, buy homes and cope with rapid inflation. Their share of U.S. credit-card debt surpassed that of baby boomers for the first time in 2023, according to TransUnion.

Still, guessing the behavior of consumers—particularly younger ones with shorter

credit histories—can be tricky. **Wells Fargo** has lost up to \$10 million a month on a card targeting younger borrowers that offered perks for paying rent, partly because it overestimated how many users would carry a balance, The Wall Street Journal reported.

Barclays hasn't disclosed details of its Microsoft arrangement.

In such partnerships, banks usually pay the partner a bounty—perhaps \$250 or so—for each sign-up, Javelin's Riley said. Each customer purchase then generates a so-called interchange fee. Most of Barclays' interchange fees fund customer rewards, a Barclays spokesman said. Unlike airline cards, the Xbox card doesn't charge an annual fee. That means the bank is counting heavily on interest payments to make money, the Barclays spokesman said.

Mike Perri, another New Jersey millennial, said he charges \$75 to \$85 a month on his Xbox card, which he pays off in full with autopay each month. “The card is good for exactly what I use it for and not much else,” Perri said. “Is this a great rewards card for the average person? Probably not. But if you maximize it for what I do, which is for Xbox purchases, it's definitely good.”



Gaming surged during the pandemic; more than half of Americans now play videogames.

BUSINESS NEWS

# Marketers Eye Google's Cookies Reversal

Expanded consumer choice to stop the tracking tools offers a marketing hurdle

By MEGAN GRAHAM

After a yearslong saga involving squabbles with the larger ad industry and regulators, Google is ending a plan to eliminate third-party tracking cookies on its Chrome browser.

The marketing world is now trying to figure out how such tracking would fare if consumers have more choice to stop it.

Four years ago, Google said it would phase out support for third-party cookies, which log the activity of internet users across websites so advertisers can target them with relevant ads and track the effectiveness of those ads. The insights can be valuable to advertisers but have generated consumer privacy concerns.

Instead of eliminating those third-party cookies, Google will present users with a prompt to decide whether to retain third-party cookies, according to the U.K. competition regulator that has been overseeing the search giant's plan to block cookies, leaving marketers to wonder how that will work, and how they will reach consumers if they opt out en masse.

Google first announced its intention to phase out third-party cookies in 2020. Privacy advocates were enthusiastic, but many advertisers objected, saying Google's plan to replace

cookies would force them to shift spending to its digital-ad products.

What followed was years of delays and disagreements with the industry and regulators.

"Google was being pulled in multiple directions. The company had to thread the needle between offering a more privacy-centric approach to web browsing while not disrupting the ad tech ecosystem to the point that antitrust concerns could be raised," Raymond James analysts wrote in a research note this week. "In the end, the company seems to have satisfied nobody."

Following delays from Google and concerns from the U.K. Competition and Markets Authority, plans to eliminate third-party cookies have seemed less than solid, some industry watchers said.

"In the last six months, there has been a growing feeling that this was very possible," Shiv Gupta, founder of ad tech education company U of Digital, said of Google dropping its plan to end third-party cookies.

Jason Hartley, head of media innovation at marketing agency PMG, said there had been skepticism among regulators and the wider ad industry about the viability of Google's Privacy Sandbox, which refers to the company's set of technologies to replace ad targeting and measurement features.

"Surprising, but not shocking," Hartley said. "The issues were complex and solutions weren't obvious. Recent tests suggested that there was still a significant gap in perfor-



A Google event in California earlier this year. Google opted to end efforts to eliminate cookies from its Chrome browser.

mance with Privacy Sandbox solutions."

Though Google's immediate plan to eliminate cookies isn't moving forward, industry on-lookers say efforts to move in that direction weren't for nothing.

"I have been very vocal about saying I believe cookies are going away, and Google is going to do away with cookies," Gupta said. "My stance on that doesn't change...The plan is still to do away with cookies. The plan is just to do it in a way that can appease people and authorities and pawn off the responsibility of cookie deprecation to users, in a way—[with] user consent."

Raymond James analysts say user choice means Google's planning likely wasn't in vain.

"Much technical effort has been expended and ink spilled about the preparations that advertisers and publishers were making to deal with the

phaseout of the cookie. While no longer as urgent as feared, that effort may not have been for naught," they wrote.

They added that, "Depending on the alternative framework that Google will offer to users seeking privacy-first web browsing, industry participants may be able to use this work to reach these opted-out users on a contextual or cohort-based framework."

Whether consumers accept cookies likely will depend on how Google chooses to prompt them. Google in a post said it would propose an updated approach that would involve "a new experience in Chrome that lets people make an informed choice that applies across their web browsing, and they'd be able to adjust that choice at any time."

Advertising industry executives and experts say they have questions about what that will look like, and how closely prompts will resemble

those from Apple to allow app tracking, for instance.

"We don't have the details and regulators may have a say in this. If we see the type of opting out we have seen with [Apple's App Tracking Transparency], Privacy Sandbox and other cookieless options will be important tools," said Hartley. "If not, advertisers will have to decide if cookies are right for them based on their goals, brand values, etc."

Gupta said people in the ad industry are wondering how user choice will look—whether prompts are opt-in or opt-out, what language is used, how much control publishers have over prompts, and whether prompts appear on every website or just once and apply across all sites.

No matter what the opt-out procedure looks like, advertisers should be ready to not rely heavily on cookies as time passes, according to some executives.

"It's fun to speculate what [the cookie prompt] will ultimately look like—regardless of the end result, the practical outcome here is that the cookie-addressable universe of users will be getting smaller and smaller every day," said Ana Milicevic, a principal and co-founder at Sparrow Advisers, a management consulting firm specializing in ad tech. She also serves as an independent director sitting on the board of adtech infrastructure company ID5.

Regardless of the cookie deadline no longer being imminent, advertising executives said marketers shouldn't expect the desire for privacy to

diminish.

"Marketers should continue preparing for a future where data privacy is increasingly prioritized," said Dimitrios Koromilas, director of platform services for Europe, the Middle East, and Africa at data-marketing company Axiom. "Those who have been proactive in exploring alternatives will be better positioned to adapt when changes do inevitably occur, particularly given the changing regulatory landscape and shifts by other major players in the industry."

The decision to not eliminate cookies outright may provide an illusion of respite for some media owners that haven't had resources to adopt alternatives, said Milicevic.

"Marketers need to have a resilient strategy that's not overly dependent on a single company, a single channel, or a single piece of obsolete technology—like cookies," she said.

Smart marketers will keep trying to test different approaches to connect with consumers, said Matt Barash, a longtime ad tech industry executive.

"Change is inevitable and the most important will be how the efficacy of campaigns are measured in an undefined future state," he said. "Privacy is a consumer's inherent right and their choice to opt in or out of personalization has historically been overly complicated by design. It's clear that the pendulum will swing in the consumer's favor and ad tech companies will have to continue to plan to do more with less signal."



The Spanish investigation is adding to a list of headaches that Apple is facing in Europe.

## Spanish Antitrust Officials Probe Apple's App Store

By MAURO ORRU

Spanish antitrust officials launched an investigation into Apple, saying the iPhone maker might be imposing unfair conditions on developers who rely on its App Store to distribute their applications.

The country's National Markets and Competition Commission, known as CNMC, said it is probing Apple's treatment of developers to ascertain whether the tech giant is engaging in anticom-

petitive practices.

The CNMC has the power to fine companies up to 10% of their global sales for the year. Apple reported nearly \$383.29 billion in sales in the fiscal year ended Sept. 30, 2023, meaning it faces a multibillion-dollar fine if CNMC officials conclude it stifled competition.

"Today, Spanish developers of all sizes compete on a level playing field on the App Store," an Apple representative said. "Apple will continue

to work with the Spanish Competition Authority to understand and respond to their concerns."

The Spanish investigation adds to a growing list of headaches that Apple is facing in Europe. Last month, the EU said the company might be in breach of its digital-competition law, alleging that the company's App Store wasn't allowing developers to freely direct customers to alternative ways to make purchases.

## NBA Signs \$77 Billion In Deals

Continued from page B1

companies, helping them draw the audiences needed to sustain their traditional TV businesses, even as they prepare for a future dominated by streaming.

The deals—each of which has a substantial streaming component—embody a seismic shift in the way consumers are watching sports. Amazon's entry points to the growing power of technology companies in sports.

The media rights deals "will maximize the reach and accessibility of NBA games for

fans in the United States and around the world," NBA Commissioner Adam Silver said.

Executives for the media companies said the NBA would help them boost and retain subscribers for their platforms, and reach younger and more diverse audiences.

NBCUniversal's package will include 100 games per regular season across NBC and Peacock as well as first- and second-round playoff games and six conference finals series.

Disney is taking on a smaller package of games than under its current deal. Its package will include 80 regular-season games per season, the NBA Finals, and early-round playoff contests and conference finals series in 10 seasons, the league said. All games will be available on ESPN's upcoming direct-to-consumer streaming service.

Amazon will offer 66 regular-season games, "play-in" tournament games and early playoff coverage, plus six conference finals series.

As part of the agreement, media deals were also secured for the WNBA on Disney, NBC-Universal and Amazon.

The NBA's decision not to accept TNT's match is the latest development in a drawn-out and public battle between the league and its oldest media partner. TNT has carried the NBA for over three decades.

TNT's parent, Warner, is grappling with a declining cable business and a hefty debt load and has been in cost-trimming mode. Though the NBA contracts are pricey, losing basketball games would make it harder for TNT to position itself as a must-have network worthy of earning carriage fees from distributors.

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CLASS ACTION

LEGAL NOTICE

UNITED STATES DISTRICT COURT  
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DELAWARE COUNTY  
EMPLOYEES RETIREMENT  
SYSTEM, Individually and on  
Behalf of All Others Similarly  
Situating, Plaintiff, vs.  
  
CABOT OIL & GAS  
CORPORATION, et al.,  
Defendants.

Civil Action  
No. 4:21-cv-02045  
**CLASS ACTION**

SUMMARY NOTICE OF PENDENCY AND  
PROPOSED SETTLEMENT OF CLASS ACTION

**TO: ALL PERSONS OR ENTITIES WHO PURCHASED OR OTHERWISE ACQUIRED CABOT OIL & GAS CORPORATION ("CABOT") COMMON STOCK BETWEEN FEBRUARY 22, 2016, AND JUNE 12, 2020, INCLUSIVE, AND WERE DAMAGED THEREBY ("CLASS" OR "CLASS MEMBERS")**

**THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.**

**YOU ARE HEREBY NOTIFIED**, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of Texas ("Court"), that the above-captioned action ("Litigation") has been certified as a class action, except for certain persons and entities who are excluded from the Class by definition as set forth in the Stipulation of Settlement dated June 3, 2024 ("Stipulation") and the detailed Notice of Pendency and Proposed Settlement of Class Action ("Notice"). The Stipulation and Notice can be viewed at [www.CabotOilSecuritiesLitigation.com](http://www.CabotOilSecuritiesLitigation.com).

**YOU ARE ALSO HEREBY NOTIFIED** that Delaware County Employees Retirement System and Iron Workers District Counsel (Philadelphia and Vicinity) Retirement and Pension Plan (together, "Plaintiffs"), and defendants Cabot, Dan O. Dinges, and Scott C. Schroeder (collectively, "Defendants") have reached a proposed settlement of the Litigation on behalf of the Class for \$40 million in cash ("Settlement"). If approved by the Court, the Settlement will resolve all claims in the Litigation.

**YOU ARE ALSO HEREBY NOTIFIED** that a hearing will be held on October 24, 2024, at 3:00 p.m., before the Honorable Lee H. Rosenthal at the United States District Court, Southern District of Texas, Houston Division, Bob Casey United States Courthouse, 515 Rusk Street, Houston, TX 77002, to determine whether: (1) the Settlement of the above-captioned Litigation as set forth in the Stipulation for \$40 million in cash should be approved by the Court as fair, reasonable, and adequate; (2) the Judgment as provided under the Stipulation should be entered dismissing the Litigation with prejudice; (3) to award Plaintiffs' Counsel attorneys' fees and expenses out of the Settlement Fund (as defined in the Notice) and, if so, in what amounts; (4) to award Plaintiffs their costs and expenses in representing the Class out of the Settlement Fund and, if so, in what amounts; and (5) the Plan of Allocation should be approved by the Court as fair, reasonable, and adequate.

There exists the possibility that the Court may decide to change the date and/or time of the Settlement Hearing, conduct the hearing by video or telephonic conference, or otherwise allow Class Members to appear at the hearing by telephone or videoconference, without further written notice to the Class. It is important that you check the website, [www.CabotOilSecuritiesLitigation.com](http://www.CabotOilSecuritiesLitigation.com), before making any plans to attend the Settlement Hearing. Any updates regarding the Settlement Hearing, including any changes to the date or time of the hearing or updates regarding in-person or telephonic appearances at the hearing, will be posted to the website. Also, if the Court requires or allows Class Members to participate in the hearing by telephone or videoconference, the access information will be posted to the website.

**IF YOU PURCHASED OR OTHERWISE ACQUIRED CABOT COMMON STOCK BETWEEN FEBRUARY 22,**

**2016, AND JUNE 12, 2020, INCLUSIVE, AND WERE DAMAGED THEREBY, YOUR RIGHTS ARE AFFECTED BY THE SETTLEMENT OF THIS LITIGATION.**

To share in the distribution of the Net Settlement Fund, you must establish your rights by submitting a Proof of Claim and Release form ("Proof of Claim") by mail (**postmarked no later than October 16, 2024**) or electronically via the website (**no later than October 16, 2024**).<sup>1</sup> Failure to submit your Proof of Claim by October 16, 2024, will subject your claim to rejection and preclude you from receiving any of the recovery in connection with the Settlement of this Litigation. If you are a Class Member and do not request exclusion from the Class (as described below), you will be bound by the Settlement and any judgment and releases entered in the Litigation, including, but not limited to, the Judgment, whether or not you submit a Proof of Claim.

The Notice, which more completely describes the Settlement and your rights thereunder (including your right to object to the Settlement), the Proof of Claim, the Stipulation (which, among other things, contains definitions for the capitalized terms used in this Summary Notice), and other important documents, may be accessed online at [www.CabotOilSecuritiesLitigation.com](http://www.CabotOilSecuritiesLitigation.com), or by writing to:

*Cabot Oil Securities Litigation*  
Claims Administrator  
c/o JND Legal Administration  
P.O. Box 91217  
Seattle, WA 98111

Inquiries should NOT be directed to Defendants, the Court, or the Clerk of the Court.

Inquiries, other than requests for the Notice or for a Proof of Claim, may be made to Class Counsel:

**ROBBINS GELLER RUDMAN & DOWD LLP**  
Ellen Gusikoff Stewart  
655 West Broadway, Suite 1900  
San Diego, CA 92101  
Telephone: 800/449-4900  
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280 King of Prussia Road  
Radnor, PA 19087  
Telephone: 610/667-7706  
[info@ktmc.com](mailto:info@ktmc.com)

**IF YOU DESIRE TO BE EXCLUDED FROM THE CLASS, YOU MUST SUBMIT A REQUEST FOR EXCLUSION SUCH THAT IT IS POSTMARKED BY OCTOBER 3, 2024, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE. IF YOU PROPERLY EXCLUDE YOURSELF FROM THE CLASS, YOU WILL NOT BE BOUND BY ANY RELEASES, JUDGMENTS, OR ORDERS ENTERED BY THE COURT IN THE LITIGATION AND YOU WILL NOT RECEIVE ANY BENEFITS FROM THE SETTLEMENT. EXCLUDING YOURSELF FROM THE CLASS IS THE ONLY OPTION THAT MAY ALLOW YOU TO BE PART OF ANY OTHER CURRENT OR FUTURE LAWSUIT AGAINST DEFENDANTS OR ANY OF THE OTHER RELEASED DEFENDANT PARTIES CONCERNING THE CLAIMS BEING RESOLVED BY THE SETTLEMENT.**

**IF YOU ARE A CLASS MEMBER, YOU HAVE THE RIGHT TO OBJECT TO THE SETTLEMENT, THE PLAN OF ALLOCATION, THE REQUEST BY CLASS COUNSEL FOR AN AWARD OF ATTORNEYS' FEES NOT TO EXCEED 33-1/3% OF THE \$40 MILLION SETTLEMENT AMOUNT AND EXPENSES NOT TO EXCEED \$1,750,000, PLUS INTEREST ON BOTH AMOUNTS, AND/OR THE REQUEST FOR AN AWARD TO PLAINTIFFS FOR THEIR COSTS AND EXPENSES. ANY OBJECTIONS MUST BE FILED WITH THE COURT AND SENT TO CLASS COUNSEL AND DEFENDANTS' COUNSEL BY OCTOBER 3, 2024, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE.**

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF TEXAS

<sup>1</sup> Proofs of Claim, requests for exclusion, objections, and other correspondence that are legibly postmarked will be treated as received on the postmark date. Please be advised that the U.S. Postal Service may not postmark mail which is not presented in person.

## BUSINESS NEWS

## Office Chair and Couch Demand Is Back

MillerKnoll, after a two-year rut, saw corporate-client and retail orders grow

By JENNIFER WILLIAMS

Businesses and shoppers who for the past two years pulled back on outfitting their homes and offices are back to buying chairs, couches and desks, which may be a boon for MillerKnoll.

The global design company, which sells everything from Eames chairs to desks, rugs and lamps under the brands Herman Miller, Knoll and Design Within Reach, for the first time in a couple of years recorded organic order growth in the three month-period ended June 1.

Two of MillerKnoll's major customer groups slowed their furniture buying in recent years. Businesses cut plans to order office equipment when workplaces emptied during the pandemic, a drop-off that lingered in the face of hybrid work. Meanwhile, consumers who bought furniture with abandon in the early days of Covid pulled back as the economy and a frozen housing market in the U.S. put a damper on home-improvement purchases.

MillerKnoll executives have been working to spur orders. While revenue was down 7% in the latest quarter from the previous year, organic orders—a measure that strips out the effects of currency fluctuations, acquisitions and disposals, and an extra week in fiscal 2023—rose. And it is starting in two important areas: corporate clients in the Americas, which make up about 50% of MillerKnoll's rev-



As companies rethink workspaces, nontraditional furnishings such as lounge chairs are gaining favor, according to MillerKnoll's CFO.

enue, and global retail customers. "We're reaching a point of inflection," said Chief Financial Officer Jeff Stutz.

"Growth in this industry is never a convenient straight line—there tends to be some fits and starts at the early part of a recovery—but we'll take it," he said. "And we have to keep that moving forward."

To do that, the company is adapting to new needs from customers and expanding its offerings.

In its fiscal quarter ended March 2, MillerKnoll signaled that the order environment might finally be turning. Internal signals, such as winning more projects and an uptick in interest to initiate them, re-

flected as much, "but we hadn't yet turned the page to order growth," Stutz said.

That came in the following quarter. Companies in the Americas saw organic order growth of around 5%. The upturn wasn't limited to a few large projects and was across industries, according to Stutz. And it stretched beyond desks, filing cabinets and office chairs to items for healthcare facilities, such as lobby and in-room patient seating, the CFO said. The company managed to eke out an \$11 million profit, an increase of 1.2% over the year-ago quarter.

Hybrid-specific furnishings are now a big focus of the business, Stutz said. Nearly 70% of

U.S. businesses offer work-location flexibility as of the three-month period ended in June, up from 58% in the year-ago period, according to the Scoop's Flex Index report on more than 9,000 companies.

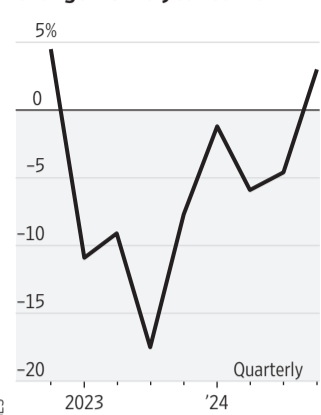
As companies rethink workspaces, nontraditional office furnishings such as sofas, coffee tables, outdoor furniture and lounge chairs are increasingly in favor, according to Stutz.

Retail shoppers, too, are coming back, buying more upholstered furniture, dining tables and chairs and bedroom furnishings, the CFO said. MillerKnoll saw organic order growth of nearly 1% in the global retail segment for the

quarter ended in June compared with a year earlier. To keep customers' interest, the company is investing in design services and increasing both the number of stores and products, possibly adding more dining tables, rugs and outdoor furnishings, Stutz said, declining to say how much MillerKnoll is investing in these efforts.

Even with organic orders flat on the company's international business, a rebound in the Americas business and retail segment brought overall organic order growth of nearly 3%. Stutz is optimistic the rise will continue. "Our sense is that there is still some pent-up demand that we will see real-

MillerKnoll's organic orders, change from a year earlier\*



\*Excludes currency fluctuations, acquisitions and disposals  
Source: the company

ized in the form of real demand improvement once the economic skies clear," he said. "We think we're getting close to that point."

Difficulties have plagued home- and office-furnishing companies for years, analysts said, with executives at furniture companies including RH, Wayfair and workspace furniture maker Steelcase having trouble spurring demand. For some that is changing, with Steelcase logging order growth in the past three quarters.

"It's obviously been a really tumultuous couple of years coming out of Covid," said Alex Fuhrman, a senior research analyst at Craig-Hallum Capital Group.

But the order growth recorded in MillerKnoll's last quarter, he noted, was crucial to backing up the company's earlier signals, he said.

"It was an important quarter for the company's credibility to really show that those signs they were seeing, that orders were turning around, really did come to fruition," said Fuhrman.

## Assault Claims Lingered

Continued from page B1

tion with hit reality shows like "Million Dollar Listing." Alon is an executive at the family's private security firm.

Women and friends from all chapters of the brothers' lives told the Journal they were assaulted or knew of others who were. This account, which includes previously unreported incidents, is based on interviews with more than 50 people who came in contact with the Alexanders during those periods and on documents reviewed by the Journal.

The reporting gives a detailed picture of the nature and extent of the allegations, which include incidents dating back to high school where students at the time said the brothers sometimes filmed encounters with women. Two complaints were brought to police, and three women sought medical attention. It shows more than a decade ago, a top executive at Douglas Elliman was warned by one brother that an allegation against him would surface.

### Federal probe

The Federal Bureau of Investigation is working with the New York City Police Department as it probes the allegations against the Alexanders. The Journal reported the FBI probe earlier this month. Authorities have shared with some of the women and witnesses that they are probing allegations of conduct from the past couple of years that could have criminal implications. A spokesman for the FBI declined to comment, and the NYPD didn't respond to requests for comment.

The brothers have denied the allegations made in the lawsuits. Their lawyers have said they were unaware of any federal probe. Oren and Tal stepped down from their roles at Official, a real-estate company they co-founded.

"Tal fully denies these allegations and will continue to vigorously defend against them," according to a statement from Tal's lawyers Deanna Paul and Milton Williams. A lawyer representing Oren and Alon, Isabelle A. Kirshner, declined to comment. She previously denied the claims in the two

March lawsuits.

Tal and his brother Oren are known for selling some of the most lavish homes in New York, Miami and Aspen, Colo. They worked for Douglas Elliman for more than a decade before starting their own company, Official, in 2022.

In the real-estate industry, the brothers had a reputation as ambitious, hungry young agents who used aggressive tactics to secure a deal or land a big client—and who used social media and the press to propel their names into the headlines. They did business with titans in the finance world, notably helping billionaire hedge-fund manager Ken Griffin purchase a nearly \$240 million apartment in 2019, setting a record for a residential property in the U.S. They represented clients such as WeWork co-founder Adam Neumann, New York Mets owner Steve Cohen, and Jared Kushner and Ivanka Trump.

### Warnings

More than half a dozen other women and men who attended Miami Country Day said people were frequently warned by fellow students to be careful around the Alexander brothers. The girls were told by their friends not to accept drinks from them at house parties, the people say. The warnings continued through the years.

"I'm just writing to let you know if you're a girl and you know this guy [Tal] you need to be really, really careful," according to 2010 correspondence reviewed by the Journal sent from one woman to another.

Many of the allegations follow a similar pattern: Women or girls were told of a house party or gathering over the weekend, and when they arrived, they were the only guests. At times, the brothers or friends would videotape or photograph the sexual encounters, according to the women and two men who saw videos in high school.

Tal and his brothers attended the public Dr. Michael M. Krop Senior High School in Miami and were friends with some students at the private school. Tal was one grade above his twin brothers, according to a yearbook entry reviewed by the Journal.

"While the accused did not



Tal Alexander, left, and brother Oren have brokered some of the biggest real-estate transactions in the country.

attend our school, we are saddened to learn about these alleged incidents from 20 years ago," said Miami Country Day spokeswoman Paula Montoya. "The safety and well-being of our entire community—current students and alumni alike—are of the utmost importance to Miami Country Day School and we condemn sexual assault in the strongest terms."

Around 2001, a 15-year-old Krop student went to a gathering with Tal and other friends. She said Tal brought her into a room and raped her. She said she tried to push him off and screamed no, but he persisted. She was led out of the house in a state of undress as Tal threw some of her clothes out after her. She said she got her clothes and walked home a few blocks away. She said she didn't report the incident because she didn't want to bring more attention to it. Another student was told of the account by a person who was present at the time.

Oren and Alon were part of a group of high-school students who allegedly gang raped a Krop high-school freshman in 2003, said the accuser, who was 14 at the time. She said she remembers multiple boys including Oren and Alon raping her in what they called running a train, or when multiple men have sex with a woman one after the other. That night, she said, family members brought her to a local hospital. She said she doesn't remember what they did at the hospital and that she

mitted to having sexual intercourse with the victim," according to the report. The attorney has since died.

The representative for the police department said they had no comment since it was an old case and the lead investigator retired.

### New York years

Another woman said around 15 years ago in New York, Tal tried to force himself on her. She said she and Tal met at the SL night club and went back to his apartment, where they made out while she was partially undressed. They smoked marijuana. Oren and another friend were there, entered the bedroom and shut the door. Tal became more rough with her, his friend started taking photos and she began to panic. She said she was allowed to leave and remembers Tal and the others laughing the whole time.

She said she went to the hospital soon after to see if she was drugged and tried to report the incident to the New York City police at the time. She was told that because she consented to consuming marijuana she didn't have a case. The Journal confirmed the account based on correspondence from the time.

At Douglas Elliman, the brothers were favorites of Chairman Howard Lorber, who frequently directed business to them or recommended them to developers for high-profile projects, according to current and former Elliman agents. Lorber attended Oren's and Alon's 27th birthday party, with Lorber saying in a video reviewed by the Journal that he was "proud to be associated with" the brothers.

In a statement, a spokesman for Douglas Elliman said that no executive at the firm favored the brothers and that



A third brother, Alon Alexander, works for the family's private security firm.

it is common for executives to attend social events hosted by agents.

Three former members of the brothers' team at Douglas Elliman told the Journal that Oren frequently bragged about his sex life. One team member said Oren would show pictures of him and his brothers with naked women that he said they had been with.

The extent to which people at Douglas Elliman were aware of sexual-assault allegations against the brothers is unclear.

More than a decade ago, Oren warned at least one senior executive at the firm that he might be publicly accused of sexual assault, the executive said. The former executive said he dismissed the conversation at the time and didn't look into the situation further, nor did he inform any other high-level executives or human resources. In the real-estate industry, agents are independent contractors, meaning they aren't subject to the same level of scrutiny that is common for employees at other types of companies.

The spokesman for Douglas Elliman said the firm had no knowledge of the warning and no complaints were ever filed to human resources about the brothers.

In recent weeks, Douglas Elliman sent an email to its staff warning that they shouldn't speak to the media about the Alexander brothers.

The Alexander brothers have made efforts to prevent the allegations against them from becoming public.

A lawyer for Oren and Alon attempted for many months to negotiate a settlement with Kate Whiteman, one of the women who filed suit against them in March, according to people familiar with the situation. The parties couldn't settle on terms, according to those people.

After news of the lawsuits broke, one woman who alleged Oren sexually assaulted her in 2017 commented that it was a long time coming on an Instagram post by the real-estate trade publication The Real Deal detailing lawsuits against the brothers.

Oren reached out directly to the woman, according to messages reviewed by the Journal. "Nice comments on Instagram," he texted her, adding that they prior friendly messages in the text chain would tell the real story. "Your pathetic," he wrote to her.

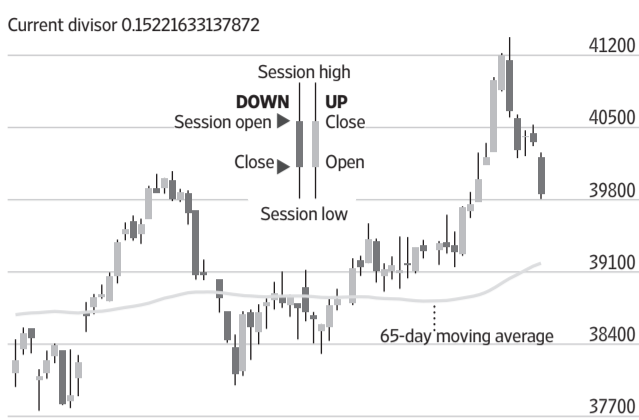
—Jim Oberman  
contributed to this article.

# MARKETS DIGEST

## EQUITIES

### Dow Jones Industrial Average

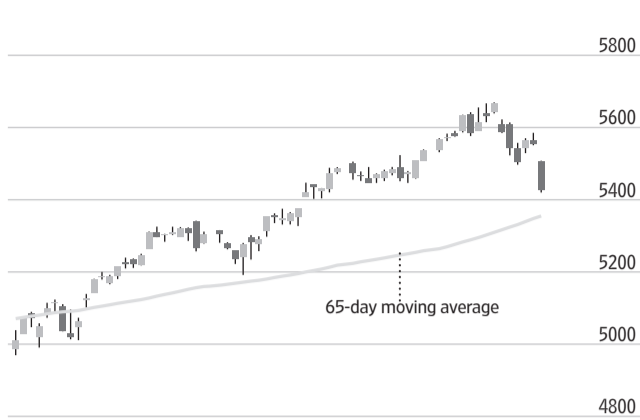
**39853.87** ▼504.22, or 1.25%  
 Last Year ago  
 Trailing P/E ratio 26.51 25.95  
 P/E estimate \* 19.92 19.00  
 Dividend yield 2.14 2.01  
 All-time high 41198.08, 07/17/24



Current divisor 0.15221633137872  
 Bars measure the point change from session's open  
 \*Weekly P/E data based on as-reported earnings from Birmyni Associates Inc.; \*Based on Nasdaq-100 Index

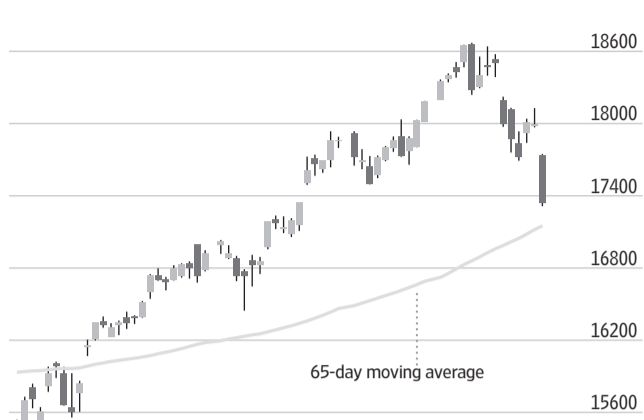
### S&P 500 Index

**5427.13** ▼128.61, or 2.31%  
 Last Year ago  
 Trailing P/E ratio \* 24.21 20.37  
 P/E estimate \* 22.69 20.68  
 Dividend yield \* 1.32 1.53  
 All-time high 5667.20, 07/16/24



### Nasdaq Composite Index

**17342.41** ▼ 654.94, or 3.64%  
 Last Year ago  
 Trailing P/E ratio \*\* 31.89 32.72  
 P/E estimate \*\* 28.62 30.47  
 Dividend yield \*\* 0.81 0.69  
 All-time high: 18647.45, 07/10/24



## Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.	
<b>Dow Jones</b>										
Industrial Average	40258.44	39807.45	<b>39853.87</b>	-504.22	-1.25	41198.08	32417.59	12.2	5.7	4.4
Transportation Avg	15692.52	15400.72	<b>15464.40</b>	-191.42	-1.22	16695.32	13556.07	-7.0	-2.7	1.6
Utility Average	970.59	955.67	<b>968.17</b>	16.34	1.72	968.17	783.08	2.0	9.8	2.3
Total Stock Market	54672.36	53793.09	<b>53837.39</b>	-1289.83	-2.34	56206.02	40847.04	17.8	12.7	5.6
Barron's 400	1199.55	1174.54	<b>1174.85</b>	-24.70	-2.06	1212.12	907.97	14.1	9.6	5.0
<b>Nasdaq Stock Market</b>										
Nasdaq Composite	17747.06	17313.52	<b>17342.41</b>	-654.94	-3.64	18647.45	12595.61	22.8	15.5	5.3
Nasdaq-100	19482.55	19005.47	<b>19032.39</b>	-721.95	-3.65	20675.38	14109.57	22.8	13.1	8.0
<b>S&amp;P</b>										
500 Index	5508.04	5419.98	<b>5427.13</b>	-128.61	-2.31	5667.20	4117.37	18.8	13.8	7.1
MidCap 400	3061.42	2997.76	<b>2998.48</b>	-60.20	-1.97	3115.02	2326.82	9.9	7.8	3.9
SmallCap 600	1416.26	1384.31	<b>1384.75</b>	-26.31	-1.86	1418.30	1068.80	8.8	5.0	1.6
<b>Other Indexes</b>										
Russell 2000	2246.85	2195.37	<b>2195.37</b>	-47.89	-2.13	2263.67	1636.94	10.9	8.3	-0.2
NYSE Composite	18518.34	18299.74	<b>18308.42</b>	-209.92	-1.13	18781.22	14675.78	11.5	8.6	3.4
Value Line	609.92	598.89	<b>599.02</b>	-10.90	-1.79	620.59	498.09	0.9	0.9	-3.1
NYSE Arca Biotech	5625.33	5556.57	<b>5587.47</b>	18.02	0.32	5623.08	4544.40	5.4	3.1	-1.0
NYSE Arca Pharma	1064.48	1053.90	<b>1063.00</b>	2.73	0.26	1089.62	845.32	21.5	16.8	11.5
KBW Bank	114.71	112.72	<b>112.86</b>	-0.89	-0.78	114.67	71.71	26.3	17.5	-2.3
PHLX <sup>S</sup> Gold/Silver	153.77	149.28	<b>149.37</b>	-1.34	-0.89	157.70	102.94	17.0	18.8	3.3
PHLX <sup>S</sup> Oil Service	89.51	87.35	<b>87.35</b>	-2.17	-2.42	98.76	76.90	-4.5	4.1	16.5
PHLX <sup>S</sup> Semiconductor	5330.91	5098.43	<b>5105.65</b>	-292.25	-5.41	5904.54	3185.18	38.0	22.3	15.9
Cboe Volatility	18.46	15.18	<b>18.04</b>	3.32	22.55	21.71	11.86	36.8	44.9	1.6

Sources: FactSet; Dow Jones Market Data

## Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

### Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After-Hours % chg	High	Low
Ford Motor	F	14,628.1	12.17	-1.50	<b>-10.97</b>	13.72	11.91
Chipotle Mexican Grill	CMG	13,878.1	52.98	1.20	<b>2.32</b>	60.00	51.05
SPDR S&P 500 ETF Trust	SPY	12,986.0	542.11	0.88	<b>0.16</b>	542.46	540.99
NVIDIA	NVDA	12,133.1	114.50	0.25	<b>0.22</b>	118.00	107.33
Intel	INTC	8,801.1	31.78	0.08	<b>0.25</b>	31.89	31.65
AT&T	T	7,330.3	19.11	-0.05	<b>-0.26</b>	19.17	19.09
Coupage	CPNG	5,473.2	19.99	0.07	<b>0.35</b>	20.03	19.91
Apple	AAPL	4,954.1	217.70	-0.84	<b>-0.38</b>	218.80	211.10

### Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Viking Therapeutics	VKTX	1,053.7	61.54	11.13	<b>22.08</b>	62.00	50.09
ServiceNow	NOW	517.3	783.00	52.13	<b>7.13</b>	785.00	693.00
Steelcase	SCS	52.0	14.36	0.78	<b>5.74</b>	14.36	13.57
Magnite	MGNI	453.1	14.98	0.71	<b>4.98</b>	15.00	14.21
Capitol Federal Finl	CFRN	66.4	6.82	0.32	<b>4.92</b>	6.82	6.20

### ...And losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Edwards Lifesciences	EW	804.6	73.00	-13.95	<b>-16.04</b>	88.25	72.34
MaxLinear	MXL	307.1	18.75	-3.54	<b>-15.88</b>	22.29	17.90
Ford Motor	F	14,628.1	12.17	-1.50	<b>-10.97</b>	13.72	11.91
Robert Half	RHI	53.3	58.50	-6.32	<b>-9.75</b>	64.82	57.00
Teradyne	TER	88.7	132.00	-11.54	<b>-8.04</b>	151.50	131.15

## Trading Diary

### Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	969,270,301	12,365,864
Adv. volume*	232,651,445	5,068,999
Decl. volume*	732,072,180	7,238,881
Issues traded	2,862	301
Advances	494	83
Declines	2,314	206
Unchanged	54	12
New highs	112	6
New lows	28	8
Closing Arms*	0.73	0.39
Block trades*	4,194	138

	Nasdaq	NYSE Arca
Total volume*	6,735,566,138	299,286,657
Adv. volume*	2,794,907,225	74,305,232
Decl. volume*	3,911,095,245	224,647,816
Issues traded	4,337	1,971
Advances	1,005	253
Declines	3,191	1,698
Unchanged	141	20
New highs	170	23
New lows	117	38
Closing Arms*	0.44	0.41
Block trades*	61,651	1,460

\*Primary market NYSE, NYSE American, NYSE Arca only. \*(TRN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

## International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg	
<b>World</b>	MSCI ACWI	<b>802.58</b>	-13.65	-1.67	10.4	
	MSCI ACWI ex-USA	<b>333.80</b>	-1.28	-0.38	5.4	
	MSCI World	<b>3515.97</b>	-64.90	-1.81	10.9	
	MSCI Emerging Markets	<b>1082.44</b>	-4.52	-0.42	5.7	
<b>Americas</b>	MSCI AC Americas	<b>2039.89</b>	-48.10	-2.30	12.5	
	Canada S&P/TSX Comp	<b>22639.57</b>	-174.18	-0.76	8.0	
	Latin Amer. MSCI EM Latin America	<b>2202.81</b>	-33.02	-1.48	-17.3	
	Brazil Bovespa	<b>126422.73</b>	-167.11	-0.13	-5.8	
	Chile S&P/IPS	<b>3531.41</b>	-20.34	-0.57	1.8	
	Mexico S&P/BMV IPC	<b>53168.41</b>	-539.33	-1.00	-7.3	
	<b>EMEA</b>	STOXX Europe 600	<b>512.30</b>	-3.17	-0.62	7.0
		Eurozone Euro STOXX	<b>502.31</b>	-5.00	-0.99	5.9
		Belgium Bel-20	<b>4047.18</b>	9.03	0.22	9.2
		Denmark OMX Copenhagen 20	<b>2712.33</b>	-29.75	-1.08	18.8
France CAC 40		<b>7513.73</b>	-84.90	-1.12	-0.4	
Germany DAX		<b>18387.46</b>	-170.24	-0.92	9.8	
Israel Tel Aviv		<b>2058.53</b>	-9.88	-0.48	10.4	
Italy FTSE MIB		<b>34471.65</b>	-166.10	-0.48	13.6	
Netherlands AEX		<b>903.46</b>	-11.51	-1.26	14.8	
Norway Oslo Bors All-Share		<b>1664.60</b>	-7.18	-0.43	9.6	
<b>Asia-Pacific</b>	MSCI AC Asia Pacific	<b>182.51</b>	-0.21	-0.12	7.7	
	Australia S&P/ASX 200	<b>7963.70</b>	-7.43	-0.09	4.9	
	China Shanghai Composite	<b>2901.95</b>	-13.42	-0.46	-2.5	
	Hong Kong Hang Seng	<b>17311.05</b>	-158.31	-0.91	1.5	
	India BSE Sensex	<b>80148.88</b>	-280.16	-0.35	10.9	
	Japan NIKKEI 225	<b>39154.85</b>	-439.54	-1.11	17.0	
	Singapore Straits Times	<b>3460.82</b>	-0.34	-0.01	6.8	
	South Korea KOSPI	<b>2758.71</b>	-15.58	-0.56	3.9	
	Taiwan TAIEX	<b>22871.84</b>	...	Closed	27.6	
	Thailand SET	<b>1298.08</b>	-3.46	-0.27	-8.3	

Sources: FactSet; Dow Jones Market Data

## Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	52-Week High	52-Week Low	% chg
Pieris Pharmaceuticals	PIRS	15.05	7.07	<b>88.60</b>	41.78	6.20	-12.5
QXO	QXO	123.96	44.66	<b>56.32</b>	290.00	23.92	362.5
OneStream CIA	OS	26.85	6.85	<b>34.25</b>	27.95	20.00	...
KORE Group Holdings	KORE	3.11	0.78	<b>33.48</b>	6.55	1.30	-50.2
Inspire Veterinary Ptrs	IVP	6.76	1.63	<b>31.77</b>	410.00	1.23	...
1847 Holdings	EFSH	2.65	0.64	<b>31.59</b>	299.00	1.81	-99.0
Alpha Teknova	TKNO	3.27	0.76	<b>30.28</b>	4.27	1.16	-3.5
Tradr 2X Sh TSLA Daily	TSLQ	31.66	6.33	<b>24.99</b>	47.92	22.95	...
T-Rex 2X Invr Tesla Dly	TS LZ	17.79	3.54	<b>24.84</b>	60.65	12.25	...
GrShr 2x Sh TSLA Daily	TSDD	11.23	2.23	<b>24.78</b>	38.44	7.74	...
Four Seasons Educ ADR	FEDU	16.35	3.15	<b>23.86</b>	18.62	7.49	64.3
Project Engy Reimagined	PEGR	11.47	2.17	<b>23.33</b>	15.00	7.40	10.4
PROG Holdings	PRG	42.25	7.62	<b>22.00</b>	44.81	26.39	1.4
Nutriband	NTRB	9.25	1.51	<b>19.51</b>	9.60	1.53	129.0
InspireMD	NSPR	2.93	0.47	<b>19.11</b>	3.85	1.81	-13.6

## Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session % chg	52-Week High	52-Week Low	
Selina Hospitality	SLNA	1,205,295	3081.7	0.05	<b>75.77</b>	1.62	0.02
NVIDIA	NVDA	317,540	-18.6	114.25	-6.80	140.76	39.23
Sangamo Therapeutics	SGMO	262,207	11664.9	0.56	<b>39.55</b>	1.48	0.29
ProSh UltraPro Shrt QQQ	SOQQ	200,186	55.7	9.06	<b>10.76</b>	23.34	7.14
Tesla	TSLA	166,105	66.9	215.99	-12.33	278.98	138.80
NuZee	NUZE	134,882	23590.2	3.35	<b>225.24</b>	12.39	1.01

### Futures Contracts

Metal & Petroleum Futures							
	Open	Contract High	Low	Settle	Chg	Open interest	
<b>Copper-High (CMX)</b> -25,000 lbs.; \$ per lb.	4.1330	4.1380	4.1075	4.0990	-0.0470	875	
July	4.1660	4.1780	4.0760	4.1090	-0.0515	136,099	
<b>Gold (CMX)</b> -100 troy oz.; \$ per troy oz.	2421.00	2421.00	2411.60	2413.30	8.70	84	
July	2410.70	2435.00	2397.00	2415.70	8.40	183,461	
Aug	2422.60	2445.00	2410.10	2428.70	8.50	1,303	
Sept	2432.60	2456.00	2420.90	2439.60	8.60	48,443	
Oct	2458.10	2481.10	2444.90	2464.00	8.80	303,842	
Nov	2486.40	2504.10	2469.80	2487.30	8.80	18,055	
<b>Palladium (NYM)</b> -50 troy oz.; \$ per troy oz.	1019.00	1040.50	▲ 1011.00	922.00	12.90	3	
July	911.50	933.00	906.50	924.00	12.90	25,048	
<b>Platinum (NYM)</b> -50 troy oz.; \$ per troy oz.	961.00	961.00	950.00	958.80	13.80	5	
July	956.50	973.40	951.60	969.60	13.80	71,400	
<b>Silver (CMX)</b> -5,000 troy oz.; \$ per troy oz.	29.000	29.000	28.985	29.116	-0.016	85	
July	29.200	29.630	29.065	29.316	-0.015	119,807	
<b>Crude Oil, Light Sweet (NYM)</b> -1,000 bbls.; \$ per bbl.	77.45	78.19	76.98	77.59	0.63	405,218	
Sept	76.35	77.08	75.93	76.58	0.66	211,604	
Oct	75.47	76.22	75.13	75.79	0.69	118,329	
Nov	74.78	75.49	74.44	75.12	0.71	236,517	
Dec	72.19	72.88	71.97	72.58	0.69	120,330	
Jan'25	70.34	70.95	70.11	70.66	0.64	129,547	
<b>NY Harbor ULSD (NYM)</b> -42,000 gal.; \$ per gal.	2.4232	2.4586	2.4141	2.4524	-0.025	34,005	
Aug	2.4414	2.4762	2.4308	2.4690	-0.049	100,392	
<b>Gasoline-NY RB00 (NYM)</b> -42,000 gal.; \$ per gal.	2.4377	2.4680	2.4247	2.4515	-0.0374	56,146	
Sept	2.3971	2.4279	2.3850	2.4129	-0.0372	128,172	
<b>Natural Gas (NYM)</b> -10,000 MMBtu.; \$ per MMBtu.	1.153	1.170	1.102	1.117	-0.070	39,762	
Aug	2.190	2.208	2.139	2.158	-0.066	361,250	
Sept	2.310	2.325	2.254	2.268	-0.077	142,782	
Oct	2.780	2.781	2.711	2.725	-0.091	145,518	
Nov	3.590	3.599	3.527	3.546	-0.092	132,707	
March	3.078	3.093	3.027	3.040	-0.074	119,229	

Agriculture Futures							
	Open	Contract High	Low	Settle	Chg	Open interest	
<b>Corn (CBT)</b> -5,000 bu.; cents per bu.	401.50	409.50	399.00	403.75	1.25	585,918	
Sept	416.50	423.75	414.50	418.00	.75	691,420	
<b>Oats (CBT)</b> -5,000 bu.; cents per bu.	339.00	342.00	330.50	332.75	-8.25	1,168	
Sept	340.00	337.00	324.00	327.00	-7.00	4,011	
<b>Soybeans (CBT)</b> -5,000 bu.; cents per bu.	1115.25	1123.25	1104.50	1111.00	-6.50	64,760	
Aug	1075.00	1080.25	1062.75	1064.00	-11.50	434,371	
<b>Soybean Meal (CBT)</b> -100 tons; \$ per ton.	342.70	347.90	340.40	343.40	.70	50,731	
Sept	319.60	326.30	316.00	320.60	1.50	250,600	
<b>Soybean Oil (CBT)</b> -36,000 lbs.; cents per lb.	46.66	46.66	45.91	46.02	-64	47,870	
Aug	45.13	45.15	43.97	44.10	-1.03	234,301	
<b>Rough Rice (CBT)</b> -2,000 cwt.; \$ per cwt.	14.69	15.06	14.65	14.79	.06	8,809	
Sept	15.01	15.28	14.90	15.02	.07	973	
<b>Wheat (CBT)</b> -5,000 bu.; cents per bu.	542.50	555.50	537.25	547.00	4.25	208,093	
Dec	567.75	579.50	561.75	571.00	3.25	130,748	
<b>Wheat (KC)</b> -5,000 bu.; cents per bu.	566.00	575.75	560.00	567.50	.75	128,290	
Dec	582.00	592.25	576.50	583.75	.50	73,742	
<b>Cattle-Feeder (CME)</b> -50,000 lbs.; cents per lb.	258.750	259.100	256.275	257.125	-1.625	13,275	
Aug	258.500	258.775	256.050	256.700	-1.900	13,510	
<b>Cattle-Live (CME)</b> -40,000 lbs.; cents per lb.	186.300	187.150	185.975	186.900	.600	46,353	
Oct	186.000	186.600	185.250	186.275	.150	140,982	
<b>Hogs-Lean (CME)</b> -40,000 lbs.; cents per lb.	93.025	94.375	92.975	93.775	.125	37,905	
Oct	76.300	78.075	76.200	78.025	.900	104,758	
<b>Lumber (CME)</b> -27,500 bd. ft. \$ per 1,000 bd. ft.	487.00	498.50	485.50	494.00	3.00	8,591	
Nov	500.50	511.50	500.50	507.00	3.00	1,247	
<b>Milk (CME)</b> -200,000 lbs.; cents per lb.	19.89	19.90	19.81	19.86	-0.02	3,569	
Aug	20.38	20.50	20.26	20.43	.17	3,608	
<b>Cocoa (ICE-US)</b> -10 metric tons; \$ per ton.	8,225	8,485	8,123	8,227	-59	47,274	

### Macro & Market Economics

#### Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended July 19. 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						
	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg
<b>Crude oil and petroleum prod</b>	1,291,466	...	1,296	1,276	1,289	1,300
<b>Crude oil</b>	436,485	-1,200	440	457	443	453
excluding SPR	227,422	...	233	218	230	231
<b>Gasoline</b>	16,702	-700	17	15	17	20
Finished gasoline	21	...	0	0	0	0
Reformulated	16,681	...	17	15	17	20
Conventional	210,720	...	216	202	214	211
Blend, components	3,209	...	3	3	3	3
<b>Natural gas (bcf)</b>	...	...	...	...	...	...
<b>Kerosene-type</b>	46,875	...	47	41	45	42
jet fuel	125,313	1,100	128	118	124	137
Distillates	7,263	...	8	7	7	8
Heating oil	118,049	...	120	111	117	64
Diesel	26,261	...	28	28	27	31
Residual fuel oil	320,928	...	315	306	315	308
Other oils	1,665,878	...	1,670	1,623	1,662	1,848

Weekly Demand, 000s barrels per day						
	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg
<b>Total petroleum product</b>	21,033	...	19,430	21,276	20,574	20,107
<b>Finished motor gasoline</b>	9,456	...	8,783	9,939	9,265	9,084
<b>Kerosene-type</b>	1,758	...	1,434	1,812	1,716	1,527
jet fuel	3,861	...	3,585	3,718	3,657	3,781
Distillates	381	...	162	411	277	282
Residual fuel oil	1,018	...	543	834	772	...
Propane/propylene	4,650	...	4,923	5,564	4,889	...
Other oils	...	...	...	...	...	...

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

### Exchange-Traded Portfolios

Largest 100 exchange-traded funds. Preliminary close data as of 4:30 p.m. ET									
Wednesday, July 24, 2024				ETF					
ETF	Symbol	Price	Chg (%)	YTD (%)	Symbol	Price	Chg (%)	YTD (%)	
CommSvcsSPDR	XLC	83.12	-2.61	14.4	iShi-5YIGCpBd	IGSB	51.56	...	0.6
CnsmrDiscSel	XLY	181.30	-4.09	1.4	iShi-3YTreA	ISHY	82.01	0.05	-0.0
DimenUSCoreEq2	DFAC	32.57	-2.02	11.4	iShRussMIC	IWR	82.69	-1.65	6.4
EnSelSectorSPDR	XLE	90.34	0.01	7.8	iShRuss1000Grw	IWF	296.52	-2.27	13.1
FinSelSectorSPDR	XLF	42.58	-1.37	13.2	iShRuss1000Val	IWD	178.82	-0.69	8.2
HealthCrselSect	XLI	149.87	-0.83	9.9	iShRuss2000	IWR	217.85	-2.15	8.5
IndSelSectorSPDR	XLV	123.19	-2.15	8.1	iShUSP500	IVV	90.01	-3.73	19.9
InvsCnsd100	QQQ	190.72	-3.57	13.2	iShUSP500Val	IVE	186.63	-0.30	7.3
InvsQQQ	QQQM	463.38	-3.59	13.2	iShSelectDiv	IYF	127.51	0.35	8.8
InvsS&P500EW	RSP	167.15	-1.17	5.9	iSh7-10YTreA	IEF	94.35	-0.22	-2.1
iShBtcn	IBIT	37.42	0.21	0.1	iShShortTreaBd	SHV	110.43	0.01	0.3
iShCoreDivGrowth	DGR	58.98	-0.54	9.6	iShTIPS	ITIP	106.80	-0.30	-0.6
iShCoreMSCIEAFE	IEFA	73.38	-1.22	4.3	iSh20+YTreA	TLT	91.52	-1.08	-7.4
iShCoreMSCIEM	IEMG	52.91	-1.12	4.6	iShUSTech	IYW	144.27	-4.29	17.5
iShCoreMSCITotnt	IXUS	67.88	-1.19	4.5	iShUSTreasuryBd	GOVT	22.70	-0.18	-1.5
iShCoreS&P500	IYV	544.21	-2.26	13.9	iSh3-MTreaBd	GOV	100.63	0.01	0.4
iShCoreS&P MC	UR	59.94	-1.95	8.1	JPM EqPrem	JEP	56.34	-1.00	2.5
iShCoreS&P SC	UJH	114.13	-1.84	5.4	JPM USShlcm	JPST	50.51	0.04	0.6
iShCoreS&PTotUS	ITOT	118.71	-2.33	12.8	PacerUSCashCows	ICOW	55.42	-1.04	6.6
iShCoreS&PUSGrw	IUSG	124.18	-3.72	19.3	ProShUTPQQ	TOQQ	65.45	-10.78	29.1
iShCoreTotUSDBd	USDB	45.50	-0.28	-1.2	SPDRBogl-MTBT	BIL	91.72	0.03	0.4
iShCoreUSAggBd	AGG	97.70	-0.31	-1.6	SPDRDJIA Tr	DIA	398.67	-0.19	5.8
iShEdgeMSCIMiniUSA	UMM	85.31	-0.36	9.3	SPDRGLD	GLD	221.80	-0.35	16.0
iShEdgeMSCIUSAQual	USM	168.47	-2.33	14.5	SPDRPDVexUS	SPDW	35.42	-1.28	4.1
iShGoldTr	IAU	45.31	-0.40	12.1	SPDRSP500Value	SPYV	49.99	-0.32	7.2
iShiBoxxTIGCpBd	LQD	107.58	-0.61	-2.8	SPDRSP500Growth	SPGL	63.64	-2.26	13.8
iShMBS	MBB	92.56	-0.16	-1.6	SPDRS&P500	SPY	77.92	-3.74	19.8
iShMSCIACWI	ACWI	112.02	-1.97	10.1	SPDRShortTreaBd	SHO	54.23	-2.27	13.9
iShMSCIEAFE	EFA	78.91	-1.26	4.7	SchwabIntEquity	SCHF	38.76	-1.27	4.9
iShMSCIEM	EEM	42.10	-1.45	4.7	SchwabUSBrndMkt	SCHB	62.82	-2.30	12.8
iShNatMuniBd	MUB	107.02	-0.28	-1.3	SchwabUS Div	SCHD	80.70	0.27	6.0
					SchwabUSLC	SCHX	64.00	-2.28	13.5

	Open	Contract High	Low	Settle	Chg	Open interest
<b>Coffee (ICE-US)</b> -37,500 lbs.; cents per lb.	7,308	7,430	7,119	7,153	-137	46,683
Sept	238.00	238.60	230.55	231.15	-7.95	107,251
Dec	236.90	236.90	229.55	230.10	-7.40	69,519
<b>Sugar-World (ICE-US)</b> -112,000 lbs.; cents per lb.	18.20					



BANKING & FINANCE

BNP Paribas Performance Fueled by Equities Trading

French lender said the segment offset weakness in its domestic retail arm

By Elena Vardon

BNP Paribas reported second-quarter earnings ahead of expectations, driven by a surge in equities trading at its global market division that offset softness in its domestic retail business.

The French lender on Wednesday said its net profit for the three months ended June 30 was €3.395 billion, equivalent to \$3.69 billion, beating the €2.91 billion estimate taken from a company-compiled consensus.

Revenue grew 4% on year to €12.27 billion, surpassing expectations of €11.93 billion, it said.

Its corporate and institutional banking division—which the group is betting on to gain market share and drive growth—posted a 12% revenue increase, boosted by performance of its markets business, particularly its equity and prime brokerage services division. A sharp increase in market activity and client demand led the unit's 57.5% on-year revenue surge to €1.15 billion.

For its retail business, the eurozone's largest bank by market capitalization reported broadly stable revenue from net interest income—the difference between what it earns

on loans and what it pays clients for deposits—with impacts from inflation hedges in France that are set to neutralize in the third quarter.

BNP Paribas said it also expects the headwinds from Belgian government bonds and European Central Bank mandatory reserves to start to fade in the second half of the year.

Shares of BNP Paribas slid about 1% Wednesday and traded around €64, with analysts attributing the pressure to the lender's mixed French retail revenue, which also was hit by higher costs from an unspecified "specific credit situation."

The bank's insurance and asset-management branch brought in €1.47 billion in revenue

in the quarter, 3% ahead of the previous year, on positive market-performance effects and net asset inflows, it said. Management has been beefing up this division through its recent acquisition of life-insurance joint venture Neufilize Vie and purchase of a stake in Belgian insurer Ageas and in French insurer Scor.

"BNP Paribas is well placed in the new phase of the economic cycle and accordingly confirms its 2024 trajectory," Chief Executive Jean-Laurent Bonnafé said.

The Paris-based group targets revenue growth of 2% higher on 2023's distributable revenue of €46.9 billion and forecasts that net income will top its previous year's €11.2 billion.

Deutsche Bank Warns of a Hit From Real Estate

By Adria Calatayud

Deutsche Bank increased its guidance for full-year credit losses, warning that it expects continued pressure from exposure to commercial real estate, at a time a boost from high interest rates begins to unwind.

The German lender anticipates its office credit portfolio to remain under pressure in the second half, despite some signs of stabilization in the U.S. commercial real-estate sector that was hit hard by the pandemic and higher borrowing costs, it said Wednesday.

Deutsche Bank's multiyear turnaround effort got a boost in recent quarters from higher interest rates, but that tailwind is now losing steam as central banks move to cut rates while the commercial real-estate sector remains under stress.

The bank said it now expects provisions for credit losses to represent more than 0.30 percentage point of its average loan book this year. It had previously guided for that figure to be at the higher end of a range of 0.25 to 0.30 percentage points. Commercial real-estate provisions are improving at a slower pace than expected, Deutsche Bank said.

In European trading, shares in Deutsche Bank dropped 8%, but were still up more than 16% since the start of the year.

For the second quarter, the bank's provisions for credit losses amounted to €476 million, equivalent to \$516.7 million, up 19% compared with the year earlier. It said loan-loss provisions were mainly driven by commercial real estate.

While Deutsche Bank's new loan-loss guidance is in line with consensus expectations, the revised outlook will raise some questions, RBC Capital Markets analyst Anke Reingen wrote in a note to clients.

Despite the revised projection for credit losses, the lender said it is on track to-

ward hitting its 2024 revenue guidance of €30 billion and that its quarterly adjusted costs, which exclude litigation expenses, remain in line with its target for the year as well.

Deutsche Bank swung to a second-quarter net loss of €143 million compared with a profit of €763 million in the same period last year.

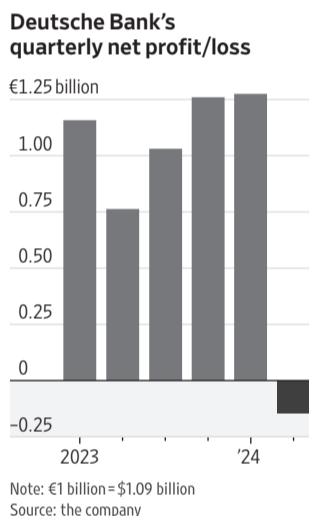
This was its first quarterly net loss since 2020 and mainly reflected a €1.3 billion hit from legal provisions related to its takeover of Postbank.

In April, Deutsche Bank said it might have to pay up to €1.3 billion to shareholders of Postbank, which it bought more than a decade ago, after a German court indicated that elements of their claims could be considered valid.

The bank's after-tax profit fell to €52 million from €940 million a year before, while revenue climbed 2% to €7.59 billion, it said.

Analysts expected Deutsche Bank to report an after-tax loss of €81 million on revenue of €7.44 billion, according to consensus estimates compiled by the bank.

Net interest income—the difference between how much it makes lending and how much it pays on deposits—dropped 16% to €3.02 billion, but Deutsche Bank said it was essentially flat across all of its key banking book segments.



The lender said on Wednesday that it now expects its revenue growth in the high single-digit percentages for 2024.

Spanish Bank Santander Raises Outlook For 2024 After Posting Record Results

By Pierre Bertrand and Elena Vardon

Banco Santander raised its revenue and efficiency outlook for the year after good performances in Spain and the U.S. led it to report a better-than-expected second quarter.

The Spanish bank—the country's largest by market capitalization—posted a record net profit of €3.21 billion, equivalent to \$3.48 billion, for the period. The results were up 20% from a year ago and beat estimates of €3.16 billion taken from a Visible Alpha poll.

The lender said on Wednesday that it now expects its revenue growth in the high single-digit percentages for 2024, compared with previous guidance of mid-single-digit percentage growth. The group surpassed expectations by reporting €15.67 billion in revenue for the quarter, slightly ahead of a €15.5 billion esti-

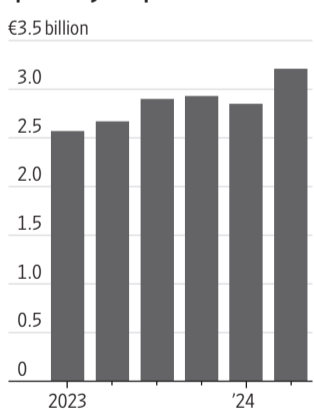
mate and a 10% increase compared with the same quarter the previous year.

Revenue dynamics trended well in the period, especially in fees, with its Spain and U.S. markets showing particularly strong performances, Jefferies analysts wrote in a note to clients. Income from fees rose 6% year over year to €3.24 billion on good commercial dynamics and customer activity, Santander reported.

This partly offset a miss in the income it makes from the difference between what it earns on loans and what it pays clients for deposits, which brings in the bulk of revenue and mostly comes from its retail and consumer business. The bank posted €11.47 billion in net interest income—short of expectations of €11.91 billion—partly due to an inflation-adjusted foreign-exchange hit in Argentina.

"In the context of a volatile

Banco Santander's quarterly net profit



Note: €1 billion = \$1.09 billion Source: the company

geopolitical environment, we are confident that we will deliver on the more ambitious targets set out today," Chair Ana Botin said.

Return on tangible equity— or RoTE, a key profitability metric—was 16.8% for the

quarter, leading it to lift its outlook for the year. It now expects a RoTE of over 16% against previous guidance of 16%.

In terms of expenses, Santander's efficiency ratio fell 2.6 percentage points to 41.6%—its best ratio in 15 years, it said—as it continues to execute on its plan to invest in technology and control costs. It updated its guidance for a ratio of around 42% for the year compared with below 43% previously.

Santander's fully loaded core equity Tier 1 ratio—a measure of financial strength—stood at 12.5% at the end of June compared with 12.3% at the end of March, in line with its target of a ratio of over 12% for 2024.

Shares in Madrid advanced more than 3% to €4.71 on Wednesday. The stock has gained 24% since the start of the year.

UniCredit Lifts Revenue Forecast for Year After Strong Second Quarter

By Pierre Bertrand

UniCredit raised its revenue guidance for the year after second-quarter earnings rose, beating analysts' expectations.

The Italian bank said Wednesday that net profit rose to €2.91 billion, equivalent to \$2.91 billion, from €2.31 billion in the same period a year ago, on revenue that grew 6% to €6.33 billion. Net interest

income—the difference between what a bank earns on loans and what it pays clients for deposits, and a major source of revenue—rose 1.9%

on year to €3.57 billion. Analysts had expected net profit of €2.38 billion on €6 billion in revenue, according to a bank-provided consensus.

On the back of the quarterly increase, UniCredit said it plans to distribute around €1.4 billion in interim dividends, which it said would be later defined in October.

The bank also raised its revenue guidance for the year. It now expects revenue to exceed €23 billion. It had previously guided for 2024 revenue at around €22.5 billion.



Mutual Funds

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets. e-Ex-distribution. F-Previous day's quotation. g-Footnotes x and s apply. J-Footnotes e and s apply. k-Recalculated by Lipper, using updated data. p-Distribution costs apply. L2b-1. r-Redemption charge may apply. s-Stock split or dividend. t-Footnotes p and r apply. v-Footnotes x and e apply. x-Ex-dividend. z-Footnote x, e and s apply. NA-Not available due to incomplete price, performance or cost data. NE-Not released by Lipper; data under review. NN-Fund not tracked. NS-Fund didn't exist at start of period.

Table of mutual fund performance data for Wednesday, July 24, 2024, including columns for Fund, NAV, YTD Chg, and % Ret.

Table of mutual fund performance data for Wednesday, July 24, 2024, including columns for Fund, NAV, YTD Chg, and % Ret.

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MARKETS

# NYSE's Longtime IPO Pitchman to Exit

John Tuttle helped persuade companies to list on Big Board rather than Nasdaq

By Alexander Osipovich

John Tuttle, a veteran executive at the **New York Stock Exchange** who gained prominence as its top salesman for attracting initial public offerings, plans to leave the NYSE after 17 years.

Tuttle is set to begin a new job as president of **Acrisure**, a Michigan-based insurance brokerage and real-estate services company, on Sept. 1, the company said. Acrisure announced the hire Wednesday after it was earlier reported by The Wall Street Journal.

As vice chairman of NYSE, Tuttle helped persuade companies such as **Palantir Technologies** and **Snowflake** to list on the 232-year-old exchange rather than its cross-town rival, Nasdaq. During the record-breaking IPO frenzy of 2020 and 2021, Tuttle was a familiar face on the bell podium overlooking the NYSE trading floor in lower Manhattan, joining companies as they celebrated IPOs with

bell-ringing ceremonies.

Tuttle stopped being the NYSE's primary IPO salesman in 2022, after the exchange hired a new global head of capital markets, Michael Harris, to lead IPO sales.

But Tuttle retained his role as head of listings, a job that includes managing relationships with the exchange's 2,400 listed companies as well as issuers of exchange-traded funds. Tuttle also is head of NYSE Institute, a policy-advocacy arm of the exchange.

The NYSE has lately struggled to maintain its crown as the traditional destination for the biggest debuts in the U.S. stock markets.

For the past five years, Nasdaq has beaten the NYSE in terms of total capital raised in IPOs, according to Dealogic. The NYSE has fared better this year, though, with \$12.2 billion raised through Tuesday, compared with \$8.9 billion for Nasdaq, Dealogic data shows.

Before joining the NYSE in 2007, Tuttle worked in the State Department under the George W. Bush administration, traveling to far-flung destinations such as Sudan and helping organize visits by foreign leaders ranging from



Tuttle will become president of Acrisure, an insurance brokerage and real-estate services firm.

Tony Blair to the Dalai Lama. Tuttle started at the NYSE as a member of the exchange's global affairs team.

Last year, Tuttle held discussions with Republican Party strategists about pursuing a U.S. Senate seat from his home state of Michigan to

replace retiring Democratic Sen. Debbie Stabenow. He didn't end up running.

Acrisure, founded in 2005, has grown through acquisitions to become one of the world's largest insurance brokerages, with \$4.3 billion in revenue last year and opera-

tions in more than 20 countries.

The closely owned company was valued at \$23 billion when it last raised money from outside investors in 2022. Acrisure Chairman and Chief Executive Greg Williams has said he would likely

take the company public, but hasn't set a timetable for the IPO.

The Pittsburgh Steelers renamed their home venue Acrisure Stadium in 2022 after the company struck a 15-year naming-rights deal with the National Football League team.

**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	\$180,163,555,500
Accepted bids	\$60,185,659,700
* noncompetitively	\$604,915,300
* foreign noncompetitively	\$100,000,000
Auction price (rate)	98.309208 (5.115%)
Coupon equivalent	5.275%
Bids at clearing yield accepted	28.34%
Cusip number	912797MD6

The bills, dated July 30, 2024, mature on Nov. 26, 2024.

TWO-YEAR FRNS	
Applications	\$99,291,932,700
Accepted bids	\$31,654,132,700
* noncompetitively	\$53,376,700
* foreign noncompetitively	\$4,000,000
Auction price (rate)	99.458270 (4.121%)
Interest rate	4.000%
Bids at clearing yield accepted	96.28%
Cusip number	91282CLA7

The floating-rate notes, dated July 31, 2024, mature on July 31, 2026.

FIVE-YEAR NOTES	
Applications	\$171,829,552,700
Accepted bids	\$73,859,602,700
* noncompetitively	\$399,781,000
* foreign noncompetitively	\$4,000,000
Auction price (rate)	99.458270 (4.121%)
Interest rate	4.000%
Bids at clearing yield accepted	96.28%
Cusip number	91282CLA7

The notes, dated July 31, 2024, mature on July 31, 2029.

# Private Secondary Market Rises as Deal Buildup Breaks

By Rod James

The market for secondhand stakes in private funds is on track for a record year as mounting liquidity problems drive sellers to unload private-equity, venture-capital and other alternative investments.

Global secondary deals reached roughly \$68 billion in the first half, up 58% from \$43 billion in total value during the first six months of last year and a record for the period, according to newly released data

from Jefferies Financial Group, one of the largest secondary-market brokers.

Soaring levels of capital earmarked to buy private assets and a rally in public equities, buoying a benchmark for valuing secondary assets, drove up the average bid for private fund stakes, giving investors known as limited partners license to sell, the investment bank noted.

Jefferies said that it expects total deal value to exceed \$140 billion for the year, eclipsing a

\$132 billion record set in 2021.

A flood of secondary deals has long been anticipated after volatile stock markets and surging interest rates slowed the pace as 2022 wore on. But a rally largely failed to emerge last year as rates stayed higher for longer while buyers and sellers struggled to agree on prices.

Greater certainty around the direction of rates and a rally in stocks caused secondaries pricing to move sharply higher in the past year, helping close the

buyer-seller gap.

In this year's first half, the average collection of buyout fund stakes sold at a 6% discount to its holding value, compared with 10% in last year's first half and 13% in the 2022 period, Jefferies said.

Sales instigated by fund investors, so-called LP-led deals, accounted for \$40 billion of the first-half total this year, equivalent to 59% of overall transaction value, the investment bank said.

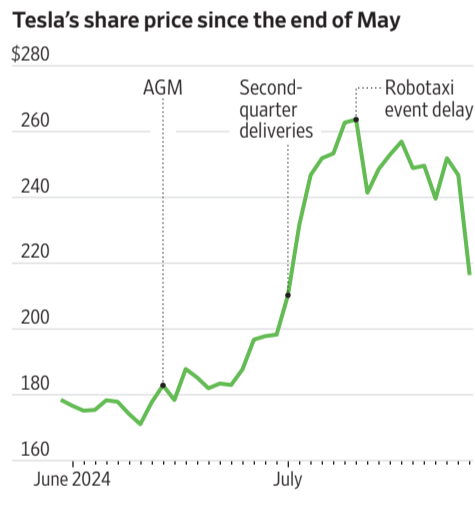
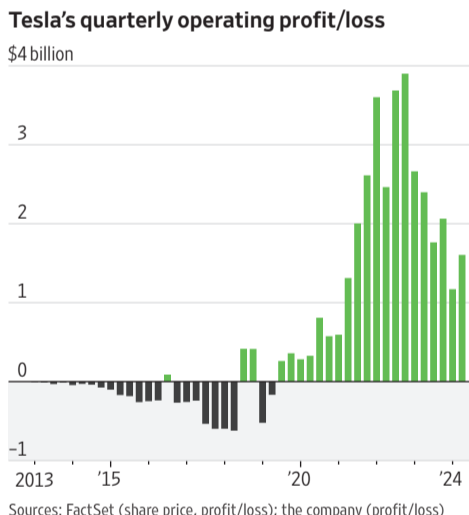
Around half of these deals

involved the sale of partial fund stakes rather than whole positions. This allowed fund investors to generate much-needed cash through a sale without severing their ties to managers they favor, said Matthew Wesley, global head of Jefferies' private-capital group.

"Sponsors generally view LPs selling a strip of a fund as more positive than the sale of a whole stake, because it generally means the selling LP is not fully exiting the sponsor relationship," Wesley said.

The market for deals led by fund sponsors, where firms give all their fund participants the chance to cash out while secondary buyers step in, rose 56% to \$28 billion compared with the same period a year ago, Jefferies said.

The increase stemmed partly from a record amount of available capital, helped by the entrance into the market of new buyers such as fund managers Astorg and Leonard Green & Partners, as well as technology investor Accel-KKR.



## Tesla Woes Crash Musk AI Dreams

*Continued from page B1*  
battery storage units and solar panels, where revenue doubled compared with the second quarter of last year. The "services and other" business, which includes used Tesla sales, parts, insurance and the charging network, also grew strongly, with revenue up 21%. Together these units brought in revenue of \$5.6 billion, 22% of the company total and enough to help it unexpectedly report top-line growth.

While the services operation is closely related to the core automotive one, energy storage is a business with independent potential. At last, claims that Tesla isn't just a

car company have some grounding in the numbers, rather than merely in the expansive vision of chief executive Elon Musk.

Tesla's second-quarter delivery update already made the strength of the energy business clear, so this could be one reason why investors have warmed to the stock lately. But the 35% rally since last month's annual general meeting also seems connected to hopes for investments in artificial intelligence and autonomy. It was brought to an abrupt halt earlier this month when Bloomberg reported that Tesla was delaying a highly anticipated August robotaxi event that will likely tease details about its autonomy program. On Tuesday, Tesla confirmed the new date as Oct. 10.

How to factor businesses at radically different stages of technological development into one stock valuation is perhaps the essential problem for Tesla investors.

A UBS analysis earlier this month argued that the market has valued the company's automotive business fairly consistently at between \$200 billion and \$300 billion over the past four years, with other initiatives accounting for the rest of its wildly fluctuating market value, which now stands at roughly \$790 billion. The brokerage downgraded its recommendation to sell on the basis that the post-AGM rally had, at that point, taken the proportion of Tesla's valuation represented by cars below its four-year average of 30%.

One might quibble with the details, but the basic insight seems sound: It is a good idea to unload Tesla shares when hopes for unproven businesses such as autonomy completely overshadow tangible fundamentals. Every quarter, after all, the company is forced to report actual numbers, bringing AI-crazed investors crashing back to earth.



The EV pioneer's second-quarter numbers missed analysts' expectations at most levels.

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# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

## Nike, Adidas Don't Want to Share Podium

Olympic Games typically don't supercharge sales for sportswear, but brands don't want to miss chance to reach billions of viewers

The Paris Olympic Games are almost here and top brands like **Nike** and **Adidas** are ready for airtime. So are the underdogs.

Marketing and sponsorships, especially for well-known brands, are partly about playing defense. Leaving a top athlete or team without your logo opens up room for competitors to take that space. But betting on the right athlete can mean striking gold.

One of the most successful examples is Nike's contract with Michael Jordan, whose namesake brand generates nearly \$7 billion of annual revenue and is growing faster than the rest of the company. It is little wonder brands often duke it out for top teams. This year, Nike nabbed Adidas's role as the official kit supplier for the German national soccer team after reportedly offering more than €100 million a year, equivalent to \$108.4 million—more than double what its rival was paying—according to a German newspaper.

The Paris Olympics is a huge opportunity to get exposure. More than three billion viewers tuned in for each of the past two Olympics. A similar number in 2024 would mean about 37% of the world's population is watching. Sports- and entertainment-intelligence platform SponsorUnited counts 368 sportswear brands that are buying sponsorships or media with Olympics entities.

Nike, which spent \$4.3 billion on marketing and sponsorships last fiscal year, said it expects operating costs to rise by a mid-single-digit percentage in the three-month period starting in June as it boosts advertising for the Euro Cup and the Paris Olympics. In an interview with Reuters this year, a Nike marketing executive said the Paris Olympics would be the company's "largest media spend" and the "biggest moment for Nike in years."

Adidas, which spent about €2.5 billion on marketing last year, flagged higher advertising expenses this year, citing major sporting events. Running-footwear brand On said it would focus its marketing budget on the summer Olympic months.

Unsurprisingly, the number of top athlete sponsorships corresponds



Nike Olympic gear in Paris in April. About 64 Olympic track-and-field athletes promoted Nike in social media, while 39 highlighted Adidas.

almost directly with the size of sportswear brands' marketing budgets. Nike, which by far has the most to spend, has the largest volume of top athlete or team sponsorships, according to analysis from Citi Research, which looked at the top leagues of sports with the most viewership. Adidas and **Puma** take second and third place, respectively, on both of those metrics.

Compared with sports such as basketball and soccer, where viewership and participation are both high, marketing at the Olympics has less-tangible benefits. Adidas Chief Executive Bjørn Gulden said on an earnings call in March that the Olympics aren't a very "commercial event" because people generally don't buy replicas of Olympics sports uniforms. Rather, Gulden said the Olympics is a platform to launch technologies and to showcase the brand in smaller sports. For Nike, whose CEO acknowledged this year that it lost its "sharp edge" in

sports, the event will be a much-needed opportunity to reconnect its brand with its athletic roots.

Yet big brands splurge during Olympic years. Nike clearly stepped up marketing spending during the quarters corresponding to the 2012 London and 2016 Rio Olympics, though it didn't for the 2020 Tokyo event, which took place during the heart of the pandemic. Sales did spike during the Olympics quarters in 2012 and 2016 for Nike, but the effect was small and temporary. Similarly, Adidas hasn't seen notable revenue spikes during Olympics quarters.

The bigger opportunity during the Olympics might be for less-known brands whose logos many viewers will be seeing for the first time. Footwear brand On has a brand awareness of about 12% in the U.S., while Hoka has 25% awareness, according to Bernstein's survey of sportswear shoppers. **Lululemon** said in its June earnings call

that its unaided brand awareness in the U.S. is "in the low 30s." On is the official sponsor for Team Switzerland, Lululemon for Team Canada and, while Hoka doesn't have a country-level sponsorship, it sponsors some track-and-field athletes who will be participating. **Gap**-owned Athleta has a roster of American athletes—including gymnast Simone Biles and swimmer Katie Ledecky—as brand ambassadors.

Smaller brands have a better shot at shining in sports with low viewership but high participation, such as running.

"It's unsurprising that brands like On and Hoka have gained momentum from focusing on running," said Monique Pollard, equity analyst at Citi. "You don't need to spend a lot [on running sponsorships], whereas basketball can become really quite expensive."

Big brands still win on volume. About 64 track-and-field athletes who will be participating in the

Olympics promoted Nike in social media, while 51 promoted Puma and 39 highlighted Adidas, according to SponsorUnited. On, Brooks and Hoka collectively have 13.

Underdog brands can get an instant boost when they pick the right athletes, though keeping the momentum going is difficult without a compelling product. **Under Armour** signed Stephen Curry in 2013 after his deal with Nike lapsed. Though Curry's shoe flew off the shelves in the earlier years, a later version was mocked for being too bland and Under Armour hasn't gained significant market share in basketball.

**Skechers** saw double-digit-percent-age sales growth in its running-footwear line after Meb Keflezighi won the Boston Marathon in 2014 wearing the brand's shoes, but the effect was short-lived. Spending on the Olympics could end up being a low-return investment for most brands, but the cost of failing to medal is too high. —Jinjo Lee

## Google Fails to 'Wow' as AI Bills Mount

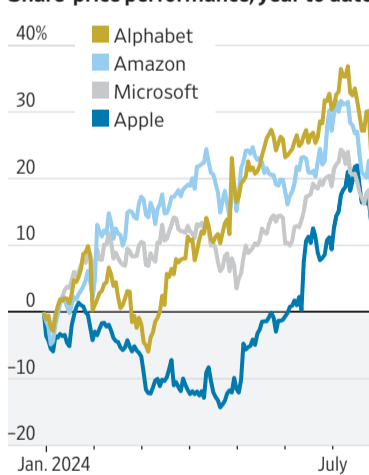
It's good to be Google these days. But it isn't easy, and it will keep getting harder.

Second-quarter results from parent company **Alphabet** Tuesday afternoon showed strength in advertising and cloud revenue along with record operating profit as the Silicon Valley titan, once known for lavish employee perks, continues to clamp down on most costs, save for those designed to build out capabilities in generative artificial intelligence.

But the results also offered "no excitement," in the words of Jefferies analyst Brent Thill. Overall revenue exceeded Wall Street's consensus projection by just 0.6%—the lowest beat percentage in at least five years, according to FactSet. YouTube advertising revenue also came in lower than analysts expected. Alphabet's previous report, three months ago, offered bigger positive surprises in both revenue and earnings growth, with the announcement of the company's first-ever dividend thrown in for good measure. Alphabet's stock had jumped nearly 17% since that report; the shares gave up about 5% in Wednesday's trading.

Tuesday's results also set the stage for what might be a more

Share-price performance, year to date

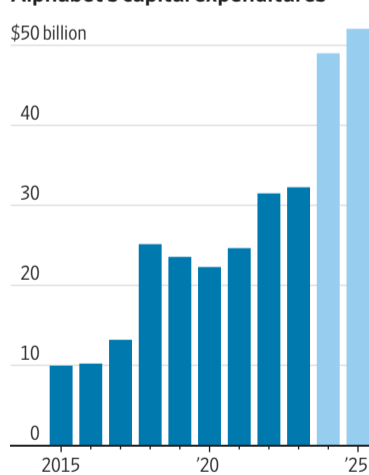


\*2024-25 are projections

challenging second half of the year. For one thing, comparisons will be tougher as the second half of last year had Google nearly recovered from an earlier advertising slump. Google also didn't fully ramp up its spending on AI infrastructure until well into the second half of 2023; capital expenditures in the first half of 2023 were barely half of the \$25.2 billion the company has spent in the first half of this year.

That spending won't be taking a

Alphabet's capital expenditures\*



Source: FactSet

breather anytime soon, even as Google has pared back other costs and even brought its head count down by more than 1,300 positions in the most recent quarter. Alphabet said Tuesday that capex will be at or above \$12 billion a quarter for the second half of the year, likely leading to a total outlay of more than \$49 billion for the year—84% higher than what the company has averaged annually over the past five years.

"Look, obviously we are at the early stage of what I view as a very transformative area," Alphabet Chief Executive Sundar Pichai said during Tuesday's earnings call when asked by an analyst about the company's AI investments. He added that "the risk of underinvesting is dramatically greater than the risk of overinvesting for us here," not mentioning the record amounts of capex that tech rivals **Microsoft**, **Amazon.com** and **Meta Platforms** are pouring into the same thing.

Google has the resources: Alphabet's net cash pile of nearly \$98 billion is substantially bigger than those of even its deep-pocketed peers. But putting that money to work is getting to be a challenge.

The Wall Street Journal reported Monday that Google's talks to acquire cybersecurity startup Wiz have fallen apart. The purported \$23 billion deal would have been Google's largest yet and most certainly would have drawn the type of close regulatory scrutiny that has lately been keeping tech mergers in limbo for 18 months or more.

Such an uncertain payoff reportedly was a concern among Wiz and its investors; Google's acquisition of Fitbit in 2021 for less than one-tenth that price took nearly 15

months to close.

Google also is going back to the drawing board on a long-running plan to phase out the use of internet tracking technology known as cookies, despised by privacy advocates but depended upon by advertisers.

Google was building up an alternative technology called privacy sandbox, but that plan drew a lot of opposition from advertisers and regulators worried that it would further cement the company's internet advertising dominance. Google said Monday it would instead offer users a prompt to allow them to opt out of cookie tracking.

That move is unlikely to dent Google's powerful search ad business. But that and the failed Wiz talks show the growing constraints the company is operating under as regulators look even more closely at Big Tech's position, and judges and juries start weighing in. A verdict in the federal government's antitrust case against Google is expected before the end of the year and could result in a ruling that would seek a breakup of the \$250-billion-a-year advertising juggernaut.

Google's latest results were good, but good isn't always enough. —Dan Gallagher

## Markets Hate on Deutsche Bank Again

**Deutsche Bank** became a punching bag for investors on Wednesday, as it often used to be before Chief Executive Christian Sewing took over in 2018. This time, it hardly seems warranted.

The bank's U.S. stock fell 9.5% after Germany's biggest lender reported its lowest net income since its basket-case days of 2019. This was the result of a €1.3 billion, or roughly \$1.4 billion, litigation provision related to the takeover of Postbank in the wake of the 2008 financial crisis.

The Postbank issue should have been mostly priced in, since it was

telegraphed ahead of time. Stripping out this one-time impact, profit before taxes was 21% higher than a year earlier, and above analysts' forecasts.

Deutsche Bank stock fell roughly 8% in Frankfurt to its lowest close since March.

It was also well known that fixed-income and currency trading revenue, which fell 3%, faced a tough comparison with the second quarter of 2023. As was the fact that Deutsche Bank wouldn't benefit from the recent rebound in equity sales and trading that helped some

of its peers, since it jettisoned that business as part of its cleanup plan. U.S. commercial real estate was a pain point as well.

Still, the main point of contention seems to have been that investors were expecting the lender to do more share buybacks during the second half of the year, and were left disappointed.

The reaction seems overdone. Excluding the litigation provision, Deutsche Bank's return on tangible equity was 7.8%, which makes Sewing's 10% target for 2025 look attainable, if far from a done deal.

Commissions and fee income rose 12% during the second quarter due to a big rebound in dealmaking, which was a bright spot for the top U.S. investment banks after a long dry spell. It shows that the German lender's recent efforts to beef up its corporate financial advisory business have started to pay off.

Like the U.S., Europe may be on the cusp of a sustained recovery in mergers and acquisitions. Much else is also going well: **BNP Paribas** posted excellent numbers on Wednesday, boosted by a surge

in equity and prime services activity. Its stock has probably been oversold as a result of fears surrounding the French election. And on Tuesday, **Banco de Sabadell's** earnings came in above projections and pointed to continuing strength among Spanish small- and medium-size firms.

After burning investors for a decade and a half, European banks have finally started to deliver rewards. Nothing in the latest string of financial reports suggests this is coming to an end. —Jon Sindreu